



**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](http://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: **March, 27, 2024**

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

Headquarters: Bucharest 3<sup>rd</sup> 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

*From **March 27, 2024**, the stand-alone and consolidated financial statements for the year 2023, including both the annual reports related to the year 2023 and the reports of the auditor will be accessible in electronic format on the Company's internet page [www.transelectrica.ro](http://www.transelectrica.ro), in the Investor Relations –SGA section and are part of the materials included on the agenda of the shareholders' general ordinary annual assembly, convened for April 29 (30), 2024.*

## Summary of financial individual results related to the year 2023

The year 2023 developed in a context marked by several challenges produced by the continuation of the energy crisis which had a significant impact on the activity of the business environment. Following this trend, Transelectrica has taken a cautious perspective and paid constant attention to adjust, in different contexts, the strategy regarding the economic – financial flow, so as to minimize the risks of exposure to instability or lack of predictability in the sphere of activity.

Thus, taking into consideration the national and European legislative Regulations related to the electrical energy market in the current situation, during the year 2023 the Company has registered total operational revenues in the amount of 4,718 mil RON, representing a decrease by 1,568 mil RON (-25%) compared to the previous year when total operational revenues were registered in the amount of 6,286 mil RON.

No.	operational revenues	M. U.	2023	2022
	<b>Total operational revenues</b>	[RON mn]	<b>4,718</b>	<b>6,286</b>
1	<b>Revenue of activities with allowed profit</b> , of which the main elements:	[RON mn]	<b>2,090</b>	<b>2,319</b>
	Regulated transmission tariff revenues	[RON mn]	1,545	1,401
	Interconnection revenues	[RON mn]	343	399
	Other revenues (CPT capitalization)	[RON mn]	14	339
2	<b>Revenue of zero profit activities</b>	[RON mn]	<b>2,628</b>	<b>3,967</b>

**Within the segment of activities with allowed profit**, compared to the previous year, at the end of the year 2023 it has been registered a decrease by 10% of revenues (from 2,319 mil RON in 2022 to 2,090 mil RON in the year 2023), mainly based on reducing the revenues from interconnection capacity allocation (-56 mil RON) as well as the revenues from OTC capitalization (-325 mil RON). At the same time the revenues obtained from transmission and other revenues from the electrical energy market increased (+ 58 mil RON), while the decrease in the amount of electricity delivered to consumers by 3%, simultaneously with the increase in the average tariff approved by ANRE.

Net revenues from interconnection capacity allocation are used to achieve investments in the power transmission network, in order to keep or increase the interconnection capacity. We also say again that

since September 30, 2022, the Company applies the provisions of G.E.O. 119/2022, through which the additional costs with the purchase of electrical energy made between January 1, 2022 – March 31, 2025, in order to cover the own technological consumption, compared to the costs acknowledged in the regulated tariffs, are quarterly capitalized. Thus, the Company registered revenues from OTC capitalization (non – monetary income) in the amount of 13.7 mil RON, significantly lower than in the year 2022 when they were in the amount of 338.5 mil RON.

The costs of the purchase of energy to cover own technological consumption (OTC) are in amount of 519 mil RON for the year 2023, lower by 308 mil RON than in the previous year (-37%), in the context of recording a net amount of OTC of 999 GWh, in slight increase compared to the amount of 959 GWh of the year 2022, purchased at average prices lower on all markets compared to the year 2022.

**The segment of zero profit activities** has also registered a significant decrease of revenues and costs on balancing market (-35%) compared to the year 2022, this segment having a weight of 56% in the total operational revenue recorded in 2023. Transelectrica is using the balancing market to ensure in real time the balance of consumption with production, to secure the safe and stable functioning of SEN (National Power System) and to manage any restriction within SEN.

During the year 2023 the revenues from system services have registered a decrease by 26% compared to the similar period of the last year (359 mil RON in the year 2023 compared to 488 mil RON in the year 2022), determined by the decrease of the tariff approved ANRE for these services, simultaneously with the reduction by 3% of the electrical energy quantity delivered to consumers. The expenses regarding the system services in the year 2023 have registered an increased value compared to the same period of 2022, the difference between the two periods of time being of 32 mil RON. In accordance with the legislation in force, non – zero monthly balances (revenue surpluses/deficit) resulting from such activities will be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE to the tariff in the years following the year in which they were registered.

Thus, the net result of the Company for all the activities (with allowed profit and zero profit) is 214 mil RON, down by 58% compared to 2022. In the context of the evolution of production and consumption of electrical energy at national and European level, lower revenues were registered from: the allocation of interconnection capacity, OTC transactions, breakdown assistance but also the increase of some elements of expenses such as: expenses with ITC, expenses with system services, some elements of expenses with services executed by third parties, as well as depreciation expenses (of which 68 mil RON represent expenses for the depreciation of intangible assets – additional OTC).

Indicators	M. U.	2023	2022	Δ
<b>Financial</b>				
Charged quantity	[TWh]	50.39	52.18	▼ 3%
<b>ACTIVITIES WITH ALLOWED PROFIT</b>				
Total revenues	[RON mn]	2,090	2,319	▼ 10%
Average transmission tariff (achieved)*	[RON/MWh]	30.65	26.85	▲ 14%
Revenue from transmission and other activities on energy market	[RON mn]	1,988	1,930	▲ 3%
EBITDA	[RON mn]	708	845	▼ 16%
Depreciation	[RON mn]	334	272	▲ 23%
EBIT	[RON mn]	374	573	▼ 35%
<b>ZERO PROFIT ACTIVITIES</b>				
EBIT	[RON mn]	(140)	21	n/a
<b>ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO PROFIT)</b>				
EBIT	[RON mn]	234	594	▼ 61%
Net profit	[RON mn]	214	515	▼ 58%
<b>Operational</b>				
Net internal consumption	[TWh]	51.3	53.9	▼ 5%
Net internal production	[TWh]	54.4	52.7	▲ 3%
Export(-)/Import(+)	[TWh]	-3.1	1.2	n/a

\*)the tariff for transmission service, in force since April 1, 2023, includes the main component of 28.61RON/MWh and the component related to additional costs with OTC of 2.59 RON/MWh ( ANRE Decision no. 28/2023).

In the first ten months of the year 2023, the electrical energy consumption at SEN level has recorded monthly decreases, with values between 1.02% in October, namely 11.61% in January. Since November the consumption has recorded an increasing trend with values between 0.64% in November, namely 2.06% in December, the year 2023 ending with a reduction of consumption of 4.9%.

On December 31, 2023 the Investment Program was performed in percentage of 92.5% towards the Annual Program. The Company's Investment Plan for the next 10 years includes a complex investment program which pursue to reinforce the energy security, to digitalize and implement the SMART GRID concept, which will lead both to the increase of the capacity to integrate renewable energy into system and to the increase of interconnection capacity.

In applying the Directive 2003/87/CE of European Parliament and Council, on February 20, 2024 the Company signed with the Ministry of Energy the tenth financing contract from the Modernization Fund, namely to implement the pilot project „DigiTEL Green – Refurbishment of the 220/110/20kV Mostiștea station” with a non-reimbursable value of 48 million EURO.

The stand – alone and consolidated financial statements on December 31,2023 as well as the Annual reports regarding the activity of the Company during January – December 2023 are available since March 27, 2023, as it follows:

- *online, on website [www.transelectrica.ro](http://www.transelectrica.ro), section Investor Relations Periodical Reports/Reports,namely <https://www.transelectrica.ro/web/tel/aga> ;*

- *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**

**We lead the power**  
**NPG TRANSELECTRICA SA**

**Annual Report 2023**



# ANNUAL REPORT

## NPG CO. "TRANSELECTRICA" SA

on the Company's individual financial statements prepared in accordance with OMFP no. 2844/2016 and prepared in accordance with Law no. 24/2017 on issuers of financial instruments and market operations and Annex 15 of Regulation no. 5/2018 issued by the Financial Supervisory Authority (ASF), for the financial year ending 31 December 2023

**Report date:** 27 March 2024

**Name of issuer:** NPG CO. TRANSELECTRICA SA, a company managed under a dual system

**Headquarters :** Bucharest, Str. Olteni nr. 2 - 4, sector 3, postal code 030786

**Telephone/fax number:** 021 303 5611/ 021 303 5610

**Unique ORC code:** 13328043

**Number in RC :** J40/8060/2000

**LEI code (Legal Entity Identifier)** 254900OLXOUQC90M036

**Establishment date of Company** 31.07.2000/ ORG 627

**Share capital:** 733,031,420 lei, subscribed and paid up

**Regulated market on which the securities issued are transacted :** Bucharest Stock Exchange

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

**Main characteristics of the securities issued:** 73,303,142 shares with a nominal value of 10 lei/share, dematerialised, registered, ordinary, indivisible, freely tradable shares since 29.08.2006 under the symbol TEL

**Total market value:** 2,206,424,574 lei (30.10 lei/share on 31.12.2023)

**Accounting standard applied:** International Financial Reporting Standards

**Auditing:** The stand-alone financial statements as at 31.12.2023 have been audited

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**REPORT OF THE  
MANAGEMENT  
STRUCTURES**

**2023**

## Message from the Supervisory Board

**Dear shareholders,**

**Dear investors,**

In 24 years of uninterrupted activity, Transelectrica is devotedly fulfilling its main mission to ensure and maintain the safety of the National Electricity System, thanks to the constant efforts of our experts.

Against the backdrop of the energy transition, Transelectrica is stepping up its commitment to building a sustainable future in the energy sector. The company is currently making strategic investments in energy infrastructure, which will contribute to the development of transmission capacities through the creation of new overhead power interconnection lines with neighbouring countries, as well as the integration of renewable energy sources. These initiatives reflect our commitment to achieving European sustainability goals to support the process of an efficient energy transition.

In its role as an electricity transmission and system operator, Transelectrica assumes a high level of responsibility, both at national and European level. In an environment marked by permanent challenges, our company carefully approaches the processes of adaptation and organisational development, aligning itself with contextual developments in the sphere of corporate policies.

We operate a complex business focused on high standards of efficiency, constantly assessed through specialised corporate governance tools. With a strong focus on accountability in decision-making, we concentrate on implementing coordinated measures whose ultimate goal is to generate a positive organisational impact. In this respect, our commitments include facilitating a well-functioning internal working environment and ensuring a stable and predictable market position for the Company.

The Supervisory Board upholds the integrity of the Company's administrative framework by promoting appropriate corporate governance principles. This effort is essential for Transelectrica, one of the most important regional energy players, to successfully fulfil its mission.

As the level of complexity of the business environment has changed its dynamics and the need for decision-making activity has accelerated, in 2023 we considered it essential to maintain an optimal level of communication with our shareholders and investors. Through transparent corporate governance policies and an open approach based on frequent consultation and dialogue, we have supported bilateral communication and built strong cooperative relationships.

We remain committed to continuing this proactive approach, supporting relationships of trust and consensus with all stakeholders. Our objective is to identify and implement the best solutions so as to ensure high standards of information and decision-making transparency for the shareholder and investor public, through effective mechanisms that optimise the entire communication process.

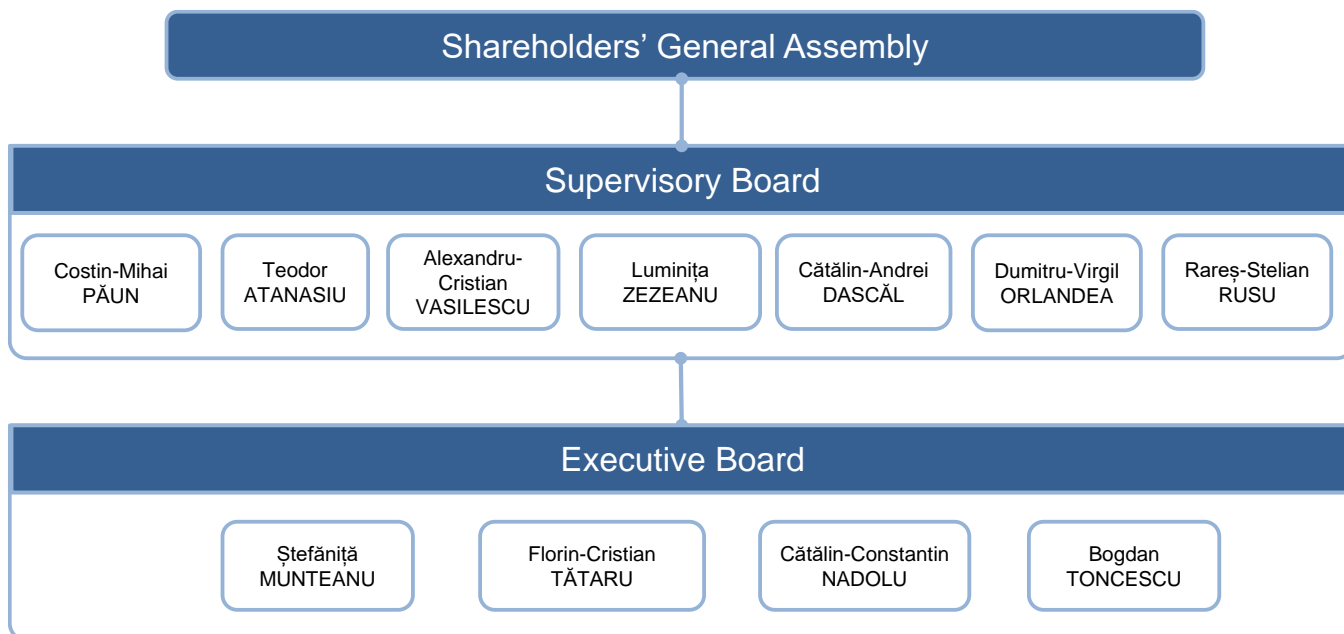
In the context of the continuing energy crisis, taking into account the variable impact generated by the factors that influence our activity, we are concerned in our supervisory activity to shape an effective and updated strategy in line with the existing dynamics. Through sustained efforts, we are committed to maintaining Transelectrica's position as one of the most stable energy players in the business environment.

## **Supervisory Board of NPG CO. Transelectrica SA**

## Supervisory Board

the National Power Grid Company Transelectrica SA ("NPG CO. Transelectrica SA", "Transelectrica" or the "Company") is a joint stock company, which is organized and operates in accordance with the laws of Romania, being managed under a two-tier system, Figure 1: Organisational structure

pursuant to the resolution of the Extraordinary General Meeting of Shareholders of 18 July 2012, by a Directorate (consisting of 5 members) under the supervision of a Supervisory Board (consisting of 7 members).



At the date of this Report, the composition of the Supervisory Board with a term of office until 29.02.2028, according to OGMS no.1/28 February 2024, is as follows:

### **Cătălin-Andrei DASCĂL - Chairman of the Supervisory Board**

As of 22 April 2022, Mr. Cătălin Andrei Dascăl was appointed member of the Supervisory Board of NPG CO. Transelectrica SA.

Mr Dascăl joined Transelectrica's non-executive management team with extensive legal experience.

Cătălin Andrei Dascăl's career includes managerial and executive positions in acquiring complex legal expertise in both public administration and private practice.

Among the positions he held, he was legal advisor at IPCMG - REFAL SPRL, executor and legal expert at the Authority for the Administration of State Assets.

Since 2006 to date, Mr. Dascăl is a lawyer and insolvency practitioner - Member of Insol Europe, founder and partner lawyer at "Dascăl Ciotea and Associates SPARL", founder and coordinating partner at "Dascăl Insolvency SPRL".

Also, from 2016 to date, he is President of the National Union of Insolvency Practitioners of Romania

(UNPIR) - Bucharest Branch, and from 2021 he is a member of the National Board of UNPIR and coordinator of working groups within this structure.

Cătălin Andrei Dascăl graduated from the Faculty of Law of Nicolae Titulescu University, Bucharest and holds a degree in legal studies from the Faculty of Law of the University of Bucharest. At the same time, he completed postgraduate studies in European Community Law (Faculty of Law, University of Bucharest) and Commercial Law (Academy of Economic Studies, Bucharest).

### **Teodor ATANASIU - Member of the Supervisory Board**

Mr Teodor Atanasiu, as of 22 August 2022, has joined the Supervisory Board of NPG CO. Transelectrica SA, with a long experience in central public administration.

From 2017 to 2022, Mr. Teodor ATANASIU was a member of the Regulatory Board of the National Energy Regulatory Authority.

Mr. Teodor ATANASIU attended the Polytechnic Institute of Cluj Napoca and graduated from the Faculty of Mechanics.

Mr. ATANASIU also holds a diploma from the Open University Business School courses in Financial

Management, Competitiveness Management, Customer Relationship Management.

### **Costin-Mihai PĂUN - Member of the Supervisory Board**

As of 22 April 2022, Mr Costin Mihai Păun has been appointed member of the Supervisory Board of NPG CO. Transelectrica SA, taking this position with over 30 years of experience in the European and national energy industry.

Throughout his career he has held several managerial and executive positions, working both nationally and internationally in the transmission, distribution and generation of electricity.

Mr. Păun joins Transelectrica's non-executive management team with an outstanding career in the energy sector.

Thus, Mr. PĂUN has significant experience in coordination work with European Transmission and System Operators (ENTSO-E and MED-TSO), Electricity Distribution Operators, National Regulatory Authorities, Agency for the Cooperation of Energy Regulators (ACER), European Institutions (European Commission, DG ENER, DG Conect, etc.) and International Financial Institutions (European Investment Bank, KfW, etc.).

Mr PĂUN has designed, led and implemented European and international projects funded by the European Commission and International Financial Institutions, carried out European consortia, studies and plans for the development of electricity networks, contributed to new solutions in innovation initiatives and scientific research, being responsible for systems operation, regulation, implementation of high voltage projects.

He is co-founder (2011), was Secretary General (2011-2016) and Vice-President (2016-2021) of the Professional Association - Romanian Energy Centre (CRE).

Mr. Păun was also a member of the Directorate of the Electricity Distribution System Operator "Electrica Distribuție Muntenia Nord" SA (2012-2016), Responsible for the preparation of the 10-year European Electricity Network Development Plan within ENTSO-E in Brussels (2010-2016), the Regional Investment Plans in 4/6 ENTSO-E Regions: North Sea, Baltic Sea, Continental South-West Europe, Continental Central-East Europe, Network Codes, Regulatory Advisor, Energy Policy, Electricity Networks at EURELECTRIC, Union of the Electricity Industry, Brussels (2002-2010), Member of the European Economic and Social Committee -

Transport, Energy, Infrastructure and Information Society Section (2003-2006) and Coordinator of Regulatory Training and Energy Strategy (1993-1998).

Mr. Costin Mihai PĂUN graduated from the Polytechnic University of Bucharest, Faculty of Energetics, with a degree in Electrical Engineering, a field in which he also holds a PhD degree from the Technical University of Timisoara.

He also consolidated his expertise in the field of management through the Master's degree program "Financial-Banking Management", acquiring the title of Master in Business Administration - Financial-Banking Management at the Romanian-American University of Bucharest.

### **Alexandru-Cristian VASILESCU - Member of the Supervisory Board**

As of 22 April 2022, Mr Alexandru Vasilescu has been appointed member of the Supervisory Board of NPG CO. Transelectrica SA, taking up this position with expertise in public administration advisory and management.

Mr Alexandru Vasilescu is currently Secretary of State in the General Secretariat of the Government, a position he has held since February 2022.

Mr. Vasilescu joined Transelectrica's non-executive management team, having a professional portfolio shaped by the following experiences: Commercial Director of SC Orhideea SRL; Advisor in several institutions of the state administrative apparatus: Romanian Parliament - Chamber of Deputies, Department for SMEs, Business Environment and Tourism, Ministry for Information Society, General Secretariat of the Government. Mr Alexandru Vasilescu graduated from the Technical University of Constructions in Bucharest with a degree in construction engineering.

Following his undergraduate studies, he completed a master's program at the Technical University of Construction in Bucharest, obtaining a degree in Construction Project Management.

Mr Vasilescu is currently a PhD student at the Polytechnic University of Bucharest.

### **Luminița ZEZEANU - Member of the Supervisory Board**

Ms. Luminița Zezeanu, joined the Supervisory Board of NPG CO. Transelectrica SA, as of 22 August 2022, as a member, with a solid expertise in the development and financing of projects from European funds, as well as experience in the field of public administration.

Over the years, Ms Luminița ZEZEANU has worked in various areas of public administration, focusing on regional development.

Between 2006 and 2014, he held the position of Director of the Project Authorisation Directorate, Managing Authority for the Operational Programme - Ministry of Regional Development and Public Administration.

He resumed this leadership position in 2015-2016, and in 2017 took up the position of Secretary of State in the Ministry of Regional Development, Public Administration and European Funds.

Ms. Luminița ZEZEANU continued her work in this field, and in 2017- 2019 she was Director General at the Management Authority for the Regional Operational Programme - Ministry of Regional Development and Public Administration.

From August 2022 until now, he is Director of the European Funds Department at SNTGN Transgaz.

Ms Luminița ZEZEANU graduated from the Faculty of Accounting and Management Informatics of the Bucharest Academy of Economic Studies and continued her postgraduate studies in the UK at London Metropolitan University, where she studied international trade.

#### **Dumitru-Virgil ORLANDEA - Member of the Supervisory Board**

Mr Virgil Dumitru Orlandea was appointed member of the Supervisory Board of the National Power Grid Company Transelectrica SA as of 1 March 2024 for a 4-year term of office in the non-executive management of the Company. Mr Orlandea has also held the position of member of the Supervisory Board from October 2021 to October 2023.

Since 2011, he has been active in the energy sector, holding relevant positions in the energy industry.

Between 2010 and 2012, Mr. Orlandea was a member of the Directorate and Supervisory Board of some important companies in the Romanian energy sector, such as Electrica SA, Electrica Serv SA, Hidroelectrica, Transelectrica and Oil Terminal. From 2013 to 2016, Mr. Orlandea worked for NPG CO. Transelectrica SA as Director of the Support Services Department. Subsequently, until 2021, he continued his activity within the Company from the position of coordinator of the project Centre of Excellence in Energy Sibiu, respectively the Centre for Research and Development of Technologies for Working under Voltage and Rapid Intervention in the National Energy System.

Mr Virgil Dumitru Orlandea graduated from the National Defence University "Carol I" Bucharest, College of Resource and Procurement Management, "Lucian Blaga" University of Sibiu, Faculty of Economic Sciences - Master in "Integration of Tourism and Services" and Faculty of Economic Sciences - Master in "Management and Marketing Strategies and Policies of the Firm", Police Academy "Alexandru I. Cuza" Bucharest - Master in "Human Resources Management in the Public Order Authorities System".

#### **Rareș-Stelian RUSU - Member of the Supervisory Board**

As of 1 March 2024, Mr. Rareș Stelian Rusu has joined the Supervisory Board of the National Power Grid Company Transelectrica SA, with a 4-year mandate in the non-executive management of the Company. Mr Rusu has extensive management experience gained through his career in both the private sector and public administration.

With an extensive expertise within the Company, Mr Rusu held the position of Director of the Cluj-Napoca Territorial Transmission Branch in 2009-2012, followed by that of Project Manager in 2012-2013. He was also an advisor to Transelectrica's Directorate, Manager of the Integrated Management Unit, Commercial-Acquisitions and Manager of the Cluj Territorial Transmission Unit in 2020-2021. From 2021 to 2022, he was non-executive director of OPCOM SA, a subsidiary of NPG CO. TRANSELECTRICA SA.

Mr. Rareș Stelian Rusu has over 25 years of experience in central and local public administration, both in the executive and non-executive areas of the Romanian Government, namely the Chamber of Deputies, as well as in the private sector, holding managerial positions as well as legal advisory positions.

As of 2021, Mr Rusu will serve as Vice President of the National Civil Servants Agency.

Rareș Stelian Rusu holds a bachelor's degree in political science from the Faculty of Political Science and Public Administration of the Babeș-Bolyai University of Cluj-Napoca and a bachelor's degree in law from the Faculty of Law of the Dimitrie Cantemir University of Cluj-Napoca. He also completed a Master's degree in Energy Engineering at the Faculty of Electrical Engineering of the Technical University of Cluj-Napoca.

## Advisory Committees of the Supervisory Board

### Audit Committee

The members of this committee are: Luminița ZEZEANU (chairman), Teodor ATANASIU, Rareș Stelian RUSU, Costin-Mihai PĂUN, Alexandru-Cristian VASILESCU

### Nomination and Remuneration Committee

The members of this committee are: Alexandru-Cristian VASILESCU (chairman), Cătălin-Andrei DASCĂL, Rareș Stelian RUSU, Dumitru Virgil ORLANDEA, Luminița ZEZEANU

### Committee on Investment and Energy Security

The members of this committee are Costin-Mihai PĂUN (chairman), Cătălin-Andrei DASCĂL, Luminița ZEZEANU, Teodor ATANASIU, Dumitru-Virgil ORLANDEA.

### Risk Management Committee

The members of this committee are Teodor ATANASIU (chairman), Alexandru-Cristian VASILESCU, Cătălin-Andrei DASCĂL, Rareș Stelian RUSU, Dumitru Virgil ORLANDEA.

## Changes in the Supervisory Board

In the period from 1 January 2023 to 21 February 2023, the composition of the Supervisory Board (hereinafter also referred to as "SB" or "Board") of Transelectrica was as follows: Dascăl Cătălin-Andrei, Atanasiu Teodor, Orlandea Virgil Dumitru, Păun Costin-Mihai, Sterp Vingărzăan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița.

According to the OGMS Decision no.2 of 16 February 2023, the following persons were appointed as provisional members of the Supervisory Board for a term of office of 4 months, starting on 22 February 2023 and ending on 21 June 2023:

- Atanasiu Teodor,
- Dascăl Cătălin-Andrei,
- Orlandea Dumitru-Virgil,
- Păun Costin-Mihai,
- Sterp Vingărzăan Gheorghe,
- Vasilescu Alexandru-Cristian,
- Zezeanu Luminița

**24 February 2023** - the members of the SC, in accordance with the provisions of Article 18 paragraph (4) of the Articles of Association of NPG CO. Transelectrica SA appointed Mr. Dascăl Cătălin-Andrei as Chairman of the Supervisory Board.

**28 February 2023** - in accordance with Article XX paragraph (4) of the Rules of Organization and Functioning of the Supervisory Board, the members of the SB appointed as Chairman of the Nomination and Remuneration Committee Mr. Vasilescu Alexandru-Cristian and as members Mr:

- Sterp-Vingărzăan Gheorghe
- Păun Costin-Mihai

- Orlandea Dumitru-Virgil
- Dascăl Cătălin-Andrei

have appointed as Chair of the Audit Committee of the Supervisory Board Ms Zezeanu Luminița and as members Ms:

- Atanasiu Teodor
- Sterp Vingărzăan Gheorghe
- Dascăl Cătălin-Andrei
- Păun Costin-Mihai

appointed as Chairman of the Energy Security Committee of the Supervisory Board Mr. Păun Costin-Mihai and as members Mr:

- Vasilescu Alexandru-Cristian
- Zezeanu Luminița
- Atanasiu Teodor
- Orlandea Dumitru Virgil

**19 June 2023** - by Resolution No. 6 of the Ordinary General Meeting of Shareholders of the Company, the following persons were appointed as provisional members of the Supervisory Board for a term of office of 4 months starting on 22 June 2023 and ending on 21 October 2023:

- Atanasiu Teodor,
- Dascăl Cătălin-Andrei,
- Orlandea Dumitru Virgil,
- Păun Costin-Mihai,
- Sterp Vingărzăan Gheorghe,
- Vasilescu Alexandru-Cristian,
- Zezeanu Luminița.

**20 June 2023** - the members of the SC, in accordance with Article 18 paragraph (4) of the Company's Articles



of Association, elected Mr. Dascăl Cătălin-Andrei as Chairman of the Supervisory Board.

At the same meeting, in accordance with Article XX paragraph (4) of the Rules of Organization and Functioning of the Supervisory Board, the members of the SB appointed as Chairman of the Nomination and Remuneration Committee Mr. Vasilescu Alexandru-Cristian, and as members Mr:

- Sterp Vingărzan Gheorghe
- Păun Costin-Mihai
- Orlandea Dumitru Virgil
- Dascăl Cătălin-Andrei

have appointed as chair of the Audit Committee of the Supervisory Board Ms Zezeanu Luminița and as members Ms:

- Atanasiu Teodor
- Sterp Vingărzan Gheorghe
- Dascăl Cătălin-Andrei
- Păun Costin-Mihai

appointed as Chairman of the Investment and Energy Security Committee of the Supervisory Board Mr. Păun Costin-Mihai and as members Mr:

- Vasilescu Alexandru-Cristian
- Zezeanu Luminița
- Atanasiu Teodor
- Orlandea Dumitru Virgil

**18 October 2023** - by Resolution No. 9 of the Ordinary General Meeting of Shareholders of the Company, the following persons were appointed as provisional members of the Supervisory Board for a term of office of 5 months starting from 22 October 2023 until 21 March 2024:

- Atanasiu Teodor,
- Dascăl Cătălin-Andrei,
- Păun Costin-Mihai,
- Vasilescu Alexandru-Cristian,
- Zezeanu Luminița,
- Mitu Anca,
- Borotea Adrian Remus.

**24 October 2023** - the members of the SC, in accordance with Article 18 paragraph (4) of the Company's Articles of Association, elected Mr. Dascăl Cătălin-Andrei as Chairman of the Supervisory Board.

At the same meeting, in accordance with Article XX paragraph (4) of the Rules of Organization and Functioning of the Supervisory Board, the members of the SB appointed as Chairman of the Nomination and Remuneration Committee Mr. Vasilescu Alexandru-Cristian, and as members Mr:

- Păun Costin-Mihai,
- Dascăl Cătălin-Andrei,
- Mitu Anca,
- Atanasiu Teodor.

have appointed as Chair of the Audit Committee of the Supervisory Board Ms Zezeanu Luminița and as members Ms:

- Atanasiu Teodor
- Dascăl Cătălin-Andrei
- Păun Costin-Mihai
- Mitu Anca.

appointed as Chairman of the Investment and Energy Security Committee of the Supervisory Board Mr. Păun Costin-Mihai, and as members Mr:

- Vasilescu Alexandru-Cristian,
- Zezeanu Luminița,
- Atanasiu Teodor,
- Mitu Anca.

have appointed as Chairman of the Risk Management Committee of the Supervisory Board Mr. Atanasiu Teodor and as members Mr. Atanasiu Teodor and Mr. Atanasiu Teodor:

- Vasilescu Alexandru-Cristian,
- Păun Costin-Mihai,
- Dascăl Cătălin-Andrei,
- Mitu Anca.

**30 October 2023** - the members of the Supervisory Board took note of the notification of Mr. Adrian Remus Borotea regarding the non-acceptance of the mandate of provisional member of the Supervisory Board.

In accordance with the provisions of Article 153<sup>^</sup>7 paragraph (1) of the Companies Act no. 31/1990, republished as amended and supplemented and Article 18 paragraph (6) of the Articles of Association, appointed as a provisional member of the Supervisory Board Ms. Simona-Geanina Pistu-Popa with a term of office until 21 March 2024, but not later than the date of appointment of a member of the Supervisory Board by the General Meeting of Shareholders.

**13 November 2023** - The Company informed shareholders and investors that, in accordance with its statutory and legal powers, the Supervisory Board decided in its meeting of 13 November 2023 to change the composition of the Nomination and Remuneration Committee, the Investment and Energy Security Committee and the Risk Management Committee.

Therefore, the advisory committees of the Supervisory Board are:

*Nomination and Remuneration Committee*

- Vasilescu Alexandru-Cristian - Chairman,
- Păun Costin-Mihai,
- Dascăl Cătălin-Andrei,
- Mitu Anca,
- Pistru-Popa Simona-Geanina.

*Audit Committee*

- Zezeanu Luminița - chairman,
- Atanasiu Teodor,
- DASCĂL Cătălin-Andrei,
- Păun Costin-Mihai,
- Mitu Anca.

*Committee on Investment and Energy Security*

- Păun Costin-Mihai - chairman,
- Vasilescu Alexandru-Cristian,
- Zezeanu Luminița,
- Atanasiu Teodor,
- Pistru-Popa Simona-Geanina.

*Risk Management Committee*

- Atanasiu Teodor - Chairman,
- Vasilescu Alexandru-Cristian,
- Pistru-Popa Simona-Geanina,
- Dascăl Cătălin-Andrei,
- Mitu Anca.

**On 28 February 2024**, the Ordinary General Meeting of Shareholders of the Company held on 28 February 2024 approved the appointment of the members of the Supervisory Board for a term of 4 years for:

- PĂUN Costin-Mihai,
- ATANASIU Teodor,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița,
- DASCĂL Cătălin-Andrei, .
- ORLANDEA Dumitru Virgil,
- RUSU Rareș Stelian,

The four-year term of office began on 1 March 2024 and ends on 29 February 2028. At the same time by HOGMS no.1/28.02.2024 approved the form of the mandate contract and the remuneration of the members of the Supervisory Board of the Company.

The term of office of the current Supervisory Board runs until 29 February 2028.

## **Supervisory Board Statement on stand-alone financial statements prepared in accordance with International Financial Reporting Standards**

The Supervisory Board is based on the principles of corporate governance, which require a responsible, professional and objective attitude of the Company towards its stakeholders. The Board reviews the Company's strategy and the premises of the environment in which it operates in order to plan its development and performance, ensuring a rigorous formulation of objectives.

The stand-alone financial statements for 2023 were presented to the Supervisory Board, with the Company's Management providing detailed information on the annual results. At the meeting to verify the 2023 financial statements, the Audit Committee presented to the Supervisory Board its view on the 2023 results and recommended to the Supervisory Board the verification of the stand-alone financial statements prepared in accordance with OMFP no. 2844/2016.

The stand-alone financial statements as at 31.12.2023 are audited and the opinion of the external auditor is unqualified, which means that all material information reflected in the main balance sheet items is relevant, reliable, comparable and pertinent.

At the same time, the Annual Report of the Directorate, prepared in accordance with the requirements of the capital market legislation, was verified by the members of the Supervisory Board. The information presented in the 2023 Annual Report gives a true and fair view of the Company's results for the financial year 2023.

The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities for monitoring the financial reporting process, management reporting, the system of internal control, the audit process, the risk management system and the organisational process for monitoring compliance with laws, regulations and the code of conduct.

*Yours sincerely,*

*Supervisory Board represented by*

*Chairman of the Supervisory Board*

## Message from the Directorate

**Dear shareholders,**

**Dear investors,**

During 2023, we faced numerous challenges arising from the persistence of the energy crisis, which had a significant impact on business activity. In this regard, Transelectrica has taken a prudent view and paid constant attention to adjust, in different contexts, the economic-financial flow strategy so as to minimise the risks of exposure to instability or lack of predictability in our sphere of activity.

Through the role and responsibilities that Transelectrica fulfils as a publicly traded company listed on the Bucharest Stock Exchange, we aim to ensure that all the commitments we make to the investing public are fulfilled in the best possible way every time. We regularly set appropriate targets, based on precise market analyses, which generate a clear summary and facilitate our strategic action decision-making process so that our business environment operates in a safe and stable flow.

In this context, institutional transparency is a key principle in our approach to shareholder and investor relations, which is why we are committed to communicating effectively on all matters of interest. Through best practices and transparent communication policies we aim to continue to maintain proactive interaction and close collaboration with the investing public.

Transelectrica, the transmission and system operator in Romania, has a well-defined goal in its activity: to ensure an efficient and reliable energy infrastructure in line with European policies and the targets set for 2050. In this regard, we are committed to maintaining an accelerated pace of investment, focusing on obtaining new projects that can benefit from European funding, as was the case in 2023. In the midst of the energy transition, our efforts to align with these standards are constant, and innovation is a key element in major strategic projects that will integrate new technologies to operate the energy system with a reduced environmental impact.

As regards the development of the infrastructure necessary for the integration of green energy and the expansion of interconnections, one of the most important issues on the European agenda, in 2023 our company has taken important steps and, in collaboration with strategic partners, has laid the foundations for a major project, essential for the stability of the energy future of Romania and the entire region: the High Voltage Direct Current (HVDC) interconnector along the route of the Tuzla - Podișor gas pipeline and the Bulgaria-Romania-Hungary-Austria (BRUA) gas pipeline. The investment objective is extremely ambitious and represents a strategic initiative with significant implications for both our country and neighbouring countries, as it will facilitate the efficient capture of green energy generated in the east of Romania and its long-distance transmission, with minimal losses, to the west of Romania and other European Union countries. The implementation of the HVDC project will bring a degree of flexibility to critical areas of the National Energy System, facilitating the evacuation of power from emerging clean energy projects. This initiative will be a key strategic step towards ensuring the sustainability of Romania's energy sector. It will also continue the Romania-Georgia submarine cable as part of the Green Energy Corridor initiative, an ambitious project agreed by the governments of Azerbaijan, Georgia, Romania and Hungary.

Energy security and keeping the National Electricity System safe is an essential part of our mission that we are committed to ensuring as a priority every day, regardless of the conditions in the business environment. Also, in order to be able to support European energy and environmental policies and to confirm the fulfilment of the targets assumed by Romania at European level regarding the decarbonisation of the energy industry, by adopting an updated investment vision we will develop impact projects to create a sustainable future in this sector.

Ensuring energy security and maintaining the safety of the National Power System is a fundamental aspect of our mission and a constant priority, regardless of the dynamics of the business environment. At the same time, in order to support European energy and environmental policies and to confirm the achievement of Romania's European decarbonisation targets for the energy industry, our efforts are focused on strategic projects for the development of a sustainable energy infrastructure.

## **NPG CO. Transelectrica SA Directorate**

## Directorate

At the date of this report, the composition of Transelectrica's Directorate is as follows:

### **Ștefăniță MUNTEANU - Chairman of the Directorate**

As of 25 December 2021, Mr. Ștefăniță Munteanu is a member of the Directorate of the National Power Grid Company Transelectrica SA.

With a professional background in both the private and public sectors, Mr. Ștefăniță Munteanu has expertise in areas such as management, energy industry, marketing, sales and strategy.

Mr. Munteanu joined NPG CO. Transelectrica SA's executive management team from the position of indirect sales manager at SC Electrica Furnizare SA AFEE Buzău, a company where he previously served as Deputy Director (2019-2020) and management consultant.

In terms of experience gained in the public administration sector, Mr Munteanu served as Deputy Secretary General at the Ministry of Tourism from January to May 2017, Advisor to the Prime Minister from May 2017 to January 2018, as well as Advisor Secretary of State at the Ministry of Water and Forests (February 2018 - February 2019).

Mr. Ștefăniță Munteanu graduated from the Faculty of Marketing Management of the Romanian-American University in 2006, with a bachelor's degree in economics.

### **Florin Cristian TĂTARU, Member of the Directorate**

As of 25 December 2021, Mr. Florin Cristian Tătaru was appointed member of the Directorate of NPG CO. Transelectrica SA.

Previously, Mr. Tataru held this position in the executive management of the Company in 2017-2018.

With a wealth of experience in banking, finance and management, Mr Florin Cristian Tătaru has expertise in areas such as public and corporate finance, public policy, energy industry, European affairs and leadership.

Mr Tătaru joins the management team of NPG CO. Transelectrica SA with nearly 30 years of managerial experience in both the private and public sectors.

A graduate of the Faculty of International Economic Relations at the Bucharest Academy of Economic Studies (1990), Mr. Tataru has attended several master's programs, including "Health System Management", "Public Policy and European Integration", "Banking and Capital Markets", and

courses such as "Security and Good Governance" (2019), "Current National Security Issues" at the National Defense College. Currently, Mr. Tătaru is attending the MBA courses of the "Executive Business" program at the Business Academy.

### **Cătălin Constantin NADOLU, Member of the Directorate**

As of 25 June 2021, Mr. Nadolu is a member of the Directorate of the National Electricity Transmission Company.

Mr. Cătălin Nadolu's management expertise in the public sector is based on experience gained from several management positions held from 2005 to date.

Thus, Mr. Nadolu joins the management of NPG CO. Transelectrica SA from the position of General Manager of the Company for Maintenance Services of the Electric Transmission Network S.C. "SMART" SA. Previously, Mr. Nadolu held positions such as Executive Director of the County Directorate for Sport and Youth - Ministry of Youth and Sport, from 2005 to 2009, and Head of Department for the Independent Authority for the Administration of State Protocol Patrimony - R.A. - A.P.P.S, from 2009 to 2021.

Mr. Cătălin Nadolu attended the Faculty of Law of the Police Academy "Alexandru Ioan Cuza" in Bucharest and holds a degree in legal sciences. He has also strengthened his expertise in the field of management and public procurement by attending a number of specialist courses.

### **Bogdan TONCESCU, Board Member**

As of April 25, 2022, Mr. Toncescu is a member of the Directorate of the National Electricity Transmission Company.

With extensive experience in the Romanian government sector, Mr. Bogdan TONCESCU has been working at NPG CO. Transelectrica SA since 2014, as Director of Corporate Governance, Investor Relations and Representation. From this position, he coordinated the development of the corporate governance strategy at the Company level.

From 2008 to 2014, Mr. TONCESCU worked in the Romanian Government as an advisor in several ministries (Ministry of Foreign Affairs; Ministry of European Affairs; Department for European Affairs; Department for Infrastructure Projects and Foreign Investments; Ministry of Transport).

From February to August 2012, he was also an advisor in the Department of International Relations and European Policies of the Presidential Administration.

Since 2010, Mr. Bogdan TONCESCU is a member of the New York State Bar Association, United States of America (USA). Mr. TONCESCU began his career in the USA where he worked as a trainee at the Consulate General of Romania in New York and then at the Permanent Mission of Romania to the United

Nations (New York), and as a consultant at the World Bank (Washington).

A graduate of Binghamton University, State University of New York - Bachelor of Arts in Political Science, majoring in International Relations (January 2000 - June 2003), he graduated from Hofstra University School of Law in 2007. From January to March 2003, he completed a study abroad program in International Relations at the National University of Singapore.

## Changes in the Transelectrica Directorate

**01 January 2023** - On 01.01.2023 the composition of the Directorate was as follows: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Bogdan TONCESCU, Florin Cristian TĂTARU.

**19 April 2023** - Supervisory Board of the Company, pursuant to art.64<sup>2</sup> paragraph (1) of GEO no.109/2011 on the corporate governance of public companies, as amended and supplemented, decided to extend the terms of office of the provisional members of the Directorate, Messrs Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU for a period of 2 months, starting on 25.04.2023 and until 24.06.2023, but not later than the end of the selection procedure in accordance with the provisions of O.U.G. 109/2011 on corporate governance of public companies, as amended and supplemented.

**24 April 2023** - The Supervisory Board took note of the resignation of Mr Gabriel Andronache from the mandate of provisional member of the Directorate of Transelectrica, the position of member of the Directorate held until 24 April 2023 by Mr Gabriel Andronache remaining vacant, the Directorate will continue its work with the members in office on that date.

At the same meeting, in accordance with the provisions of Article 23(1) of the Company's Articles of Association, the Supervisory Board elected Mr. Ștefăniță Munteanu as Chairman of the Directorate, alternatively called Chief Executive Officer or Chief Executive Officer of the Company.

**20 June 2023** - The Supervisory Board took note that on 24 June 2023 the terms of office of the provisional members of the Directorate will expire: Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU, Bogdan TONCESCU, and therefore, pursuant to Article 64<sup>2</sup> paragraph (1) of O.U.G. no.109/2011 on corporate governance of

public companies as amended, appointed as provisional members of the Directorate Messrs:

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

the term of office of the appointed members shall be 4 months starting from 25.06.2023 with the possibility of extension, for good cause, for another two months, but the term of office shall not exceed the date of completion of the selection procedure of the members of the Company's Directorate, under the terms of GEO 109/2011, if the procedure is completed within this period.

During the same meeting, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the Company.

**24 October 2023** - The Supervisory Board took note of the expiry on 24 October 2023 of the terms of office of the provisional members of the Directorate: Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU, Bogdan TONCESCU and appointed pursuant to Article III of Law no.187/2023 on the amendment and completion of Government Emergency Ordinance no.109/2011 on corporate governance, as members of the Directorate:

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

with a term of office of 5 (five) months starting on 25 October 2023, with the possibility of extension once for two more months for good cause, but the term of office shall not exceed the date of completion of the procedure for the selection of the members of the Company's Directorate, under the terms of O.U.G. 109/2011 on the corporate governance of public

companies, approved with amendments and additions by Law no.111/2016, with subsequent amendments and additions, as well as those brought by Law no.187/2023, if the procedure is completed within this period.

At the same meeting, in accordance with the provisions of Article 23 paragraph (1) of the

Company's Articles of Association, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the Company.

*At the date of issuing this Report, Transelectrica is not aware of any agreements, arrangements or family ties between the members of the Directorate and other persons.*

*At the date of this report, Transelectrica is not aware of any dispute or administrative proceedings against the current members of the Directorate in relation to their activity in the Company or concerning the capacity of the person in question to perform their duties in the Company.*

*None of the members of the Directorate held shares in the share capital of the Company as at 31.12.2023.*



## Declaration of responsible persons

To the best of our knowledge, the stand-alone financial statements as at and for the 12-month period ended 31 December 2023 have been prepared in accordance with the Order of the Minister of Public Finance No. 2844/2016, as subsequently amended and supplemented, approving the Accounting Regulations in accordance with International Financial Reporting Standards and give a true and fair view of the financial position and profit and loss account of NPG CO. Transelectrica SA.

The Annual Report of the Directorate contains fair and consistent information on the development and performance of the Company, as well as a description of the main risks and uncertainties specific to the business.

### Directorate,

<b>Stefăniță</b>	<b>Florin-Cristian</b>	<b>Cătălin-Constantin</b>	<b>Bogdan</b>
<b>MUNTEANU</b>	<b>TĂTARU</b>	<b>NADOLU</b>	<b>TONCESCU</b>
<b>Directorate President</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>

## Key figures

FINANCIAL				OPERATIONAL				
4,718	thousand lei	▼	-25%	Revenues	2,37% *	▲	0,17 pp	OTC
			y/y				y/y	
568	thousand lei	▼	-34%	EBITDA	54,42	▲	3%	Net internal production
			y/y		TWh		y/y	
214	thousand lei	▼	n/a	Net result	-3,11	-	n/a	Export net**
			y/y		TWh		y/y	
50,39	TWh	▼	-3%	Charged energy volume****	51,31	▼	-5%	Net internal consumption
			y/y		TWh		y/y	
519	thousand lei	▲	65%	Liquidity	42,15	▼	-3%	Transported energy***
			y/y		TWh		y/y	
INVESTMENTS								
439	thousand lei	▼	-5%	Acquisition of tangible and intangible assets				
			y/y					
558	thousand lei	▲	93%	Fixed assets recorded in the accounts (commissioning)				
			y/y					

\*The weight of own technological consumption into electricity taken from the electricity transmission grid (transported energy)

\*\*balance of physical cross-border flows (export-import) cumulated across all borders

\*\*\*The amount transported is defined by the amount of energy physically transported in the transmission network

\*\*\*\*Priced quantity is defined as the quantity of electricity withdrawn from the public electricity networks (transmission and distribution networks) less electricity exports.

*Note: For ease of reading and understanding the results, some figures presented in graphs and/or tables use mil. lei as the unit of measurement and are rounded to that unit. This convention of presentation may, in some cases, result in minor differences between the total figures and the totals obtained by summing the component elements and the calculated percentages. Amounts are expressed in millions of lei unless otherwise indicated.*

## Important events

**Jan** ▶ Bilateral meeting between representatives of the Company and an official delegation from the Republic of Moldova on the analysis of the opportunity to expand OPCOM, a subsidiary of the Company, on the electricity market in the Republic of Moldova, thus agreeing on the next steps for OPCOM to become the electricity market operator in the Republic of Moldova.

**Feb** ▶ The Company has signed a Grant Agreement worth approximately \$1.1 million with the United States Government, represented by the United States Trade and Development Agency (USTDA), for the establishment of a Company Security Operations Center

**Mar** ▶ Completion of the refurbishment of the 220/110 kV Iaz Transformer Station, with an investment of about 62 million lei, from own funds. The 220/110 kV Iaz Electric Transformer Station is a connection node within the NES through the connected 220 kV lines, being an important objective for the functioning of the power system and for the electricity supply in the western part of the country.

**Apr** ▶ Mr Gabriel Andronache resigns from the mandate as provisional member of the Transelectrica Directorate and implicitly from the position of Chairman of the Directorate as from the end of 23 April 2023. It was decided to elect as Chairman of the Directorate - "CEO" of the Company as from 24 April 2023 Mr Ștefăniță Munteanu



**Jun** ▶ Transelectrica inaugurated the refurbishment of the 220/110/20 kv Ungheni Transformer Station with a total investment of more than 10 million euros from its own funds, the works being carried out by Siemens Energy SRL - Emsens Prod SRL.

**Jul** ▶ Mr Ștefăniță Munteanu, Chairman of Transelectrica's Directorate, took part on 25 July 2023 in the 4th Ministerial Meeting on the Agreement between Romania, Azerbaijan, Georgia and Hungary for the Strategic Partnership in the field of green energy development and transmission where the Memorandum of Understanding between the four countries for the Black Sea Submarine Cable Project was signed.



**Sep** ▶ The series of preparatory discussions on the High Voltage Direct Current (HVDC) Interconnector project on the BRUA gas main corridor and the future Tuzla-Podișor main line continued with a meeting of the teams of the companies involved, Taqa, Meridiam, Fluor, Transelectrica and E-Infra, with the participation of the Minister of Energy.

**Oct** ▶ For 3 days, 31 October - 2 November 2023, Transelectrica supported the work of the 7th edition of the International Conference Condition Monitoring, Diagnosis, and Maintenance (CMDM) 2023, organized by CNR - CIGRE, where current topics for the energy sector were debated.

**Nov** ▶ The company has obtained EUR 56.2 million through the REPowerEU component of the NRDP, approved by the Council of the European Union, to finance three key investment projects for the efficiency and modernisation of the electricity transmission network, two of which are for the subsidiaries SMART SA and Teletrans SA

**Dec** ▶ Moody's reaffirms the Company's long-term rating of Baa3 with a stable outlook. The credit quality ("Baa3"- "Investment-grade") is supported by the Company's low risk profile as the only operator providing electricity transmission service in Romania, consistent implementation of key principles within a credit-supportive regulatory regime, a robust financial profile, low debt and solid financial performance.



# Management Report



# 1. Business model

## 1.1. Positioning in the electricity market

Transelectrica was established as a Romanian legal entity by GD no. 627/13 July 2000 on the reorganisation of the National Electricity Company CONEL SA, published in the Official Gazette of Romania no. 357/31.07.2000. This decision was issued in accordance with GD No 138/2000 on the restructuring programme in the energy sector, whereby the electricity transmission and dispatching activity was completely separated from that of production, distribution and supply of electricity.

At the time of establishment, the Company had a share capital of 495,982,200 lei, fully paid up on the date of establishment and divided into 49,598,220 registered shares with a value of 10 lei.

In accordance with the Law on Electricity and Natural Gas No 123/2012, as amended, the activity of electricity transmission is a public service of national interest. Electricity transmission is carried out by transmission and system operators, legal entities certified by the competent authority under the terms of the law. The Electricity Transmission Grid (RET), existing on the Romanian territory, is the public property of the Romanian State as regards the assets

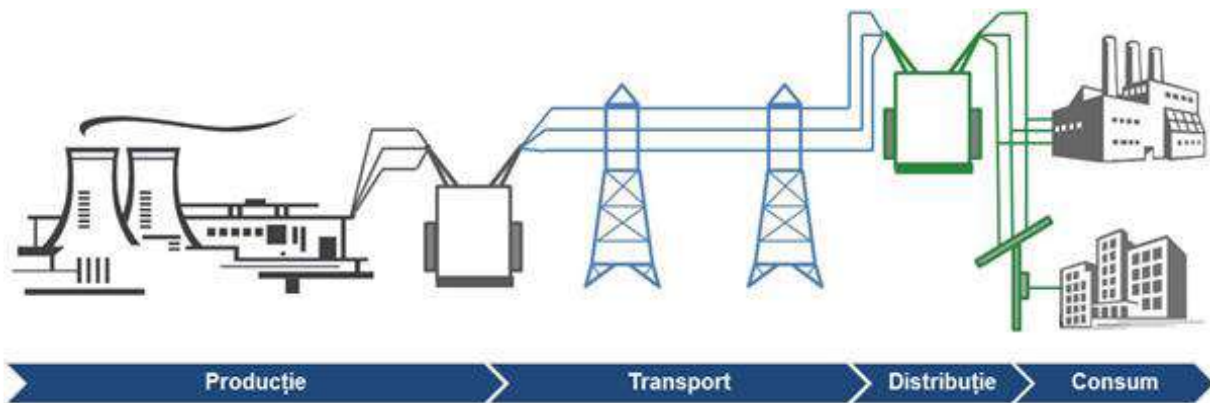
transferred to Transelectrica and constitute return assets, according to the nature of the transfer and the legal provisions.

In its capacity as transmission and system operator, Transelectrica operates under Licence No 161/2000 for the provision of electricity transmission service, for the provision of system service and for the administration of the balancing market.

The concession for RET and the land on which it is located was granted for a period of 49 years by concession contract no. 1/29.06.2004, concluded between the Ministry of Economy as the granting authority and NPG CO. Transelectrica SA as the concessionaire.

In the value chain of electricity activities, Transelectrica occupies the central position of transmission and system operator, natural monopoly activities, located between generators and suppliers respectively, which are the main players in competitive electricity markets. Electricity transmission activity is not the only natural monopoly in the electricity value chain, distribution as a network activity is also a natural monopoly.

Figure 2 The electricity value chain



Transelectrica's mission is to ensure the public electricity transmission service while maintaining the operational reliability of the national energy system, under non-discriminatory conditions of access for all users, to actively participate through the development of the electricity transmission network infrastructure in the sustainable development of the national energy system and to support and facilitate the operation and integration of energy markets.

Transelectrica's key role is that of transmission and system operator (TSO) plus the roles of balancing

market administrator, metering and aggregation operator, capacity allocation operator on interconnection lines.

The core activities are related to infrastructures of strategic importance to the electricity sector comprising multiple elements of critical infrastructure. Thus, transmission services are supported by the electricity transmission network and dispatching activities, including balancing, are supported by dispatching and metering infrastructure.

The regulation of Transelectrica's activities is carried out through primary legislation (the national framework being Law no.123/2012 with subsequent amendments and additions, and the European framework being the EU Regulation 943/2019 of the European Parliament and of the Council of 5 June 2019 on the energy market) and secondary legislation issued by ANRE - materialized in licenses, establishment authorizations, tariff methodologies (such as revenue cap on transmission and cost plus on system operation), tariffs, framework contracts, procedures and others.

The profitability of the business is given by the return on the regulated asset base which depends on the regulated rate of return and the regulated asset base ("RAB").

The business model corresponds to the standard profile of an STO, a model designed at European level through European energy strategy and legislation, applied in all EU countries and transposed as such into the national legal framework.

TSO companies are subject to a European-wide certification process as transmission system operators. The certification procedure can be

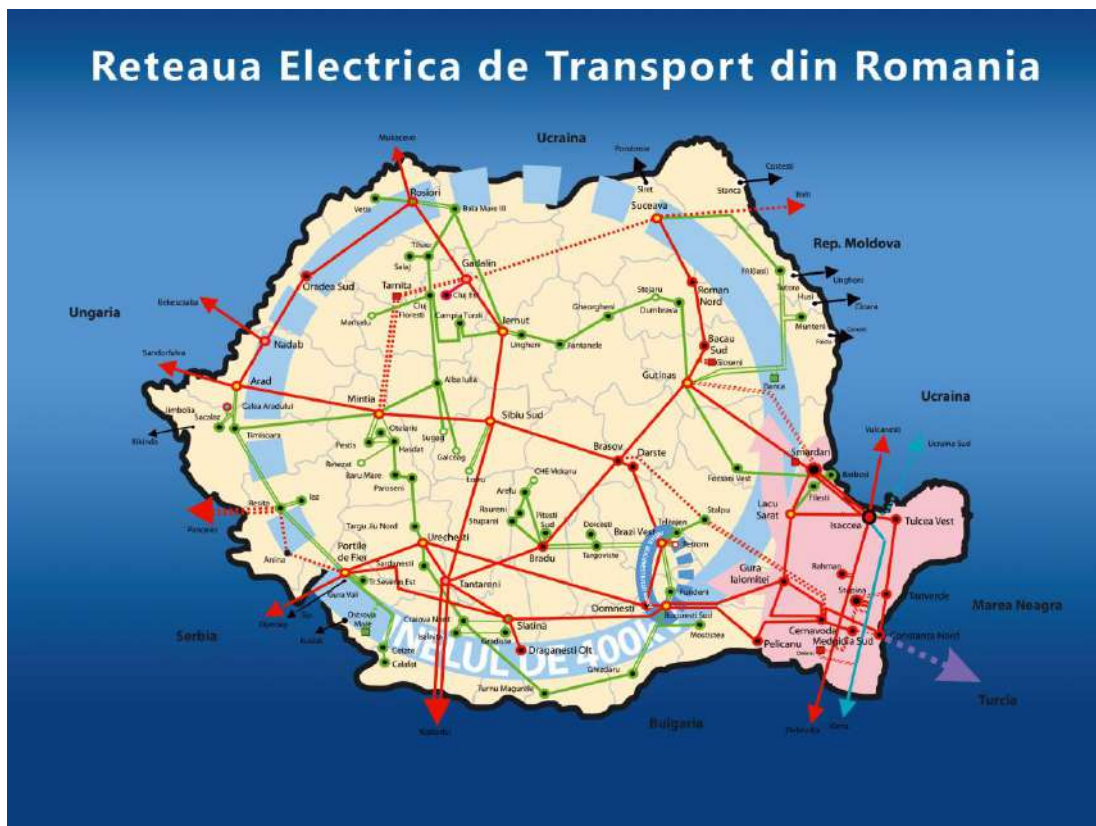
implemented mainly according to three possible models: *ownership unbundling* (OU), independent *system operator* (ISO) and independent *transmission operator* (ITO).

Currently, under ANRE Order 164/07.12.2015, Transelectrica is finally certified as a transmission and system operator of the national electricity system and operates under the ownership unbundling model.

The certification notification was sent to the European Union, which published it in the EU Journal on 08.01.2016, in accordance with Art.10 para. (2) of Directive 2009/72/EC.

According to the conditions of certification as a transmission and system operator according to the ownership unbundling model, the Company's shareholders representing at least 5% of the Company's share capital will exercise the rights arising from the ownership of the Company's shares in compliance with the provisions of Law no. 123/2012 regarding the non-exercise, directly or indirectly, of control or a right over an economic operator carrying out any of the generation or supply activities.

Figure 3: Electricity Transmission Network

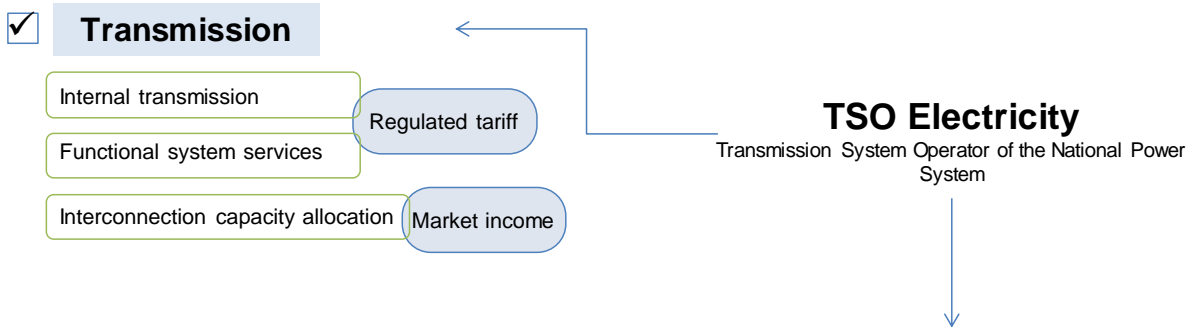


## 1.2. Portfolio of activities and pricing model

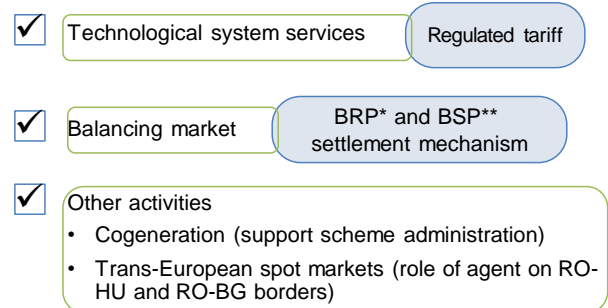
Transelectrica's portfolio includes profit-making activities (transmission services allowed) and non profit-making activities (technological system service, balancing activity, support schemes), all of which are subject to ANRE regulations.

Figure 4: Portfolio of activities

### Profit-allowed activities



### Zero-profit activities



\*\*Balancing Responsible Parties and \*\*\*Balancing Service Providers

According to the Methodology for setting tariffs for the electricity transmission service, the costs necessary for the purchase of electricity related to RET's own technological consumption are taken into account in the calculation of the regulated transmission service revenue.

The activities shown in the above chart in the "zero profit" category are projected on a profit-neutral basis for the Company as per the applicable regulatory framework.

Revenues from technological system services are estimated through the related tariff in order to fully cover the costs associated with the activities. Similarly, the cash flows related to the administration of the

support scheme for the promotion of high-efficiency cogeneration are based on a contribution set by ANRE estimated to cover the full costs associated with the administration of the support scheme.

In the event of the reporting of non-zero annual results, positive or negative, from the technological system services activity, caused by differences between the forecast values included in the calculation of tariffs and the actual values, the neutrality of this activity with respect to the company's profit is restored over a multi-year time horizon by incorporating appropriate adjustments in the tariffs.

## Activities ANRE License

### TRANSMISSION



- Activity regulated by ANRE;
- The tariff is reviewed and updated annually;
- The tariff for the transmission activity is established on default settings for multiannual periods (usually 5 years) using a revenue cap incentive model;
- The revenue-cap model allows the recovery of operating costs, investment costs and the obtaining of a financial return intended to adequately remunerate the financiers, in correspondence with the general risk of the regulated activities carried out by Transelectrica;
- Certain cost components, included in the tariff calculation, are capped at levels predetermined by ANRE (according to operational efficiency requirements), the superior efficiencies obtained by Transelectrica being partially retained by the Company through an additional profit sharing mechanism with the transmission service users.

**Regulated tariff**  
costs + regulated profit

### SYSTEM OPERATION (system services)

#### Functional\*



- Activity regulated by ANRE;
- NPS dispatching operations to maintain the level of operational safety of the system (maintaining the system in a stable production-consumption balance, maintaining systemic parameters within predetermined margins to ensure the safe and stable operation of NPS, operational programming of consumption coverage) using infrastructure of NPS's operational technical management represented by the EMS-SCADA system and the telecommunication, remote control, protection and control systems.

#### Technological



- Activity regulated by ANRE;
- Operations for planning and procuring the power reserves necessary for the permanent assurance of the production-consumption balance, for the NPS operational safety, from qualified energy units (production groups, consumers, storage facilities);
- The tariff related to the technological system services is established annually in advance by ANRE on the basis of a zero-profit model ("pass-through") designed for the full recovery of the costs necessary to procure system reserves with the possibility of retaining a part of any savings when purchasing power reserves in a competitive system.

**Regulated tariff**  
costs

### BALANCING MARKET (settlement)



- Market management activity that balances production and consumption in real time;
- Control energy procurement operations from balancing service providers - qualified energy units (production groups, consumers, storage facilities) and full recovery of balancing costs from the balancing responsible parties;
- Cost recovery is done on a zero-profit basis.

**BRP\*\* and BSP\*\*\*  
settlement mechanism**  
costs

\* As of January 1, 2021, the operating system tariff - the functional services component, has been included in the transmission tariff

\*\* Balancing Responsible Parties and \*\*\*Balancing Service Providers

## Other activities

### Other profit-allowed activities

#### Interconnection management

- Allocating available capacities for cross-border transfer of electricity on interconnection lines with the electricity systems of neighbouring countries;
- The allocation mechanism is based on an automatic default system based on price spread between markets (in case of market coupling) or an explicit competitive system based on the price offered by energy market participants for the available cross-border transmission capacity, applicable in situations where the demand for capacity exceeds the available level offered to the market.

### Other zero-profit activities

#### Cogeneration

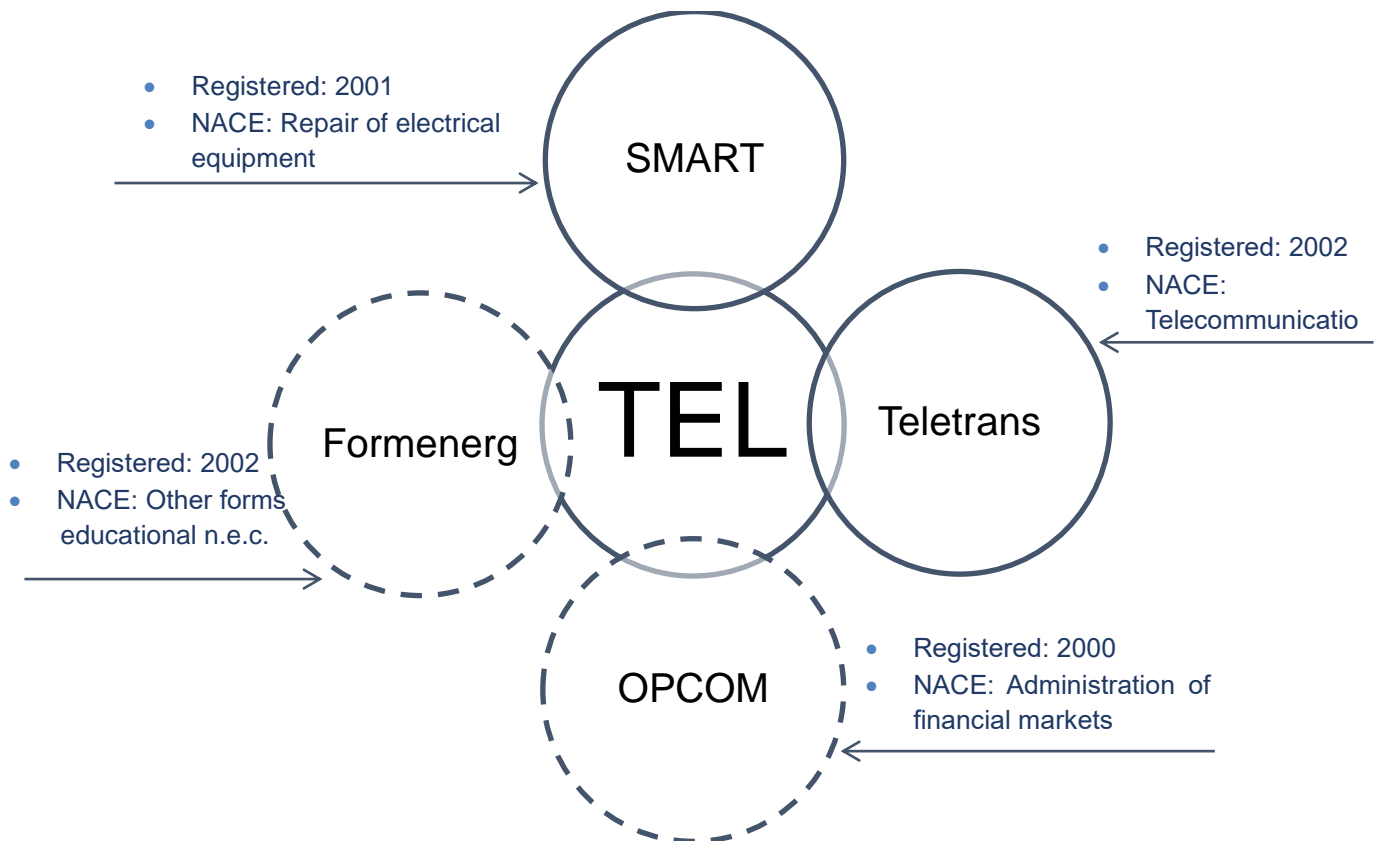
- Support scheme administration activity to promote high efficiency cogeneration. The aim of this support scheme is to promote high-efficiency cogeneration electricity generation systems with the advantage of low-emission energy production;
- The role of Transelectrica in the support scheme is to collect the contribution from the suppliers of electricity consumers and to pay the bonus to the qualified cogeneration producers of electricity and thermal power;
- Cost recovery is done on a zero-profit basis.

#### Transfer agent - Romania-Hungary and Romania-Bulgaria relationship within the European electricity market

- Netting-settlement activity (role of transfer agent) on the European electricity market on the trading period one day before delivery (day-ahead) as well as on the domestic market. Transelectrica performs a financial clearing function on the border with Hungary and Bulgaria, playing an important role in the energy settlement chain on the trans-European spot markets.



## 2. Group Structure



At the date of this report Transelectrica has six subsidiaries, Romanian legal entities, organized as joint-stock companies, of which it is the sole shareholder in the following: Formenerg, Teletrans, Smart, Icemenerg Service (subsidiary which at the date of this report is deregistered with the ONRC), Icemenerg SA (Institutul de Cercetări e Modernizări Energetice ICEMENERG SA - subsidiary which at the date of this report is deregistered with the ONRC).

Among the Company's subsidiaries, the Smart and Teletrans subsidiaries are included in the Group's financial consolidation perimeter.

They have not been taken into account in the preparation of the consolidated financial statements:

- subsidiary Formenerg as according to the applicable accounting legislation, the impact of its activity is considered immaterial for consolidation purposes,
- the subsidiary OPCOM as the management is carried out according to the regulations set by ANRE and Transelectrica does not exercise effective direct control over its decision-making mechanisms.

### SMART



The subsidiary Societatea Comercială pentru Servicii de Mentenanță a Rețelei Electrice de Transport "SMART" SA was established in 2001, by GD no.710/19.07.2001 through the reorganization of some activities within Transelectrica.

The main activities of the subsidiary are the overhaul and repair of primary apparatus and equipment in electrical networks (so that RET installations operate safely at the level of performance required by the licence), the repair of incidents in electrical installations, the provision of energy services, energy services for the energy system and micro-production of electrical equipment. The company has 8 branches without legal personality.

The mission for which SMART SA was established was and still is to ensure preventive maintenance, special works and corrective maintenance of the Transmission Grid (RET), based on Transelectrica's primary objective: to ensure the safe and stable transmission of electricity in the national transmission grid.

The branch offers professional services at a high level of performance, i.e. maintenance, repairs, expertise, consultancy for:

- Low, medium, high and extra high voltage switchgear and equipment - up to and including 750kV,
- Equipment and circuits for protection, automation, measurement, command - control,
- Transformers and autotransformers of all powers and voltages,
- Overhead and cable power lines of all voltage levels.

The subscribed and paid-up share capital as at 31.12.2023 is 38,529 thousand lei, Transelectrica being the sole shareholder. The results of the SMART subsidiary are consolidated with the financial results of the Company.

SMART shares are 100% owned by Transelectrica.

## TELETRANS



The subsidiary TELETRANS SA was established by the AGM Resolution no. 13/04.12.2002 of Transelectrica, based on the Law no. 31/1990 and the Orders of the Ministry of Industry and Commerce no. 3098 and no. 3101 dated 23.10.2002 and is the provider of specific telecommunications and information technology services for the operational and management of Transelectrica, having as its main activity the provision of specific telecommunications services. At the same time, the Subsidiary has the possibility to market specific services on the liberalised communications market in Romania.

The subsidiary has a high level of expertise in areas of profound uniqueness in systems and process management in the energy industry.

On the basis of the Articles of Association and the applicable regulations, Teletrans holds the ANCOM certificate of provider of electronic communications networks or services since 2002 (O.U.G. no. 679/2002), which entitles it to provide the following electronic communications services:

- Public electronic communications networks (from 11.11.2004);
- Electronic communications services to the public: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (from 01.07.2003);
- Private electronic communications networks and services (from 15.01.2003).

- TELETRANS personnel also have certifications relevant to the operation and administration of IT&C systems dedicated to critical infrastructures.

TELETRANS uses a fibre optic network built in reliable OPGW technology with access points in 110 localities as well as cross-border links with Hungary, Bulgaria and Serbia and provides EMS/SCADA system integration services for renewable energy producers and new control systems in upgraded stations.

The services provided by Teletrans were mainly IT/Tc services to Transelectrica, maintenance services of the local metering system at the Company's power stations and telecommunication services through the sale of surplus capacity existing in the fibre optic communication infrastructure.

The subscribed and paid-up share capital as at 31.12.2023 is 6,874 thousand lei, Transelectrica being the sole shareholder. The results of the subsidiary Teletrans are consolidated with the financial results of the Company.

TELETRANS shares are 100% owned by Transelectrica.

## FORMENERG



FORMENERG SA was established following the Decision number 33/19.11.2001 of the General Meeting of Shareholders - "Transelectrica" S.A., by outsourcing the activity of the Branch for Training and Development of Energy Sector Personnel. FORMENERG started its activity on 21 March 2002.

The FORMENERG subsidiary is a company whose main activity is the initial and continuous professional training, in all fields of activity, of personnel working in the energy sector in all sectors of the national economy and other beneficiaries, as well as hotel services, rental services and event organisation services.

FORMENERG SA is based on an old training centre in Romania, with extensive experience in the field of vocational training, currently offering a wide range of courses, both in technical fields (construction, energy, installations, etc.) and of general interest (project management, sales, trainer, etc.) with a portfolio of over 200 courses. Courses authorised and approved by institutions such as ANRE or the Ministry of Labour and Social Solidarity are taught by professional and experienced lecturers and trainers.

The Branch is also an authorised training provider by the National Authority for Qualifications (ANC).

FORMENERG competences are structured along the following main lines:

- training/training services,
- hotel accommodation services,
- rental services (building, classrooms).

The share capital on 31.12.2023 is 1,948 thousand lei, fully paid up, represented by 194,842 shares with a nominal value of 10 lei each.

FORMENERG shares are 100% owned by Transelectrica.

### ICEMENERG - SERVICE

The company ICEMENERG SERVICE - SA was focused on the design, production and distribution of measuring, control and management devices for the energy system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE certified.

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

On 27.04.2021, by address no.18759, the Special Administrator of ICEMENERG Service SA informed that on 23.04.2021, following the auction held, the assets of ICEMENERG Service SA, both movable and immovable, were sold en bloc, the buyer being Portland Trust Developments Five SRL.

In the case no.18051/3/2017, according to the Insolvency Proceedings Bulletin no.9152/26.05.2022, the Bucharest Court - Civil Section VII by civil sentence no.2429 approved the final report of the judicial liquidator, and on the basis of art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Company Filiala "Icemenerg-Service" SA by deregistering it from the Bucharest Trade Register.

### OPCOM



OPCOM SA was set up on the basis of GD no. 627/2000 on the reorganisation of the National Electricity Company SA, as a subsidiary whose sole shareholder was Transelectrica.

In accordance with the provisions of the primary and secondary legislation in force, the Operator of the Electricity and Natural Gas Market "OPCOM" S.A. performs the role of administrator of the electricity market, providing an organized, viable and efficient framework for the conduct of commercial transactions

in the wholesale electricity market and carries out activities of administration of the centralized markets in the natural gas sector, under conditions of consistency, fairness, objectivity, independence, fairness, transparency and non-discrimination. The main activities carried out by OPCOM under the provisions of the primary and secondary legislation in force:

- The organisation and administration of centralised electricity markets;
- Acting as organiser and administrator of the green certificates market;
- To perform the activity of centralised market management in the gas sector;
- Exercise the role of Single Buyer in the framework of the Centralised Electricity Purchasing Mechanism.
- For the delivery period prior to October 2023, the determination of payment obligations/collection charges for transactions made by Balancing Market Participants and for TSOs, the calculation of final single prices, final shortfall prices and final surplus prices as well as the determination of the Balancing Parties' quantitative and value imbalances, as the delegated operator for carrying out balancing energy settlement, and the Balancing Parties' imbalances;
- Supervision of the functioning of administered markets;
- Collection and publication of market statistics as required by the Energy Law;
- Registered Reporting Mechanism (RRM);
- Administration and development of IT platforms serving energy markets;
- Active participant in the European energy market.

OPCOM is in collaboration with the Bucharest Stock Exchange to identify projects through which the two entities will propose the trading of derivative products for the management of energy price risk and the clearing and settlement through a national Clearing House (Central Counterparty in Romania-CCP.RO). In 2021, OPCOM and CCP.RO negotiated the Contract on the framework for clearing and settlement of transactions concluded on the Centralised Market for Bilateral Electricity Contracts - Continuous Trading (PCCB-NC) administered by OPCOM. This project is necessary for the energy market and the capital market, contributing to increase liquidity and to the smoothing of payments by increasing the safety of transactions and decreasing the expenses related to cleared transactions, thus following the European best practices in the field of capital markets together with the energy markets.

At the same time, OPCOM has been qualified by ACER as a Registered Reporting Mechanism for reporting bids and trades established by wholesale energy market participants in Romania.

In view of its scope of activity and responsibilities, OPCOM is a member of the International Association of Power Exchanges (APEX), the Association of European Energy Exchanges (EUROPEX) and other national committees and associations.

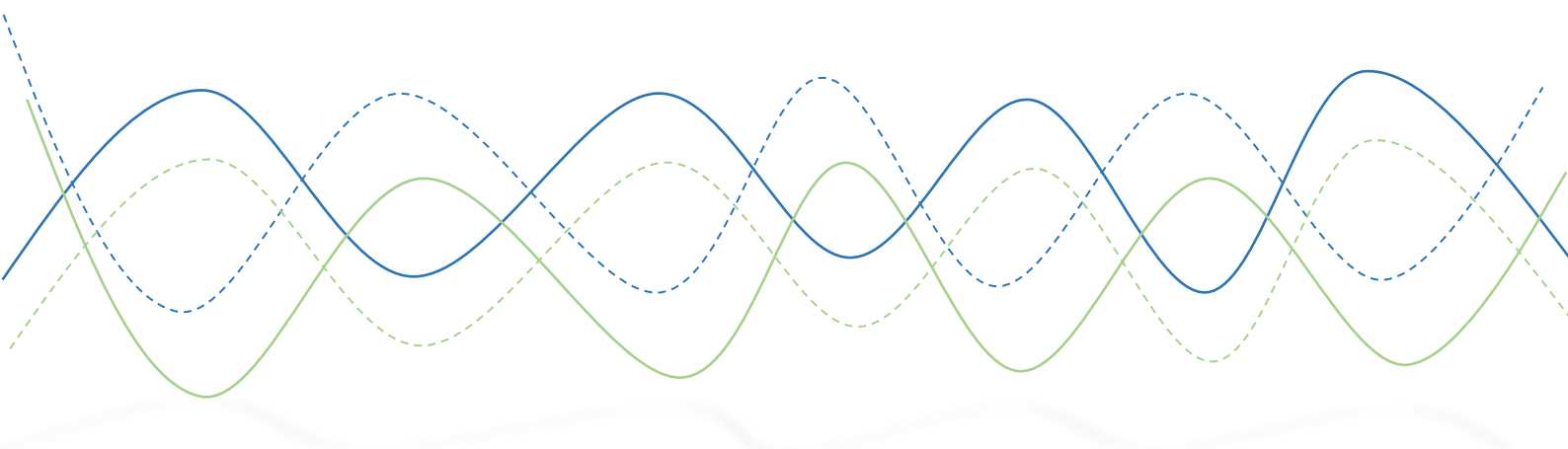
At the same time, as part of the region's Flow-Based Coupling Project, on June 8, 2022, the 16 Transmission and System Operators (TSOs) in the Core Capacity Calculation Region (Core CCR), together with 10 Designated Electricity Market Operators (DEMOs), initiated day-ahead flow-based market coupling. Also, as part of the Core FB MC project, the market coupling between Croatia and Hungary & Slovenia and Hungary has been implemented, contributing to a more complete and better functioning European market coupling.

OPCOM is directly involved in all European efforts dedicated to the creation of a single electricity price, being fully integrated and engaged in a series of European and regional cooperations corresponding to its profile, being strongly anchored in the European efforts dedicated to this objective.

Transelectrica does not exercise effective direct control over the decision-making mechanisms of OPCOM, whose management is conducted in accordance with the regulations established by ANRE.

The subscribed and paid-up share capital of OPCOM as at 31.12.2023 is 31,366 thousand lei, Transelectrica being the majority shareholder at that date. The shareholder structure is as follows:

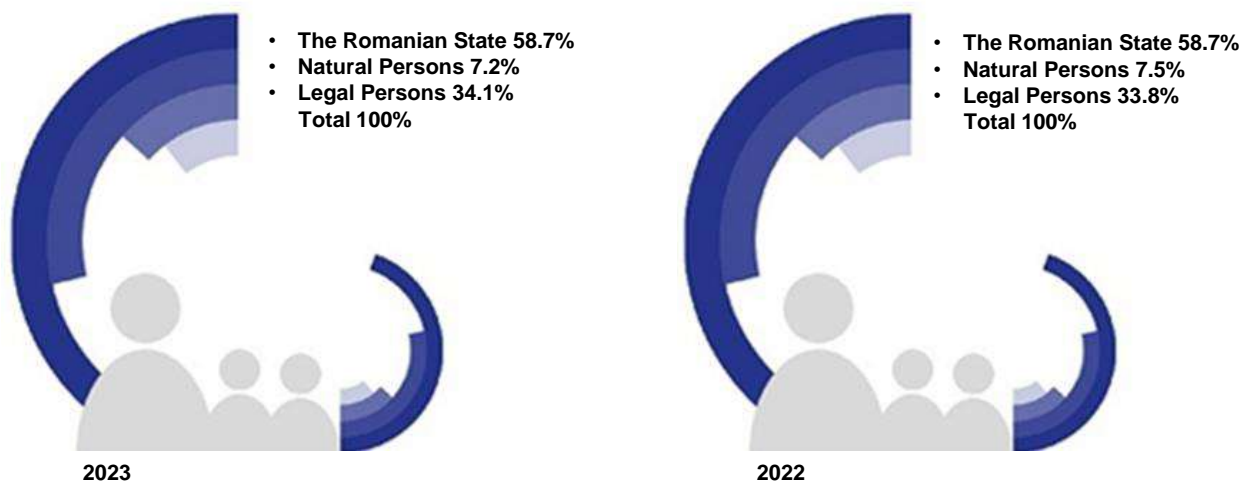
- NPG CO. Transelectrica SA - 97.84% - NPG CO.
- The Romanian State through the General Secretariat of the Government - 2.16%.



### 3. Transelectrica on the capital market

#### 3.1. Shareholding structure

Figure 5: Evolution of the ownership structure 2023-2022



The Company guarantees the right of shareholders to fair treatment and to be fully and fairly informed of the Company's situation.

All shares issued confer equal rights on the holders and any change in the rights conferred shall be subject to the approval of the holders directly affected at a special meeting of the holders.

The main shareholder and holder of 43,020,309 of the total shares is the Romanian State represented by the General Secretariat of the Government representing a percentage of 58.688%, the remaining shares, namely 30,282,833 represent free float shares.

As at 31 December 2023 the two significant minority shareholders are :

- Pavăl Holding SRL which holds **6.485%** of the Company's share capital.
- NN Group N.V. which became a significant minority shareholder as of 11 April 2019 and holds a **5.467%** stake.

Table 1: Free Float Shares

Free Float Shares	31.12.2023	%
<b>Non-residents, of which</b>	<b>626,241</b>	<b>2.70%</b>
Individuals	88,992	0.29%
Legal entities	537,249	1.77%
<b>Residents, of which</b>	<b>29,656,592</b>	<b>97.93%</b>
Individuals	5,201,163	17.18%
Legal entities	24,455,429	80.76%
<b>Total shares</b>	<b>30,282,833</b>	<b>100%</b>

#### 3.2. Share price evolution

The Romanian equity market is included in the Emerging Markets Indexes as of 21 September 2020, according to the FTSE Russell global index provider's classification. The actual promotion to Emerging Market status allows the Romanian capital market and economy to absorb new funds and sends a strong signal to private and state-owned companies that they can grow significantly through the exchange.

Since 5 January 2015, Transelectrica is listed in the Premium category of the regulated market administered by the BVB.

The Company's shares are part of the BET index - an index that reflects the evolution of the 20 most traded companies on the Regulated Market of the Bucharest Stock Exchange, excluding financial investment companies (SIFs) and are traded on the regulated market, administered by the Bucharest Stock Exchange in category I, under the symbol TEL.

The BVB indices reflect the price evolution of the most traded listed companies or the evolution of certain representative sectors, such as the financial sector or the energy sector. In terms of calculation methodology, all BVB indices are free float capitalisation weighted price indices, with maximum limits for the weights of the component companies. With the exception of the BET-TR, BET-TRN, BET-XT-TR and BET-XT-TRN indices which are adjusted for dividends, the other indices only reflect the evolution of market prices.

Transelectrica turned 17 years old on 29 August 2023 from the date of listing on the Bucharest Stock

Exchange under the programme "A Strong Market - Capital Market Development", being the first company with majority state capital listed.

The year 2023 started with a trading price of 22.10 lei/share, opening the way to the maximum price of the period of 30.60 lei/share recorded on 03.10.2023, a historical maximum over the last 6 years.

The final price of the period brought TEL shares an increase of 36.20%, a higher return than the BET (27.95%), BET-NG (26.81%) indices and the Company a market capitalization of 2,206 million lei

Trading of TEL shares during 2023 on the Romanian capital market recorded 22,873 transactions with an average number of 92 transactions/day and 3,560,982 shares traded, with a total value of 92,409 thousand lei.

Transelectrica shares are part of the following stock market indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, BET-XT-TRN, ROTX. Of these the most representative for the Company are:

Figure 6: TEL vs BVB 2023 indices

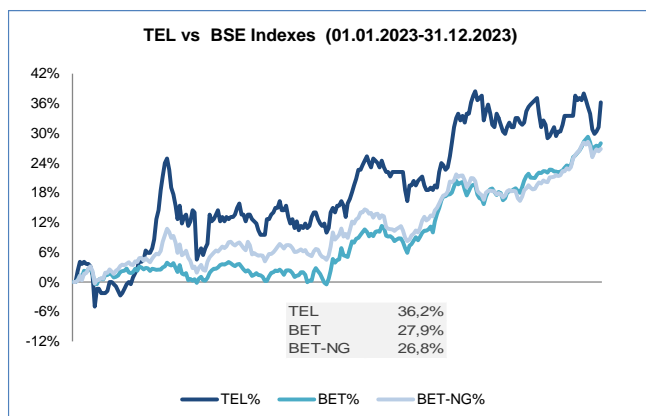


Table 2: Stock market information 2023 -2021

Indicator	2023	2022	2021
Number of shares	73,303,142	73,303,142	73,303,142
Market capitalization (million lei)	2,206	1,591	1,649
Market capitalisation (€ million)	444	322	333
Maximum price (lei/share)	30.6	23.5	29.3
Minimum price (lei/share)	21.0	16.9	20.7
Price at the beginning of the year (lei/share)	21.7	22.5	25.6
Price at the end of the year (lei/share)	30.1	21.7	22.5
Earnings per share (lei/share)	2.91	7.02	0.01
FOR	10.33	3.09	-
P/BV	0.43	0.41	0.49
Dividend per share from the result of the period (lei)	-	0.71	-
Dividend per share from retained earnings (lei)	0.28	-	-
Dividend return %	0.93	3.27	-
Free Float %	41.31	41.31	41.31

➤ BET index (Bucharest Exchange Trading - the benchmark index of the capital market reflecting the performance of the 20 most liquid companies listed on the regulated market of the BVB),

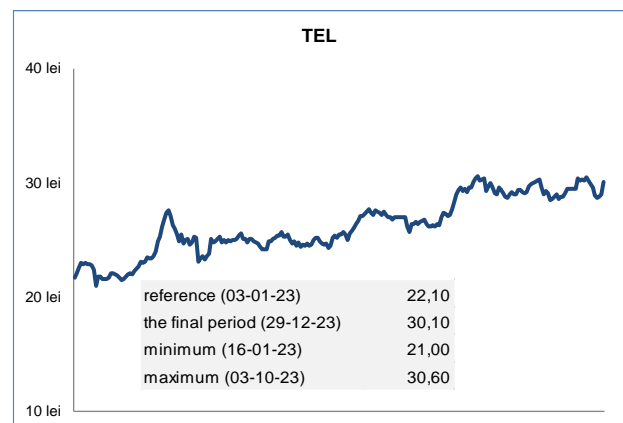
➤ BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index reflecting the evolution of energy and related utilities companies listed on the BVB regulated market).

According to the latest periodic adjustment date recorded on 08.12.2023, TEL shares have a weighting of 1.39% in the BET index and 2.57% in the BET-NG index.

Internationally, TEL shares have been promoted since August 2023 in the MSCI Frontier and MSCI Romania indices.

The evolution of the TEL share in relation to the two indices is shown in the graph below:

Figure 7: TEL share price evolution 2023



The dividend yield proposed for approval at the General Meeting of Shareholders was calculated using the last share price on 31 December of the year. Share identification data: ISIN ROTSELACNOR9; Bloomberg TEL RO, Reuters ROTEL.BX

### 3.3. Dividend

The dividend policy is the Company's option to distribute dividends and/or reinvest net profits.

In the first case, it remunerates equity capital and in the second case it generates funds for self-financing economic growth.

Allocating a large share of net profit as a dividend restricts the company's self-financing possibilities, leading to increased indebtedness. On the other hand, a company with a dividend policy characterised by a high dividend payout ratio enjoys an appreciation of its shares in the market, which has the effect of increasing the possibilities of financing through new share issues.

The dividend distribution rate is set annually by the majority shareholder, who approves at the AGM the method of profit distribution and the amount of dividends granted.

The accounting profit for the year 2023 remaining after deducting the profit tax and distributed among the destinations provided in OG no. 64/2001 regarding the distribution of profit to national companies, national companies and commercial companies with full or majority state capital, as well as to autonomous governments, approved with amendments by Law no. 769/2001, with subsequent amendments and additions, is 0.

But in accordance with the provisions of the legislation in force, only the shareholders of NPG Transelectrica SA have the prerogative to adopt a resolution of the AGM with the object of redistributing in the form of dividends an amount of money from other

### 3.4. Rating

On November 29, 2023, Moody's Investors Service credit rating agency published its updated credit opinion assessing the Company's current and future ability to meet its payment obligations to creditors, assigning a Baa3 stable rating (reaffirmation of the previous year's rating). In the assessment, the Company's rating is at the sovereign rating level (Baa3 stable), recognizing the Company's improved financial performance and strong operating results. This provides the basis for future cost-effective financing of the investments undertaken by the Company to finance the investment plan under the RET 2022-2031 Development Plan.

reserves/results carried forward provided that it falls within the accounting balance these accounts. Only at the time of the adoption of a decision of the General Meeting regarding the distribution in the form of dividends of any amount, the Company will become the holder of a definite, liquid and enforceable payment obligation.

In this sense, the Company performed the financial analysis taking into account the value of the reserves in its own capital, the cash availability at the Company's disposal, the provision of funding sources with priority for the commitments contracted in previous years (further objectives) and for the new investment objectives approved in PAI 2024, the restricted cash (amounts in transit in Transelectrica's accounts as administrator of the cogeneration scheme) and the current costs for ensuring the operation of the SEN in conditions of maximum safety.

Following the financial analysis carried out, it turned out that the amount that can be distributed to shareholders from other reserves/the non-taxable carried forward result when the destination is changed, is 20,524,879.76 lei, which represents a gross dividend of 0.28 lei/share for all the shareholders.

When determining the value of the gross dividends due to the shareholders, the number of shares existing on the date of the preparation of the financial statements of the year 2023 will be taken into account, respectively 73,303,412 shares, and the gross dividend per share will be determined considering two decimal places.

Transelectrica is for the third consecutive year in the investment-grade Baa3 (moderate investment risk) category, given the strategic importance of the Company, the continuous improvement of the regulatory framework, and the benefit of government support in case of financial difficulties.

Achieving a Baa3 rating with a stable outlook reinforces a favourable position on the Company's ability to meet its current and future financial obligations, showing that Transelectrica operates in an improved regulatory environment, with a strong financial profile, low debt levels and strong, stable and predictable financial values.

Table 3: Transelectrica Rating

Rating agency	2023	2022	2021
Moody's Investors Service	Baa3 stable	Baa3 stable	Baa3 stable

### 3.5. Investor and stakeholder relations

In the context of implementing corporate governance rules and best practices, Transelectrica is engaged in active communication with shareholders and investors, using several communication channels and dedicated interfaces. The company is aware of its important responsibility as a publicly traded company.

The diversity of the shareholder base and the presence in the main indices published by the BVB emphasize the requirements in terms of transparency, relevance of information and speed in its dissemination, as well as maintaining a continuous dialogue with the investing public.

Thus, shareholders and investors have access to information relevant to their investment decision by accessing the dedicated section of Transelectrica's website, the Investor Relations section (AGM meetings with relevant agenda items, financial statements, corporate governance, current reports and periodic presentations, dividend information, etc.), written electronic correspondence and telephone correspondence through dedicated contacts.

The Company also maintains contact with investors through direct quarterly meetings organized periodically by the Company to present results with shareholders, investors, financial analysts and the specialized press in order to present financial elements relevant to the investment decision, in accordance with the Annual Financial Communication Calendar disseminated at the beginning of each calendar year, "one to one" meetings at the request of investors or their brokers and meetings through the Company's participation in events dedicated to individual investors or institutional investors organized by the Bucharest Stock Exchange or financial investment services firms.

The main topics of interest addressed during the direct meetings with investors focused on:

- Transelectrica's general business profile, the positioning of the Company within the market/sector, the framework for the licensing and concessioning of transmission network assets, the portfolio of activities carried out,
- the Company's financial results,
- dividend: general policy, rate of distribution from profits,

- the regulatory framework for tariffs for the two licensed activities (transmission and system services).

Transelectrica shares are monitored by the research departments of the main financial investment services companies active on the regulated market administered by the Bucharest Stock Exchange. The company maintains contact with analysts of the companies that hold Transelectrica in their research portfolio.

During 2023 the Company's representatives held 4 meetings with financial analysts, investment consultants, brokers and investors to present the completed and reported financial results. The calendar dates for these events were announced at the beginning of 2023 through the approved Financial Communication Calendar of C.N.T.E.E. "Transelectrica" S.A. and were held as follows:

Event organised	Date
Presentation of financial results for 2022	24 March 2023
Presentation of financial results for Quarter I 2023	15 May 2023
Presentation of financial results for the first half of 2023	16 August 2023
Presentation of financial results for the third quarter of 2023	14 November 2023

At the same time, representatives of the Company participated in March 2023 in London at the conference/event organized by Wood&Co and Bucharest Stock Exchange.

Following the experience during the Covid-19 pandemic, the vast majority of shareholders have chosen to exercise their right to vote in the General Meetings of Shareholders, using postal ballots, as an alternative to participate directly or through a representative at the Company's headquarters, thus accessing indirect communication channels, namely either by mail or courier services (at the address: Bucharest, Sector 3, Olteni Street no. 2-4, "PLATINUM Center" building), or by electronic means of communication.

Shareholders of NPG CO. "Transelectrica" S.A. enjoy equal treatment, obtain non-discriminatory, relevant and timely information about important events in the Company's activity.



Periodic and ongoing reporting on all material events relating to its business, including its financial condition, performance, ownership and management is in accordance with specific capital market legislation.

As an issuer of securities on the regulated market of the Bucharest Stock Exchange, NPG CO. "Transelectrica" S.A. provides access to information of public interest, transparency and accountability to shareholders and interested persons by publishing on the Company's Website, respectively [www.transelectrica.ro](http://www.transelectrica.ro) of all relevant information likely to influence the decision to invest.

For the year 2024, the company's main objective is to apply the best practices in the field in order to streamline the communication between the company and investors and to position itself as high as possible among the top listed companies in terms of transparency and communication with investors.

## 4. Risk management

### 4.1. Risk management policy

Within the Company, the Integrated Risk Management System is implemented, imposed by the strategic requirements for safety and continuity in the operation of the NES and representing a fundamental condition for sound internal managerial control. The Company proactively approaches risk management, with the Directorate thus ensuring, in a reasonable manner, that the objectives will be achieved by managing potential threats. In this respect, the aim is to identify and treat potential losses before events that could have a negative impact occur, with prior preparation of specific technical, operational and financial solutions to mitigate or counteract these potential losses.

The Company's risk management complies with applicable legal and regulatory requirements to have risk control capabilities appropriate to the Company's risk profile for risk identification, assessment, management, monitoring, communication, consultation and reporting:

- Order of the General Secretariat of the Government no. 600/2018 on the approval of the internal managerial control of public entities,
- the requirements of the Regulator and other requirements deriving from being a listed company or imposed by rating agencies or auditors.

In 2023, a *Company-wide Risk Register - 2023* was prepared and approved by the Company's Directorate, with the aim of minimising the effects of the significant risks to which the Company is exposed. *The Risk Register* was prepared in accordance with the requirements of Standard 8 *Risk Management*, of OSGG No. 600/2018. At the same time, the *Control*

*Measures Implementation Plan for the year 2023* was prepared and approved by the Directorate.

Since Transelectrica's core business, through its territorial transmission branches and DEN, is to ensure the continuous operation and operational management of the National Electricity System (SEN), according to the quality, safety and efficiency rules set out in the Technical Code of the RET and the European and national regulations in force, special priority and attention has been given to the safety and health criteria of employees, as well as to the continuity of strategic functions for the SEN, as system operator and electricity transporter.

The actions taken to control the risks, mainly in 2023, have reduced the probability of materialisation and the impact of the risk compared to the level of inherent risks.

Materialised risks have been dealt with in accordance with the strategy adopted, dictated by the circumstances that favoured the occurrence of the risk.

Establishing a risk management strategy involves:

- risk acceptance
- risk monitoring
- treating the risk to eliminate/mitigate it to an acceptable level through measures
- risk outsourcing e.g. insurance contracts

The strategies to combat the risks consisted mainly of:

- treating significant risks to mitigate them to an acceptable level, and
- monitoring significant risks.

### 4.2. Transelectrica's risk management objectives

The Company's management aims to maintain the continuity of the strategic functions of system operator and electricity transmission operator within Romania's NES, even in the most adverse circumstances.

Both directly and through implementation at the level of the territorial transmission branches and subsidiaries, as well as through the transposition of applicable requirements into service contracts with specialised suppliers, the Company's policy aims to operate in accordance with the quality, safety and efficiency standards laid down in the RET Technical Code and any other specific applicable regulations, with a focus on compliance with employee health and

safety criteria, as well as ensuring the protection and conservation of property and the environment.

The Company's management has set the following strategic objectives for risk management:

- understanding the risks to which the Company is exposed, the causes, possible deviations from budget and their costs, and the impact on general and specific objectives;
- maintaining a safe working environment for employees;
- operating equipment and installations safely, without danger to third parties and without harming the environment;

- implementation of optimal risk control measures.

The main objectives set include:

- improving the Company's risk profile by managing the overall process of identifying, assessing and monitoring risks and implementing the necessary controls,
- eliminating or minimizing conditions and practices that may lead to failure to meet performance indicators, disruption or limitation of Company operations;
- reducing the total cost of risk to help secure the financial resources needed for operating expenses, liabilities payments and investments.

### 4.3. Main risks identified

Risk management is an integral part of the Company's management and decision making processes, contributing to the achievement of objectives to a greater degree through more accurate risk planning and measures to limit and control potential adverse effects on the Company's financial performance due to the unpredictability of the economic and financial environment.

In the process of updating the Risk Register, it was found that the risk exposure remained at the same level as the previous year, with residual risks remaining broadly unchanged from the previous assessment. Risks identified in previous years are kept under proper control.

#### Technical and operational risks

The materialisation of risks of a technical nature or resulting from non-compliance with existing procedures or systems, arising from employee behaviour or external events - including hazards, could adversely affect the Company's business, representing an obstacle to achieving the proposed results and affecting the Company's financial situation:

- loss of NES stability,
- damage to installations and equipment; damage, unavailability of installations and equipment,
- malfunctions of systems and platforms used in operational management, communications and telecommunications,
- unavailability of measurement data, aggregation for OPCOM / OPE,
- incomplete implementation of the RET Maintenance Programme,
- the quantitative and qualitative implementation of the annual investment programmes below planned levels,

The Company's activities are sensitive to general economic conditions, which can affect the amount of electricity transmitted and therefore revenues and operating results. In addition, the demand for electricity and its price depend on a variety of factors over which Transelectrica has no control, namely:

- global and regional economic and political developments;
- consumer demand from industry;
- climatic conditions;
- ANRE regulated tariffs for transmission and system services;
- existing laws and regulations.

- failure to meet legal conditions/requirements,

#### Financial risks

From a financial risk management point of view, the risks to which the Company is exposed, with the most significant effects on the financial results, derive from financial instruments: interest rate risk, currency risk, credit risk and liquidity risk. Other risks that may affect the Company's performance are: risk related to provisions in financing agreements, risk of credit rating deterioration, price risk due to unpredictability of the energy market (which may lead to significant increases in costs associated with OTC).

The main risks that the Company may encounter in the course of its business are summarised below:

#### Interest rate risk

The company has concluded loan agreements (long and short term) to finance investment programmes and to support operational activities.

The variable component of the interest rate on borrowings drawn by the Company may affect both cash flows from operating activities and profitability if the values of these ratios against which the interest rate is calculated change significantly.

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 on the basis of the ROBOR 1M reference rate, plus a margin of 0%, and a line of credit to finance current activity, with an interest rate calculated on the basis of the ROBOR 1M reference rate, plus a margin of 0.05%.

The company has contracted 2 non-current fixed interest borrowings granted by the European Investment Bank (EIB) on 5 August 2010. The amounts due at 31 December 2023 for the EIB loan are:

- EIB loan 25709 - EUR 4,814,814.90
- EIB loan 25710 - EUR 6,420,940.13.

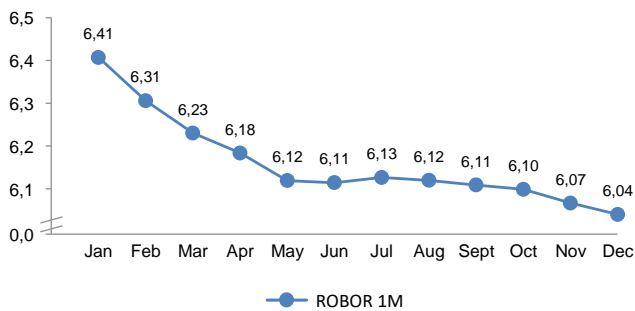
Given that the non-current borrowings contracted by the Company are at fixed interest rates, we can state that the impact of this risk is low.

In the national banking market, the 1-month ROBOR experienced a downward trend during 2023, reaching a maximum of 6.41% (January 2023) and a minimum of 6.04% in December 2023.

In 2023, compared to the previous year, the 1-month ROBOR recorded a significant increase, amid the economic crisis and the military conflict at the country's border, and follows the trend of other currencies in the area.

In 2023, the NBR decided to maintain the monetary policy interest rate at 7% per year.

Figure 8 ROBOR 1M(%)



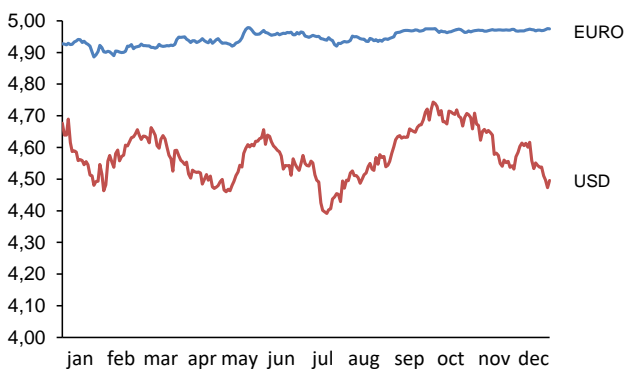
National money market interest rates have been on a downward trend over the past 12 months, amid excess liquidity in the banking system, coupled with lower demand for credit and tighter credit supply conditions.

**Currency risk**

The functional currency of the Company is the Romanian Leu. The Company is exposed to exchange rate fluctuations arising from the revaluation of assets and liabilities denominated in other currencies.

During 2023, the exchange rate (euro) recorded average monthly fluctuations between -0.37% and 0.5% amid events affecting the global economy.

Figure 9: Exchange rate evolution 2023



In 2023, compared to the previous year, the national currency depreciated, on average, against the euro by 0.31%.

**Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. Provisions in the Company's financing arrangements may limit the Company's financial and operational flexibility.

A prudent liquidity risk management policy involves maintaining sufficient liquid resources to be able to meet obligations as they fall due, as well as the availability of funding through appropriate credit facilities.

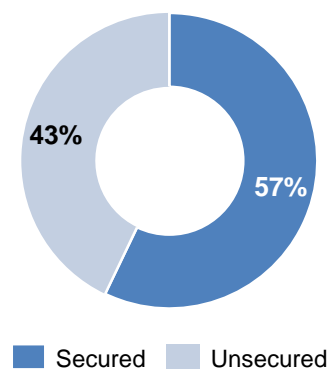
Liquidity risk is mitigated by the introduction of unsecured instruments (unsecured borrowings offered by international financial institutions) into the Company's funding mix, which significantly reduce reliance on the limitations and constraints of the banking environment and the need for commercial loan guarantees.

Another component of liquidity risk is the opportunity cost of financial investments for excess cash that the Company may have at any given time.

In this regard, the Company's management has been constantly concerned that excess liquidity should nevertheless be invested in low-risk instruments with satisfactory returns.

For situations requiring working capital financing, the Company draws on current borrowings in the form of credit lines. At the date of this report, the Company has 2 lines of credit outstanding such 175 million RON, whose validity expires in March 2024, and there are steps to extend them for a similar period.

Figure 10 Liabilities structure by collateral at 31.12.2023



In the period January-December 2023, thanks to the solutions found and the measures taken in time, the Company met its financial obligations.

### Credit risk

Credit risk is the risk that the Company incurs a financial loss due to the inability or unwillingness of a counterparty (customer or a counterparty to a financial instrument) to meet its contractual obligations. This risk arises mainly from trade receivables, cash and cash equivalents.

This risk is managed at Company level by monitoring the creditworthiness and rating of financial institutions with which Transelectrica has placed financial instruments (cash, bank deposits) and contracted borrowings.

Immediate treasury management should aim to strike a balance between ensuring current liquidity and the Company's profitability.

On the other hand, the room for manoeuvre for operationalising a policy geared towards improving internal working capital is significantly limited by the restrictive nature of the regulatory framework governing most contractual relationships and associated conditions for Transelectrica in the energy market.

In practice, the degrees of freedom that can be exploited for the purpose of establishing and implementing a working capital policy by optimising the average collection periods for receivables and the average payment periods for suppliers are limited.

These are non-regulated transactions on the energy market (purchase of OTCs on the forward market, purchase of system reserves on a competitive basis) and procurement of services/works/goods with third parties outside the energy market.

In order to combat a possible imbalance in providing current liquidity, Transelectrica has resorted to short-term financing by taking out borrowings in the form of revolving credit lines.

Internal measures used by the Company to control and reduce credit risk include: diversification of the customer portfolio, monitoring of customer creditworthiness, as well as contractual insurance measures.

The risk of non-collection of these receivables is relatively limited, given the structure of the customer portfolio, the monitoring of timely collection of receivables and other measures taken to increase the collection rate, considering the rigours of the

contractual framework and applicable ANRE regulations.

At the same time, the Company has put in place a number of policies to ensure that the sale of services is made to partners with solid creditworthiness and an investment grade rating, and obligations to provide financial guarantees to cover the risk of default are included in commercial contracts. The amount of receivables, net of impairment adjustments and inclusion of guarantees, represents the maximum amount exposed to collection risk.

In 2023, no problems were encountered in customer relations, with invoices being collected on time or with insignificant delays.

### Risk related to provisions in financing agreements

The company has financing contracts with international financial institutions (IFIs) and commercial banks to finance investment projects and to support operational activities as part of its business. In the financing contracts, there are clauses on: compliance with certain financial indicators, changes of control over the Company, *pari passu* clauses, etc.

Breach of these clauses may, subject to prior notice and a reasonable period of time, result in early repayment of the credit, with some borrowings having penalty clauses for early repayment. To date, the Company has not received any notice of early repayment for default.

Table 4: Non-current liabilities structure \*

million lei	
<b>31 December 2023</b> (RON million equivalent)	56
<b>31 December 2022</b> (RON million equivalent)	79
<b>31 December 2021</b> (RON million equivalent)	103

*\*Including current portion of non-current borrowings*

### Risk of non-recovery of guarantees for investment projects

This risk materialises in the non-recovery of monies following the execution of the guarantee instruments underlying the guarantee of advances received by the executors in the framework of investment projects.

The main cause of this type of risk results from the existence of banking companies or insurance companies offering guarantee services without having the financial capacity to honour their obligations under the guarantee instruments issued.

At Company level, the strategy adopted consists of claiming damages from the executor and taking legal action against the company that issued the guarantee instrument and failed to repay to the Company the

amount claimed by executing the guarantee instrument.

### Strategic risks

- pricing risk associated with the regulatory framework,
- volume risk,
- risk of implementing network codes,
- forecasting risk.

### Pricing (price) risk associated with the regulatory framework

Given the Company's status as a regulated natural monopoly, the price risk associated with the regulatory framework is an important factor that can affect the Company's business, with a negative impact on the Company's operating results, financial condition and prospects.

Price risk has a structural component, i.e. the manner in which the tariff is set (ability to fully and promptly recover costs) and a component relating to the transparency of the regulatory act and the history of tariff setting decisions.

Recent years have seen an improvement in both cost recovery capacity and transparency of the regulatory process (the manner in which regulated tariffs are calculated and communication between the Company and the Regulator). However, the existence of an old history of unfavourable regulatory conditions and insufficient transparency in the way tariffs are set maintains this regulatory risk.

### Volume risk

Volume risk is an important component of regulatory risk.

The current pricing system is a single-tier system (with only one chargeable component: energy) and creates a high exposure of revenues to the volume of energy transported through the grid.

Given that the cost base for transmission activity is predominantly fixed (variable costs represent approx. 20% of total recognised costs, the majority component of approx. 80% is determined by fixed infrastructure costs: investments, maintenance, the discrepancy created between the structure of the cost base and the revenue generating mechanism can lead to large deviations of the revenue from the regulated revenue approved by ANRE.

These deviations are corrected by ex-post tariff adjustments, thus the risk of large fluctuations in revenue from one year to the next arises, with a large part of this tariff adjustment being passed on to the profit level (the cost base being predominantly fixed).

ANRE has launched a project to simulate the effects of the introduction of the binomial tariff system (a system with two tariffable components: energy and power). The simulation is ongoing, a first phase was carried out in 2017-2018 and will continue with the second phase, ANRE will evaluate the appropriateness of implementing this tariff system based on the results of the simulation.

The pricing system envisaged for implementation has the important advantage of ensuring correlation between the structure of the cost base (fixed vs. variable costs) and the structure of the revenue generating mechanism (fixed vs. variable revenues). By implementing the binomial tariff system the volume risk will be substantially mitigated.

Risk mitigation control measures include: solid substantiation, within the limits of the applicable methodology, of requests to include in the tariff sufficient cost levels to cover the costs necessary to carry out regulated activities; rapid reaction to proposals put forward by ANRE to modify the existing regulatory framework by analysing the impact of their implementation on the Company and proposing the necessary adjustments to protect the Company's interests.

### Risk of implementing network codes

Given the novelty and complexity of the implementation process at Company level of the provisions of the European Regulations on network codes, the implementation risk has a component related to non-compliance with certain established deadlines and a component related to non-compliant implementation of certain provisions of the network codes.

This risk may materialise in unfavourable reports from ENTSO-E and ACER on the Company's implementation of certain provisions of the network codes. Subsequently, depending on the seriousness of the non-compliance and the lack of adequate feedback, it may lead to the initiation of infringement actions by the European Commission which may result in penalties of 10% of the Company's turnover.

### Risks associated with the unpredictability of Energy Markets

- price risk is a financial risk caused by the unpredictability of the energy market, which can lead to cost increases associated with OTC
- risk of non-payment - non-compliance with contractual clauses
- counterparty risk - the risk of non-collection of receivables (inability or refusal of a customer to meet its contractual obligations)

- forecast risk - hazard risk, related to external events (unexpected changes in weather conditions or situations in the RET), which cause the OTC to vary.

**Legal risks**

- licensing risks, contractual risks,
- fines from the authorities or compensation payments.

**Legality risks resulting from changes in the legal, political, regulatory, social environment or internal policies of the Company**

- failure to meet legal requirements at Company level,
- not to infringe the rights and legitimate interests of the Company,
- Distortion: failure to report legality,
- licensing risks, contractual risks,
- risks arising from actions by third parties who have sued the Company,
- risks arising from actions for recovery of damages.

**Security risks**

gaps in ensuring the security and protection of critical NCI/CI infrastructure and ensuring business continuity in emergency situations,

- failure to ensure the security of classified information,
- failure to ensure the security and protection of cyber infrastructures.

**Personnel and environmental risks**

- Difficulties in recruitment, professional training, shortage of quality trained personnel, personnel motivation,
- failure to fully implement the Annual Maintenance, Training and Retraining Programme
- affecting the health and safety of personnel,
- failure to protect the environment, releases, spills of environmentally harmful substances (smoke, SF6, oil, fuels, etc.)
- human risk due to human errors (errors in human-computer interaction, repeatability of operations),
- environmental pollution,
- improper waste management.

**Main risks and uncertainties 2023**

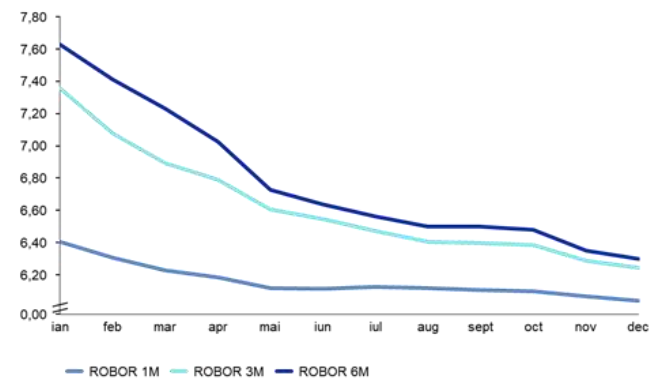
The analysis of decision problems under risk involves an evaluation of decision alternatives, their consequences, considering that the effects of decisions are not known with certainty.

In these cases, the optimal price is the one that maximises the expectation, i.e. reveals the probable or expected value of the outcome.

A thorough knowledge of the threats allows them to be prioritised according to the likelihood of their occurrence, the extent of the impact on the objectives and the costs of measures to reduce the likelihood of their occurrence or to limit undesirable effects.

The Company regularly and systematically analyzes the risks related to the performance of its own activities, and draws up a Register of identified risks and a Plan for the implementation of appropriate control measures to limit the possible consequences of these risks, in accordance with the legal provisions.

Figure 11 Reference rates year 2023



Items that may affect the Company's liquidity include:

➤ **interest rate fluctuation**

In order to limit the impact of interest rate fluctuations on the Company's liquidity, non-current borrowings were contracted with fixed interest rates and negotiated favourable interest rates. Domestic money market interest rates have been on a downward trend over the last 12 months, reflecting the excess liquidity in the banking system, coupled with lower demand for loans and tighter credit supply conditions.

➤ **exchange rate change**

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

One way to avoid such effects is to include a currency clause or a price revision clause in the contract. The application of various non-contractual measures may relieve the Company from the presence of negative effects.

In order to limit the impact of exchange rate fluctuations, the Company negotiates the best exchange rates through its specialised department.

In order to meet its foreign currency obligations, the Company has opened foreign currency accounts with

commercial banks within the Romanian banking system.

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

In the context of increasing relative attractiveness of domestic currency investments, the leu has shown a strengthening trend against the euro since mid-January 2023. At the same time, the national currency experienced periods of appreciation between January and December 2023 as a result of developments in international financial markets.

➤ **the provisions of the grant agreements**

In the financing contracts, there are clauses on compliance with financial indicators (covenants), changes of control over the Company, pari passu clauses, breach of which may result, subject to prior notice and reasonable time, in early repayment of the financing facilities.

As of the date of this report, there have been no instances of non-compliance with the provisions of the Company's funding agreements.

➤ **risk of non-compliance with legal conditions**

The liquidity of the Company could be affected by penalties due to non-compliance reported during regular control activities by the competent bodies (ANAF, CCR, MFP, etc.). This risk did not materialise during the period under review.

➤ **At the level of taxation**, the provisions of Law 296/2023 and GEO 115/2023 did not have an impact on the Company's liquidity.

In conclusion, this risk did not materialise during the period under review.

➤ **cash-flow risk** - this is the risk that Transelectrica will not be able to meet 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 cash inflows expected from the collection of trade receivables as well as the level of cash outflows expected for the payment of trade and other payables.

The Company pays increased attention to effective treasury management through efficient cash flow management and optimization of surplus liquidity to meet financial obligations as they fall due, as well as the availability, if necessary, to draw on financing through appropriate credit facilities.

For situations requiring working capital financing, the Company draws on current borrowings in the form of credit lines.

At the date of this report, the Company has 2 credit lines of 175 million lei each, whose validity expires in March 2024.

Other risks that may affect the Company's financial performance may include:

➤ **the risk of credit rating deterioration due to** worsening financial indicators, macroeconomic and political climate and/or worsening financial performance of the Company.

This risk reflects a complex of factors, with a potential effect on increasing funding costs in the credit market, which may significantly affect the Company given the substantial amount of capital required to be attracted to finance the investment plan for the coming years.

In 2023, Moody's rating agency reconfirms the rating assigned to the Company in 2022 (Baa3, stable outlook).

However, there is a risk that the rating agencies could downgrade Romania (the Company's rating is heavily dependent on the sovereign rating) due to accelerated inflation and the military situation at the country's borders.

➤ **investment risk** due to financial difficulties at subsidiary level caused by both historical debt, competitive environment.

The company attaches due importance to analysing the risk environment and identifying possible risks early on by adopting a reactive management style whereby it implements preventive measures in advance to mitigate the occurrence of risks.

At the same time, the periodic review of risks, as foreseen in the standards, leads to reallocations of resources in line with changing hierarchies and, therefore, priorities.

The company pays close attention to treasury management through efficient cash flow management and optimization of surplus liquidity to be able to meet financial obligations as they fall due as well as opening up the financing side of active credit facilities when needed.

During 2023, thanks to the solutions found and measures taken in time, the Company met its financial obligations.

The energy transmission companies together with ENTSOE published at the end of 2022 an updated report on the outlook for winter 2022-2023 based on



scenarios, taking into account the critical situation compared to previous winters.

The baseline scenario assumes: careful monitoring of the hydrological situation, low nuclear availability (which can add stress to energy systems) and electricity supply that is highly dependent on gas in all winter scenarios.

Additional risks identified for country systems may be:

- Greater than expected nuclear unavailability will have a local but strong impact (e.g. France and the Nordic system),
- Additional constraints in fuel supply increase the adequacy risks of the systems (e.g. Germany or Poland),
- Switching from gas heating to direct electric heating may put pressure on certain energy systems and indirectly create additional demand for gas for electricity supply.

The report considers that the

Energy storage plays an essential role in ensuring the energy security of each country, and without a winter 2023/2024 readiness for gas storage, the situation could deteriorate in 2024.

#### Relevant information

The company has maintained the SMI certification, following the External Recertification Audit of the Integrated Management System (quality, environment, occupational health and safety), audit carried out by the SRAC CERT/ IQNet audit team between 24.07.2023 - 04.08.2023, in accordance with SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2018.

#### Actions set for 2024

For the year 2024 as axes of progress, in order to streamline the risk management process, the aim is to:

- the rationale for activities/projects proposed for inclusion in the annual investment, procurement and maintenance programmes should include risk management issues, which risks to the Company are mitigated and the estimated effects on the change in impact and likelihood of occurrence of those risks; these issues will also be included in the reporting on the implementation of the annual programmes,
- identification of significant risks that cannot be managed through investment, procurement and maintenance activities, for which action plans must be drawn up to monitor, treat or outsource them (together with related financial proposals specifically dedicated to these activities),
- reports (summaries) on the manner in which the annual investment, procurement and maintenance programmes are being carried out are submitted to monitor the way risks are being kept under control,
- identification of interdependencies - which other organisational entities may induce risks in the activity of an organisational entity; which other organisational entities may be affected if risks materialise in the activity of an organisational entity,
- to correlate the operational procedure and other internal regulations and to use a uniform terminology, in order to bring the current way of working into line with the legislation in force.

## 5. Human resources

Building a sustainable energy future is no easy task. It is essential to have people who bring their expertise and work with determination and passion at every stage of their work, from design to execution, professionals capable of turning complex projects into reality.

Transelectrica considers important the need to create an attractive, stable and motivating, safe and healthy working environment, with the objective of becoming an attractive employer of energy specialists, a hub of strategic thinking and action for the development of the Romanian energy sector.

Its people, in a context of organisational culture and professionalism, determine the long-term resilience and visibility of the Company in a dynamic and changing labour market.



### Personnel structure

The company recognizes that employees are the most important resource for the smooth running of the business. In this regard, it aims to ensure, through its personnel policy, the development of human resources, the achievement of a level of material cointerest and motivation appropriate to current requirements.

In recent years, human resources management has focused on increasing personnel engagement.

According to its operating licence, Transelectrica does not, as a rule, use temporary employees. The operation of the electricity stations in RET and the provision of NES dispatching services is carried out by operational personnel organised on a permanent shift schedule.

Table 5 Number of employees

Year / indicator	2023	2022	2021
Number of employees	2,037	2,042	2,015

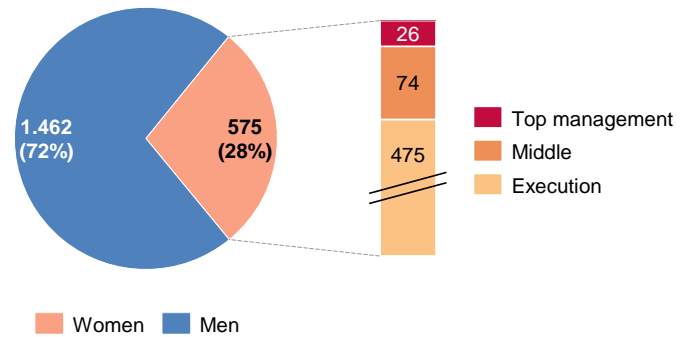
In the current year, the share of personnel with higher education represents 74% of the total employees, 26% being personnel with secondary education, generally with an electro-energy profile.

Table 6 Number of personnel by education

Level of education	2023	2022	2021
Higher education	1,510	1,463	1,325
Secondary education	527	578	688
Elementary education	0	1	2
<b>TOTAL</b>	<b>2,037</b>	<b>2,042</b>	<b>2,015</b>

Looking at the gender structure of employees, almost three quarters of all employees are men.

Figure 12: Personnel structure by gender 2023



In terms of gender classification, women account for 28% of the total workforce and this structure has been constant in recent years. Of the 575 women working in Transelectrica on 31.12.2023, 26 were in top management positions and 74 in middle management, together representing 17% of female personnel.

Figure 13 Number of employees by seniority group 2023

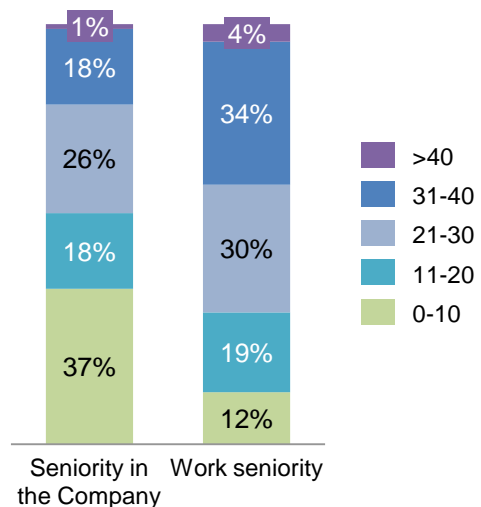


Table 7 Personnel structure by category

Categories of personnel	Number of employees 2023	Number of employees 2022	Number of employees 2021
<b>Operational and operative personnel (rated), of which:</b>	<b>1,404</b>	<b>1,392</b>	<b>1,390</b>
DEN	191	189	188
Operating personnel in transformer stations, remote control centres and operation centres	905	903	905
Admissions-reception personnel	111	112	111
OMEPA personnel directly involved in productive activities - operation centres, troubleshooting, remote metering systems, market participant relations	45	43	43
Personnel directly involved in organising and monitoring station operation activities	152	145	143
<b>Support personnel and executive management</b>	<b>633</b>	<b>650</b>	<b>625</b>
<b>TOTAL</b>	<b>2,037</b>	<b>2,042</b>	<b>2,015</b>

The operational and operational field occupies the largest share of personnel categories, i.e. 69%. Of these, the highest concentration is among operational employees at 64%.

Taking into account the activity provided by the Company, that of strategic interest, most of the employees have between 21 and 40 years of seniority, being experienced employees who bring added value to the Company.

Table 8 Structure of employees by work seniority

Work seniority [years]	2023	2022	2021
0-10	251	262	283
11-20	388	390	377
21-30	619	636	618
31-40	693	671	644
>40	86	83	93
<b>TOTAL</b>	<b>2,037</b>	<b>2,042</b>	<b>2,015</b>

As regards length of service, 69% of employees have more than 20 years of service.

Table 9 Structure of employees by seniority in the Company

Seniority in Transelectrica [years]	2023	2022	2021
0-10	753	749	727
11-20	368	380	379
21-30	525	540	561
31-40	367	354	326
>40	24	19	22
<b>TOTAL</b>	<b>2,037</b>	<b>2,042</b>	<b>2,015</b>

With regard to the activity carried out within the Company, more than half of the employees have been

with the Company for up to 20 years, with the proportion of those with more than 20 years' experience in the Company being constant in recent years, i.e. 45% of the total.

The number of employees aged over 40 in 2023 will represent 79% of all employees.

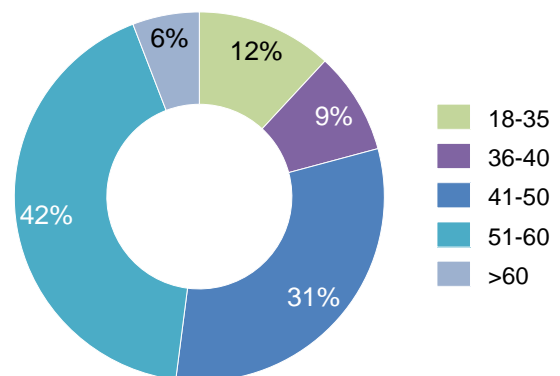
### 48 years old Average age in 2023

At the same time, the percentage of employees with retention and promotion potential aged between 18 and 35 is 12%.

Table 10 Structure of employees by age group

Age [years]	2023	2022	2021
18-35	242	264	275
36-40	182	184	196
41-50	636	662	681
51-60	858	819	747
>60	119	113	116
<b>TOTAL</b>	<b>2,037</b>	<b>2,042</b>	<b>2,015</b>

Figure 14 Personnel structure by age 2023



The energy sector has been facing a shortage of qualified personnel in recent years. As the training of an energy engineer is complex, the company attaches importance to continuous on-the-job training, but also to motivating and retaining high-potential employees.

Also in recent years, private scholarships have been awarded and partnerships have been established with the Polytechnic University of Bucharest, in order to



support young students in practicing in their chosen field with the opportunity to learn and become familiar with the Company's field of activity, and upon completion of their studies with the possibility of employment in a position

corresponding to their professional training, as vacancies exist.

### 5.1. Professional training

The aim of training and professional development activities in 2023 was to increase the professional efficiency of employees by acquiring, improving and diversifying their professional skills, thus leading to increased professional performance of the Company's personnel.

The training programme for the year 2023 aimed at developing the knowledge, skills and abilities of employees and increasing their professional competences, in order to perform their professional duties efficiently and to strengthen the feeling of confidence in their own competences, which leads to increased job satisfaction and therefore to increased professional motivation.

These results have been achieved mainly due to the fact that the vocational training programmes have been designed and designed according to specific needs (personalised curricula, themes adapted to the concrete needs identified), categories of employees and levels of knowledge, the objectives being to improve professional efficiency and effectiveness, to increase confidence in one's own strengths and capabilities and last but not least to offer a concrete and realistic perspective in career development.

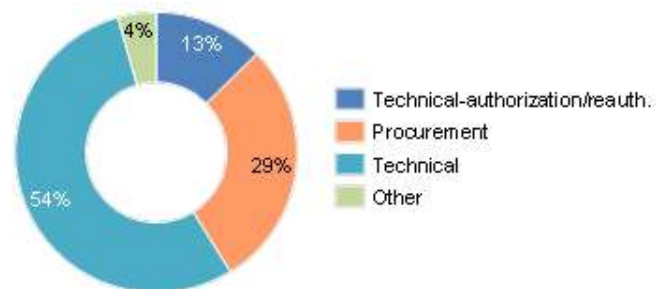
In 2023, in terms of participation in continuous development, training and professional development courses, there were 183 external course participations and 1,612 internal course participations.

In 2023, a total of 806 participants took part in the technical vocational training, as part of the combined vocational training; the employees trained were: operational personnel, CTSI, personnel in the work

acceptance activity, as well as the management personnel of the electrical stations (heads of electrical stations).

Courses were also organised in the areas of technical, procurement, integrated management, environment, attended by 159 people, and courses required for technical authorisation and re-authorisation for 23 participants.

Figure 15: Distribution of course attendance by field



The priority objectives with regard to training aim to improve the professional performance of employees in order to ensure the performance and efficiency of activities at the level required by the regulator and the energy market.

The sustainable human resources strategy is aimed at increasing, developing and diversifying the professional skills of employees and also takes into account the need to ensure the effective delivery of continuous personnel training.

### 5.2. Trade union representation

The company and the trade union recognise themselves as partners in permanent social dialogue. The company's employees are affiliated to the Transelectrica Trade Union, which is part of the National Federation of Electricity Trade Unions UNIVERS, affiliated to the National Trade Union Bloc (BNS) and internationally to Public Services International (PSI) and the European Federation of Public Service Unions (EPSU).

Currently, over 98% of the total employees are members of the 11 legally constituted trade unions: one at the level of the Company Executive, one at the level of the Operational Unit - National Energy Dispatcher and one at the level of each Territorial Transmission Branch, none of which does not meet the conditions of representativeness at unit level, according to Law 367/2022, as amended.

The Collective Labour Agreement regulates the individual and collective labour relations and the rights and obligations of the parties with regard to:

- its conclusion, performance, modification, suspension and termination;
- working time and rest time;
- Salaries;
- Occupational health and safety, working conditions;
- vocational training;
- social protection of employees and other rights;
- rights and obligations arising from employment relationships;
- mutual recognition, rights and obligations of the employer and trade union organisations.

In order to solve problems that may arise in the application of the MCC in force, to avoid labour conflicts, and to create an organisational framework that allows for a permanent dialogue with the employees' representatives, the parties agreed to meet whenever necessary in the framework of the Joint Employer-Trade Union Committee, which operates in accordance with its own rules of procedure.

The objective of the trade union representation for 2024 will be to start negotiating a new Collective Labour Agreement aimed at motivating employees and boosting the Company's performance by increasing the wage package and improving health and safety conditions for employees.

**5.3. Responsibility towards employees**

The Company's main objective in its direct relationship with employees is to ensure a safe and healthy working environment, taking care to minimize the impact of the Company's specific activities on the environment and natural resources.

In the case of serious medical conditions, the Company provides financial support to employees for special medical treatment, flexible or reduced working hours for the period recommended by the doctor.

The ongoing maintenance and development of the Integrated Management System with regard to operational health and safety is a top priority for the Company.



In 2023 occupational health care in the Company was and is provided by occupational health physicians in the Company's Executive and STTs medical offices.

In order to achieve its objectives, the Company, through specific occupational safety and health activities, carries out the documentation of the integrated management system by updating the operational procedures, updating/drafting the Own

Occupational Safety Instructions, assessments of risk factors for occupational injury and illness for all Company personnel, training and awareness programmes for employees, risk level assessment of workplaces and regular operational control which mainly consists of operational control of compliance with legal and other occupational health and safety requirements.



Health surveillance in 2023 has been structured as follows:

- In the first half of 2023, the regular medical check-up of operational personnel for work in electrical installations was carried out.
- In the second half of 2023, regular checks on non-operational personnel and checks for operational personnel working in isolation were carried out.

The occupational safety and health programme for the year 2023 was 71% implemented, corresponding to 2,234 thousand lei (446 thousand euro).

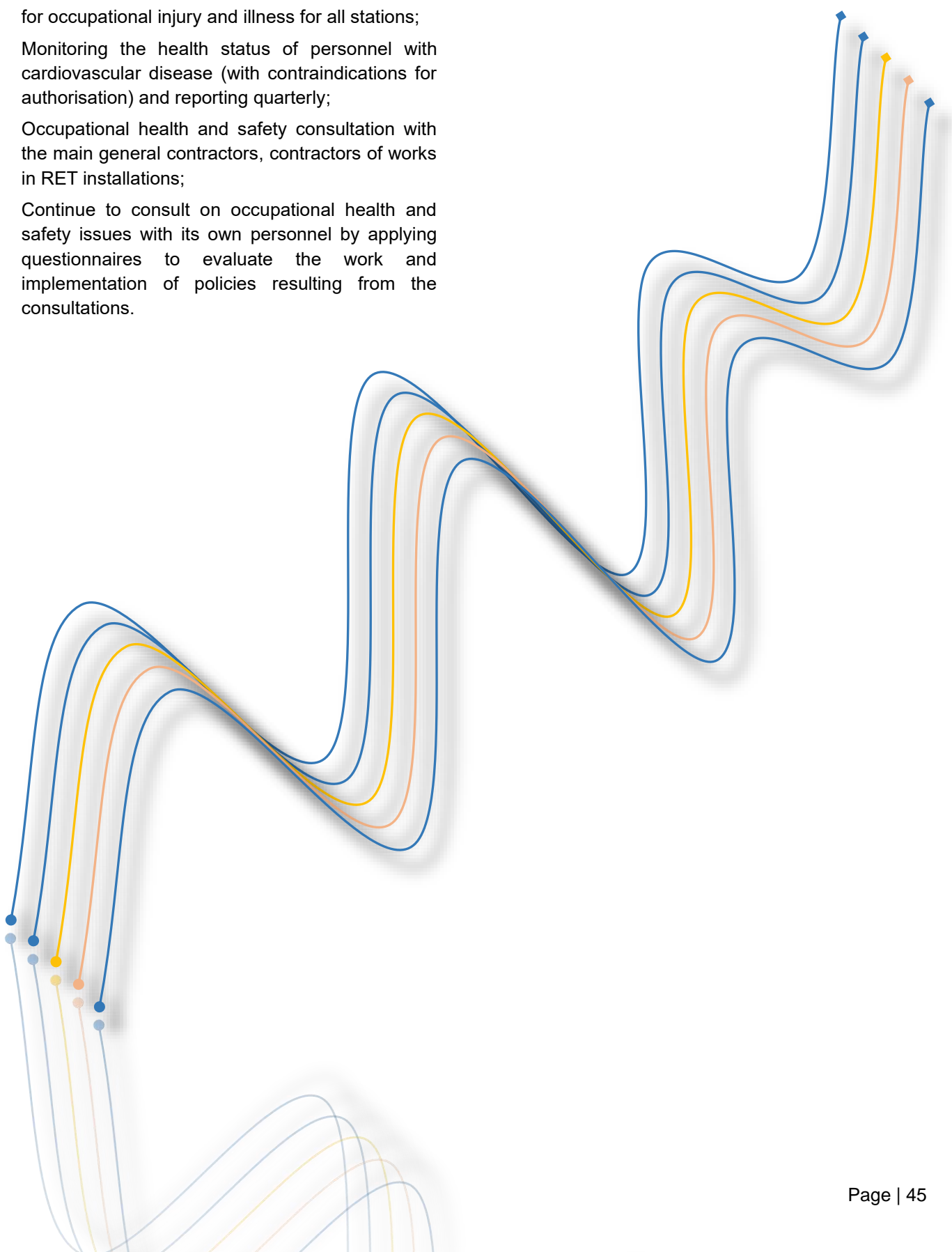
Among the objectives targeted by the Company's occupational safety and health programmes in 2023 are:

- bringing the installations up to the level of the health and safety requirements laid down in their own work safety instructions, aligned with European requirements. These actions have resulted in a reduction of the risk of injury and occupational illness of personnel working in the Company's facilities;
- equipping the Company's personnel with personal protective equipment in accordance with the requirements of its own work safety instructions;
- permanent health insurance/supervision of personnel, as required by GD 355/2007;
- training personnel on the risks of accidents in the Company's facilities.

In 2023, there was a workplace accident involving a Company worker.

To improve the effectiveness of the integrated management system with regard to operational health and safety, the following actions are envisaged for 2024:

- Continuation of the reassessment of risk factors for occupational injury and illness for all stations;
- Monitoring the health status of personnel with cardiovascular disease (with contraindications for authorisation) and reporting quarterly;
- Occupational health and safety consultation with the main general contractors, contractors of works in RET installations;
- Continue to consult on occupational health and safety issues with its own personnel by applying questionnaires to evaluate the work and implementation of policies resulting from the consultations.



## 6. Research and innovation activity

### Description of research and innovation activity in 2023

The research and innovation strategy reinforces the Company's vision for the modernisation of the electricity transmission grid, providing the necessary support for the implementation of the priorities contained in the Development Plan and supporting the implementation of the digitalisation concept.

The main directions foreseen in the Transelectrica Strategy in the field of research and innovation are:

- Innovation is the condition for success in achieving the Company's vision and mission.
- Innovation will be promoted as a priority for the Company's core activities, bringing added value through digitalization of processes, improving services and increasing personnel skills.
- Innovative solutions, technologies, systems and concepts required for key activities will be implemented across the Company after:
  - testing and validation in pilot projects;
  - or their critical evaluation in projects already completed in other organisations.
- Innovation will be the engine that will enable the Company to implement the Learning Organization concepts.
- Innovation and research will support "Digitalization" as a major objective.
- Research within the Company will focus on developing the following pillars:
  - national and international partnerships in basic research and technological research (observation of basic principles, formulation of concepts for technologies, experimental demonstration of concepts, validation of technologies in laboratories);
  - Partnerships with solution and equipment providers for product/technology demonstrations (technology validation in relevant environments and operational environments);
  - partnerships in competitive procedures (for delivery and commissioning of products and solutions).
- Personnel participation in events that have an important innovation and research component both nationally and internationally (e.g. ENTSO-E, CIGRE, congresses, round tables, symposia, etc.) will also include the development of knowledge sharing and spreading best practices processes within the Company in an integrated and regulated manner.
- The structuring of general and specific objectives will be done in relation to the methodology promoted in the ENTSO-E strategy in the field of research and innovation.
- The research and innovation strategy within the Company will follow the centralised organisational model (steering committee, strategy manager, procedural processes, well-defined roles, objective-based management).
- Funding for research and innovation work will be provided as a priority from both own and other sources reaching the largest group of European network operators (e.g. grant programmes, subsidies, grants, partnerships, etc.).

The objectives contained in the "*Research and Innovation Strategy*" add value in the following areas:

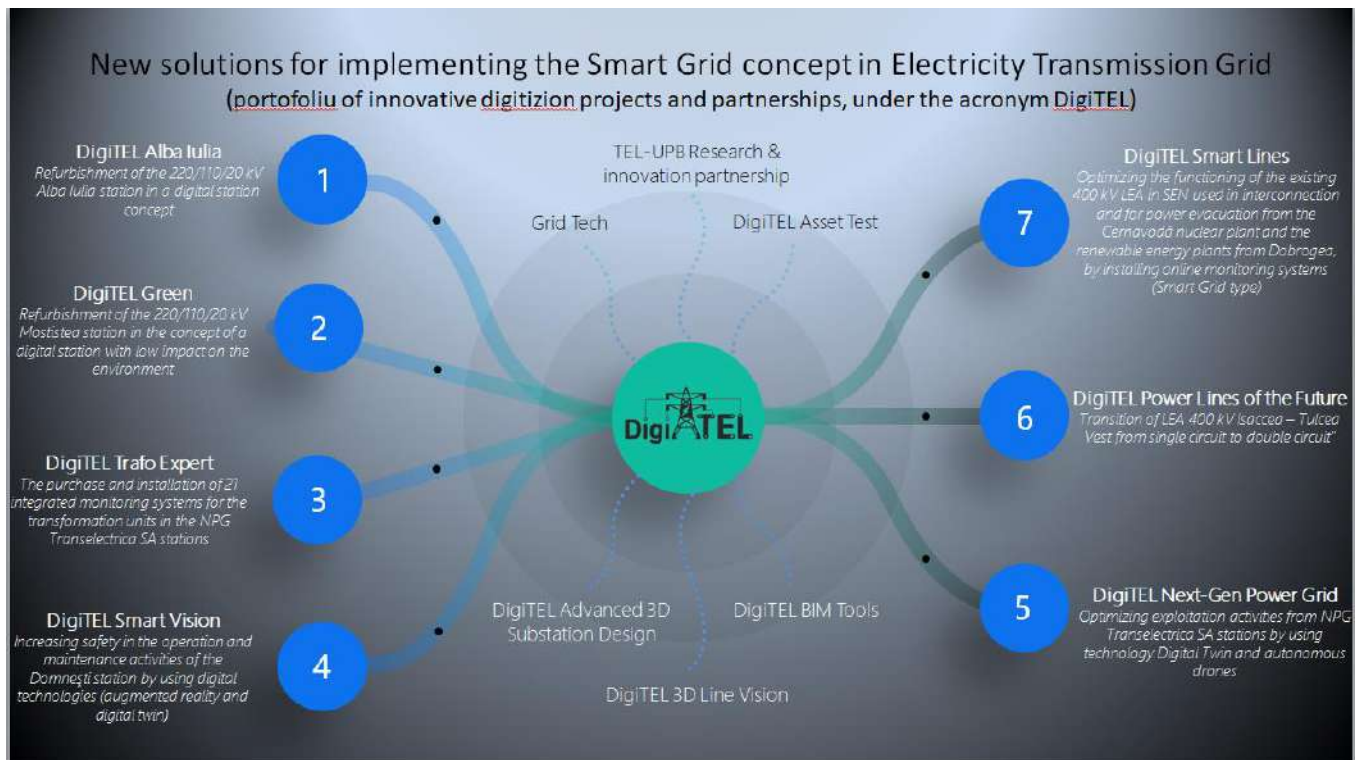
- the Company's strategic vision;
- asset management;
- improving performance indicators;
- developing essential capabilities in network operation;
- to seize opportunities to improve the Company's performance;
- skills development for Company personnel;
- maintenance and operation;
- developing partnerships with technology and solution owners.

The research and innovation strategy also ensures that the vision of all stakeholders to implement a flexible, open and interoperable infrastructure in a digital portfolio where traditional, mainly manual processes are eliminated or digitalized so that information is accessible in real time is operationalised.

### Digital transformation

Digital transformation in the energy industry will bring new challenges for the Company's management teams, operational specialists and partners. The

Company is well placed to become a "Learning Organisation" again if it fully utilises the potential of new technologies in achieving digital transformation.



To support these objectives, the Digital Transformation Concept Implementation Programme (2018-2027) has been developed and approved.

The actions and activities included in the Digital Transformation portfolio of initiatives aim to increase the Company's performance by:

- innovation in operational and managerial processes;
- innovation through the introduction of digital technologies;
- innovation by introducing new concepts that will transform the Company's business model;
- developing the Company's strategic capabilities (e.g. people, strategic assets, structure, processes, etc.).

The strategy argues that Grid Digitalization is a clear opportunity for the efficient development and management of the energy system, with proven cost-effectiveness in terms of improved service quality and operating costs.

The following tactical documents in the field of digitalization are in place:

- Technical policy on asset digitalization as part of the Company's modernisation initiatives;
- Technical Policy on Asset Digitalization in the Company's Modernisation Initiatives - Part II - Concept - "Geographic Information System and Disruption Management System;
- Technical policy on digitalization of assets in the framework of modernization initiatives within the

Company - Part III - Concept "Digital Technologies Test Lab and Personnel Skills Development";

- Technical policy on asset digitalization in the Company's modernisation initiatives - Part IV - "RET Asset Health Centre" concept.

**DigiTEL project portfolio**

**DigiTEL Alba Iulia**

Within the investment objective "Pilot Project - Upgrading the 220/110/20 kV Alba Iulia station to a digital station concept" the following objects were defined:

- Upgrading of Alba Iulia station. The "Condition Monitoring System (CMS)" will be implemented in accordance with the Smart Grid reference architecture for asset management at Alba Iulia station, the role of this module is to monitor the "technical condition status" of the equipment at Alba Iulia station in order to detect failures in advance, with the aim of extending their lifetime.
- E-Mobility;
- Learning Platform;
- Telecommunications with Hidroelectrica;
- Digital Lab.

**DigiTEL Green**

The pilot project "DigiTEL Green - Upgrading the 220/110/20 kV Mostistea station to a digital and low environmental impact station" is a flagship project for



the Company in the field of digital and sustainable power stations.

It brings together the same set of digital technologies that will be implemented through the Alba Iulia digital station pilot project and will extend the infrastructure created through it.

Through the Mostistea project, non-SF6 technology will be implemented for the first time in the RET at the primary switchgear level, using 99% lower emission gases than conventional technologies. At the same time, both the transformer units will use natural oils instead of mineral oils and the station buildings will be energy-efficient nZEB. This retrofit will also follow the principles of the circular economy concept throughout the entire implementation chain to support its sustainability.

In addition to the technologies associated with the digital and sustainable station concepts, the Mostistea project will also implement for the first time in the RET robotic technical assistance and supervision technologies, using Artificial Intelligence systems through physical robots and drones.

### DigiTEL 3D LineVision

The project, carried out with own forces, aims to test new LiDAR (Light Detection and Ranging), RGB (Red, Green, Blue) and infrared technologies and to evaluate the benefits of these technologies in case of a large-scale application in the Electricity Transmission Grid.

Scans are currently being carried out on the LEAs covered by this project.

### DigiTEL Smart Vision

The pilot project "DigiTEL - Smart Vision" - Increasing safety in operation and maintenance activities at Domnești station through the use of digital technologies, aims to implement Augmented Reality, Virtual Reality and Digital Twin technologies at RET level, for the first time in a real operating environment on the whole set of equipment and installations of a power station.

The implementation of an Augmented Reality system in the 400/110/20 kV Domnești station will lead to a reduction of the risk of human error through constant assistance in the operation of equipment and installations. The pilot project is in the implementation stage.

### DigiTEL Power Lines of the Future

The DigiTEL Power Lines of the Future project will switch the 400 kV Isaccea - Tulcea West LEA from single to double circuit using tubular poles. At the

design stage, the technical requirements for the poles will be established so that they are optimised in terms of size and footprint, and have an innovative design, sustainable materials with a low carbon footprint, innovative visual design.

The construction of the new double circuit lines of the 400 kV Isaccea - Tulcea West LEA will be carried out using the existing locations of the poles related to the single circuit line, without the need to occupy additional land areas on most of the line.

### DigiTEL Smart Lines

DigiTEL Smart Lines Project - "Optimization of the operation of the existing 400 kV LEAs in the SEN, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (Smart Grid type)" aims at the acquisition and installation of on-line monitoring systems in order to increase the reliability of the operation of the LEAs, which will be achieved by on-line diagnosis and estimation of the technical condition of the overhead power lines based on the data acquired on-line and the operationalization of the Dynamic Line Rating (DLR) concept.

**The objective of the DLR (Dynamic Rating)** is to provide the Transmission Operator and System with accurate and real-time information that will allow better utilization of the LEA's energy transmission capacity and increase it according to current weather conditions, reduce risk and increase its reliability and efficiency in operation.

The project consists of **23 overhead 400 kV power lines**, of which 13 are transmission and power evacuation lines from Cernavodă and the renewable energy plants to the Moldavia area and Bucharest and 10 interconnection lines.

The project is currently at the execution stage, with the monitoring system to be installed on the first LEA.

### DigiTEL Trafo Expert

The project involves "Purchase and installation of 21 integrated monitoring systems for transformer units in NPG CO. Transelectrica SA stations".

Among the benefits resulting from the implementation of the project are :

- increase the time scheduled for the execution of certain of the preventive maintenance works at the monitored transformer units and reduce the costs per type of intervention;

- reducing the number of incidents by anticipating based on real data the vulnerabilities of the normal scheme;

### DigiTEL Next-Gen Power Grid

The DigiTEL Next-Gen Power Grid project - "Optimization of the operation activities in NPG CO. Transelectrica SA stations by using Digital Twin technology and autonomous drones" aims in the first phase to transform unstructured information into an intelligent digital asset. The system operator will be able to visualize, build and manage complex electrical systems, ensuring safe and efficient operation throughout the lifecycle.

Autonomous drones will be purchased for aerial inspections of equipment in the power stations managed by the Company, which will allow the identification of potential non-conformities such as wear and tear, damaged components or uncontrolled growth of vegetation. They will navigate through complex terrain and reach places that are difficult for human operators to access, significantly reducing the time and resources required for regular inspections by operational personnel.

Compared to traditional inspection approaches that may involve the use of helicopters, autonomous drones have a lower environmental impact, are more energy efficient and generate fewer emissions.

### Cooperation agreements

#### DigiTEL - Advanced 3D Station Design

The purpose of the agreement is the collaboration between NPG CO. Transelectrica SA and Entegra

GMBH (Primtech 3D), with the main goal of testing new Digital Twin and Advanced Digital Design technologies for power stations, as well as evaluating the benefits of these technologies and solutions in case of large-scale application in the Romanian Transmission Grid.

#### DigiTEL - 3D Line Vision

The object of this agreement is the collaboration between NPG CO. Transelectrica SA and Skyline Drones SRL for the purpose of testing new LiDAR technologies.

#### DigiTEL BIM Tools

The research and innovation collaboration agreement between NPG CO. Transelectrica SA and TIAB SA aims to test and validate advanced technical innovations in digital design (e.g. BIM - Building Information Modelling) and Digital Twin standards for power stations, as well as to assess the benefits of these technologies and solutions in case of large-scale application in the Electric Transmission Grid.

#### DigiTEL - Asset Test

The agreement involves collaboration between NPG CO. Transelectrica SA and Omicron GMBH (FirstTech) and its main purpose is to test new verification technologies and asset management solutions and exchange know-how.

The agreement will generate a number of important benefits for the level of knowledge of testing solutions for new energy equipment verification technologies and new energy asset management solutions, as well as the exchange of know-how.

### Description of research and innovation activity for the year 2024

The objectives foreseen to be implemented in the DigiTEL flagship projects relate to the following targets:

- implementation, testing and validation in modernisation projects of the following concepts, methodologies, standards and elements of good practice:
  - the concept of online monitoring of the technical condition of the Company's critical assets (e.g. transformer units, power lines, etc.)
  - asset management;
  - Lab for testing digital technologies and personal skills development;
  - RET Asset Health Centre;
  - GIS and WHO Systems Concept;
  - the concept of active health;
  - the concept of a risk index on RET assets;
  - methodology for developing and implementing Smart Grid concepts (e.g. architectures, interoperability standards, telecommunication standards, customer interfaces, etc.);
  - the concept of E-learning;
  - Smart Building concept;
  - *Augmented / Virtual Reality concept*, Digital Twin
  - advanced digital design, scanning and 3D modelling;
  - the concept of the "Control Room of the Future";
  - the concept of Building Information Modelling (BIM);
  - sustainable power stations;
  - remote technical assistance;
  - Robotic technical assistance and surveillance using Artificial Intelligence systems (robots, drones);

- inspection of RET assets using LiDAR (Light Detection and Ranging), RGB (Red, Green, Blue), infrared technologies;
- automated surveillance using autonomous drones
- training and certification of personnel to develop strategic capabilities in the field of digitalization;
- definition and implementation of projects with a strong innovation and learning component (e.g. digital station projects, IT&C infrastructure modernisation projects, asset management platform, environmental impact equipment, etc.);
- continue to participate in grant-funded projects to prepare the conditions for the adoption of new

models, concepts and methodologies in the operational or enterprise area of the Company;

- further develop partnerships with consultants and solution and service providers to understand new technological and managerial trends that may influence the future performance of the Company.

The pilot projects that will test the innovative concepts and technologies proposed by the strategic documents approved at Company level are those started under the acronym DigiTEL.

### Annual Study and Research Plan 2023

In order to ensure the operation of the NES in conditions of maximum safety and stability, according to the quality standards imposed by the transmission license, the Company needs research, support studies and consultancy to substantiate decisions and to implement new technologies at the level of those encountered internationally and/or specific to the Romanian energy system.

Transelectrica funds its own research and study programmes annually. The studies approved within the Company and included in the PASC 2023 were well founded and necessary to achieve the following objectives:

- meeting the requirements associated with the regulatory framework (e.g. ANRE licence no.161, Law 123/ 2012 - Electricity and Natural Gas Law, as amended, Technical Codes, regulatory framework associated with TSO, etc.);
- substantiating the Company's decisions on:
  - post-calculation determination of losses in the electricity transmission network for the fourth quarter of 2022 and the first quarters of 2023;
  - energy balance for each quarter of 2023;
  - determine the effect of certain RET investments on OTC for the first three quarters of 2023;
  - promoting efficient investment in RET;
  - promoting effective practices for the operation and maintenance of RET;
  - improving the rationale for long-term investment decisions technical support;

- initial estimation of reserve requirements in NES using probabilistic methods;
- integrating an increasing share of renewables;
- Efficient and safe NES and RET dispatching;
- Detailed and comprehensive analysis of the expenses headings associated with fulfilling the role of STO;
- Knowledge and adoption of methodologies, standards and elements of best practice to streamline the Company's strategic development vision.

The need to promote the work under PASC 2023 was carefully considered in light of the obligations arising from the role of a licensed TSO and the opportunities for improved decision making in relation to the operationalisation of the Company's vision for system operation and asset management.

The work carried out under the Annual Programme of Studies and Research 2023 is reported annually to ANRE:

- Multi-year study 2021 - 2023 post-calculation OTC, energy balance by territorial transmission units and in the RET as a whole, forecast of energy losses.
- Study on the Energy Audit of NPG CO. TRANSELECTRICA SA, on the contour related to the own technological consumption (OTC) of the electricity transmission network (RET).

### 2024 Studies and Research Programme

The Annual Programme of Studies and Research 2024 aims to address studies based on increasing cross-border interconnection capacity and the integration of renewable resources in accordance with the provisions of the NESCAP for 2030 where the

installed capacity of renewable sources must reach 5,255 MW.

The development plan of the electricity transmission network (RET), in line with the model developed by ENTSO-E at European level, aims to evacuate power

from areas of concentration of RES to areas of consumption, to develop regions in Romania where RET is deficient (e.g. the North-East region) and to increase cross-border interconnection capacity.

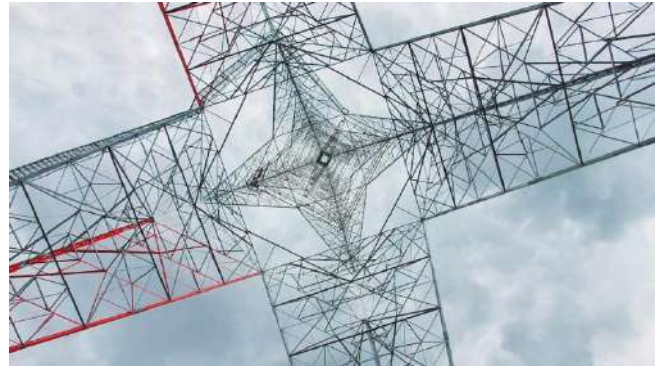
In order to increase the operational reliability of the NES in the event of the installation of new power sources, in section S6 the Company aims to analyse the opportunity to implement solutions for the development of the DC electricity transmission network.

This can replace the construction of several 400 kV alternating current OHLs, which are needed to transport the electricity produced in surplus areas, transport it over long distances and inject it into the alternating current grid in deficit areas.

Steady-state regimes will be analysed for the generation and consumption scenarios considered likely, and DC solutions will be identified and proposed for increasing S6 evacuation capacity in addition to that provided by projects already included in the approved RET Development Plan.

Section 6 has become heavily oversupplied in terms of electricity generation as a result of the changes that have occurred in recent years with the connection to the NES of many EECs in the Dobrogea, Braila and Galati areas. According to the data presented in the

National Integrated Energy and Climate Change Plan (PNIESC), the target for the year 2030 for installed capacity in renewable sources is 5,255 MW for CEE.



It is estimated that a large part of the wind sources expected to occur will be located in Dobrogea.

Currently, during windy periods, the S6 LEAs are fully loaded and certaintimes to meet the N-1 criterion, power curtailments are required, on grid congestion, resulting in additional expenses.

Certain of these OHLs have different cross-sections which contributes to power throttling.

This calls for a careful analysis of the standardisation of the OHL section or even the replacement of active conductors with state-of-the-art active conductors with increased power transmission capacity.

#### Activities related to research and innovation

The Company is committed to developing knowledge and promoting new energy technologies and solutions, which have evolved and progressed significantly in recent years, both in terms of concepts and solutions, as well as equipment. Thus, Transelectrica, has become a partner in various funded projects, through which it can make important contributions as an TSO in this geographical area of Europe and for the fulfilment of the above mentioned aspects. Within these partnerships, revenues are collected on other types of activities through the contribution of the Company's experts. The Company can carry out activities in the management of projects financed by non-reimbursable European funds, on different axes, which coincide with the areas of activity of the Company.

On the Company side, there are permanent representatives in the RDIC - Research, Development and Innovation Committee (ENTSO-E). The role of the RDIC and its working groups is:

- To ensure that the interests of the TSO in R&D are properly addressed to relevant stakeholders;
- To facilitate research and development between STOs
- Provide comprehensive support and a mutually built vision for the research and development activities of ENTSO-E committees and other stakeholders
- Promote the research and development concepts, methods and technologies that will make up and drive energy systems in the future
- Support activities related to standardisation and interoperability.
- There are also 6 working groups within the RDIC with members from Transelectrica:
  - WG1 Assets and Technologies;
  - WG2 Security and System operation of tomorrow;
  - WG3 Flexibility and Markets;
  - WG4 Future of energy systems;
  - WG5 Digital & Communication;
  - Research, Development and Innovation Planning.

## 7. Prospects and challenges

Electricity as the energy source of the future is a growing ecosystem that will revolve around green energy, and we are currently in a transition period where the energy segment is of major interest globally and especially nationally where investments in the energy system are in full swing.

In Romania, the approach to accelerate the transition to green energy is translated through the National Integrated Energy and Climate Change Plan 2021-2030 and the National Recovery and Resilience Plan (PNRR).

Transelectrica is part of this ecosystem, being a company of strategic interest in Romania, indispensable for the proper functioning of the energy system and the sole operator of the electricity transmission network, part of the coupled electricity markets at European level.

According to the European regulations that have entered into force, the basic trend is towards operational coordination at European and regional level, through the establishment of numerous coordination bodies at ENTSO-E and regional level, which requires the involvement of all transmission system operators, as well as the development of methodologies and sets of procedures, operational agreements or service agreements, and the development of common IT and communication tools.

The year 2023 was a productive year for the Romanian energy system, which managed to increase its net national production by 3% in line with the downward trend in consumption, which led to Romania's ranking as a net energy exporter.

For the next 10 years, the company is pursuing a complex investment program that foresees the strengthening of energy security, digitalization and implementation of the SMART GRID concept, together with the integration of new technologies (e.g. LiDAR, RGB) which will generate on the one hand an increase in the capacity to integrate renewable energy into the system and on the other hand an increase in interconnection capacity.

The Action Plan on increasing cross-border capacity involves for the coming period the implementation of certain projects included in the Electricity Transmission System Development Plan, with the effect of eliminating expected structural congestion and increasing the capacity available for cross-border trade.

In order to develop the national energy infrastructure, Transelectrica's management signed nine non-reimbursable financing contracts from the Modernization Fund, amounting to 424 million euros, with the Romanian Government on 10 October 2022 and on 20 February 2024, the company signed with the Ministry of Energy the tenth financing contract from the Modernization Fund, namely for the implementation of the "DigiTEL Green Pilot Project - Upgrading of the 220/110/20kV Mostistea station" with a non-reimbursable value of 48 million euros.

The high level of this grant funding will have a positive effect on the Company's long-term profitability. At the same time, the financing of investment objectives through non-reimbursable funds ensures an increase in the Company's liquidity indicators.

The benefits of these investments will materialize relevant indicators such as: increasing the transmission capacity of RET by about 1700 MW, building about 480 km of new overhead power lines, expanding 5 power stations with a voltage level of 400 kV, upgrading the Alba Iulia station to digital concept - a first for Romania -, increasing the interconnection capacity by 600 MW (cumulated on the borders with Serbia and Hungary), implementing power quality monitoring systems in 15 stations, as well as optimizing and monitoring overhead power lines through digital systems.

The company has also obtained EUR 56.2 million through the REPowerEU component of the NRDP, approved by the Council of the European Union, to finance three essential investment projects for the efficiency and modernisation of the electricity transmission network, two of which are for the subsidiaries SMART SA and Teletrans SA.

The challenge of investing to increase flexibility to achieve climate and energy targets is an ongoing concern. With increased transmission capacity comes increased system flexibility and the integration of lower cost generation sources.

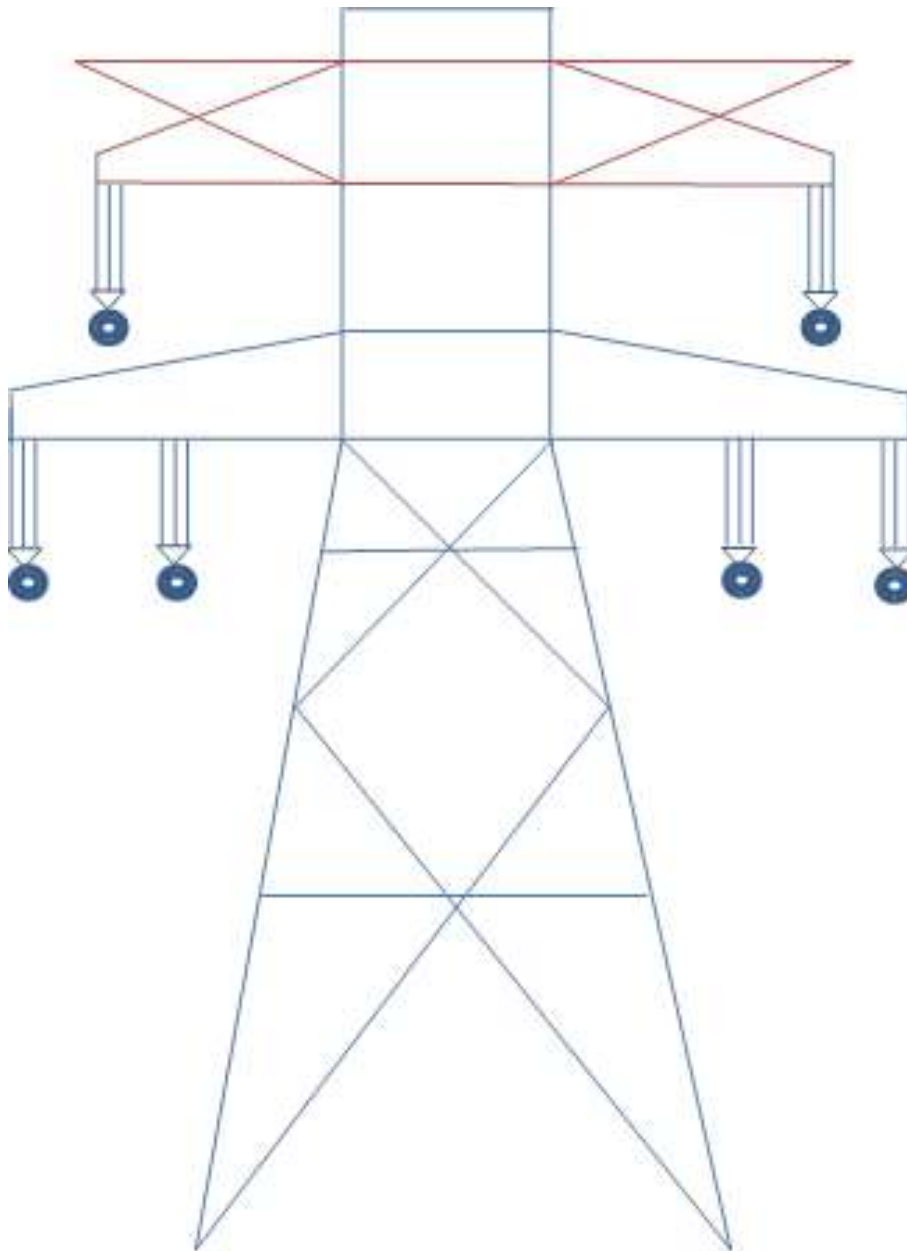
For the year 2024 a significant impact on the Company's financial results can be expected from: the international macroeconomic and financial climate, the domestic mix of economic, energy and environmental policies and the geo-political tensions generated by the situation in Ukraine. As neighbours of Ukraine and the Republic of Moldova, we have a key active role in the establishment and implementation of the procedures arising from the interconnected operation

of SE Ukraine and SE Republic of Moldova to the European energy system.

The company attaches importance to the implementation of projects of common interest in the efforts to strengthen energy security in the eastern end of the European interconnected network, in the context of synchronization of the Ukrainian and Moldovan systems, such as:

- The importance of cyber security in securing smart energy grids,
- ways to accelerate the achievement of the Green Deal target of total decarbonisation by 2050,
- the importance of energy networks in accelerating the development of RES (renewable energy sources).

At the same time Transelectrica proactively supports the education field in Romania by continuing the process of granting scholarships to students of technical faculties in the fields of energy, electrical engineering, automation and computers, thus ensuring the beginning of a motivating and timely professional career within the Company.





# Operational Report



## 8. Operational data

### 8.1. Network configuration

The electricity transmission network ("RET") is the electricity network of national and strategic interest with a nominal line voltage above 110 kV and consists of all lines, including their support, control and protection elements, stations and other power equipment connected together.

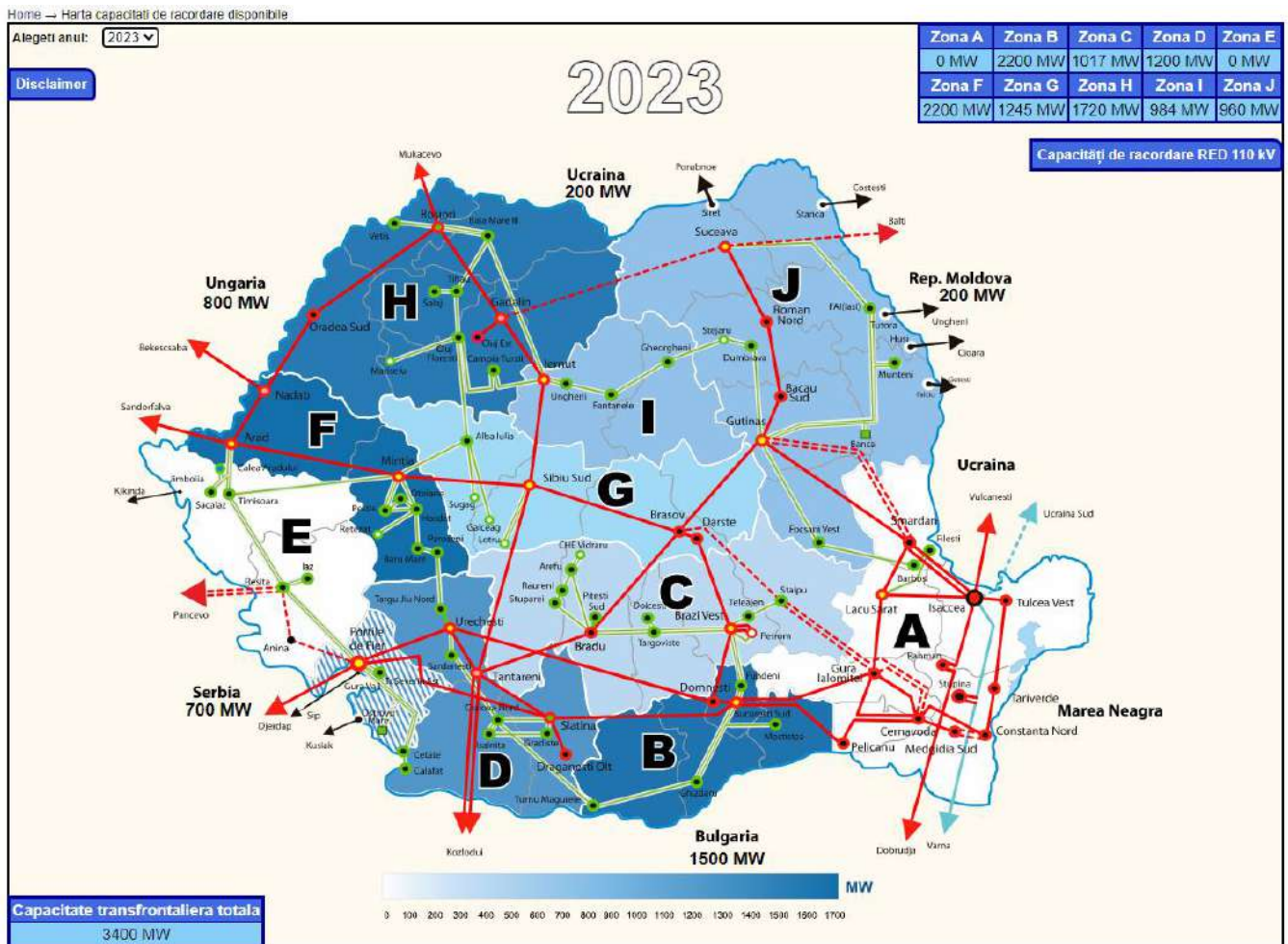
RET interconnects generators, distribution networks, large consumers and neighbouring power systems.

In the context of the general concern at both European and national level to achieve the transition to a carbon-free economy, the National Power Grid Company Transelectrica SA is focusing its actions on the development of energy infrastructure to increase the integration capacity of new production units.

In order to facilitate a predictable investment environment for electricity generation, the national transmission system operator makes available to the interested public data on the capacity of the transmission system to connect new generation units in different regions of the country.

This information is available on the website [www.transelectrica.ro](http://www.transelectrica.ro) in the form of an interactive map, covering the year 2023, as well as forecasts for the years 2025 and 2030, in relation to developments in the development and consolidation of energy transmission infrastructure projects. The data is presented for 10 regions of the country, including existing connection applications in various stages of processing, and will be continuously updated.

Figure 16 Map of connection capacity to the RET



The transparency initiative initiated by Transelectrica meets the application of the provisions of the draft order of ANRE on the publication of data on installation capacity and grid connection of electricity generation units.

Much of the overhead power lines ("OHL") and transformer stations that make up the RET were built in the 1960s and 1980s at the technological level of those years.



The volume of energy capacities, according to the licence for the provision of electricity transmission service, of the system service is shown in the table below:

Table 11 Volume of energy capacities

Voltage (kV)	Stations (no.)	Installed power (MVA)	OHL (km)
400	39	22,224	4,984.65
220	42	14,283	3,876.14
750	-	-	3.11
110	-	-	40.42*
<b>Total</b>	<b>81</b>	<b>36,507</b>	<b>8,904.32</b>

\*(LEA interconnection with neighbouring states)

Note: In the case of power stations the higher voltage has been taken into account.

The company aims to maintain the quality of the transmission and system service and the operational reliability of the national electricity system under economically efficient conditions, in accordance with the regulations in force and the standards jointly agreed at European level.

The integration into the NES of renewable generation, in particular wind and photovoltaic power plants, both in the form of distributed and dispersed generation at the grid level and through the emergence of very large power plants (in the order of hundreds of MW) connected directly to the RET, leads to the need for complex actions to integrate these plants into the EMS/SCADA-DEN system, both as distributed dispatchable sources and as large concentrated

sources, which will require the appropriate sizing of hardware equipment to ensure the acquisition and processing of a very large volume of data.

The specific nature of this type of generation, given the high degree of variability with its inherent implications on power reserves at NES level and the way it operates in the balancing market, requires the integration of these sources at an appropriate level in the EMS/ASCADA system and the provision of specific energy monitoring and management (through dedicated EMS functions and applications such as forecasting or centralised control). Integrated communication solutions are already adopted between the DEC platform and the command-and-control and energy management systems of the EEC and CFE.

Thus, the EMS/SCADA-DEN system has been functionally rehabilitated and upgraded to meet contemporary functional and information security requirements.

Also, in order to maintain the adequacy of the grid so that it is adequately sized for the transmission of electricity forecast to be generated, imported, exported and transited under the changed conditions, two categories of investments have been included in the 10-year RET Development Plan and will be carried out:

- retrofitting existing stations;
- extension of the RET by building new lines, increasing the transmission capacity of existing lines, extending existing stations and increasing the capacity of station conversions.

## 8.2. Selected operational data

The company is responsible for maintaining the operation of the national electricity system in a safe manner and in compliance with the quality standards laid down in the RET Technical Code.

The Company also uses balancing market mechanisms to balance production with consumption in real time.

The operational leadership of the NES is provided by:

- National Energy Dispatch
- 5 Territorial Dispatches: Bucharest, Bacau, Cluj, Craiova, Timisoara

### Energy balance SEN

Analysing the evolution of the components of the energy balance, in 2023, there was a decrease in net domestic consumption<sup>1</sup> by 5% compared to the same

period of the previous year, and compared to 2021 the decrease was 12%.

Net energy production, compared to 2022, is up 3% (compared to 2020, down 3%).

Physical cross-border export trade in 2023 increased by 42% compared to 2022 (115% compared to 2021) and cross-border import flows decreased by 27% (-15% compared to 2021).

Table 12: Energy balance

TWh	2023	2022	2021
Net internal production	54.4	52.7	56.2
Import	5.1	7.0	6.0
Export	8.2	5.8	3.8
Net internal consumption*	51.3	53.9	58.4

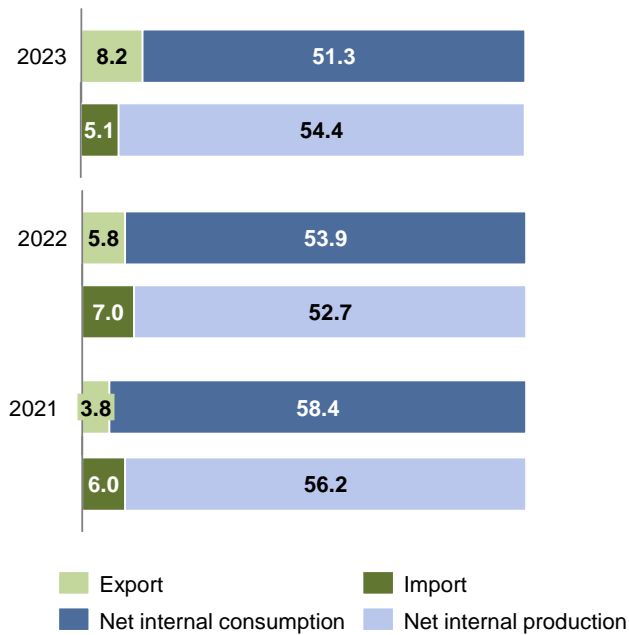
Note: net values do not include consumption related to own services in electricity generation plants; net consumption values include

<sup>1</sup>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 as well as pump consumption in pumped storage hydro stations

losses in transmission and distribution networks as well as consumption of pumps in pumped storage hydro stations.

Figure 17 Energy Balance (TWh)



In the first 10 months of 2023, electricity consumption at NES level recorded monthly decreases, ranging from 1.02% in October to 11.61% in January.

Since November consumption has recorded an upward trend with values ranging from 0.64% in November to 2.06% in December. The year 2023 ended with a reduction in consumption of 4.9%.

The reduction in consumption at year level was mainly due to:

- an annual average temperature 0.76° C higher in 2023 than in 2022 (with larger differences especially in the cold season, which led to a reduction in heating from electric sources), and
- the continuous increase in installed power at prosumers.

The decrease in consumption in the first quarter was largely influenced by average monthly temperatures, which showed positive anomalies and were generally above climatological norms.

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

Article 3(3) provides. Member States shall endeavour to implement measures to reduce total gross monthly electricity consumption by 10% compared to the

average gross monthly electricity consumption in the corresponding months of the reference period<sup>2</sup>.

The decline in consumption in the second quarter was largely influenced by the European context, characterized by a slowdown in economic activities<sup>3</sup>, with GDP growth forecast for Romania for spring 2023 at 3.2%, compared to 4.7% in the same period last year.

Another determining factor has been the continuous increase in installed capacity of prosumers, from around 630 MW at the beginning of April to around 970 MW at the end of June.

The third quarter of 2023 was characterized by a further decline in measured consumption, with values ranging from 5.27% in July to 2.95% in August.

The decrease was largely due to continued increases in consumer prices and services, which created a stronger than expected impact on electricity consumption growth<sup>4</sup>, although energy prices continued to follow a downward trend.

Although the 2023 summer tourist season was a busy one across most of Europe, the slowdown in bank lending to the economic sector through monetary policy tightening led to a continued downturn in the economic sector which was implicitly reflected in electricity consumption.

On the other hand, a decisive factor in the decrease of metered consumption is the continuous increase of the installed capacity of prosumers, which reached about 1,060 MW on 31.08.2023.

Assuming for the generation of these prosumers a similar percentage of installed capacity as in the PV power plants whose energy is metered, the estimate was that in the third quarter of 2023 the consumption fed by this generation represented at least 2% of the NES consumption.

The first month of the fourth quarter continued the downward trend in consumption (-1.02% in October 2023) that was seen in the first 9 months of 2023, but from November onwards, energy consumption at NES level showed slight increases, ranging from 0.64% in November to 2.06% in December.

<sup>2</sup> 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 1 December 2022 to 31 March 2023.

<sup>3</sup>[https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en)

<sup>4</sup> [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/summer-2023-economic-forecast-easing-growth-momentum-amid-declining-inflation-and-robust-labour\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/summer-2023-economic-forecast-easing-growth-momentum-amid-declining-inflation-and-robust-labour_en)

The evolution of consumption in the fourth quarter was influenced both by higher average monthly temperatures than in 2022, with a positive deviation of 1.7° C in October and 0.2° C in December, and a negative deviation of 0.9° C in November.

In addition, the decrease in the number of hours of sunshine has led to a decrease in the production generated by prosumers. It should be noted that on 1 December 2023, the installed capacity of prosumers was 1,388 MW.

**Electricity generation mix**

In the structure of the production mix, in the period January - December 2023 compared to the same period of 2022, there was an increase of 30% in the Hydro component, 1% in the Nuclear component and 3% in the Renewable component, respectively a decrease of 15% in the Thermal component.

Compared to 2021 the decreases were 16% for the thermal component, and 1% for the nuclear component. The renewable component increased by 8% (mainly due to the increase in wind energy production (+8%)) and the hydro component by 4%.

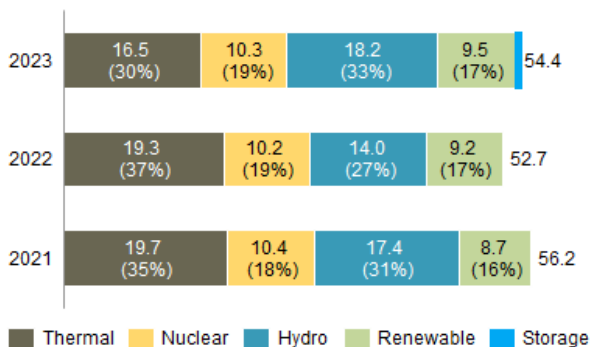
Starting in the third quarter of 2023, battery generation was introduced into the generation mix, totalling 2.3 GWh at the end of the year.

Table 13 Net electricity generation mix

TWh	2023	2022	2021
Thermal	16.5	19.3	19.7
Nuclear	10.3	10.2	10.4
Hydro	18.2	14.0	17.4
Renewable	9.5	9.2	8.7
Storage batteries	2.3	0.0	0.0
<b>Total</b>	<b>54.4</b>	<b>52.7</b>	<b>56.2</b>

Analysing the weights of the components of the net production mix for the period January - December 2023, it can be seen that the largest share, 33%, is represented by the Hydro component, followed by the Thermo component 30%, and energy produced from renewable and nuclear sources have a share of 17% and 19% respectively.

Figure 18 Generation mix 2020 - 2023 (TWh)



**National Production Park**

In 2023, the installed capacity in thermal power plants decreased by about 10%, from 6,052 MW installed on 31 December 2022 to 5,447 MW installed on 31 December 2023.

On January 1st 2024, the gross installed capacity in the NES totalled 18,210 MW, with the following structure by primary energy sources: coal - 2,762 MW (1,909 MW net), hydrocarbons - 2.684 MW (2,244 MW net), nuclear - 1,413 MW (1,300 MW net), hydro - 6,643 MW (6,314 MW net), wind - 3,027 MW (2,966 MW net), photovoltaic - 1,543 MW (1,450 MW net), biomass - 138 MW (126 MW net).

The installed capacity for the period January to December in the period 2021-2023 is shown in the table below:

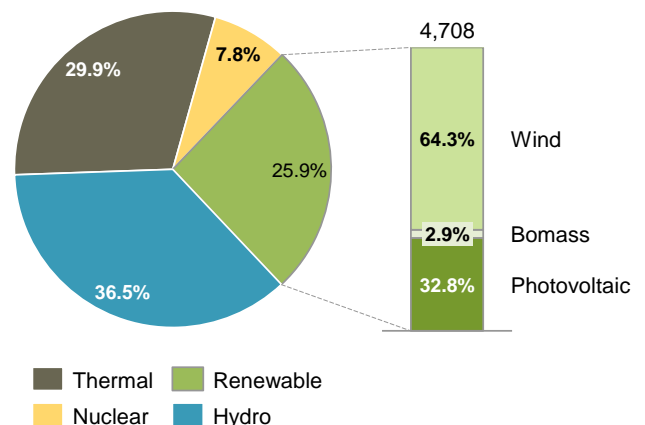
Table 14: Installed power (gross values)

MW	2023	2022	2021
Thermal	5,447	6,052	5,966
Nuclear	1,413	1,413	1,413
Hydro	6,643	6,642	6,645
Renewable	4,708	4,545	4,545
<b>Total</b>	<b>18,210</b>	<b>18,652</b>	<b>18,569</b>

As regards the installed capacity in storage facilities, on 01.03.2024 this totalled 16.2 MW, of which only 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 structure of the production fleet in 2023 is shown below:

Figure 19 Installed capacity 2023 (18,210 MWh gross)

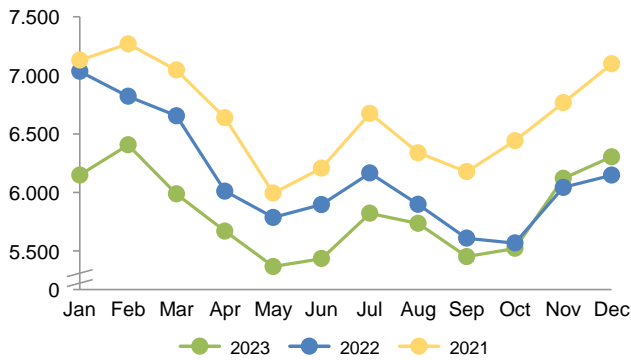


During 2023, power plants totalling 624 MW were commissioned, with the following structure: 56 MW hydrocarbon, 72 MW wind, 496 MW photovoltaic, of which only 48 MW belonging to CEF Calugareni were licensed by ANRE.

**Net consumption**

Average net electricity consumption in 2023 was at a low level during the period shown below.

Figure 20 Average monthly net consumption (MWh/h)



The maximum net hourly consumption corresponding to the year 2023, peaked in December, following the same trend of recent years when peak values were recorded in the winter months.

Figure 21 Maximum hourly net consumption (MWh/h)

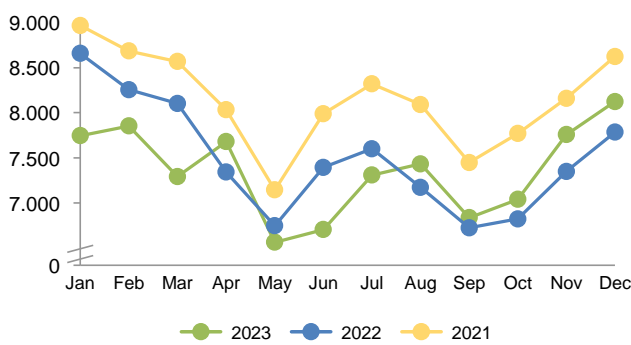


Table 15: Maximum consumption

Year	Month	Value (MWh/h)
2023	Dec	8.123
2022	Jan	8.658
2021	Jan	8.967

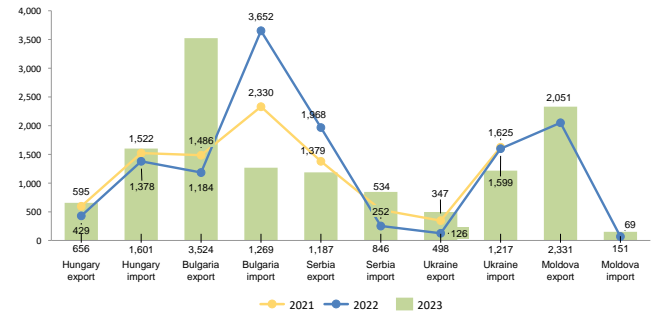
**Cross-border flows**

Cross-border flows have shown fluctuating trends across all borders over the three years.

The distribution of physical import/export flows on interconnection lines in 2023 compared to 2022 is as follows:

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

Figure 22 Cross-border physical flows (GWh)



Specifically, compared to January - December 2022, physical export flows increased with Hungary (+226GWh), Bulgaria (+2.341GWh), Ukraine (+371GWh) and with Moldova (+281GWh) and decreased on the border with Serbia (-40% - 781GWh), concomitant with the increase of physical import flows on interconnection lines with Hungary (+222GWh), Serbia (+594GWh), Moldova (+81GWh) and decrease on Bulgaria (-65% -2.383GWh), and Ukraine (-24% -382GWh).

In 2023 the NES balance remained on export -3,112 GWh, while in 2022 it remained on import, 1,193 GWh, a decrease of 45.9% compared to 2021, when the amount of imported electricity was 2,205 GWh.

As of 17 December 2021, the RFP-TEL frequency regulation block - exchange power is permanently connected to the European imbalance compensation platform, IGCC. With this joining, Tranelectrica complies with the legal obligations established by the European Commission Regulation (EU) 2017/2195 of 2 August 2017 laying down guidelines for the operation of the electricity transmission system (Art. 22).

**Total allocated capacity utilisation**

Compared to the same period in 2022, there was an overall increase in the **utilisation of capacity** allocated for export, against a background of higher hydroelectricity compared to last year and domestic electricity consumption that did not vary much compared to the same period in 2022.

A significant impact in the increase of transit energy has had the Government Emergency Ordinance no. 119 of 1 September 2022, amending and supplementing the Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market, updated, and amending and supplementing certain regulatory acts in the field of energy, which introduces a solidarity tax for companies that export electricity.

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 of the participant).

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

Table 16 Cross-border interconnections (total allocated capacity use %)

Border	Direction	2023 [%]	2022 [%]	2021 [%]
Hungary	export	100.00	50.11	31.82
	import	100.00	39.68	31.11
Bulgaria	export	29.00	6.91	11.16
	import	29.09	38.34	32.02
Serbia	export	46.37	40.87	30.90
	import	34.22	7.77	11.12
Ukraine	export	34.87	20.00	2.55
	import	87.51	74.12	25.25

Note: the values presented in the table are annual averages calculated as simple arithmetic averages of the monthly average values

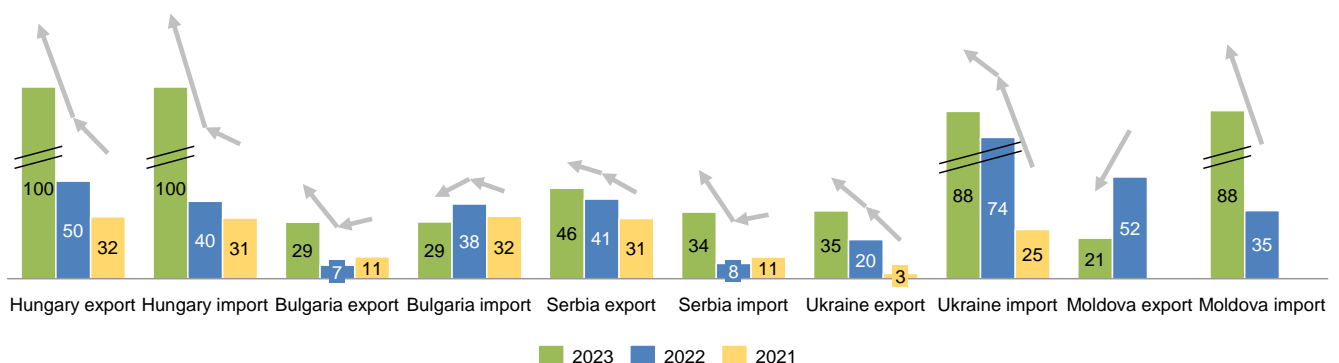
On the implications for the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the Continental European system through Romania, Hungary and Slovakia:

- from 16.03.2022 the emergency synchronization of the power systems of Ukraine and the Republic of Moldova with the power system of Continental Europe was achieved. This acceleration of the

synchronization project, which started in 2017, was made possible as a result of previously conducted studies and the adaptation of measures to reduce risks in the operation of power systems;

- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the European electricity system has led to a reduction of the own technology consumption in the Romanian electricity transmission network, mainly due to a more favourable distribution of flows on the interconnection power lines;
- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the electricity system of Romania has contributed to the expansion of the electricity market, providing the opportunity for regional electricity trade between Romania, Ukraine and the Republic of Moldova in the current context of the single European electricity market;
- In the current geopolitical context, the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the Continental European system will put pressure on the neighbouring power systems (Romania, Hungary and Slovakia) in terms of ensuring interconnected operation, i.e. regional adequacy, given the difficulties experienced by the Republic of Moldova and Ukraine in securing their electricity needs;
- on the border with Ukraine, capacity allocation auctions are currently suspended as of 16.01.2023, until coordinated allocation rules are agreed, and on the border with the Republic of Moldova, long-term capacity allocation auctions (annual and monthly) are currently suspended, with only daily bilateral coordinated capacity allocation being organised for 100% of total capacity (auctions organised by Romanian TSOs).

Figure 23: 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 recorded in the electricity transmission network**

The evolution of own technological consumption ("OTC") in RET is influenced by several factors, independent of Tranelectrica's activity, such as: weather conditions, generation structure vs. consumption location, physical import/export flows across the borders of the NES. The lowest values (relative to energy entering the grid contour) are recorded in dry years, low hydraulicity leads to the commissioning of gas-fired power plants, thus a favourable generation structure is achieved and Corona losses are reduced.

Network losses are mostly influenced by the distance between generation and consumption centres, thus by the way load coverage is distributed to the existing groups in the system and by the volume and destination of international exchanges.

Table 17 Evolution of OTC

Indicator		2023	2022	2021
Energy input in the network	GWh	42,146	43,495	44,137
Losses	GWh	999	959	1,089
OTC	%	2.37%	2.20%	2.47%

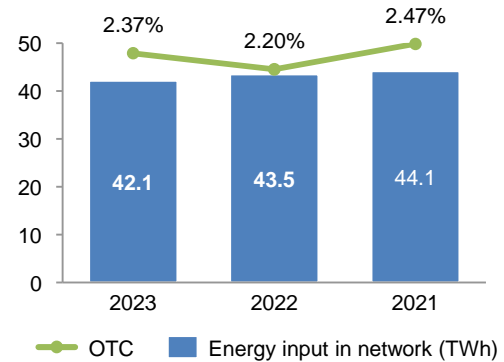
For the full year 2023, the OTC in RET increased by 4.2% compared to 2022, mainly due to more unfavourable physical flows on interconnection lines in the period January-June and September-November and unfavourable weather conditions especially in the months of January-April, June-July, October and November, characterised by higher rainfall amounts which increased corona losses.

Relative to energy entering the contour, losses increased from 2.20% to 2.37%, while energy entering the RET contour was 3.1% lower than in 2022.

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.

Factors that significantly influenced the OTC in the period January - December 2023, such as rainfall and the distribution of physical cross-border flows, are not under Tranelectrica's control.

Figure 24 Evolution of OTC in relation to energy input to RET



**Factors driving the evolution of OTC**

**In January 2023 OTC** increased compared to January 2022 by 3.5%, as a result of unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission of energy away from sources and unfavourable weather conditions characterised by higher rainfall amounts leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 2.42% in 2022 to 2.62% in 2023. Energy entering the grid decreased by 4.2% in January 2023 (171.9 GWh) compared to the same period in 2022, due to a 41.9% (212.7 GWh) decrease in energy received from imports and a 0.9% (28.8 GWh) decrease in energy received from generators connected to the RET, as energy received from the RED increased by 21.9% (69.5 GWh).

**In February 2023 OTC** increased compared to February 2022 by 17.6% as a result of unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission of energy away from sources, but also unfavourable weather conditions with higher rainfall amounts leading to increased corona losses. The percentage of losses to energy entering the RET increased from 2.04% in 2022 to 2.42% in 2023. Energy entering the grid decreased by 1% (36.0 GWh) in February 2023 compared to the same period in 2022, due to a 42.1% (230.7 GWh) decrease in energy received from imports, amid a 3.4% (92.7 GWh) increase in energy received from generators connected to the RET and a 46.7% (102 GWh) increase in energy received from the RED.

**In March 2023 OTC** decreased compared to March 2022 by 3.5%, mainly as a result of the decrease in energy entering the RET contour and the more advantageous distribution of generation in the territory, which led to a reduction in the transmission of energy away from sources.

The percentage of losses in relation to energy entering the RET increased from 2.36% in 2022 to 2.57% in 2023. Energy entering the grid decreased by 11.7% (432.3 GWh) in March 2023 compared to the same period in 2022, due to the decrease of energy received from generators directly connected to the RET by 0.9% (24.6 GWh), energy received from imports by 54.4% (441 GWh), while energy received from the RED increased by 12.9% (33.3 GWh).

Weather conditions were unfavourable, with higher rainfall leading to increased corona losses.

**In April 2023 OTC** increased compared to April 2022 by 0.7%, due to unfavourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission away from sources, and unfavourable weather conditions with higher rainfall in areas with higher transmission line density leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 2.49% in 2022 to 2.63% in 2023. Energy entering the meter decreased by 4.7% in April 2023 (159.8 GWh) compared to the same period in 2022, due to a 68.7% (308.3 GWh) decrease in energy received from imports, as energy received from generators connected to the RET increased by 0.6% (15.9 GWh) and energy received from the RED increased by 39.6% (132.6 GWh).

**In May 2023 OTC** increased compared to May 2022 by 12.8% as a result of the more unfavourable generation structure mainly due to the non-operation of the OMV Petrom CECC and physical flows on the interconnection lines, which led to an increase in the transmission of energy away from sources. Weather conditions were also more unfavourable, characterised by somewhat higher amounts of rainfall in areas with higher density of transmission lines, leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 1.9% in 2022 to 2.29% in 2023. Energy entering the grid decreased by 6.6% (217.9 GWh) in May 2023 compared to the same period in 2022, due to an 8.3% (221.8 GWh) decrease in energy received from generators connected to the RET and an 18.4% (63.2 GWh) decrease in energy received from imports, amid a 24.4% (67.1 GWh) increase in energy received from the RED.

**In June 2023 OTC** increased compared to June 2022 by 24.2%, as a result of the somewhat more disadvantageous distribution of generation in the territory and physical flows on interconnection lines, which led to increased transmission of energy away from sources, but mainly as a result of unfavourable weather conditions, characterised by much higher rainfall, which led to a significant increase in corona losses.

The percentage of losses relative to energy entering the RET increased from 2.11% in 2022 to 2.69% in 2023. Energy entering the grid decreased by 2.7% (89.9 GWh) in June 2023 compared to the same period in 2022, due to a decrease of 6.3% (164.4 GWh) in energy received from generators directly connected to the RET, a decrease of 25.9% (138.6 GWh) in energy received from imports and an increase of 101.7% (213.1 GWh) in energy received from the RED.

**In July 2023 OTC** decreased compared to July 2022 by 11.7% 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. The percentage of losses relative to energy entering the RET decreased from 2.00% in 2022 to 1.91% in 2023.

The energy entering the grid decreased by 7.78% in July 2023 (297.3 GWh) compared to the same period in 2022, as a result of a 25.4% (175.4 GWh) decrease in energy received from imports and a 7.4% (219.2 GWh) decrease in energy received from generators connected to the RET, while energy received from the RED increased by 60.8% (97.3 GWh).

The weather conditions were unfavourable, characterised by higher rainfall, which increased corona losses.

**In August 2023 OTC** decreased slightly compared to August 2022 by 0.4%, as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria leading to reduced transmission of energy away from sources, and more favourable weather conditions with lower rainfall leading to lower corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.16% in 2022 to 2.15% in 2023. Energy entering the meter decreased by 0.1% (2.4 GWh) in August 2023 compared to the same period in 2022, due to a 22.7% (170.8 GWh) decrease in energy received from imports, amid a 4.5% (122.4 GWh) increase in energy received from generators

connected to the RET and a 35.5% (45.9 GWh) increase in energy received from the RED.

**In September 2023 OTC** increased compared to September 2022 by 1.5%, mainly as a result of increased energy entering the RET contour and more unfavourable physical import/export flows on the interconnection lines on the borders with Serbia and Ukraine leading to increased transmission away from sources.

The percentage of losses relative to energy entering the RET increased from 2.28% in 2022 to 2.31% in 2023. Energy entering the meter increased by 0.2% (6.5 GWh) in September 2023 compared to the same period in 2022, due to an increase in energy received from imports by 15.7% (70.3 GWh), as energy received from generators directly connected to the RET decreased by 1.5% (40.1 GWh) and energy received from the RED by 11.2% (23.7 GWh).

Weather conditions were favourable, with lower rainfall, which reduced crown losses.

**In October 2023 OTC** increased compared to October 2022 by 18.1%, mainly as a result of unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Moldova and Serbia leading to increased transmission of energy away from sources, but also as a result of increased energy entering the RET contour.

The percentage of losses relative to energy entering the RET increased from 1.76% in 2022 to 2.03% in 2023. Energy entering the meter increased by 2% in October 2023 (70.7GWh) compared to the same period in 2022, due to an increase of 6.6% (35.33GWh) in energy received from imports, 1.2% (33.64GWh) in energy received from generators connected to the RET and 1% (1.74GWh) in energy received from the RED. Weather conditions were slightly unfavourable, characterised by higher rainfall, which increased corona losses.

**In November 2023 OTC** increased compared to November 2022 by 6.7% as a result of unfavourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary, Serbia and Moldova which led to an increase in the transmission of energy away from sources. The percentage of losses relative to energy entering the RET increased from 2.27% in 2022 to 2.50% in 2023. Energy entering the grid decreased by 3.3% (130.44GWh) in November 2023 compared to the same period in 2022, due to a 10.79% (74.08GWh) decrease in energy received from imports and a 2.9% (89.92GWh) decrease in energy received from generators connected to the RET, as energy received from the RED increased by 16.5% (33.56GWh).

Weather conditions were much more unfavourable, characterised by higher rainfall across the country, leading to increased corona losses.



**In December 2023 OTC** decreased compared to December 2022 by 8.0%, mainly as a result of much more favourable physical import/export flows on the interconnection lines on the borders with Bulgaria and Ukraine which led to a reduction in remote power transmission to sources, but also as a result of slightly more favourable weather conditions characterised by lower rainfall which led to a reduction in corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.60% in 2022 to 2.32% in 2023. Energy entering the meter increased by 2.89% (111.41GWh) in December 2023 compared to the same period in 2022, due to an increase of 8.6% (255.34GWh) in the energy received from generators directly connected to the RET and 6.5% (14.71GWh) in the energy received from the RED, as energy received from imports decreased by 24.6% (158.64GWh).

**In conclusion, for the whole of first quarter of 2023**, the OTC in the RET increased by 5.1% compared to the same period in 2022, mainly due to unfavourable physical flows on interconnection lines on the borders with Ukraine, Hungary and Serbia but also to more unfavourable weather conditions with higher rainfall, which increased corona losses. Relative to energy entering the contour, losses increased from 2.28% to 2.54%.

**For the whole of second quarter of 2023**, OTC in RET increased by 11.8% compared to the same period in 2022, mainly due to unfavourable physical flows on interconnection lines and more unfavourable weather conditions characterised by higher rainfall amounts, which increased corona losses. Relative to the energy entering the contour the losses increased from 2.17% to 2.54%.



**For the whole of third quarter of 2023**, OTC in the RET decreased by 3.5% compared to the same period in 2022, mainly as a result of more favourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria and more favourable weather conditions with less rainfall, which led to lower corona losses. Relative to the energy entering the contour losses decreased from 2.14% to 2.12%.

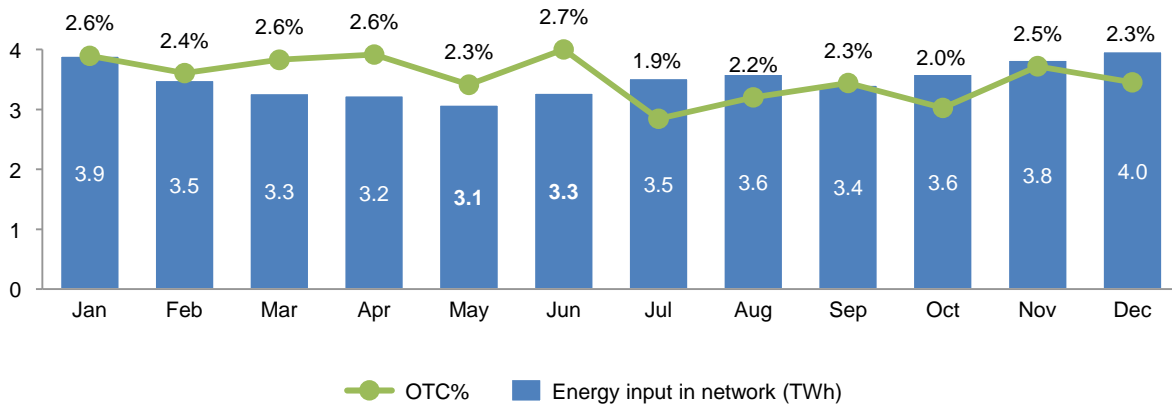
**For the whole fourth quarter of 2023**, OTC in the RET increased by 3.7% compared to the same period

in 2022, mainly due to unfavourable physical flows on interconnection lines in October and November but also due to much worse weather conditions in November, characterised by higher rainfall amounts, which increased corona losses. Relative to energy entering the contour losses increased from 2.22% to 2.29%, while energy entering the RET contour was very close to the 2022 value.

**Minimum level 2023 - July 1,91%**

**Maximum level 2023 - June 2,69%**

Figure 25 Monthly evolution of OTC in 2023



## 9. Development of RET

The Company's strategy for the development of the RET foresees the acceleration of investment projects to modernise and strengthen the electricity transmission network, increase interconnection capacity with countries within ENTSO-E and outside the EU.

The acceleration of investments is the top priority for the members of the Supervisory Board (SB) and the Directorate, being motivated by the financial circuit itself for determining the financial performance, corresponding to the ANRE-approved tariff methodology applicable to the Company, which determines the provision of funding sources for operational and investment activities.

### RET Development Plan - period 2022 - 2031

In accordance with the powers and duties set out in the Electricity and Natural Gas Act No. 123/2012 as amended and supplemented and the specific conditions associated with Licence No. 161 for the provision of electricity transmission service, for the provision of system service and for the administration of the balancing market, the Company shall plan the development of the electricity transmission network, taking into account the current state and the forecast development of consumption, generation and exchanges of electricity and shall draw up every two years a Development Plan for the next ten successive years.

The latest edition of the Ten Year Development Plan covers the period 2022 - 2031. It was approved by ANRE by Decision No 1947/2022. The AGM of NPG CO. Transelectrica SA approved the RET Development Plan for the period 2022 - 2031 main coordinates by Decision no.7/2022.

The RET Development Plan is a particularly important document for the Company's activity, which identifies and proposes projects for the development and modernisation of the electricity transmission network for the next ten years.

The "RET Development Plan - period 2022 - 2031" ("RET Plan"), approved by ANRE, was based on analyses of the future operating regimes of the NES, based on scenarios on the evolution of consumption, generation and exchanges with neighbouring systems in the medium and long term.

The main objectives of the projects in the RET Development Plan are:

- Increased interconnectivity with other systems;

- Integration of production from power plants in the east and south-east;
- Integration of generation from power plants in other areas;
- Security of supply of consumption in deficit areas at the standard quality and safety parameters;
- Refurbishment and modernisation of existing stations;
- Upgrades to measurement, command and control systems, etc.

The production park in the south-east area has grown rapidly. Numerous wind and photovoltaic power plants and power plant projects have emerged, which are necessary to achieve Romania's renewable energy targets. Two new nuclear units are also planned at the Cenavodă NPP.

It is therefore necessary to strengthen the section of the internal grid that transmits power to consumption centres in the rest of the country.

The development of renewable generation capacity leads to increased energy exchanges between systems and increased variability of power flows over large regions.

The experience of recent years and the forecast for the coming period indicate a high level of demand on the Romanian network at the borders with Serbia and Hungary, both for exchanges between the NES and these systems and for transit through the NES network.

In order to provide the necessary infrastructure for electricity exchanges in the region, it is necessary to increase the exchange capacity at the western interface of the system.

Interconnection projects with the Republic of Moldova are also under consideration.

The Romania-Georgia submarine cable project has been included in the category of projects that are not included in the Development Plan but may be included depending on the confirmation of the necessary decision steps at stakeholder level.

From the steady-state and static stability analyses, it was found that the monitored sections S4 (Transylvania N-W feeder section) and S5 (Moldova feeder section) have a high risk of operating close to the maximum allowable power in the section in both the medium and long term, demonstrating the need to reinforce each of these sections.

In this respect, the reinforcement of the electricity transmission network by completing the 400 kV ring between the North-East and North-West area of the NES is beneficial in terms of increasing the static stability reserves for both sections S4 and S5 and section S3 (common transmission section between the Dobrogea+Moldova areas and the rest of the SEN).

Certain areas have also been identified where local security of supply problems are expected, where additional injection capacities from the 400 kV network to the lower voltage network need to be installed (Iernut, Sibiu).

It also resulted in the need for projects to increase the safety of supply to consumers in the Bucharest metropolitan area.

Analyses carried out within ENTSO-E showed the need to increase interconnection capacity on the borders with Serbia and Hungary and consequently additional long-term projects were included in the development plan.

#### **Projects included in the RET Development Plan - period 2022 - 2031**



#### ***Increasing exchange capacity on Romania's western interface***

In view of its contribution to the implementation of the European Union's strategic priorities on trans-European energy infrastructure, the European Commission has included the following group of

By their very nature, RET infrastructure projects require a long preparation and implementation period, so that the results become visible after a number of years.

Experience shows that the usual full cycle of an investment project (from the initial design phase, preparation of the feasibility study, specifications and technical design to the execution and commissioning of the project) for the construction/refurbishment of a power station is on average 5 years and for the construction of a new power line 9 years.

The RET Development Plan is a particularly important document for the Company's activity, which identifies and proposes projects for the development and modernisation of the electricity transmission network for the next ten years, in line with the forecast evolution of electricity consumption, in compliance with the technical standards in force.

The following RET developments have been identified as major projects and checked for their suitability, with completion dates taking into account the time required to complete the investments:

projects in the fifth list of Projects of Common Interest (PCI):

- PCI "Romania-Serbia Group, between Resita and Pancevo", known as "Mid Continental East corridor", which includes the following projects of common interest:

- 400 kV d.c. Reșița (RO)-Pancevo (Serbia) OHL - completed ;
- Porțile de Fier-Reșița 400 kV OHL and the extension of the 220/110 kV Reșița station through the construction of the new 400 kV station;
- Upgrade to 400 kV of the 220 kV d.c. Reșița-Timișoara-Săcălaz-Arad OHL, including the construction of 400 kV stations Timișoara, Arad and Săcălaz.

Also included are the following projects:

- Equipping the circuit 2 of the 400 kV Nădab-Bekescsaba OHL (the section between the new 400 kV Grăniceri station connecting CEF Arad and Nădab);
- 400 kV Portile de Fier - Djerdap OHL circuit 2 - result of long-term analysis within ENTSO-E;
- RO-HU interconnection (new 400 kV Oradea-Jozsa OHL, new 400/220 kV AT Roșiori, reconductoring of 220 kV Urechești-Tg. Jiu Nord-Paroșeni-Baru Mare-Hășdat) - result of the long-term analysis within ENTSO-E.

**Increasing the exchange capacity on the southern interface of Romania (border with Bulgaria) for the transmission of power from intermittent renewables installed on the Black Sea coast to consumption and storage centres the following grid developments are planned:**

➤ *Black Sea corridor cluster, which includes the following projects:*

- 400 kV d.c. (1 e.c.) Smârdan-Gutinaș OHL;
- 400 kV d.c. Cernavodă-Stâlpu OHL, with an input/output circuit in Gura Ialomiței.

➤ *To increase exchange capacity on the interface with the Republic of Moldova:*

- 400 kV Suceava (RO)-Bălți (RM) OHL single circuit;
- 400 kV Gădălin - Suceava s.c. OHL (new LEA);
- Installation of optical fiber on the 400 kV Isaccea - Vulcanesti OHL.

➤ *For the interconnection with Ukraine:*

- Installation of an embedded fibre optic protection conductor on the 400 kV Roșiori - Mukacevo OHL.

In the next edition of the Development Plan, the Isaccea - Ukraine South OHL (via Primorska) will be upgraded to 400kV, a project promoted on the list of the energy community as a project of mutual interest.

**Increasing transmission capacity between the eastern area (especially Dobrogea) and the rest of the interconnected electricity system and integrating power generated from SRE and other sources in Dobrogea into the system**

In order to strengthen the transmission capacity from Dobrogea to the rest of the system, several projects have been planned to reinforce the transmission network.

- Input-output connection of 400 kV Stupina-Varna OHL and 400 kV Rahman-Dobrudja OHL in 400 kV Medgidia South station (stage I Extension of 400 kV Medgidia South station and stage II Realization of connections);
- 400 kV s.c. Gădălin-Suceava OHL;
- 400 kV d.c. (1 c.e.) Stâlpu-Brașov OHL;
- Switching to 400 kV Brazi Vest - Teleajen - Stalpu, OHL including: purchase of 400 MVA AT4, 400/220/20 kV Brazi Vest, and extension works of 400 kV and 220 kV related stations, in 400/220/110 kV Brazi Vest station, construction of 400 kV Teleajen station and refurbishment of 110 kV 400 kV d.c. station (1 c.e.) Medgidia Sud-Constanța Nord OHL;
- Reconductoring of 220 kV Stejaru-Gheorghieni-Fântânele OHL;
- Increasing the transmission capacity on the 8 km section with smaller cross section on the 400 kV București Sud - Pelicanu OHL;
- Increasing the transmission capacity on the 53 km section with smaller cross section on the 400 kV Cernavodă - Pelicanu OHL;
- The transition of the 400 kV Isaccea-Tulcea West OHL from single circuit to double circuit;
- Increasing the transmission capacity of the 220kV Gutinas-Dumbrava OHL;
- Increasing the transmission capacity of 220kV Dumbrava-Stejaru OHL;
- Increasing the transmission capacity of the Fantanele-Ungheni 220kV OHL;
- Increasing the transmission capacity of the 400 kV South Bucharest-Gura Ialomitei OHL;
- Installation of a new 400/110 kV transformer 3 Medgidia South;
- Installation of new 400/110 kV Smardan transformer 3;
- Equipping circuit 2 for the new 400 kV Smardan-Gutinas OHL;
- Installation of new 400/110kV Medgidia South transformer;
- Installation of new 400/110kV Smârdan transformer;
- Power circulation control devices;



- 400/110 kV station at Fundeni also connected through the new 400 kV Fundeni-Brazi Vest OHL and input-output to the 400 kV București Sud-Gura Ialomiței OHL through the 400 kV d.c. OHL and installation of a 100MVAr compensation coil in the new 400 kV station;.
- 220/110kV injection station from 220kV Baia Mare Iernut OHL in RED;
- 400/110kV Bistrita injection station from 400kV Suceava - Gadalin OHL in RED;
- 400/110kV transformer Calea Aradului.

### ***Refurbishment and modernisation of existing stations***

A significant number of existing stations are/will be undergoing a sustained programme of upgrading and modernisation of plant and equipment:

Most of the power lines and stations that make up the national transmission system were built in the 1960s and 1980s at the technological level of that period.

The actual technical condition of the installations has been maintained to date at an adequate level, both through the maintenance programme carried out and through a sustained programme of upgrading and modernisation of installations and equipment.

Over the next ten years, ongoing refurbishment projects will be completed and new projects will be started, respecting the prioritisation based on the technical condition and importance of the stations:

- AT and T replacements in stations-stage 2-phase 2:
- AT 220/110 kV 200 MVA: HV1 Alba Iulia, HV1 Baia Mare 3, HV3 Târgoviște;
- Trafo 110/20 16 MVA: T4 Suceava, T4 Oradea South, T1 and T2 FAI;
- AT and T replacements in stations-stage 3;
- HV 220/110 kV 200 MVA: Tg.Jiu Nord, Sărdănești, Suceava, Dumbrava, Grădiște (HV2); FAI (HV2);
- HV 220/110 kV 100 MVA Tihău;
- Trafo2 110/20 kV 40 MVA in Tg.Jiu Nord station and Trafo2 110/10 kV 40 MVA in Cluj Est station;
- Trafo 110/20 kV 25 MVA: T1 and T2 in Cluj Florești station, T2 in Sălaj station, T2 in Câmpia Turzii station, T1 in Turnu Severin Est station;
- 110/20 kV 20 MVA transformer in Turnu Severin East station;
- Refurbishment of 220/110/20 kV Ungheni station;
- Modernization of 220/110/20 kV Arefu station;
- Modernization of the 220/110 kV Răureni electric station;
- Modernization of the 220/110 kV Dumbrava electric station;
- Refurbishment of 400/110 kV/m.t. Smârdan station;
- Refurbishment of 220/110 kV Craiova Nord station;
- Refurbishment of 220/110 kV/MT Baru Mare station;
- Refurbishment of 220/110 kV Iaz;
- Refurbishment of 220/110 kV Hășdat station;
- Refurbishment of 220/110 kV Filești station;
- Modernization of Munteni 400 (220)/11020 kV station;
- Pilot Project - Upgrading the 220/110/20 kV Alba Iulia station to a digital station concept (DigiTEL Alba Iulia Pilot Project);
- Refurbishment of the 110/20 kV Medgidia South station;
- 400 kV Isaccea station refurbishment (Phase II) ;
- Refurbishment of 400/110 kV Pelicanu station;
- Upgrading of 110 and 400 (220) kV installations in Focșani West station;
- Refurbishment of Darste 400/110 kV station;
- Modernization of the 220 kV, 110 kV command-control-protection-metering system in the 220/110/20 kV station and medium voltage and internal DC and AC services retrofitting in the 220/110/20 kV Ghizdaru station; Modernization of the command-control-protection system and integration in the CTSI of the Drăgănești Olt station;
- Modernization of the command control protection system and integration into the CTSI of Grădiște station;
- Modernization of 220/110/20 kV Vetis station - primary equipment;
- Modernization of 220/110/20kV Fântânele station;
- Modernization of 220/110 kV Calafat station;
- SCADA modernization in 400/110/20 kV station Oradea South;
- Upgrade/replace protection control system in the following stations: 400/220 kV Roșiori, 220/110/20 kV Sălaj, 220/110 kV Baia Mare 3, 220/110 kV Cluj Florești, 400 kV Țânțăreni, 220/110 kV Paroșeni, 220/110 kV Pestiș, 400 kV Calea Aradului, 400/220/110 kV Mintia, 220/110/20 kV Târgoviște, 400 kV Cernavodă, 400/110/20 kV Sibiu Sud, 220/110/20 kV Gheorgheni, 400kV Gădălin;
- Power supply upgrading at UNO DEN offices;
- 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;

- Purchase and installation of 21 monitoring systems for transformer units in Transelectrica stations (DigiTEL Trafo Expert Project);
- Modernization of 400/220/110 kV Urechești station;
- Replacement of transformer no. 4 - 250 MVA, 400/110 kV in 400/110 KV Draganesti Olt station;
- Replacement of Trafo 1 and Trafo 7 Cluj East station;
- Replacement of Trafo 2 400/110kV Smardan station;
- T1 and T2 400/110kV Constanta Nord transformer replacement;
- Purchase and installation of a 100MVA compensation coil in Portile de Fier 400kV station;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaș, Suceava and Roșiori stations;
- Optimization of the operation of the existing 400 kV OHLs in the NES used in interconnection, for power evacuation from the Cernavodă NPP and renewable energy plants in Dobrogea, by installing on-line monitoring systems (DigiTEL Smart Lines Project);
- Increasing safety in operation and maintenance activities at Domnești station through the use of digital technologies (DigiTEL Smart Vision pilot project).

### **RET scanning**

In 2023, within the Company through the OMEPA Metering Department, the implementation of the Electricity Metering and Data Management System for electricity metering on the wholesale market continued, carried out under the *RET Digitalization* Modernization Fund financing contract *by installing two online systems for electricity metering and power quality monitoring* concluded in 2022.

The Wholesale Electricity Metering and Meter Data Management System (WEMMS) aims to align with the latest national and European regulations, ensure high availability of metering data for OPCOM, OPE and electricity market participants, provide specialized services for national and regional energy markets, provide efficient regulated metering and aggregation of electricity settlement data for the needs of the Company and its customers.

The system infrastructure contains:

- Central remote data management system (central IT platform) and a backup system for the central SCMPA in a different location from the central system (Disaster Recovery);

- Telecontrol subsystem in high-voltage stations;
- Telecommunications subsystem;

The Wholesale Electricity Metering and Data Management System (WEMS) will perform the following main functions: metering of electricity, transmission of metering data and its storage at the central point, processing of metering and import data from other operators, publication of metered/aggregated data to users, secure interconnection with other IT systems, securing of all metered and aggregated data, ensuring its confidentiality and integrity.

At the same time, in 2023, the necessary steps have been taken (public tender has been launched) for the conclusion of a future contract for the second project financed from the Modernisation Fund for the *Digitalization of RET by installing two online systems for the field of electricity metering and power quality monitoring*, the Power Quality Monitoring System (PQMS).

The aim of the new Power Quality Monitoring System is to extend the monitoring of power quality in all stations of the RET, as well as in all interconnection stations of the NES with neighbouring power systems.

The future Power Quality Monitoring System (PQMS) has been designed in line with the latest requirements in power quality monitoring, process informatics and cyber security. The project includes the implementation of the IT platform at the central point, the replacement of the existing outdated power quality analysers, the installation of new analysers and the extension of monitoring at the points of interest, as well as the upgrading of the existing analysers to comply with the current requirements in the field of power quality monitoring.

The development of these areas within the Company is aimed both at present and in the medium and long term, as a priority, at providing efficient electricity quality measurement and monitoring services for which there are obligations imposed by the legislation in force - as a "Single Metering Operator and Aggregator of Settlement Data on the Wholesale Electricity Market", a role fulfilled through the Company's OMEPA metering operator.

In order to achieve the objective of fulfilling this role, the Company is implementing the two modern, secure and efficient IT systems for the management of measured/aggregated data and monitoring of power quality.

## 9.1. Annual Investment Programme

Investment expenses as at 31 December 2023 by main chapters of the annual investment programme are as follows:

Table 18: Amount of expenses in 2023

No.	Types of expenditures	Programmed* (mil. lei)	Realized (mil. lei)
<b>Grand total (A + B)</b>		<b>510,49</b>	<b>471,95</b>
<b>A</b>	<b>Company's own expenses</b>	<b>456,32</b>	<b>427,23</b>
I	Continued investments	425,40	402,37
II	New investments	6,70	5,58
III	Other investment expenditures	24,22	19,28
<b>B</b>	<b>Investments financed from the connection fee</b>	<b>54,16</b>	<b>44,71</b>

\* IPA 2023 revision A13

Thus, the degree of realisation of the investment programme as at 31 December 2023 is 92.5% in the General Total and 93.6% in the Company's own expenses category.

The amount of investments made in the following years is 402.37 million lei and represents 94% of the Company's own investment expenses in 2023.

The realised value of the investments financed from the connection tariff is 44.71 million lei, corresponding

to requests for the execution of network relocation works or connection to the network of certain producers.

The investment programme for 2023 has been revised 13 times due to requests for the introduction/deletion of investment objectives, increase/decrease of certain expenses amounts due to the pace of execution of investment projects.

The Company's development plan for the next 10 years includes a comprehensive investment programme aimed at strengthening energy security, digitalization 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 RET'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 additional MW available.

### Brief description of the main projects started in 2023

#### ***Increasing safety in the operation of the Argeş - Vâlcea grid area, building the 400 KV Arefu station and installing a 400 MVA, 400/220 KV AT***

##### **Project purpose:**

The Argeş-Vâlcea grid area, in which Arefu station is located, is connected to the RET exclusively via the 400/220/110/20 kV Bradu station, at 220 kV voltage level, through four 220 kV lines forming a 220 kV ring with entry-exit in the 220 kV Bradu station: 220 kV Bradu-Arefu OHL, 220 kV Arefu-Râureni OHL, 220 kV Râureni-Stupărei OHL, 220 kV Stupărei-Bradul OHL.

The new 400 kV Arefu station will provide a second connection of the 220 kV Bradu-Arefu-Râureni-Stupărei-Bradul ring to the 400 kV transmission grid and a significant increase in the operational reliability of the Argeş-Vâlcea power grid area.

##### **Project description:**

The 400 kV Arefu station will have a simple busbar layout, will be built in GIS technology and will be built within the existing station premises. The GIS station

interior connections to lines and AT are planned to be made by GIS/GIL modules.

#### ***220 kV double circuit Ostrovu Mare - RET - OHL Phase I***

##### **Project purpose:**

The south-western area of the NES is characterized by a significant surplus of electricity due to the large hydroelectric power plants located on the Danube, namely Porțile de Fier I and II + Gogoşu as well as thermoelectric power plants in the Oltenia coal basin.

The solution to increase the level of safety in the operation of the transmission networks in the area and to decrease the technological losses in the 110 kV networks of SC DFEE Electrica Oltenia SA, is provided by the evacuation of power from the Porțile de Fier II + Gogosu HEC into the 220 kV area network through a 220/110 kV station located near the hydropower plant.

As a result of the system analysis within the work "Study on the optimization of the transmission and distribution network in the area of Drobeta Tr.Severin,



Reșița, Timișoara, Arad, Cetate and Calafat stations to increase the level of safety in the operation of NES. RET's Perspective Plan.

Period 2004 - 2008 and indicative 2014", it was proposed to change the solution for the discharge of the energy produced in the Porțile de Fier II CHE into the SEN, by building a 220 kV power station at Ostrovu Mare, connected via a double circuit 220 kV OHL to the existing 220 kV Porțile de Fier I - Cetate OHL, on the shortest route (approx. 30 km), in the vicinity of Corlățel.

Transelectrica SA has promoted, through the "RET Perspective Plan", the works necessary to evacuate power from Porțile de Fier II + Gogoșu HVDC through its own 220 kV station.

#### **Project description:**

The works consist in the construction of the 220 kV Ostrov 2 x 200 MVA station, the **construction of the inlet/outlet connection in the 220 kV d.c. Pdf I - Cetate/Calafat OHL** for the connection of this new station and the extension of the 220 kV Cetate station (in the context of the development of the electric transmission network in the south-west area of the National Energy System. It is also necessary to extend the 220 kV Cetate station - this work is in progress).

***Optimization of the operation of the existing 400 kV OHLs in the NES, used for interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (SMART GRID type).***

#### **Project purpose:**

The main objective to be achieved through the acquisition and installation of on-line monitoring systems is to increase the operational reliability of the OHL, which will be achieved through the on-line diagnosis and assessment of the technical condition of overhead power lines based on the data acquired on-line and the operationalization of the Dynamic Line Rating (DLR) concept.

The objective of the DLR (Dynamic Rating) is to provide the System Operator with accurate and real-time information that will allow better use of the OHL's transmission capacity and increase it according to current weather conditions, reduce risk and increase its reliability and efficiency in operation.

#### **Project description:**

The works consist in the installation of on-line monitoring systems on 13 transmission and power discharge lines from Cernavodă and renewable energy plants, to the Moldavia area and Bucharest

(400 kV Cernavodă - Gura Ialomiței 1 OHL, 400 kV Cernavodă - Pelicanu OHL, 400 kV Cernavodă - Medgidia Sud OHL, 400 kV Cernavodă - Constanța Nord OHL, 400 kV Gutinaș - Smârdan OHL, 400 kV București Sud - Pelicanu OHL, 400 kV București Sud - Gura Ialomiței OHL, 400 kV Cernavodă - Stâlpu - new line OHL, 400 kV Cernavodă - Gura Ialomiței 2 OHL, 400 kV Cernavodă - Gura Ialomiței OHL circ. 3, 400 kV Gura Ialomiței - Stâlpu OHL, 400 kV Stupina - Medgidia Sud OHL, 400 kV Rahman - Medgidia Sud OHL) and on 10 interconnection lines (400 kV Nădab - Békéscsaba, OHL 400 kV Arad - Sandorfalva OHL, 400 kV Reșița - Pancevo 1 OHL, 400 kV Reșița - Pancevo 2 OHL, 400 kV Porțile de Fier - Djerdap OHL, 400 kV Tântăreni - Koslodui 1 OHL, 400 kV Tântăreni - Koslodui 2 OHL, 400 kV Roșiori - Mukacevo OHL, 400 kV Medgidia Sud - Varna OHL, 400 kV Medgidia Sud - Dobrudja OHL)

***Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu South and 400/220/110/20 kV Bradu stations***

#### **Project purpose:**

The project aims to ensure the safe operation of the NES and the transmission of electricity at quality levels appropriate to the conditions set out in the RET Technical Code and the Performance Standard for Electricity Transmission and System Services and to develop the RET so that it is adequately dimensioned for the transmission of electricity forecast to be produced, consumed, imported, exported and transited.

#### **Project description:**

The implementation of automatic secondary voltage-reactive power regulation on the 400 kV Sibiu Sud and Bradu stations will lead to a reduction of active power losses, to increased reliability in the operation of the NES and in the supply of consumers, as well as to an increase in the quality of electricity.

The benefits that will accrue to RET as a result of the investment:

- voltage regulation in NES;
- increasing the static and dynamic stability of the energy system;
- limiting power oscillations and subsynchronous resonance;
- limiting transient overvoltages;
- voltage balancing on the three phases;
- reduction of OTC in RET.

***Increasing the degree of safety in supplying consumers in the southern area of Bucharest connected to the 400/220/110/10 kV Bucharest South station***

#### **Project purpose:**

The 400/220/110/10 kV Bucharest South station is an important node of the National Energy System in terms of supplying electricity to the distribution network belonging to E - Distribution Muntenia, respectively to consumers in the south, south-east and south-west areas of the capital, ensures the discharge of electricity produced by CET Sud - ELCEN and ensures the transmission of energy from the two major energy producing areas, Oltenia and Dobrogea, to the largest consumer of the country, the capital, but also to consumers in the northern axis of the NES. Station 400/220/110/10 kV Bucharest South is particularly important in supplying electricity to the southern and central areas of Bucharest and partly to Ilfov County, with a continuously increasing consumption.

For these reasons, it is necessary to increase the degree of safety in the supply of consumers in the southern area of Bucharest, connected to the 400/220/110/10 kV Bucharest South station.

#### Project description:

This project aims to achieve the following objectives:

- Power amplification of 110 kV and 10 kV stations;
- Providing additional power transfer to the current one, directly from the 400 kV station to the 110 kV station.

**Upgrade to 400 kV of the 220kV Brazi Vest - Teleajen - Stâlpu OHL including 400MVA 400/220/20kV AT acquisition and extension works of the 400kV and 220kV related stations, in the 400/220/110kV Brazi Vest station, of which:**

- 1 - Extension of Brazi West station (including AT4)
- 2 - 400 kV Brazi West - Teleajen – Stâlpu OHL

#### Project purpose:

One of the weaknesses identified in the RET in terms of transient stability is the Brazi Vest area, the analysis finding that the realisation of the 400 kV Gura Ialomiței-Stâlpu-Teleajen-Brazi Vest axis is beneficial, including for the stability of the Brazi PETROM CCCC.

Thus, the object of the present investment is to upgrade the Brazi Vest-Teleajen-Stâlpu line to 400kV voltage with 220kV operation, including the related works in Brazi Vest and Teleajen stations, (excluding the works in Stâlpu station, which are not the object of the present investment), plus the additional acquisition of AT4 400MVA 400/220/20kV in Brazi Vest station.

#### Project description:

##### Switching to 400kV of the Brazi West-Teleajen-Stâlpu OHL

The installation of the new section 1N-15N on the current positions of the 220 kV Brazi Vest - Teleajen OHL implies:

- dismantling the existing poles 1A-15A of the 400(220) kV Brazi Vest - Teleajen OHL and installing new 400 kV poles (properly equipped) on the existing ones;
- to make a temporary stopgap during the works on the existing section 1A-15A.

##### Extension of 400/220kV Brazi West station

The AT4 autotransformer will be mounted between the IV and V axes, about 23m from the GIS 220kV platform. The connection from the 400 kV cell will be made in buried and overhead cable to the AT terminals and the connection from the 220 kV cell by cable and overhead;

The OHL route involves connecting the Teleajen OHL from the terminal pole (on the existing 220 kV OHL route) to the existing 220 kV frames of the station;

The connection from the station frames to the 400 kV Teleajen GIS cell is made by 400 kV cable on a route outside the station fence;

The Teleajen cell connection is made through SF6 insulated tubing with SF6/cable feed-through.

Table 19 Main major projects with FIP (final and milestone) implemented in 2023

Crt. no.	Objective	Contract	PFI value mil lei
1	Metering and data management system for electricity metering on the wholesale market	C 637/05.04.2022	2.23
2	Modernization of 220/110kv Dumbrava station	C 356/2020	21.57
3	Extension of 400 kV Cernavodă station - stage II - Connection of new lines	C 168/2019	13.08
4	220 kV double circuit Ostrovu Mare - RET OHL - Phase II - Installation of OPGW protection conductor on existing 220 kV Porțile de Fier I - Cetate OHL circuits 1+2	C256/2021	4.21
5	400kv d.c. Cernavoda - Stâlpu OHL and connection in Gura Ialomiței (new line)	C 919/2019	353.67
6	220/110/20 kV Arefu Electricity Connection Station	C 25/2021	70.70

### Main projects completed in 2023

#### **Modernization of 220/110 kV Dumbrava station - commissioning in February 2023**

According to Transelectrica S.A. policy, in order to increase the safety of the power system and to implement the company's strategy of remote control of power stations, taking into account the physical and moral wear and tear of the installations in the stations, it was necessary to upgrade the 220/110 kV Dumbrava station to the level of current technologies.

The Dumbrava station modernization project included the execution of works, supply of equipment and services (design, engineering, testing, PIF) for the primary and secondary circuits of the 220 kV and 110 kV stations.

Thus, physically and morally worn out primary equipment was replaced by new, high-performance equipment at the level of current technology. The secondary circuits have been completely upgraded and brought up to the level of the new NTI in force, resulting in an advanced Command-Control-Protection system with high reliability and providing remote control of the station.

#### **Extension of 400 kV Cernavodă station - phase II - Connection of new lines - commissioning in March 2023**

The contracted works resulted in an extension of the existing outdoor station, equipped with conventional, modern and high-performance primary equipment and a command - control - protection system allowing remote control of the station. (CTSI, DEN/DET). This ensures the SCADA system's functionality under conditions of maximum stability, safety and cyber security.

The extension of the station's existing command - control - protection and automation system (SCCPA), made with digital technology equipment, to the Cernavodă station's integral SCADA system, ensures operational safety and allows remote control of the station from the remote control and supervision centre of the installations. The system is integrated into the National SCADA Dispatcher system.

The purpose of the extension was to build 400 kV cells for the future overhead power lines Cernavodă - Stâlpu and Cernavodă - Gura Ialomiței in order to meet the current functional and operational safety requirements of the NES, as well as to allow the evacuation of electricity produced by the power plants in the Dobrogea area and the future Cernavodă Units 3 and 4.



#### **400 kV d.c. Cernavodă - Stâlpu OHL and connection to Gura Ialomiței station (new line) - commissioning in June 2023**

The project "Internal line between Cernavodă and Stâlpu" is the first Project of Common Interest (PCI) carried out by Transelectrica, for which European funding has been obtained within the framework of the Connecting Europe Facility (CEF) - ENERGY SECTOR.

The project aimed at strengthening the cross-section between the western Black Sea coast and the rest of the European system, while contributing to the strengthening of the electricity transmission grid in Romania, increasing the interconnection capacity between Romania and Bulgaria and integrating wind energy in the Dobrogea area.

The 400 kV d.c. Cernavodă - Stâlpu OHL has a length of 160 km and 509 poles.

The route of the line crosses the territory of three counties: Constanța, Ialomița and Buzău, with 22 administrative units: Cernavodă, Seimeni, Stelnica, Bordușani, Făcăieni, Vlădeni, Mihail Kogălniceanu, Gura Ialomiței, Țândărei, Valea Ciorii, Scânteia, Grivița, Miloșești, Padina, Pogoanele, Smeeni, Gherăseni, Costești, Stâlpu, Saligny, Fetești and Luciu.

#### **220/110/20 kV Arefu power connection station - commissioning in November 2023**

220/110/20 kV Arefu electric connection station, Arefu county. Argeș, is an important electrical station of the Electric Transmission Network (RET) which was commissioned in 1966.

Refurbishment/modernization of Arefu station leads to increased operational reliability of RET in the power generation area of the upper Olt and Argeș rivers.

The work consisted of:

- modernization of the 220/110/20 kV station, the objective of which was to bring the installations up to current state-of-the-art technology by replacing the primary equipment, protection and automation control equipment and implementing SCADA;
- extension of Arefu station with 400 kV station, with integration into the 400 kV ring of RET according to Transelectrica's strategy;
- increasing the electricity transmission capacity by implementing a 400 MVA, 400/220 kV Autotransformer (AT);
- providing the possibility of remote control of the station from the headquarters of the Craiova Territorial Energy Dispatcher and the headquarters of the DEN - Central Energy Dispatcher.

### Investment programme for the year 2024 and the estimate for the years 2025 - 2026

The main major investment objectives for which execution contracts were signed in previous years and which will be in the execution works stage in 2024 (*investments below*) structured according to the chapters of the Development Plan:

- 9 investment projects - *RET upgrading*,
- 2 investment project - *Consumer security of supply*,
- 4 investment projects - *Integration of production in Dobrogea and Moldova*,
- 1 investment project - *Integration of production from other areas*,
- 3 investment projects - *Increasing interconnection capacity*.
- 2 other ongoing projects.

The total value of the investments below represents 79% of the Company's own investment expenses.

The company has an extensive investment program, as established by the OGMS through OGMS

Resolution no.2/2024, aimed at modernizing and re-greening the Transmission Grid, completing Romania's 400 kV ring and increasing interconnection capacities with neighboring countries both in terms of ensuring the safety of the National Electricity System and facilitating electricity exports.

Table 20 Structure of Investment Expenses 2024 and estimates 2025-2026

No.	Types of expenditures	2024 (mil.lei)	2025 (mil. lei)	2026 (mil. lei)
	<b>Grand total (A + B)</b>	<b>536</b>	<b>1,201</b>	<b>922</b>
<b>A</b>	<b>Company's own expenses</b>	<b>513</b>	<b>1,201</b>	<b>922</b>
I	Continued investments	403	713	442
II	New investments	69	363	452
III	Other investment expenditures	41	124	27
<b>B</b>	<b>Investments financed from the connection fee</b>	<b>23</b>	<b>0</b>	<b>0</b>

### Risks that may affect the implementation of the IPA 2024

The risks identified for the investment objectives included in the Company's own expenses category that may affect the achievement of the Annual Investment Programme for 2024 are as follows:

- External: delays in the completion of the works according to the estimates and contractual deadlines, mainly due to:
  - ✓ the global economic situation, namely the war in Ukraine and the energy crisis;
  - ✓ the financial situation of certain performers;

- ✓ significant delays in issuing HGs for triggering expropriation/removal procedures from forest land.

The impact of these risks could be 13% of the Company's own expenses.

- Internal (other causes)- with an impact of 2%.

With these constraints in place, the degree of realisation of the Investment Programme (the Company's own expenses) may be around 85%.

## 9.2. Sectoral procurement activity

In the area of sectoral procurement during 2023, 728 procurement processes were awarded consisting of 286 procurement procedures and 442 direct procurement processes. In summary, the degree of completion of procurement processes (procedures completed with contracts and procedures initiated) in the period January - December 2023, is 93% in terms of value and 66% in terms of number.

As regards purchases financed by investment funds, contracts were signed at Company level, with a total value of **654.8 million** lei. In addition, a number of 5 investment projects financed from non-reimbursable funds - Modernization Fund, with an estimated value of 769.5 million lei, have been initiated and are expected to be completed during 2024:

- Power quality monitoring system
- Refurbishment of the 110 kV Săcălaz station and the transition to 400 kV voltage of the Porțile de Fier - Anina - Reșita - Timișoara - Săcălaz - Arad axis. 400 kV Săcălaz station (stage III) - (design)
- Switching to 400 kV voltage of the Porțile de Fier - Reșita - Timișoara - Sacălaz - Arad axis, stage II: 400 kV d.c. Reșita - Timișoara - Sacălaz OHL

- Pilot project - Upgrading the 220/110/20 kV Alba Iulia station to a Digital Station concept
- Upgrading of the 110 kV Timisoara Station and the transition to 400 kV voltage of the Porțile de Fier - Anina - Reșita - Timișoara - Sacalaz - Arad Axis, stage II: 400 kV Timisoara Station

During 2023, legislative measures impacting commercial activity have been introduced, including:

- Order 1554/17.08.2023 on the approval of the structure and content of the standard tender documentation for the public/sector procurement of products.
- Emergency Ordinance no. 34/12.05.2023 on certain fiscal-budgetary measures, extension of certain deadlines, as well as for amending and supplementing certain normative acts.
- Decision no. 336/12.04.2023 for the modification and completion of the Methodological Rules for the application of the provisions on the award of the sector contract/framework agreement of the Law no. 99/2016 on sector procurement, approved by Government Decision no. 394/2016.

## 9.3. European Funds

*Collaboration between Transelectrica and Polytechnic University of Bucharest*

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

Although the collaboration between the company and the Polytechnic University of Bucharest dates back a long time, on **21 March 2023**, a **Framework Agreement - "Collaboration Agreement"** was officially signed between the two entities with an exponential role in the national electro-energy field.

It is prefigured as a general legal basis setting out essential aspects/conditions for possible future arrangements and is based on the mutual interest of the two contracting parties to deepen their cooperation in the field of training and further training of young engineers in line with the requirements of today's energy market, thus contributing in the long term to the development of human resources within the company.

The main lines of collaboration between C.N.T.E.E. Transelectrica S.A. and UPB are:

- **Train future energy professionals** by developing programmes and disciplines tailored to the needs

of NES / RET, organising training and skills development courses and identifying young talent;

- **Research and innovation** in UPB doctoral schools, fairs, conferences, workshops, TEL- UPB exchanges of experience as well as advanced research in the field of electrical network and complex studies and tests in UPB laboratories;
- **Support student performance** by:
  - continuation of the Transelectrica Scholarship Project, a programme aimed at students in their third and fourth years;
  - Organizing internships in Transelectrica for UPB graduates: the company supports the training of future energy engineers, offering year after year the opportunity to students from the relevant faculties to intern in the Company;
- **Investing in digitalization.** The start of digitalization was given by the conclusion of a Collaboration Protocol no. C994/20.12.2019 between Transelectrica and UPB, which aims to set up and equip a SCADA TEL laboratory in the Faculty of Energetics for testing and validating digital technologies associated with energy systems.



At the same time, Transelectrica participated 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 implementation of the **"Campus Dual Politehnica București"** project.

After the submission in March 2023 of the funding application for the project "Campus Dual  
Table 21: Projects with European funding

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 21.06.2023 the initial list with the results of the qualitative evaluation of the submitted projects was published, the project "Campus Dual Politehnica București" being evaluated with 91.20 points and ranking first.

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 3 years (maximum implementation deadline: 30 June 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".

No.	Objective	Funding programme	Funding status	Value funding million eur
1	400kv d.c. Gutinaș – Smârdan OHL	POIM	60,23%	33.44 €
2	400kv d.c. Medgidia Sud-Constanța Nord OHL	Modernisation Fund	100%	22.99 €
3	400kv Gădălin - Suceava OHL, including interconnection to SEN	Modernisation Fund	100%	101.21€
4	"Axul Banat", Phase II OHL 400kv Resita - Timisoara/Sascalaz	Modernisation Fund	100%	45.18€
5	"Axul Banat" , Phase II Upgrade of the 110kv station Timișoara and transition to 400kv	Modernisation Fund	100%	18.43€
6	"Axul Banat" , Phase III OHL 400kv Timișoara/Săscălaz - Arad	Modernisation Fund	100%	27.28€
7	"Axul Banat" , Phase III Refurbishment of 110kV Arad Station and 400 kV Arad Station	Modernisation Fund	100%	13.41€
8	"Axul Banat" , Phase III 400 kV Săcălaz Station	Modernisation Fund	100%	16.82€
9	400 kV Brazi West -Teleajen - Stâlpu OHL (Lot I)			
10	Extension of Brazi West station (including AT4) (Lot II)	Modernisation Fund	100%	€51.07
11	400 kV Teleajen station and 110 kV station refurbishment			
12	Pilot project - Upgrading the 220/110/20 kV Alba Iulia station to a digital station concept	Modernisation Fund	100%	46.96€
13	Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu South and 400/220/110/20 kV Bradu stations	Modernisation Fund	100%	52.34€
14	Optimization of the operation of the existing 400 kV OHLs in the SEN, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable	Modernisation Fund	100%	10.48€
15	Metering and data management system for electricity metering on the wholesale market	Modernisation Fund	100%	10.67€
16	Power Quality Monitoring System (PQMS)	Modernisation Fund	100%	7.58€

### Modernisation Fund

At the end of 2022, the process of contracting the non-reimbursable financing from the Modernisation Fund in the amount of 424,404,843 euros was completed with the signing of the financing contracts with the Ministry of Energy on 10.10.2022.

The funding of €424 million represents 30% of the total funding obtained by Romania through the Modernisation Fund and 14% of the total funding obtained by the 8 Central and Eastern European Member States (Romania, Czech Republic, Slovakia, Croatia, Lithuania, Hungary, Poland, Estonia) with approved projects.

*In the third quarter of 2023, applications for reimbursement were submitted with a total reimbursed amount of 13,832,226 lei according to the submission schedules for the following projects:*

- *Phase II "Axul Banat", Construction of a new 400 kV overhead power line Reșița - 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 RET 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 - 3.414.698 lei.*

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

As regards the project " 400 kV d.c. Gutinaș Smârdan OHL", financed by the Large Scale 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, 5 (five) requests for reimbursement were submitted, with a total reimbursed amount of 75.669.726 lei by the Managing Authority - POIM.*

### REPowerEU Plan

As regards the **Re PowerEU Plan**, *Investment I6 - digitalization, efficiency and modernization of the national electricity transmission network (allocation 56,237,200 euros) was approved, as follows:*

- *Investment 6.a - Installation of photovoltaic power plants (PPS) and electricity storage facilities to supply internal services installed in C.N.T.E.E. Transelectrica S.A. stations (allocation 29.557.000 euro);*
- *Investment 6.b - Upgrading of SMART SA - subsidiary of C.N.T.E.E. Transelectrica S.A. (allocation 18.240.000 euro);*
- *Investment 6.c - Optimisation of the communication network and creation of a data centre -Teletrans SA, subsidiary of C.N.T.E.E. Transelectrica S.A. (allocation 8.440.200 euro).*

At the same time, in December 2023, the European Commission positively assessed the proposal to amend the National Recovery and Resilience Plan (NRRP), including the REPowerEU chapter through the Council Implementing Decision amending the Implementing Decision of 29 October 2021 approving the assessment of Romania's Recovery and Resilience Plan No 15833/23.

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

In this context, in the first quarter of 2024, a grant agreement is to be signed with the General Secretariat of the Government.

### TwinEU and SmartWin

In March 2023, through participation in the **consortia formed to develop the TwinEU and SmartWin projects, applications for funding through the European Research Programme - Horizon Europe** were submitted.

*The consortium formed for the development of the TwinEU project - brings together over 70 partners from different locations in Europe, including transmission and system operators, technology companies, universities and research institutes, European associations, solution developers, while the consortium formed for the development of the SmartWin project - brings together over 40 partners from different locations in Europe, including transmission and system operators, technology*

companies, universities and research institutes, European associations, solution developers.

SmarTWin aims to develop a smart energy infrastructure using Digital Twin technology, to achieve improved integration of renewables and active consumer participation in the energy transition. This is fully in line with the directions introduced by the European Commission in the "EU Action Plan on the Digitalisation of the Energy System" to increase efficiency and grid intelligence.

Applications for funding were submitted under the call HORIZON-CL5-2023-D3-01-10 "Supporting the development of a digital twin to improve management, operations, and resilience of the EU Electricity System in support to REPowerEU".

The expected benefits for the Company in terms of participation in the above-mentioned Consortia consist in training and familiarizing personnel with the technical solutions for developing the transmission network using smart technologies and the benefits they can bring to the system, given the need to find solutions for integrating energy from renewable sources at the rates set in the National Integrated Energy and Climate Change Plan (PNIESC) for 2030 and to meet the obligations imposed by ANRE.

#### *European Sustainable Energy Week (EUSEW)*

On 19-23 June, the European Sustainable Energy Week (EUSEW) took place in Brussels, Belgium, where a delegation of the Company participated.

This year's EUSEW week was entitled "*Accelerating the transition to clean energy - towards lower bills and more advanced skills*", where Transelectrica applied to participate in the event with a booth and was subsequently accepted.

The Company's participation in the event aimed, from the point of view of the Company's image, to increase its visibility and notoriety at the level of European bodies.

The "**INNOVATIONS LEAD THE POWER**" stand held by the Company at the Energy Fair consisted in the presentation of the pilot project "*Retrofitting of the 220/110/20kV Alba Iulia Station into a digital station concept*", including the **DigiTEL digital laboratory**.

Members of the delegation also participated in thematic conferences of interest to the Company organised during the event and interacted with other participants at the Energy Fair.



#### *Project fiches for funding from the Modernisation Fund*

In September, three project files were submitted to the Ministry of Energy for funding from the Modernisation Fund with a total value of 140,216,858 euros, namely:

- *DigiTEL Green pilot project - Refurbishment of the 220/110/20 kV Mostistea station in the concept of a digital station with reduced environmental impact (allocation 48.340.733,89 euro);*
- *DigiTEL Power Lines of the Future Pilot Project - Optimisation of LEAs by installing innovative poles with low environmental impact (allocation 17.159.583,75 euro);*
- *Construction of the Romanian section of the 400 kV Suceava (RO) - Balti (MD) line, including its interconnection to the NES (allocation 74.716.540 euro).*

On 14.12.2023 the decision approving the non-reimbursable financing from the Modernization 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" (allocation 48.340.733,89 euro) was published, in the first quarter of 2024, i.e. 20.02.2024. the financing contract with the Ministry of Energy was signed (C101/20.02.2024).

Also, in the first quarter of 2024, project fiches are to be submitted to the Ministry of Energy for funding from the Modernisation Fund for the projects:

- *DigiTEL Power Lines of the Future Pilot Project - Optimising LEAs by installing innovative, low environmental impact poles;*
- *Construction of the Romanian section of the 400 kV Suceava (RO) - Balti (MD) line, including its interconnection to the NES.*



*Cernavodă-Stâlpu internal line*

As regards the project "Internal line between Cernavodă-Stâlpu", financed from European funds under the Connecting Europe Facility (CEF) mechanism, amounting to 54.170.000 euro, of which the European funding is 27.085.000 euro, on 13.07.2023 the final request for reimbursement in the amount of 6.055.497 lei was received.

*Events*

With regard to the **elements, events or uncertainty factors that influenced the activity during 2023**, 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 certain land located in

the corridor of the overhead power lines that Transelectrica is building.

*Perspectives for 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.
- 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.

## 9.4. Quality of transmission and system services provided

According to the Performance Standard for Electricity Transmission and System Services - approved by ANRE Order 12/2016, the representative performance

indicators for the management and operation of RET and for the continuity of transmission service are:



- the electricity transmitted (GWh) and the percentage coefficient of energy losses in the electricity transmission network - values presented in the corresponding section OTC (Operational Data);
- the time-averaged unavailability of installations due to scheduled or unscheduled (accidental) events, reported per km for lines (INDLIN), or MVA for transformers and autotransformers (INDTRA);

Table 22: Indicators for RET management/operational activity

Indicator	2023	2022	2021
<b>INDLIN (hours/year)</b>			
<b>Total</b>	<b>243.11</b>	<b>206.95</b>	<b>205.60</b>
- Unscheduled (accidental)	12.58	4.91	6.04
- Scheduled	230.53	202.04	199.56
<b>INDTRA (hours/year)</b>			
<b>Total</b>	<b>75.17</b>	<b>226.32</b>	<b>179.21</b>
- Unscheduled (accidental)	1.48	7.10	4.99
- Scheduled	73.69	219.22	174.22

In the period January-December 2023, there was a total time-averaged unavailability of the OHL - INDLIN of 243.11 hours/interval, 17% higher than that recorded in the same period in 2022 (206.95 hours/interval).

The evolution by category of the average unavailability over time of installations in 2023 compared to 2022 is:

- ✓ ▲ **156%** - unscheduled
- ✓ ▲ **14%** - scheduled

It is found that during 2023, scheduled downtime has slightly increased, while unscheduled downtime has a significant increase. The increase in unscheduled unavailability is caused by an increase in the number of OHL incidents in Q4 2023 on the one hand and an increase in unavailability durations on the other hand. The slight increase in scheduled unavailability in 2023 compared to 2022 can be attributed to works executed on transmission lines both as a result of the implementation of investment programmes and the implementation of preventive maintenance programmes.

In January-December 2023 there was a total time-averaged unavailability of the INDTRA transformers of 75.17 hours/interval 67% lower than in the same period last year (226.32 hours/interval).

The evolution by category of the time-average unavailability of transformers in 2023 compared to 2022 is:

- ✓ ▼ **79%** - unscheduled
- ✓ ▼ **66%** - scheduled.

The implementation of investment programmes, both for the replacement of certain transformer units and for the refurbishment of stations, together with the application of the minor maintenance programme, has led to a decrease in the scheduled and unscheduled unavailability of the transformers of the RET.

- Energy Not Supplied (ENS) due to interruptions and Average Interruption Time (AIT) which is the equivalent average time in minutes that the electricity supply was interrupted.

Table 23: Indicators of continuity of transmission service

Indicator	2023	2022	2021
ENS following incidents in RET [MWh]	37.13	54.05	109.76
ENC from incidents in RET [MWh]	10,154.90	1160.36	90.50
AIT-ENS (min/year)	0.34	0.52	1.01
AIT-ENC (min/year)	93.30	11.15	0.84

Continuity of operation is one of the parameters of transmission and system service quality. The assessment of the level of reliability of the service provided at a given point of the RET, under normal operating conditions, is an important prerequisite for the provision of an efficient transmission service by the Company and for the proper functioning of the electricity market.

In 2023 the total AIT-ENS value was 0.34 min, lower than the AIT-ENS value recorded in the same period of 2022 which was 0.52 min. The reduction in the amount of undelivered energy to consumers during

this period contributed to the lower value of this indicator.

In January-December 2023, there was 37.13 MWh of energy not delivered to consumers (ENS), 31% less than the amount of energy not delivered to consumers recorded in the same period of 2022 (54.05MWh).

In the year 2023 AIT-ENC, the time-equivalent average period during which power was blocked in generating plants, reached 93.30 min and increased significantly from 11.15 min/year in 2022.

The worsening of this indicator was due to incidents recorded on power lines and stations belonging to the Company that provide a direct connection between the TSO stations and the Cernavoda Nuclear Power Plant (e.g. 400 kV U1 - Cernavoda connection), incidents recorded on power lines of the Company operating in temporary connection with power evacuation lines from power generators stations (e.g. 400 kV Cernavodă - Gura Ialomiței OHL with Făcăeni branch), as well as incidents recorded in the Company's stations at voltages lower than the voltages considered for the RET, but which led to the blocking of significant amounts of electricity in the generators' power plants, all of which are reported to be higher in 2023 than in 2022.

The measures envisaged by the Company to improve the ENS and AIT indicators, according to the RET Development Plan 2022-2031, are:

- ✓ Review of the technical conditions for the design and sizing of installations in the light of weather and climate changes.
  - normative revisions,
  - analysis of the structural capacity of overhead power lines in the RET using modern computer programs in order to improve the ability of the NES to operate safely and stably.

The checks consist of analysis with computer programs, aligned with the most modern design concepts. Thus, the calculation software allows a 3-D modelling of the whole overhead power line structure, including elements related to the topography of the terrain, and offers the whole range of functions necessary for the verification and analysis of an overhead power line, such as:

- structural analysis of all line elements (poles, insulator chains, conductors);
- simulations of the behaviour of the overhead power line in different scenarios (extreme weather conditions, mechanical or electrical overloads, etc.);

- establishing the necessary preventive measures to increase operational safety;
- upgrading and adapting existing overhead power lines to new conditions (weather, loads);
- electric and magnetic field calculations;
- calculations of the transmission capacity of the OHL.

- ✓ Replacement of worn-out equipment with high-performance equipment under the maintenance and investment programme).
- Availability of data from the Wholesale Electricity Metering System and the Power Quality Monitoring System: 100%.

## 9.5. Maintenance

The RET maintenance activity shall comply with the *Maintenance Assurance Programme* (MAP) drawn up on the basis of the Regulation on the management and organisation of maintenance activity approved by Order of the National Energy Regulatory Authority (ANRE) No 96/2017, as subsequently amended and supplemented (which repealed Order No 35/2002), for the approval of the Regulation for the organisation of the maintenance activity, Transelectrica's internal technical standard - *Regulation for preventive maintenance of installations and equipment within the RET* - having the code NTI-TEL-R-001-2007 and the *RET Annual Maintenance Programmes* (PM RET).

The MAP is the *regulation of the activity, the introduction of modern concepts of optimisation and performance of the activity* and applies to all components of the maintenance activity (technical, economic-financial, relational, organisational) carried out on all assets of the RET. The PAM incorporates and maintains - providing the framework for drafting, revising and updating maintenance documents as required - *all documentation relating to maintenance activity*.

NTI-TEL-R-001-2007 stipulates that maintenance work/services shall be carried out only at the *appropriate times, in the quantity and quality required*, so that the following important desiderata are met:

- maintaining an appropriate level of operational safety of RET installations;
- maintaining intrinsic levels of reliability of functional assemblies and component equipment;
- increasing the availability of facilities;
- optimising total costs over the lifetime of the system.

It provides maintenance categories (preventive, corrective) and maintenance levels (minor, major) of maintenance, rationale and planning principles, general indicative operations, periodicities, etc. and forms the basis for the development of annual (value and physical) RET maintenance programmes.

The PM RET maintenance programmes are based on the *Preventive Maintenance Regulation for RET*

*installations and equipment* and translate the principles of maintenance activity into maintenance works and services while ensuring the necessary financial resources.

### Categories, levels and types of maintenance practiced in Transelectrica; manner for choosing the types of maintenance

#### Maintenance categories

In Transelectrica, maintenance services/work is carried out on electrical installations, where appropriate:

- preventive - prophylactic, to prevent defects, i.e. to reduce the probability of failure or degradation;
- corrective - after detection of the fault, including all actions intended to restore an installation to a condition that allows it to perform its specified function, with the aim of optimising the objectives proposed in the RET:
  - ✓ safety in operation,
  - ✓ availability,
  - ✓ efficiency

and compliance with the Performance Standard.

#### Levels and types of maintenance actions

Maintenance works/services are classified according to the "Rules for the management and organisation of maintenance activities", i.e. PM, into *4 levels* (level 1 - 4) which represent the complexity of the content of the services/works, the need for tools/tools, the need for qualification of the providers/performers, etc.

Levels 1 and 2 represent services/work classified as *minor maintenance* - usually surveillance, visual inspection, inspections and overhauls, and levels 3 and 4 as *major maintenance* - usually repairs.

#### Preventive maintenance

*The basic principle is that any preventive maintenance action must have the effect of preventing accidental downtime.*

The types of preventive (planned) maintenance services/work are tiered as follows:

- level 1 - supervision, periodic control, monitoring, functional testing;
- level 2 - technical overhaul works - RT;
- level 3 - current repair works - RC;
- level 4 - capital repair works - RK.

A special type of maintenance is *rehabilitation*, defined according to ANRE Order 96/2017, as a set of *complex maintenance* works which, without changing the initial technology, restores the technical and efficiency status of the installations to a level close to that at the beginning of their lifetime. The RET includes actions to rehabilitate power stations with equipment replacements and at OHLs with element replacements to improve reliability.



**Corrective maintenance**

**Corrective** maintenance services/work are divided into two levels, minor maintenance (control actions, inspections, checks, measurements, overhauls following the detection of accidental events - technical faults and incidents) and major maintenance (repairs and replacements of equipment following accidental events of the type of incidents with serious damage to equipment).

Corrective maintenance actions (incidental services/work) shall be carried out on all installations on an emergency basis and in accordance with the obligations of the contractor/maintenance service provider/worker under the contract.

The RET will use the combination of methods presented, respectively:

- Level 1 and 2 services/works constitute Minor Preventive Maintenance (MPm) actions and, depending on the category, voltage and technical characteristics (technology) of the functional assemblies and their components, are planned on a time basis - by scheduling at predetermined time intervals based on operating experience, also taking into account their importance within the

RET, and can be adjusted (customised) according to condition and importance;

- Level 3 and 4 works constitute Major Preventive Maintenance (MPM) actions and are condition-based, depending on the technical condition of the installations, determined by various procedures.

Condition-based preventive maintenance includes condition determination/forecasting activities based on information obtained through *surveillance, visual checks, surveys, inspections and technical overhauls*, i.e. primary information obtained during minor maintenance.

In carrying out the annual RET maintenance programmes, priority is given to works/services that lead to an increase in the operational safety of the installations, to the completion of contracted works/services and to those that contribute to the proper functioning of the installations. The prospect of implementing the remote control and monitoring programme for electrical installations, which requires the rehabilitation of electrical equipment, should also be taken into account, which will lead to a reduction in personnel and operating costs in the future.

For the year 2023, maintenance expenses of 111.57 million lei (99.2% of the programmed total) have been incurred for the RET, including major maintenance, minor maintenance and other maintenance expenses.

Table 24 Types of maintenance of RET (million lei)

Maintenance	Budget 2023	Achievements 2023
Minor preventive	38.34	38.25
Minor corrective (including equipment/materials)	57.51	57.12
Major preventive	16.62	16.20
<b>Total</b>	<b>112.47</b>	<b>111.57</b>

**Maintenance programme for 2023 and estimate for 2024-2025**

The RET Maintenance Programme for the year 2024 covers the management of the operation of electrical installations and the maintenance of tangible assets in the form of electrical installations and technological buildings (excluding IT and Tc, telecontrol systems and integrated security systems) forming the electricity transmission network (RET), subject to cost minimisation, optimal use and increased performance, preventive, corrective and reliability-based maintenance services/works, design services/works and services/works in progress, and has been structured by programme and project according to the type of installations, as follows:

- services/work on power stations and power transformers;

- services/work on overhead power lines, construction and other technological installations;
- services/work specific to the maintenance of electricity metering equipment (creation or repair of power supply circuits, communications, repair of electricity quality measurement and monitoring equipment, etc.).

The main concern in carrying out RET maintenance programmes has been and is to ensure the safe operation of the NES by:

- update the maintenance policy, strategy and regulation of NPG CO. Transelectrica SA, harmonize them with the regulations, especially those issued by ANRE;
- providing preventive and corrective maintenance: (i) minor maintenance under contract with the SMART SA subsidiary; (ii) major maintenance on projects (high power transformer units, LEAs, stations and buildings and other technological installations) under contracts with specialised entities;
- use of computer applications/databases in operation and maintenance;
- optimising costs, reducing repair times and downtime of installations by concluding the framework agreement for the supply of medium and high voltage primary equipment;
- optimise OHL maintenance costs by carrying out multispectral inspections (in the visible, infrared and ultraviolet spectra), and carrying out remedial work on non-conformities.

With regard to the use of IT applications/databases in the operation and maintenance activity, we would like to make the following clarifications:

**1. Establish the architecture of the single database (BDU),** which contains data from existing applications (ARES, InfoLEA, infoSTATIONS) and which will be a source of information for all existing or to be developed applications;

**2. Detailing the requirements for maintenance work to establish an application;**

**Currently, the BDU architecture** has been established and data is being uploaded for each station, a process continued with the data verification procedure at DEMD RET level; the **maintenance application** has been initiated, providing, at this point, the following functionalities (certain full and certain partial):

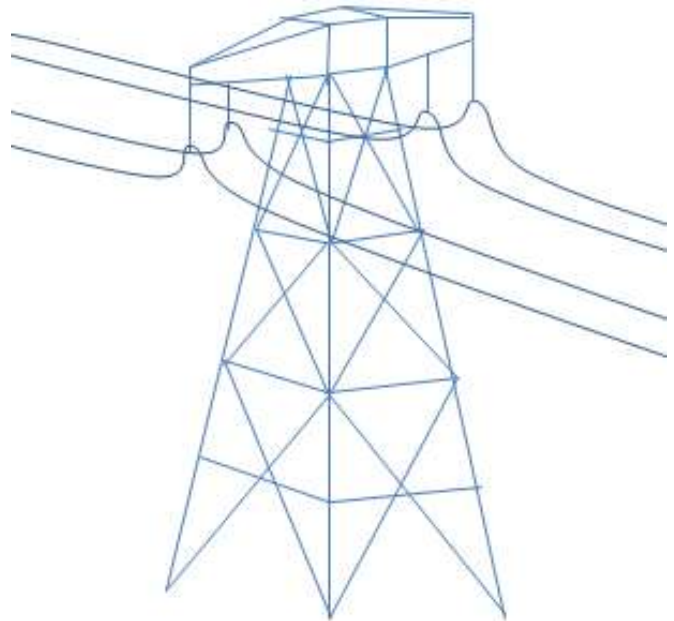
- list of assets: data on assets (SISC) and non-conformities recorded on them;
- minor maintenance planning;

- minor maintenance (partial/limited functionality);
- view supporting data: tariffs, contracts, etc (partial/limited functionality);
- retrieving the latest updates recorded in the application (in the context of the implemented options);

For the years 2025 and 2026, in estimating the values of the RET Maintenance Schedules, account has been taken mainly of the continuation of major maintenance works, especially at the OHLs, which are in progress, and of the Preventive Maintenance Regulation on the installations and equipment of the RET, as well as of the requests of the Territorial Transmission Branches.

In the future it is envisaged to streamline the RET maintenance activity by:

- emphasise preventive maintenance operations to reduce corrective maintenance;
- continuation of the OHL multispectral inspection programme;
- the use of non-invasive methods to determine the technical condition of electrical installations;
- the execution of the sector contract for the supply of medium and high voltage primary equipment and their provision for installation in the Company's installations;



## 10. European projects, platforms, affiliations

### 10.1. European projects

The company has been selected by the European Commission to be part of the specialist teams of several European projects, certain of them fully funded by structural funds.

Below we briefly present certain of these projects:

#### **Regional electricity market coupling projects and implicit cross-border transmission capacity allocation**

The energy challenges facing Europe include issues such as increasing import dependency, limited diversification, high and volatile energy prices, rising global energy demand, security risks affecting producer and transit countries, growing threats from climate change, slow progress in energy efficiency, challenges arising from the increasing share of renewable energy, and the need for greater transparency, integration and interconnection in energy markets.

To address these issues, Europe needs a clear energy strategy with a set of measures at its core, designed to ensure the implementation of an integrated energy market and the achievement of the 3 main objectives:

- security of supply
- competitiveness
- sustainability

These include completing the integration of the pan-European energy market, strengthening national policy coordination, removing market barriers and energy isolation, lowering energy prices for consumers, modernising infrastructure and attracting investment in the energy sector with a focus on innovative technologies and green energy production capacities.

Achieving a fully functioning pan-European energy market is crucial to meeting the objectives of maintaining security of energy supply, increasing competitiveness and ensuring that all European consumers can purchase energy at affordable prices.

Security of energy supply is an essential element of public security and is therefore inextricably linked to the effective functioning of the internal electricity market and the integration of isolated electricity markets in the Member States of the European Union.

The target model of the pan-European internal electricity market for the day-ahead horizon foresees

the coupling of these markets by price, based on a single European coupling solution (PCR mechanism - Price Coupling of Regions), with implicit allocation of interconnection capacities and calculation of interconnection capacities based on power flows (Flow-Based Method - FB).

In order to achieve a truly integrated electricity market, the current rules on capacity allocation, congestion management and electricity trade need to be further harmonised.

In this context, *Regulation 1222/2015 laying down guidelines on capacity allocation and congestion management* was drafted and approved, setting harmonised minimum rules for single day-ahead and intra-day market coupling at pan-European level, allowing for more efficient use of the network and increased competition to the benefit of consumers.

Several initiatives are currently underway at European level aimed at achieving the coupling of national/regional markets, on daily and intra-day time segments, into a single European electricity market and the implementation of default cross-border transmission capacity allocation mechanisms with the application of available transmission capacity (ATC) methods.

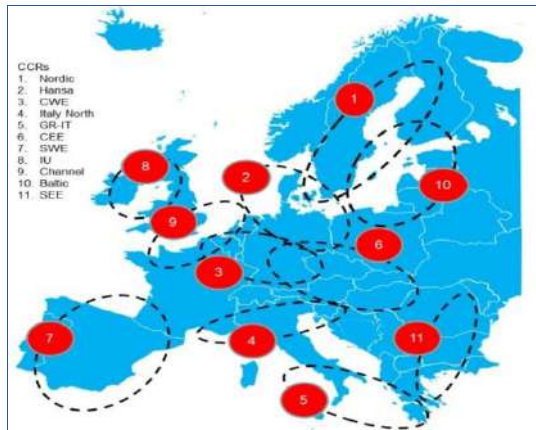
On 15 November 2016, the Memorandum on Romania's participation in the day-ahead and intra-day electricity market coupling projects under development at the European level was signed at the governmental level as part of the European energy market implementation process.

According to Article 2 of *Regulation 1222/2015 establishing guidelines for capacity allocation and congestion management* (Definitions), these regions are defined as "Capacity Calculation Regions (CCRs)", meaning "the geographical area in which coordinated capacity calculation applies". A CCR must therefore include a set of supply area boundaries for which capacity calculation will be coordinated by the TSOs in accordance with the Regulation.

The proposal for the configuration of cross-border transmission capacity regions (CCRs) for all borders of the European electricity transmission system represents a dynamic and pragmatic pan-European approach with a short and medium-term perspective, supporting coordination across the borders of the bidding areas where the greatest interdependence has been identified.

The CCRs proposed by the European Transmission System Operators within ENTSO-E, and approved by all regulators in the field at ACER level, serve to ensure the optimal use of the European transmission infrastructure. Within the defined CCRs, the interdependencies between cross-zonal capacities can be modelled with maximum accuracy and efficiency and the optimal level of this cross-zonal capacity can be offered to the market. The CCRs serve the objective of optimising the calculation and allocation of cross-zonal capacity according to Article 3(d) of *Regulation 1222/2015 laying down guidelines on capacity allocation and congestion management*, as the CCRs establish coordination within and between CCRs.

Figure 27 Configuration of the 11 RCCs proposed by ENTSO-E



ACER Decision no.6/2016 approved the proposal of all Transmission and System Operators for the definition of capacity calculation regions. Transelectrica is a member of the CORE capacity calculation region through the RO-HU border and of the South East Europe (SEE) capacity calculation region through the RO-BG border.

As part of the process of establishing capacity calculation methodologies and further developments within the Market Coupling and Implicit Capacity Allocation project, the Company is a member of the steering and working structures of the associated projects.

On 16 August 2016 Transelectrica together with the 15 Member State Operators of the CORE region signed a cooperation agreement (CEWE CoA), expressing their commitment to cooperate to develop a common methodology for calculating interconnection capacity and a future basis for implementing the requirements of all network codes in this most important defined region in Europe.

Transelectrica signed the Accession Agreement on 31 August 2016, by which Romania became part of the

NWE-CEE FB MC Central-East European Market Coupling Project.

Within the EEA RCC the solution in terms of regional governance has been jointly identified with the TSOs in the region (Romania, Bulgaria, Greece). In July 2019 the three TSOs in the region signed a Memorandum of Understanding to establish the manner in which to organise the region to meet the requirements of the European regulations.

The set of regulations in the new energy package is perhaps the most complex to date and contains three Communications on Clean Energy for All Europeans, Accelerating Innovation in Clean Energy, a European Strategy on Intelligent Transmission Systems. In addition, the package includes two proposals to revise the Regulations on the Internal Electricity Market and the Functioning of the European Energy Regulators Agency ACER, four proposals to revise the Directives on Renewable Energy, Energy Efficiency, Common Rules for the Functioning of the Internal Electricity Market and Energy Performance of Buildings.

Several initiatives are currently underway at European level to implement the eight European Network Codes, adopted by the European Commission and the European Parliament in a comitology process, which are European Regulations (directly applicable legislation in the countries of the European Union) governing aspects of the operation of synchronously interconnected electricity systems at pan-European level and the harmonisation and integration of national electricity markets into the European single energy market.

One of the main obligations resulting from the content of the European Union Regulation No 1222/2015 (CACM), according to Chapter 5 - "*Single day-ahead market coupling*" and Chapter 6 - "*Single intra-day market coupling*" is to unify the short-term energy markets (day-ahead and intra-day), obligations to be fulfilled by the OPEED - "*Designated Electricity Operators*" and TSO - "*Transmission and System Operators*" in Europe.

At the moment, in terms of coupling the electricity markets in Romania (daily and intraday), the following projects are underway:

- The XBID project for the coupling of intra-island electricity markets in the European Union. The project foresees the coupling of the intra-island electricity market in Romania. The coupling took place on the Romania - Hungary and Romania - Bulgaria borders on 19 November 2019.

- On 27 October 2021, the integration of the Bulgaria-Romania border into the Single Day-Ahead Coupling (SDAC) was also achieved.
- On June 8, 2022, the Core Flow-Based Market Coupling (Core FB MC) Project to couple the daily electricity markets in the Core RCC was commissioned, thus initiating the 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).
- In accordance with Article 55 of Commission Regulation (EU) 2015/1222 of 24 July 2015 laying down guidelines on capacity allocation and congestion management, intra-day capacity pricing is required.

Based on ACER Decision No. 01/2019 on the Methodology for Pricing Intra-zonal Capacity, a tendering mechanism will be introduced to achieve this objective.

This is the so-called intra-day auction - "IDA" which means the implicit intra-day trade auction for the simultaneous matching of orders from different bidding zones and the allocation of available intra-day cross-zonal capacity at bidding zone borders by applying a market coupling mechanism.

To this end, OPED and the TSO participating in the SIDC have set up the IDA project, with commissioning currently estimated for the second quarter of 2024.

In parallel, in the field of electricity, a number of projects are being carried out at the level of Transmission System Operators investigating a number of specific issues in the field of research, development, innovation or challenges related to the implementation of the new legislative package: the Clean Energy Package.

The Horizon 2020 programme is one of the most important research and innovation programmes funded by the European Commission, with a budget of around €80 billion, spread over 7 years (2014-2020).

Under this programme, within the LCE pillar - 04- 2017 "*Demonstration of system integration with smart transmission grid and storage technologies with increasing share of renewable*" funds are allocated to support the electricity transmission activity, respectively:

- the projects are addressed to Transmission and System Operators within ENTSO-E;



- Projects must demonstrate a combination of at least two of the following:
  - ✓ electricity transmission technologies and the management of large-scale generation sources in the context of the increasing share of renewable energy sources;
  - ✓ Large-scale storage capacity for transport networks including different storage technologies to be managed centrally;
  - ✓ communication technologies, real-time control tools, to increase flexibility in the operation of transmission networks, for the integration of storage facilities, demand-response mechanisms and interfaces with electricity grid operators;
- new perspectives on wholesale electricity markets, facilitating the participation of renewable energy sources, active participation as data aggregators to reduce grid operation costs;
- Project proposals will include analyses of the existing regulatory framework, applicable codes and standards, analysis of business models and pan-European energy market architecture;
- the projects will support the Horizon 2020 programme in the context of the smart grid and the promotion of storage.

As far as the electricity market is concerned, the main objectives resulting from the content of the European regulations are the following:

- ✓ To develop a common EU-wide network model for regionally coordinated capacity calculation for all time horizons (long term, daily and intra-day);
- ✓ Implementation of the Flow-Based (FB) concept of capacity calculation, which aims to increase interconnection capacities by at least 10% compared to the NTC-based method, on the one hand, and to increase social welfare, on the other hand, by aligning electricity prices at European level as a result of the coupling of local electricity markets;
- ✓ Establishment and coupling of regional and inter-regional daily and intra-day electricity markets;



- ✓ Ensuring firmness of notified capacities (trading schedules) through redispatch and countertrade mechanisms;
- ✓ Harmonisation of long-term (annual and monthly) capacity allocation rules through the establishment and operation of an EU-wide Single Allocation Platform (SAP);
- ✓ Establish a transparent and non-discriminatory reporting mechanism for the allocation of interconnection capacity between EU Member States;
- ✓ Moving to a 15-minute settlement interval for electricity markets;

In view of the obligations arising from the three EU Regulations, activities have been initiated by the EU TSOs to implement their content. These activities are carried out both at the level of the Capacity Calculation Regions (CCRs) and at inter-regional level.

Transelectrica, being part of both the CORE region (by joining the CWE-CEE regions) and the EEA region, is directly involved in the following projects/activities (carried out as a result of the implementation of Regulation 943/2019 on the revision of supply areas):

- Activities aimed at producing documents resulting from the implementation of EU Regulations (drafting of methodologies, procedures, rules, etc.)
- Activities related to the Core region daily energy market coupling project on power flows;
- Activities carried out following the launch of the MultiRegional Coupling (MRC) project;
- Activities related to the EU-wide intraday market coupling project, generically called SIDC (Single Intraday Coupling);
- Activities related to the interim daily energy market coupling project 4MMC-DE-AT-PL;
- Activities carried out as a result of the coupling of the Romanian and Bulgarian daily energy markets;
- Activities carried out as a result of the transition to the 15-minute settlement interval for electricity markets.

### **Synchronous interconnection of the energy systems of Ukraine and the Republic of Moldova with the continental European system**

Transelectrica is the Transmission and System Operator that has substantially supported, within the framework of ENTSO-E, the synchronous interconnection of the energy systems of Ukraine and the Republic of Moldova with the continental European system.

The timetable for the implementation of the project of interconnection of the systems of Ukraine and the

Republic of Moldova with the Continental Europe grid, initially proposed by Ukrenergo, had a duration of 6 years (starting from 2017) with the possibility of extension for another 2 years at the request of Moldelectrica and Ukrenergo.

Actions agreed through signed agreements:

- additional studies to define in detail all the technical measures required for interconnection; these studies were completed in December 2021;
- implementation of technical and regulatory measures resulting from additional studies in the Republic of Moldova and Ukraine. (initial completion date - 2021);
- Conduct interconnection tests according to ENTSO-E procedures (estimated completion date - 2023, depending on the completion of additional studies and implementation of necessary measures).

Isolated operational tests are planned for 2022. In February 2022 isolated operational tests were carried out and were fully successful.

In 2023, interconnected operation tests were foreseen, if the isolated operation tests performed well and all necessary measures were implemented.

In view of the conflict between Ukraine and Russia, on 28.02.2022, Ukraine and the Republic of Moldova submitted a request for emergency synchronous interconnection of the energy systems of the two countries with the European energy network.

Intensive work has been carried out at ENTSO-E level to develop the necessary procedures for interconnected operation, and against the background of the war in Ukraine, on 16 March 2022 the emergency interconnection of the energy systems of Ukraine and the Republic of Moldova to the European energy system, ENTSO-E - Continental Europe, was achieved, a process coordinated at ENTSO-E level by the Regional Group for Continental Europe (RGCE).

In the interconnected operation of the two systems within the ENTSO-E interconnection, there are limitations arising from operational reliability at the regional level and at the level of the whole ENTSO-E interconnection.

On 30 June 2022, Ukraine and the EU started trading electricity.

Starting from 15 October 2022, Transelectrica will organise daily auctions for the allocation of interconnection capacity on the Romania-Moldova border.

On 2 November 2023 the Daily Allocation Rules on the Romania-Ukraine border were implemented.

Ukrenergo - TSO in Ukraine is organising daily capacity allocation auctions on the EAP platform.

The work of the consortium that prepared the interconnection process has been completed. The work of the original project group has also ended and a new project group has been formed within the ENTSO-E Continental Europe Regional Group, which coordinates all activities related to this topic. Thus, at ENTSO-E level activities are carried out through dedicated working groups on:

- establishing transfer capacity in the interconnection, at the level of its profile (i.e.

- interconnections between Ukraine - Moldova, Ukraine - Hungary, Ukraine - Slovakia, Ukraine - Romania and Republic of Moldova - Romania);
- identifying and proceeding with emergency measures in the event of extensive failures or inability to maintain interconnected operation;
- drafting of a legal document (Multilateral Agreement) on all the above-mentioned and operational issues, to be agreed at ENTSO-E level by all TSO in the Continental Europe synchronous area.

**Research and innovation projects funded under the HORIZON 2020 programme**

The projects, in which the Company participates as a partner in trans-national consortia, continued their

implementation in the period January-December 2023 with the following characteristics:

Table 25: Research-innovation projects funded under the HORIZON 2020 programme

No.	Project Name	Start date	Duration (months)	Estimated eligible amount (euro)	Maximum amount to be reimbursed (euro)	Repayment percentage %	Financing agreement
1	<b>FARCROSS</b>	Oct.19	48	162,500	113,750	70	864274 - FARCROSS - H2020-LC-SC3-2018-2019-2020/H2020-LC-SC3-2019-EN-SCC
2	<b>CyberSEAS</b>	Oct.21	36	217,235	152,064	70	101020560 - CyberSEAS - H2020-SU-DS-2018-2019-2020 / H2020-SU-DS-2020
3	<b>ELECTRON</b>	Oct.21	36	245,000	171,500	70	101021936 - ELECTRON - H2020-SU-DS-2018-2019-2020 / H2020-SU-DS-2020

**FARCROSS Project**

The FACilitating Regional CROSS-border Electricity Transmission through Innovation (FARCROSS) project started in October 2019 with a duration of 48 months, is part of the European Commission's "Horizon 2020" programme on the LC-SC3-ES-2-2019 axis and involves connecting key stakeholders in the energy transformation chain and presenting integrated hardware and software solutions to "unlock" resources for cross-border electricity flows and regional cooperation.

The company is part of the consortium of 30 partners, formed for the implementation of the project, according to Grant Agreement no.864274 and Consortium Agreement, with an amount of 162.500 euro eligible expenses.

The project aims to:

- Addressing high-level technologies that facilitate increased line throughput (e.g. Dynamyc Line Rating and Power Flow Control);
- development of markets and market coupling platforms to improve current intra-day markets;
- real-time incident management

- support for systems management, by providing balance and risk mitigation services at regional level
- testing of services to ensure flexibility, congestion avoidance, frequency regulation and flexible integration of microgrids generating/using electricity.
- The project is structured in 10 work packages as follows:
  - WP1 - ethical requirements that the project must comply with.
  - WP2 - project management and quality assurance
  - WP3 - changes to national regulations on removing barriers to innovation and cross-border cooperation.
  - WP4 - Deployment, demonstration and evaluation of the pilot project - MPFC DEMO: Unlocking cross-border capacity with modular power flow control solutions
  - WP5 - Deployment, demonstration and evaluation of the pilot project - DLR-H DEMO: Complex network management, technology for dealing with capacity problems on cross-border transmission lines.
  - WP6 - Deployment, demonstration and evaluation of the pilot project - WAMS DEMO: Implementation of a wide area Protection, Automation and Control

System (WAMPAC) applied to cross-border transmission systems.

- WP7 - Deployment, Demonstration and Evaluation Pilot Project - DEMO, EUROPAN: Pan-European Modelling Framework for Improved Planning / Forecasting of System Operation and Analysis at Inter-TSO Level.
- WP8 - Pilot project deployment, demonstration and evaluation - OPTIM-CAP DEMO: Co-optimisation of cross-border capacity auction algorithm.
- WP9 - Cost-benefit analysis.
- WP10 - Exploitation, dissemination and communication.

### CyberSEAS project

The CyberSEAS (Cyber Securing Energy data Services) project aims to improve the resilience of energy supply chains by protecting them from disruptions that exploit consolidated interactions and extended stakeholder and consumer engagement patterns in complex attack scenarios characterised by the presence of legacy systems and increasing connectivity of data flows.

CyberSEAS offers an open and extensible ecosystem of 30 customisable security solutions, providing effective support for key activities in particular:

- risk assessment; interaction with end devices;
- secure development and deployment;
- real-time security monitoring;
- improving skills and awareness;
- certification, governance and cooperation.

CyberSEAS solutions are validated through experimental campaigns consisting of more than 100 attack scenarios, tested in 3 labs before moving to one of 6 pilot infrastructures in 6 European countries.

The project is structured in 9 work packages for an implementation period of 36 months.

- The objective of WP1 is to manage and coordinate the CyberSEAS project;
- The objective of WP2 is to carry out a thorough and interdisciplinary analysis of vulnerabilities related to cyber-attacks along the entire energy supply chain;
- The objective of WP3 is to provide the architectural design of the CyberSEAS toolkit, building on the vulnerabilities and threats identified in WP2;
- The objective of WP4 is to provide tools to support EPES operators to quickly detect and effectively respond to cyber attacks and incidents;
- The aim of WP5 is to provide EPES operators with tools to help them prevent cyber threats;

- The objective of WP6 is to link EPES operators and other stakeholders to create a common cyber-secure energy data space;
- The objective of WP7 is to validate CyberSEAS by refining the list of scenarios that will then be piloted through experimental campaigns;
- The objective of WP8 is to promote the culture of the cyber-resilient energy supply chain and defines, based on current practices and governance, the processes for collaboration between individual operators in the energy supply chain as well as between operators of other EPES infrastructures;
- The objective of WP9 is to support the alignment of CyberSEAS security measures to the market and encourage their adoption.

According to the "Grant Agreement" no. 101020560 and Consortium Agreement, 26 partners are involved in the implementation of the project, Transelectrica being involved in 6 out of the 9 work packages of the project, having been allocated the amount of 217.235 euro eligible expenses.

### ELECTRON Project

The ELECTRON project ('ELECTRON: rEsilient and seLf-healed EleCTRical pOwer Nanogrid') develops the research theme of building and testing a complex platform that includes risk analysis, detection and mitigation of power system intrusion through cyber-attacks, improvement of power system component confidentiality, cyber training and certification, and mitigation of the effects of cyber-attackers.



The ELECTRON project proposes a series of advanced technology demonstrators, supported through four main pillars:

- ✓ risk assessment,
- ✓ detecting and limiting the effects of power system penetration,
- ✓ Improving power system confidentiality, certification and training in cyber security,
- ✓ developing the ability to restore power service after an attack.

In this context the project will contain several ideas as follows:

- Additional and effective protection for both Internet of Things (IoT) and legacy assets (i.e. both hardware and software entities) of the Power System ecosystem,
- detecting and limiting potential intrusions against devices connected to the mains,
- implementing a scheme for continuous risk assessment, thus calculating the risk level of each asset involved,
- improving the confidentiality of communications between components of the Advanced Measurement Infrastructure (AMI),
- Testing the effectiveness of the privacy-preserving platform to prevent potential cryptanalysis attacks against IAM communications .

The project is structured in 10 work packages, the amount allocated to the Company in this project is 245.000 euro eligible expenses.

According to the "Grant Agreement" no. 101021936 and the Consortium Agreement, 34 partners are involved in the project, Transelectrica being involved in 9 work packages. The project implementation period is 36 months.

### **CARMEN (Carpathian Modernization of Energy Network) Project of Common Interest**

C.N.T.E.E. "Transelectrica" - S.A., Delgaz Grid S.A. and Elektroenergien Systemen Operator EAD, the Bulgarian Transmission and System Operator, as active Partners in the Project, will apply for grant funding by submitting a single application under the call/calls for proposals to be launched in 2024 through the Connecting Europe Facility (CEF).

In the framework of the CARMEN Project, C.N.T.E.E. "Transelectrica" - S.A., if the application to be submitted in the framework of the call/calls for project proposals through CEF is approved, will be able to benefit from non-reimbursable funds for the following Investment Objectives:

- "Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş, Suceava and Roşiori stations;
- "Modernization and increase of the transmission capacity of the 220 kV OHL: Fântânele - Ungheni, Dumbrava - Stejaru and Gutinaş - Dumbrava";
- "National Synchrophasors Platform, connected to the International Synchrophasors Data Exchange Platform (IPDE);

- "Installations for the regulation of active power flows in order to limit congestion in the RET";
- EMS SCADA module - Automatic voltage and reactive power regulation system.

*Positive effect expected through the achievement of the investment objective:*

The main objectives of the project are to modernise and digitalize the electricity transmission and distribution network, helping to improve:

- the stability and capacity of the grid to integrate renewable energy by upgrading equipment in operation;
- coordinated voltage regulation in transmission and distribution networks;
- quality and cost-efficiency of customer service;
- Network security and flexibility by introducing Demand Side Management technology;
- network management through data exchange and implementation of Smart Grid functionalities;
- interconnection with the transmission infrastructure by increasing the security, flexibility and quality of the distribution network in the region;
- monitoring the status of the interconnected system in real time through active and reactive power flows on both interconnection and internal lines.

The benefits anticipated from the implementation of the Project can be highlighted in three major categories:

- Economic and societal benefits:
  - Reduce operating and maintenance costs;
  - Reducing electricity losses;
  - Increasing the efficiency of services by implementing smart grid technologies;
  - Increased interconnectivity in terms of security, availability and flexibility of national and European transmission and distribution infrastructure;
  - Increase the level of observability of the cross-border network and operational capacity at dispatcher level.
- Benefits for customers / prosumers:
  - Improving the quality indicators of the electricity network;
  - Implementation of Demand Side Management technology to analyse and optimise electricity consumption;
  - Increase the capacity to take up renewable energy, including from prosumers;

- Distribution network automation through SCADA integration and implementation of primary voltage and reactive power regulation.
- Environmental benefits:
  - Reducing emissions by modernising and digitalizing electricity transmission infrastructure;
  - Ensuring renewable energy take-up capacity;
  - Implementation of non-polluting, state-of-the-art Best Available Technologies;
  - Increase the long-term sustainability of the network by replacing technically worn primary equipment.

The CARMEN project has been included in the Union's first list of Projects of Common Interest (PCI) and Projects of Mutual Interest (PMI) under the revised TEN-E Regulation (EU) No 2022/869, which was adopted by the European Commission on 28 November 2023.

## 10.2. Platform

### FSKAR platform

Following the application of Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system and Regulation (EU) No 2195/2017 laying down guidelines for balancing the electricity system, common settlement rules for intentional energy exchanges and common settlement rules for unintentional energy exchanges have been developed and approved by the Transmission System Operators at ENTSO-E level.

The new set of common rules for the settlement of intentional energy exchanges and unintentional energy exchanges provides for a financial settlement between the Transmission System Operators and the System Operators, thus implicitly eliminating the bilateral compensations in kind, which Transelectrica had been recording separately in the Revenue and Expenditure Budget with the Party Responsible for Balancing Unplanned Exchanges as a result of energy trading on the Day-Ahead Market.

The FSKAR calculation methodology, called Accounting and Financial Settlement of  $k\Delta f$ , ACE and Ramping period has been implemented from 1 June 2021.

The Settlement Centres at Amprion Germany and Laufenburg Switzerland transmit the results to each Transmission System Operator in the form of daily files containing the intentional and unintentional exchanges (quantities - prices) calculated for the respective Transmission System Operator for each 15-minute settlement interval.

The established price is the weighted average of prices from trading on the Day-Ahead Markets in all ENTSO-E Member States, expressed in Euro/MWh.

In accordance with the Approval Decisions, at the level of ENTSO-E members, Transmission System Operators have developed at the Coordinated Computing Centre - Amprion a Transmission System Operator imbalance platform called the FSKAR platform.

JAO has been designated as the operator for the monthly energy billing service resulting from intentional and unintentional exchanges. Billing is done in Euro, CET hours.

### CMM Platform

On 01.03.2021 the Contract on the common service provider for the CMM platform (Capacity Management Module) entered into force.

During 2020, the ENTSO-E Market Committee approved the development of an IT platform, called CMM, to calculate and harmonise available capacities on interconnection lines between member countries in the PICASSO, IGCC, TERRE and MARI projects.

At the same time, ACER Decision No 02/2020 for the Framework for the implementation of the European platform for balancing energy exchange for frequency restoration through automatic activation and ACER Decision No 03/2020 for the Framework for the implementation of the European platform for balancing energy exchange for frequency restoration through manual activation, approved that Transmission System Operators shall implement a cross-border capacity management function to calculate in a coordinated way the availability of this capacity and the transmission of values to the platforms where standard balancing products are traded.

The development and operation of the CMM will be carried out in accordance with the principles and provisions set out in the Master Contract for European Balancing Platforms of 01.07.2020.

Currently the CMM platform has been developed at the Czech transmission and system operator ČEPS and technically commissioned by the end of 2023. The platform manages the cross-border power exchange capacity of transmission system operators in Europe. The main focus of the platform is interfacing with the European balancing energy exchange platforms TERRE, MARI, PICASSO and IGCC.

### IGCC Platform - International Grid Control Cooperation

The IGCC project is the reference project and the starting point for the creation of the Single European Imbalance Netting Platform with the aim of reducing

balancing energy costs (the current secondary balancing reserve/the future automatically activated reserve for frequency restoration).

The implementation framework for the European Imbalance Clearing Platform was approved by ACER on 24 June 2020 by Decision No 13/2020.

The IGCC platform operates with secondary regulation reserve (step-up and step-down) or with frequency restoration reserve with automatic activation and has the main objective of reducing the counter-actions of the member operators' regulators, thus resulting in an optimised use of the regulation reserve, secondary/frequency restoration reserve with automatic activation, at the overall level; the process is basically a way of optimising this regulation.

In line with the provisions of Regulation (EU) 2019/2017, the IGCC platform currently includes all transmission system operators in the European Union, plus EMS Serbia (non-EU country), which has chosen to join the platform in order to benefit from imbalance compensation, alongside the other EU TSOs. Three Continental European TSOs have observer status - NOS BiH Bosnia and Herzegovina, CGES Montenegro and MEPSO North Macedonia.

On 1 December 2021, Transelectrica's RFP-TEL frequency regulation block was connected to the TransnetBW Germany servers, thus integrating Transelectrica's local IGCC module to the INPF (Imbalance Netting Process Function) located in Wendlingen (main server) and Esslingen (backup server) Germany.

With this joining, the Company has complied with the legal obligations established by Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline for balancing the electricity system (Article 22).

As a result of the implementation of this project, the amount of energy avoided at activation within the IGCC imbalance compensation platform compensated in 2023 was 246.2 GWh (import) in terms of power increase and 389.5 GWh (export) in terms of power reduction. The benefit obtained from participation in this mechanism was approximately €109 million, which represents a cost reduction resulting in the Balancing Market benefiting all market participants in Romania.

**MARI Platform - European Platform for Balancing Energy Exchanges from Manually Activated Frequency Restoration Reserves (European MARI project)**

In accordance with Article 20 of *Commission Regulation (EU) 2017/2195 of 23 November 2017 laying down guidelines on balancing the electricity system*, all TSOs shall develop and operate a European platform for the exchange of balancing energy from manually activated frequency restoration reserves ("MARI Platform").

As of 1 January 2018, Transelectrica has become a full member of the European project MARI (Manually Activated Reserves Initiative), a project that deals with the implementation and operation of the common platform used for the Manual Frequency Restoration (MRR) service.

The MARI platform is currently operational as of October 2022 with TSO in Germany, Austria and the Czech Republic.

**PICASSO Platform - European platform for balancing energy exchanges from frequency restoration reserves with automatic activation**

In accordance with Article 21 of *Commission Regulation (EU) 2017/2195 of 23 November 2017 laying down guidelines on balancing the electricity system*, all TSOs shall develop and operate a European platform for the exchange of balancing energy from frequency restoration reserves through automatic activation ("PICASSO Platform").

As of 01 October 2018, Transelectrica has become a full member of the European project PICASSO (Automatic Activated Reserves Initiative), a project that deals with the implementation and operation of the common platform used for the Automatic Frequency Restoration Service (AFR).

The platform currently has a total of 30 transmission and system operators, of which 26 are members - ADMIE Greece, APG Austria, Elia Belgium, ESO - EAD Bulgaria, Swissgrid Switzerland, CEPS Czech Republic, 50Hz Germany, Amprion Germany, TenneT DE Germany, TransnetBW Germany, Energinet Denmark, RTE France, HOPS Croatia, MAVIR Hungary, Terna Italy, CREOS Luxembourg, TenneT NL Netherlands, Transelectrica Romania, PSE Poland, REN Portugal, ELES Slovenia, REE Spain, SEPS Slovakia, Fingrid Finland, Svenska Kraftnät Sweden, Statnett Norway, respectively 4 observer members - AS Augstsprieguma tikls - Latvia, Litgrid AB - Lithuania, Elering AS - Estonia and MEPSO North Macedonia.

The PICASSO platform is currently operational as of June 2022 with TSO in Germany, Austria, Czech Republic and Italy.

### 10.3. Memberships

#### ENTSO-E - European Network of Transmission System Operators for Electricity

ENTSO-E aims to promote the integration of the electricity market within the European Union, creating market rules and secure electricity supply based on technical network and electricity market codes.

All transmission system operators shall cooperate at Community level through the ENTSO for Electricity in order to promote the completion and functioning of the internal market in electricity and cross-border trade, and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network.

The responsibilities and modus operandi of the Association (Statutes, Internal Rules of Procedure and Rules of Procedure for consultation of other parties) are approved at European Commission level on the basis of the opinion of ACER.

In December 2023, Ukrenergo, the Ukrainian TSO, became Member of ENTSO-E.



#### SECI - South East Cooperation Initiative

The SECI TSP project was funded until October 2017 by USAID, and since November 2017 the SECI TSP project has become a special project within ENTSO-E, functioning as a sub-group of the Continental South East Regional Group (CSE RG).

The SECI TSP project involves 10 countries/companies: Albania - OST; Bosnia and Herzegovina - NOS BiH; Slovenia - ELES; North Macedonia - MEPSO; Romania - Transelectrica; Serbia - EMS; Montenegro - EPCG, Greece - IPTO, Italy - TERNA and Kosovo - KOST.

#### CIGRE - International Council of Large Electricity Systems

CIGRE (Conseil International des Grands Reseaux Electriques) - is an international technical-scientific body whose basic objective is to develop knowledge in the field of high-voltage grids and to exchange information between member countries on: the generation and transmission of high-voltage electricity; the construction and operation of connection and transformer stations and their component equipment; the construction, insulation and operation of high-voltage lines; the interconnection of systems and the operation and protection of interconnected systems.

CIGRE is considered to be the most important professional organisation in the electricity sector, with work within the organisation covering 16 areas of activity, all of which are of major interest to the Company's business.

The company is a member of CIGRE and our specialists are active in the organisation. Active participation of the Company and its representatives has many advantages: free access to all CIGRE publications via e-cigre, access to ELECTRA magazine, participation of young specialists in the work of the NGN (Next generation Network).

CIGRE membership offers a wide range of benefits incentives, participation, problem-solving and professional development opportunities. Participation can involve formal positions in the global knowledge programme and access to a range of collaborative online tools used by the community. Under CIGRE's new strategy, the work extends across all links in the energy system from producers, to consumers, to renewables, to electricity storage, etc.



At the same time, since January 2023 the "Women in Energy" forum has been established. CIGRE WiE Romania's mission will be to inspire and motivate women working in the energy sector by facilitating links with similar programmes and international leaders, as well as by increasing the skills of its members in achieving professional goals. The first steering committee leading the work is represented by two ladies working in the energy sector within Transelectrica- National Energy Dispatcherate.

#### AIR - Association of Romanian Investors in the Republic of Moldova

AIR is a non-governmental, apolitical, non-profit and public benefit association, created as a "union of legal

persons" in accordance with the Constitution of the Republic of Moldova and the Civil Code of the Republic of Moldova. The Company's participation in this Association has the following advantages and permits:

- facilitating cooperation with the homologous operator and other electricity companies in the Republic of Moldova,
- a better identification of the possibilities of exploiting the expertise of the Company in the development, operation and maintenance of electricity transmission networks and related telecommunication networks and process IT, as well as in the implementation of European legislation for transmission and system operators, by carrying out lucrative activities within the energy sector in the Republic of Moldova,
- the possibility of promoting, together with the members of the Association, legislative initiatives in the interest of Romanian investors.

The Association is constituted and operates on the basis of the principles of freedom of association, legality, transparency, equal rights of all members, free expression of opinion by all members and their access to any information related to the Association's activity, self-administration and self-management.





# Financial Report



## 11. Stand-alone financial results 2023

The Company's total operating revenues for the period January-December 2023 decreased by 25% compared to the same period of the previous year (4,718 million lei in 2023 compared to 6,286 million lei in 2022), in the context of the significant decrease in revenues from zero-profit activities.

Total operating expenses (including depreciation) decreased by 21% compared to the same period last year (4,484 million lei in 2023 compared to 5,692 million lei in 2022).

**Segment of activities with allowed profit:** Within this segment, the most significant increase was recorded in the revenues from transmission and other energy market revenues (1,988 million lei in 2023 compared to 1,930 million lei in 2022), in the context of a 3% decrease in the quantity of electricity delivered to consumers, at the same time as the increase in the average tariff approved by ANRE.

Compared to the previous year, mainly due to the reduction of revenues from interconnection capacity allocation as well as revenues from OTC capitalization, at the end of 2023 there was a 10% decrease in operating revenues from profit allowed activities, from 2,090 million lei in 2023 to 2,319 million lei in 2022.

**Revenues from the allocation of interconnection capacity** in the amount of 343 million lei decreased (-56 million lei) compared to 2022.

The use of net revenues from the allocation of interconnection capacity is carried out in accordance with the provisions of the updated ANRE Order Figure 28 Net result (million lei)

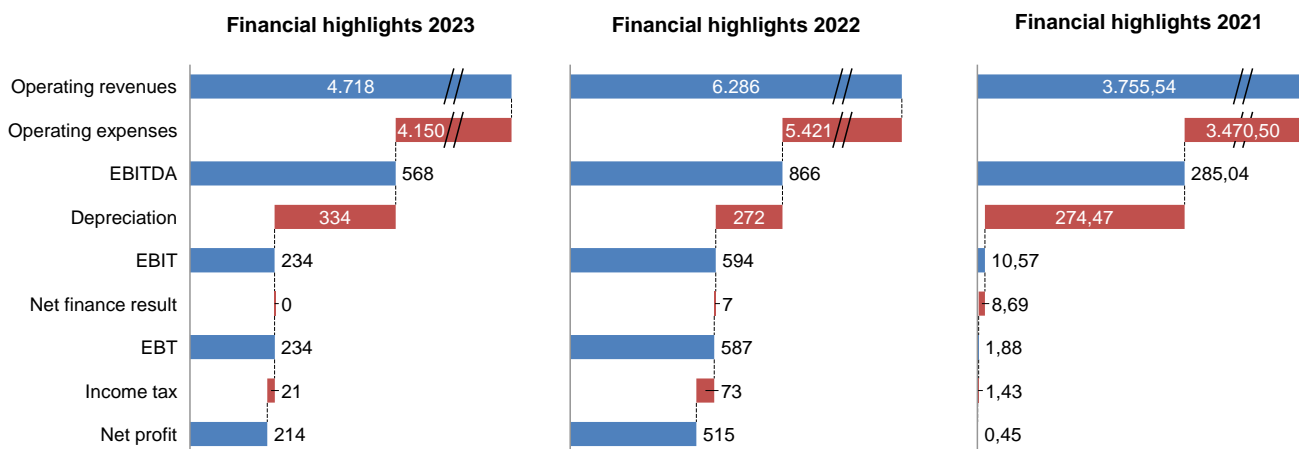
no.171/2019 and EU Regulation no. 943 of 05 June 2019 on the internal electricity market, being a source of financing investments for the modernisation and development of interconnection capacity with neighbouring systems.

**The net revenue from the allocation of interconnection capacities** (net of corporate income tax and legal reserve) shall be used to make investments in the electricity transmission system to maintain or increase interconnection capacities.

As of 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022, whereby the additional costs for the purchase of electricity made between 1 January 2022 and 31 March 2025 to cover its own technological consumption, compared to the costs recognised in the regulated tariffs, shall be capitalised on a quarterly basis.

The company recorded **revenues from the capitalization of OTC** in the amount of 13.7 million lei (non-monetary income) significantly lower in 2023 compared to 2022 when they were in the amount of 338.5 million lei.

The cost of energy purchase to cover own technological consumption (OTC) is 519 million lei for 2023, 308 million lei lower than in the previous year (-37%), in the context of a net amount of OTC of 999 GWh, slightly higher than the amount of 959 GWh of 2022, but lower average purchase prices on all markets (Bilateral Contracts Market, Day-Ahead Market, Intraday Market and Balancing Market) compared to 2022.



**Segment of zero-profit activities:** In the area of zero-profit activities, there was a significant decrease of 35% in revenues and costs in the balancing market during 2023 compared to 2022. This segment

accounted for 56% of the total operating revenue recorded in 2023, of which, the largest amount is represented by the balancing market.

Expenses from non-profitable activities also decreased, mainly due to lower costs in the balancing market.

Please note that the balancing market is used by Tranelectrica to ensure the real-time balancing of consumption with production, to guarantee the safe and stable operation of the NES and to manage any restrictions within the NES.

Taking into account the current organisation of the balancing market, OPCOM as ODPE (Balancing Market Settlement Operator) was responsible for setting the closing quantities and prices on the balancing market until September 2023,

### 11.1. Stand-alone profit and loss account

Mil. Law	2023	2022	2021	23/22
Charged energy volume (TWh)	50.39	52.18	56.35	▼ (3%)
<b>ALLOWED PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>2,090</b>	<b>2,319</b>	<b>1,310</b>	<b>▼ (10%)</b>
Transmission and other revenues on the electricity market	1,988	1,930	1,253	▲ 3%
Other revenues	102	389	57	▼ (74%)
<b>Operating expenses</b>	<b>1,382</b>	<b>1,474</b>	<b>1,051</b>	<b>▼ (6%)</b>
System operating expenses	640	902	576	▼ (29%)
Repairs and maintenance expenses	115	108	97	▲ 6%
Personnel expenses	348	306	244	▲ 14%
Other expenses	278	158	133	▲ 76%
<b>EBITDA</b>	<b>708</b>	<b>845</b>	<b>259</b>	<b>▼ (16%)</b>
Depreciation	334	272	274	▲ 23%
<b>EBIT</b>	<b>374</b>	<b>573</b>	<b>(16)</b>	<b>▼ (35%)</b>
<b>ZERO PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>2,628</b>	<b>3,967</b>	<b>2,445</b>	<b>▼ (34%)</b>
System services revenues	359	488	623	▼ (26%)
Balancing market revenues	2,269	3,479	1,823	▼ (35%)
<b>Operational costs</b>	<b>2,768</b>	<b>3,946</b>	<b>2,419</b>	<b>▼ (30%)</b>
System services expenses	499	467	610	▲ 7%
Balancing market expenses	2,269	3,480	1,810	▼ (35%)
<b>EBIT</b>	<b>(140)</b>	<b>21</b>	<b>26</b>	<b>▼ n/a</b>
<b>ALL ACTIVITIES (PROFIT ALLOWED AND ZERO PROFIT)</b>				
Operating revenues	4,718	6,286	3,756	▼ (25%)
Operational costs	4,150	5,421	3,471	▼ (23%)
<b>EBITDA</b>	<b>568</b>	<b>866</b>	<b>285</b>	<b>▼ (34%)</b>
Depreciation	334	272	274	▲ 23%
<b>EBIT</b>	<b>234</b>	<b>594</b>	<b>11</b>	<b>▼ (61%)</b>
Financial result	0,3	(7)	(9)	▲ n/a
<b>EBT</b>	<b>234</b>	<b>587</b>	<b>2</b>	<b>▼ (60%)</b>
Income tax	21	73	1	▼ (72%)
<b>Net profit</b>	<b>214</b>	<b>515</b>	<b>0.45</b>	<b>▼ (58%)</b>
Net earnings per share	2.91	7.02	0.01	▼ (58%)

#### Profit- allowed activities

##### Volume of energy charged

In the period January-December 2023, the total amount of electricity charged for electricity market services (50.39 TWh) decreased by 3% compared to the same

Tranelectrica being involved in the balancing activity, as follows:

- The National Energy Dispatcher contracts the electricity needed to balance the production-consumption balance on the balancing market;
- The OMEPA measurement directorate is responsible for measuring the actual quantities.
- ODPE from October 2023.

The monthly non-zero balances (revenue surplus/deficit) resulting from this activity will be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE to the tariff in the years following the one in which they were recorded.

period in 2022 (the difference between the two periods was -1.8 TWh).

## Operating revenue

The segment of activities with allowed profit recorded a 10% decrease in revenues (2,090 million lei in 2023 compared to 2,319 million lei at the end of 2022) due to the reduction in revenues from the capitalization of OTC and revenues from the allocation of interconnection capacity.

For the year 2023, the Company recorded **revenues from capitalization of own technological consumption (OTC)** in the amount of 13.7 million lei, significantly lower than in 2022 (338.5 million lei in 2022), representing additional OTC calculated as the difference between the net cost of OTC acquisition and the cost of OTC included in the regulatory tariff.

Table 26: Income from profit-allowed activities

Million lei	2023	2022	2021		23/22
<b>Operating revenue</b>	<b>2,090</b>	<b>2,319</b>	<b>1,310</b>	▼	<b>(10%)</b>
<b>Transmission and other revenues on the electricity market</b>	<b>1,988</b>	<b>1,930</b>	<b>1,253</b>	▲	<b>3%</b>
Revenues from transmission tariffs	1,545	1,401	1,152	▲	10%
Revenues from allocating the interconnection capacity	343	399	65	▼	(14%)
Other transmission revenue	100	130	36	▼	(23%)
Energy exchanges	0.00	0.15	0.83	▼	n/a
<b>Other revenues</b>	<b>102</b>	<b>389</b>	<b>57</b>	▼	<b>(74%)</b>

In the period January-December 2023 the **revenues from interconnection capacity allocation** decreased from 399 million lei in 2022 to 343 million lei in 2023 due to the following:

- *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,*
- *Implicit allocations, in which capacity and energy are allocated simultaneously, are strongly influenced by variations in the price of electricity on European exchanges,*
- *the impact of the extension of market coupling which has the effect of levelling out energy prices in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing guidelines for capacity allocation and congestion management".*

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. Auctions on the Romania-Serbia border, long-term auctions on the borders with Hungary and Bulgaria and daily auctions on the border with

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 approved by ANRE, applicable over the amortisation period of those costs and are recognised as a separate component.

It should be noted that the income from the capitalisation of OTC is of a non-monetary nature, and its collection will be made by the Company in instalments through the transmission tariff over the next five years (2024-2028) in accordance with the relevant legislative provisions.

Moldova are explicit - only transmission capacity is auctioned, while 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).

The use of the net revenues from the allocation of interconnection capacity is carried out in accordance with the provisions of the updated ANRE Order no.171/2019 and the EU Regulation no. 943 of 05 June 2019 on the internal electricity market, as a source of financing investments for the modernisation and development of interconnection capacity with neighbouring systems.

## Income from OTC transactions

They decreased by 41% compared to the previous year (-33 million lei) as a large part of the required

OTC was purchased on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals.

**Income from Inter TSO Compensation (ITC)**

These revenues were higher (13.2 million lei) in 2023, compared to the same period in 2022 (4.1 million lei) and come mainly from scheduled electricity exchanges with the perimeter countries (countries not part of the ITC mechanism), namely Ukraine and Moldova.

Starting from 15.06.2023, the tariff for trade with perimeter countries has changed from 1.2 EUR/MWh to 3 EUR/MWh, leading to an increase in revenue compared to the same period last year. This was compounded by the fact that in February and March 2022, trade with Ukraine was severely curtailed due to

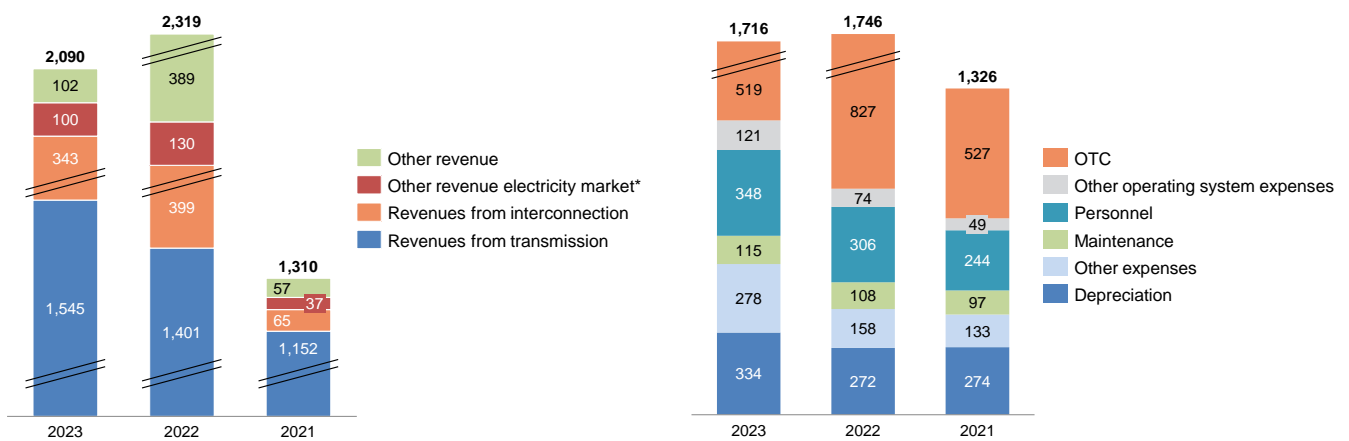
the onset of armed conflict in the region and trade with Moldova only started in October 2022.

In addition, in June 2023 there were (exceptionally) revenues of EUR 1,031,634 (estimated at RON 5,137 million) from the monthly settlement, due to electricity flows transited in all countries participating in the mechanism.

**Income from Emergency energy assistance to neighboring**

In the year 2023, the income from damage aids amounted to 31.8 thousand lei. Emergency aid was granted to Ukraine (May, June, July, August, November, December), the Republic of Moldova (August, December) and Serbia (May), to ensure the energy necessary to cover domestic consumption in these countries, due to armed conflicts on the territory of Ukraine, or accidental group shutdowns in neighbouring countries, etc.

Figure 29: Revenues and Expenses from activities with profit allowed (million lei)



\* ITC, reactive energy, OTC transactions, energy exchanges, emergency assistance

Table 27: Costs from profit allowed activities

Thousand lei	2023	2022	2021		23/22
<b>Operating expenses</b>	<b>1,382</b>	<b>1,474</b>	<b>1,051</b>	▼	<b>(6%)</b>
<b>System operating expenses</b>	<b>640</b>	<b>902</b>	<b>576</b>	▼	<b>(29%)</b>
Expenses on own technological consumption	519	827	527	▼	(37%)
Expenses on congestions	0.1	0.3	2	▼	(74%)
Expenses on electricity consumption in PTG substations	38	40	25	▼	(5%)
Expenses regarding the functional system services	0.00	0.03	4	▼	n/a
Expenses on Inter TSO Compensation (ITC)	83	34	19	▲	n/a
OPCOM administration expenses	0.36	0.14	0.22	▲	n/a
<b>Repairs and maintenance expenses</b>	<b>115</b>	<b>108</b>	<b>97</b>	▲	<b>6%</b>
<b>Personnel expenses</b>	<b>348</b>	<b>306</b>	<b>244</b>	▲	<b>14%</b>
<b>Other Expenses</b>	<b>278</b>	<b>158</b>	<b>133</b>	▲	<b>76%</b>
<b>Depreciation</b>	<b>334</b>	<b>272</b>	<b>274</b>	▲	<b>23%</b>
<b>Operating expenses inclusive of depreciation</b>	<b>1,716</b>	<b>1,746</b>	<b>1,326</b>	▼	<b>(2%)</b>

Operating expenses from activities with allowed profit (including depreciation) realized in 2023 decreased by

2% compared to the same period of the previous year (1,716 million lei from 1,746 million lei).

**System operating costs**

On the segment of activities with allowed profit, the operating costs of the system decreased by 29% (640 million lei in 2023 compared to 902 million lei in 2022), mainly influenced by the considerable reduction in OTC expenses.

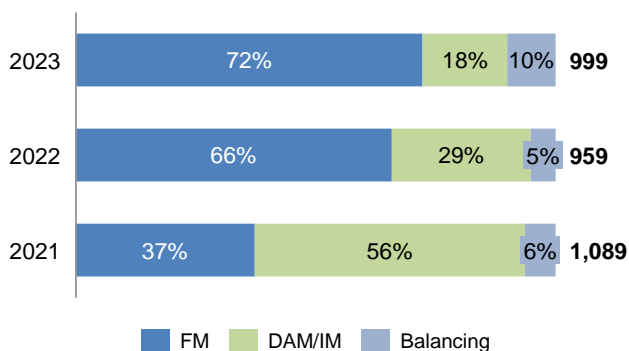
**Expenses on OTC**

In the period January-December 2023 the costs for energy purchase to cover own technological consumption were 519 million lei, 37% lower (-308 million lei) compared to 2022, due to the following:

- Due to its characteristics, the TPC 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 network and on interconnection lines with neighbouring power systems, and its value is very little to no controllable in an interconnected and coupled regional power market;
- following the provisions of GEO 153/2022, Transelectrica purchased electricity to cover 75% of the quantity of the OTC forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price;
- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a fall in consumption of quantities traded on the short-term markets and in energy prices on these markets.

All markets have seen lower average prices than in 2022, and the (net quantity) purchase mix shows the following components in the three periods analysed:

Figure 30: Procurement mix by quantities purchased from markets (GWh)



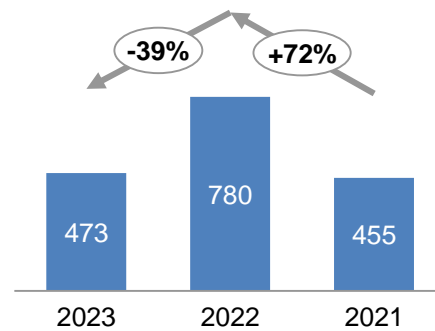
At the same time, taking into account the provisions of GEO no. 153/2022, Transelectrica will purchase

electricity to cover the Own Technological Consumption (OTC) through the Centralized Electricity Purchase Mechanism provided in the Annex to the GEO for the period 01.01.2024 - 31.03.2025.

Thus, for the year 2023, the Company has concluded a contract for the purchase of a quantity of 714,402.3MWh, representing 75% of the validated consumption forecast.

For the year 2024, the quantity purchased is to be 761,310 MWh, with the proviso that the allocation may be updated on a monthly basis according to the additional quantity forecast, in accordance with the Centralised Electricity Purchase Mechanism (GEO 153/2022).

Figure 31: Average total (net) OTC price on markets (RON/MWh)



The average price was calculated on net value (purchases-sales)

**Expenses on electricity consumption** in RET stations decreased by 5% in 2023 compared to 2022 (37.7 million lei in 2023 compared to 39.6 million lei in 2022).

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

**Expenses on Inter TSO Compensation (ITC)**

In 2023 these expenses were 49 million lei higher compared to the same period of the previous year and represent the monthly payment obligations/collection charges for each transmission system operator (TSO) that are established under the mechanism for compensation/settlement of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs that have joined this mechanism within ENTSO-E.

**Operating result - activities profit allowed**

Taking into account the European and national legislative regulations on the electricity market, the current situation on the electricity market in 2023 led

to a result of 374 million lei, down 35% compared to the previous year, the reduction being mainly due to: - lower revenues from the allocation of interconnection capacity (-56 million lei) and from revenues from OTC transactions (-33 million lei),

- the variation of certain expenses items such as: increase in ITC expenses (+49 million lei), increase in

depreciation expenses (+63 million lei), as well as other expenses related to the recording of expenses for the revaluation of fixed assets, losses on receivables and sundry debtors, expenses related to taxes and duties, expenses related to goods, etc.

## Zero-profit activities

Table 28 Summary of revenue from zero-profit activities

Mil. lei	2023	2022	2021	23/22
<b>Operating revenues</b>	<b>2,628</b>	<b>3,967</b>	<b>2,445</b>	▼ (34%)
System services revenues	359	488	623	▼ (26%)
Balancing market revenues	2,269	3,479	1,823	▼ (35%)

**Revenues from zero-profit activities** decreased by 34% (-1,339 million lei) compared to the same period of the previous year, from 3,967 million lei in 2022 to 2,628 million lei in 2023, mainly due to the decrease of -1,210 million lei in revenues on the balancing market and the decrease in revenues from system services (-129.3), due to the decrease in the tariff approved by ANRE.

The segment of **zero-profit activities** also recorded a decrease in costs by 30% (-1,178 million lei) from 3,946 in 2022 to 2,768 million lei in 2023, mainly due to lower expenses on the balancing market.

**The balancing market** was mainly influenced by the following aspects:

- national regulations on the electricity market, namely GEO No 153 of 11 November 2022 for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, amendment of GEO No 119/2022 for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023 updated, as well as for the amendment and

completion of certain regulatory acts in the field of energy;

- European legislative regulations on the energy market. energy market developments at European and regional level;
- The manner of achieving contracting in pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of electricity production and consumption;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of the average price recorded on the balancing market.

**Balancing Market Revenue/Balancing Market Expenses** decreased by 35% in 2023 compared to 2022.

For the year 2024, it is expected that the evolution of national electricity production and consumption, the European context of electricity market developments and the way in which contracting in the pre-balancing markets is carried out will have a significant impact on the evolution of revenues/costs in the balancing market.

Table 29: Summary of expenses from zero-profit activities

Mil. lei	2023	2022	2021	23/22
<b>Operational costs</b>	<b>2,768</b>	<b>3,946</b>	<b>2,419</b>	▼ (30%)
System services expenses	499	467	610	▲ 7%
Balancing market expenses	2,269	3,480	1,810	▼ (35%)

**System services** are purchased by the Company from producers in order to ensure the maintenance of the safety level in operation of the NES and the quality of the electricity transmitted at the parameters required by the technical standards in force.

The contracting of these services is carried out:

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

The procurement of system services shall be carried out on a competitive basis through daily tenders in accordance with the provisions of Regulation (EU)

2019/943 of the European Parliament and of the Council of 5 June 2019.

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

During 2023, **revenues from system services** decreased by 26% compared to the same period last year (359 million lei in 2023 compared to 488 million lei in 2022), due to the decrease in the tariff approved by ANRE for these services, while reducing the amount of electricity delivered to consumers by 3%.

The amount of **expenses on system services** in 2023 increased compared to the same period in 2022, the difference between the two periods being 32 million lei.

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

- system service purchase prices in the competitive market have remained around values:
  - ✓ the average purchase price of the secondary regulation reserve at 79,86 lei/hMW;
  - ✓ average purchase price of fast tertiary reserve, power increase to 37,84 lei/hMW;
  - ✓ average purchase price of fast tertiary regulation reserve, power reduction to the value of 16,11 lei/hMW.
- the manifestation during 2023 of a high level of system service market concentration for secondary reserve (SR) system services.

For the year 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 NPG CO. 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.

As of 01 April 2024, the ANRE Order on approving the terms and conditions for balancing, the ANRE President's Order no. 127/08.12.2021 approving the Regulation on terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on terms and conditions for balancing parties and amending and repealing

certain orders of the President of the National Energy Regulatory Authority published in the Official Gazette no. 1196 of 17 December 2021, with subsequent amendments and additions, which defines the new types of reserves to be purchased by Transelectrica in accordance with the requirements of the European codes.

These are the Frequency Stabilisation Reserve (symmetrical band), the Frequency Restoration Reserve with automatic and manual activation, and the Replacement Reserve.

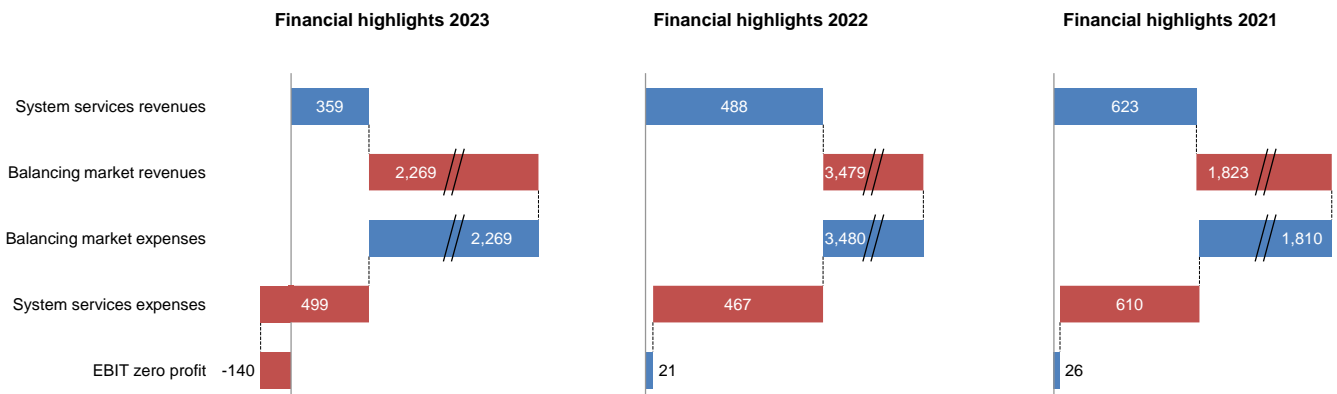
These reserves will be qualified as standard reserves, based on ANRE Order no. 89/2021 on the approval of technical qualification for the provision of system services.

The amount of system services actually procured will be adjusted by UnO-DEN based on the results of analysis of NES operation over time horizons closer to the day of operation.

These regulations will also have a significant impact on the development of the balancing market in 2024.

**Operating result - zero profit activities**

Figure 32 Results from zero-profit activities (million lei)



**EBIT generated by zero-profit activities** recorded a negative result of 140 million lei. For the system

services activity, according to ANRE regulations, the revenue surplus/deficit compared to the 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 surplus/deficit was recorded.

The surplus/deficit of revenue over costs resulting from carrying out this activity is calculated per tariff regulation period.

**Gross profit Company (EBT)**

**Total operating revenue**

Total operating revenues in 2023 decreased by 25% compared to the same period of the previous year (4,718 million lei in 2023 compared to 6,286 million lei in 2022), due to the significant decrease in revenues from zero-profit activities, revenues from interconnection capacity allocation, revenues from

OTC capitalization and revenues from exchange rate differences.

**Total operational expenses**

Total operating expenses (including depreciation) in 2023 decreased by 21% compared to the same period of the previous year, 4,484 million lei in 2023 compared to 5,692 million lei in 2022.

**Financial result**

The net financial result recorded in the period January-December 2023 is positive in the amount of 0.3 million lei, mainly due to the increase in interest income and influenced by the evolution of the exchange rate of the national currency in relation to foreign currencies (euro) in which the Company has

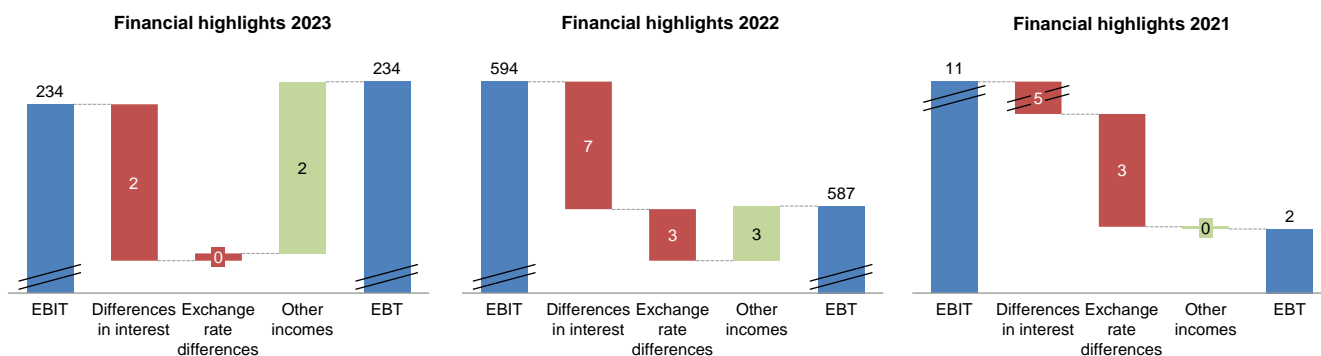
contracted bank loans to finance investment programs.

The share of foreign exchange income/expense in total financial income/expense is high and is significantly influenced by the high volume of transactions related to the market coupling business segment.

Table 30 Exchange rate development as at 31 December

Lei	2023	2022	2021	23/22
1 EUR	4.9746	4.9474	4.9481	▲ 0.5%

Figure 33 Financial results (million lei)



**Net result**

The evolution of electricity production and consumption at national level, the European context of evolution of the electricity market led to a result of 214 million lei in 2023, a decrease of 58%, the reduction being mainly due to:

- lower revenues from the allocation of interconnection capacity, as well as from OTC transaction and contingency aid revenues,
- the variation of certain expense items such as: increase in ITC expenses, increase in expenses for system services, increase in certain expense items for services performed by third parties (recording

expenses for revaluation of fixed assets, losses on receivables and sundry debtors, expenses for taxes and duties, expenses for implementation of pan-European codes, expenses for goods, etc.), as well as increase in expenses for depreciation (of which 68 million lei represent expenses for amortization of intangible assets - additional OTC).

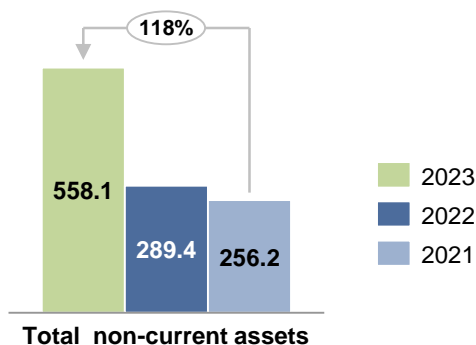
## 11.2. Balance sheet - financial position

Mil. lei	2023	2022	2021	23/22
<b>Non-current assets</b>				
Tangible assets	5.416	4.002	3.815	▲ 35%
Assets representing rights of use under a lease - buildings	14	22	30	▼ (36%)
Intangible assets	282	338	7	▼ (16%)
Financial assets	86	86	82	▼ n/a
<b>Total</b>	<b>5.798</b>	<b>4.447</b>	<b>3.933</b>	<b>▲ 30%</b>
<b>Current assets</b>				
Inventories	51	42	40	▲ 21%
Trade and other receivables	2.116	3.340	2.996	▼ (37%)
Profit tax recoverable	0	4	21	▼ n/a
Cash and cash equivalents	519	315	252	▲ 65%
<b>Total</b>	<b>2.686</b>	<b>3.702</b>	<b>3.309</b>	<b>▼ (27%)</b>
<b>TOTAL ASSETS</b>	<b>8.484</b>	<b>8.149</b>	<b>7.242</b>	<b>▲ 4%</b>
<b>Equity capital</b>				
Share capital	733	733	733	▼ n/a
Reserves	2.027	939	988	▲ n/a
Retained earnings	2.430	2.196	1.634	▲ 11%
<b>Total shareholders' equity</b>	<b>5.190</b>	<b>3.869</b>	<b>3.355</b>	<b>▲ 34%</b>
<b>Non-current liabilities</b>				
Long term borrowings	32	56	79	▼ (43%)
Other loans and assimilated debts - Non-current building lease liabilities	6	15	23	▼ (56%)
Other non-current liabilities	879	617	621	▲ 43%
<b>Total</b>	<b>918</b>	<b>687</b>	<b>723</b>	<b>▲ 34%</b>
<b>Current liabilities</b>				
Trade liabilities	2.242	3.372	3.034	▼ (34%)
Short-term borrowings	25	92	25	▼ (73%)
Other loans and assimilated debts - Current building lease liabilities	9	8	8	▲ 2%
Other current liabilities	100	120	98	▼ (17%)
<b>Total</b>	<b>2.376</b>	<b>3.593</b>	<b>3.164</b>	<b>▼ (34%)</b>
<b>Total liabilities</b>	<b>3.294</b>	<b>4.281</b>	<b>3.887</b>	<b>▼ (23%)</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>8.484</b>	<b>8.149</b>	<b>7.242</b>	<b>▲ 4%</b>

## Assets

**Fixed assets** recorded in 2023 compared to December 2022 an appreciation in percentage of 30% (+ 1,350 million lei), mainly due to the recording of the result of the revaluation of assets registered in the Company's assets and the increase in the value of tangible assets in progress, adjusted with the recording of depreciation of tangible and intangible assets.

Figure 34 Value of fixed assets entered in the accounts (excluding VAT, million lei)



The value of fixed assets recorded in the accounts in 2023 is 558.4 million lei (289.4 million lei in the same period of 2022), an increase of 269 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:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomitei Station - 353,7 mil lei;
- Modernization of 400/220/110/20 kV Munteni Station - 47,5 ml lei;
- Modernization of 220/110/20 kV Arefu Station - 39,7 million lei;
- Refurbishment of 220/110/20 kV Ungheni Station - 31,8 million lei;
- Modernization of 220/110 kV Dumbrava Station - 20,9 million lei;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 12,5 mil lei;

- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10 mil lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL - 6,8 mil lei;
- 220 kV double circuit Ostrovu Mare - RET (H.CA no. 17/2007) - 4,2 million lei.

Purchases of tangible and intangible assets in 2023 amount to 438.9 million lei, down compared to the same period in 2022 when purchases amounted to 461.9 million lei.

At the same time, the balance of tangible assets in progress according to the financial position as at 31 December 2023, in the amount of 993 million lei, is represented by projects in progress, the most significant being listed below:

- 400 kV d.c. Gutinaș - Smârdan - 216,7 mil lei;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița - 153,7 mil lei;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 76.5 million lei;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections at South Medgidia Station - 63,8 mil lei;
- Upgrading of 220/110/20kV Baru Mare Station - 60 million lei;
- Connection to the TSO of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 through the new (400)/220/110 kV Banca Station - 46,9 mil lei;
- Refurbishment of 220/110 kV Filești Station -43,6 million lei;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele LEA - 32.6 million lei;
- Refurbishment of 400/110/20 kV Smârdan Station - 32,1 mil lei;
- Modernization of 220/110/20 kV Arefu Station - 31 million lei;
- Refurbishment of the 400/110 kV Pelicanu Transformer Station - 24,7 million lei;
- Electricity metering and data management system for electricity metering on the wholesale market - 15.3 million lei;
- Refurbishment of 110 kV Medgidia South Station - 13,8 million lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 - 12,5 mil lei;

As at 31 December 2023, the Company has recorded in its accounting records the result of the revaluation report carried out by the company Appraisal&Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorized by the National Union of Authorized Appraisers of Romania (ANEVAR).

The assets subject to valuation were:

- land and tangible assets classified in Group 1 - *Buildings* and Group 2 - *Technical installations, means of transport* registered in the Company's private assets;
- - assets belonging to the public domain of the State and concessioned to the Company under Concession Contract No 1/2004.

#### **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. From 01.10.2020 the lease agreement valid for a period of 5 years came into force.

As of 31 December 2023, 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 RON 13.9 million.

#### **Intangible assets - Additional OTC**

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

For the year 2023, the Company capitalized the amount of 13.7 million lei as additional OTC calculated as the difference between the net cost of OTC acquisition and the cost of OTC included in the regulatory tariff, while recording depreciation expenses for the period in the amount of 68.04 million lei.

As at 31 December 2023, the net book value of intangible assets resulting from the capitalisation of the additional OTC amounts to 270.2 million lei.

### Financial assets

Financial assets as at 31 December 2023 recorded a slight decrease of 0.23 million lei compared to 31 December 2022, mainly represented by the sale of the shares held by the Company in Southeast Electricity Network Coordination Center (SEleNe CC) Societe Anonyme, together with the receipt of their consideration in the amount of 0.24 million lei.

The energy sector is undergoing a process of transformation at European level, 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 that ensures unified development at continental level but also allows adaptation to national specifications while pursuing the legitimate interests of European states.

The company is further affiliated with 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 €259,325 and 50 shares were allocated to it.

### Current assets

Current assets as at 31 December 2023 (2,686 million lei) decreased by 27% compared to the amount recorded as at 31 December 2022 (3,702 million lei), mainly due to the reduction in trade receivables and advances to suppliers.

**Trade receivables** decreased by RON 648 million (RON 1,745 million at 31 December 2023 compared to RON 2,394 million at 31 December 2022). The most significant developments were:

- customers from operational activity which due to the decrease in energy consumption generated a lower balance of receivables from operational activity (1,004 million lei as of 31 December 2023 compared to 1,696 million lei as of 31 December 2022).

The main outstanding customers on the electricity market are IBEX, Ciga Energy SA, Cinta Energy SA, Electrica Furnizare SA, OPCOM, MAVIR, Hidroelectrica, RAAN, JAO, PPC Energie SA. Their share is 71.72% of total trade receivables.

- customers - balancing market which, due to the increase in the volume of transactions in the balancing market in 2023 compared to the same period in 2022, also led to an increase in the balance of customers in contracts concluded for this type of activity (594 million lei on 31 December 2023 compared to 564 million lei on 31 December 2022).
- customers - support scheme, which recorded an increase of 9%, mainly due to the increase in the amount invoiced for the collection of the monthly contribution.

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

The company 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, "the main tasks being the monthly collection of the cogeneration contribution and the monthly payment of the bonuses".

As at 31 December 2023, the Company records receivables in the amount of 144 million lei, represented by invoices issued in relation 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 lei, respectively from RAAN -

63.46 million lei and CET Govora SA - 13.23 million lei;

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

- uncollected contribution for cogeneration from electricity consumer suppliers in the amount of 21.2 million lei, respectively from: Transenergo Com - 5.88 million lei, PetProd - 4.39 million lei, Romenergy Industry - 2.68 million lei, RAAN - 2.38 million lei UGM Energy - 1.50 million lei, etc.

Up to the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for 2022 (amount of 34.13 million lei), from CET Govora (13.7 million lei), and Electrocentrale București (20.4 million lei), as well as the amount of 1.8 million lei from the undue bonus established by ANRE Decisions for 2022.

**Other receivables** as at 31 December 2023 in the amount of 213 million lei mainly include:

- sundry debtors (RON 111.4 million), of which:
  - late payment penalties calculated for defaulting customers in the amount of 90.1 million lei (of which 35.15 million lei are penalties related to the support scheme).

The highest late payment penalties were recorded by the customers Romelectro (37 million lei), RAAN (16.9 million lei), CET Govora (9.6 million lei), Electrocentrale București (9.4 million lei), OPCOM (3.3 million lei), Total Electric Oltenia (3.3 million lei), ICPE Electrocond Technologies SA (1 million lei).

- compensation owed by suppliers for non-delivery of electricity: Arelco Power (RON 0.99 million), Enol Grup (RON 2.54 million) and Next Energy Partners (RON 8.39 million).
- 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 lei.
- amounts received in the form of subsidies (49.1 million lei), of which 49 million lei related to connection contracts to the RET;
- expenses recorded in advance in the amount of 9.5 million lei mainly represented by internal and international dues (7.5 million lei), insurance policies (0.9 million lei), rent and maintenance of office building (0.8 million lei) miscellaneous services and others;
- other social receivables in the amount of 2 million lei

representing sick leave 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 as at 31 December 2023 are represented by suppliers debtors for services in the amount of 152 million lei have decreased significantly compared to December 2022 when they were in the amount of 697 million lei.

The balance mainly represents amounts from transactions related to the price coupling mechanism (*ICP - Interim Coupling Project, SIDC - Single Intraday Coupling, SDAC - Single Day-ahead Coupling*) amounting to 117.2 million lei - for ICP and SDAC and 32.8 million lei - for SIDC.

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

*The launch of Flow Based Market Coupling in the Core region on 08 June 2022 represented the transition from the Interim Coupling Project (ICP) coupling mechanism to Flow Based Market Coupling (FBMC), 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 CCP, the Company has the task of transferring the financial flows generated by the electricity flows, following the coupling process.*

The **VAT to be recovered** in the amount of 215.1 million lei relates to the VAT returns for the period September - December 2023 and October 2020, of which 90 million lei has been collected up to the date of this report, representing the value added tax claimed for refund for September and October 2023.

The largest impairment adjustments existing in the balance at 31 December 2023, represent trade receivables and related penalties for Romelectro SA (37.5 million lei), JAO (30 million lei), CET Govora (25 million lei), Arelco Power (RON 14.8 million), Total Electric Oltenia SA (RON 14.2 million), Romenergy Industry (RON 13.5 million), Elsaco Energy (RON 9.3 million), RAAN (RON 8.5 million), Next Energy Partners (RON 8.4 million), OPCOM (RON 8.2 million).

## Equity and liabilities

**Non-current liabilities** in the amount of 918 million lei as of 31 December 2023 increased by 34% compared to the amount of 687 million lei as of 31 December 2022.

### Interest-bearing liabilities

As at 31 December 2023 the amount of non-current borrowings decreased by 43% (-23.7 million lei) compared to 31 December 2022 mainly due to repayments under existing loan agreements.

At the same time, the amount of current borrowings decreased from the balance of 92 million lei in December 2022 to 25 million lei on 31 December 2023.

The company has concluded loan agreements with Banca Comercială Română and Banca Transilvania for a period of 12 months to finance the bonus support scheme for high-efficiency cogeneration and to finance the working capital of the company.

As of December 31, 2023, the line of credit is undrawn.

**Current liabilities** decreased by 34% from 3,593 million lei as at 31 December 2022 to 2,376 million lei as at 31 December 2023, mainly due to the decrease in trade and other liabilities:

- **suppliers on the energy market**, which decreased by 615 million lei and recorded a balance of 1,341 million lei on 31 December 2023 compared to 1,956 million lei on December 2022.

This development was mainly influenced by:

- decrease in *the balance of liabilities related to operating activities* by 746 million lei, which was mainly determined by the payment when due, in 2023, of the payment obligations outstanding on 31 December 2022, mainly resulting from the coupling of electricity markets.

The suppliers on the electricity market are mainly represented by OPCOM, MAVIR, IBEX, Hidroelectrica SA, Joint Allocation Office, Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, Engie Romania.

On 31 December 2023, their share of total energy suppliers is about 94.27%.

- *the increase in the balance of "liabilities related to the balancing market"* by 34.3 million lei was due to the increase in the volume of transactions recorded on

the balancing market in the fourth quarter of 2023 compared to the fourth quarter of 2022.

- the increase of *the liabilities related to the support scheme to suppliers (producers)* by 95,5 million lei was due to the increase of the monthly bonus for high efficiency cogeneration from December 2023 to December 2022.

- **suppliers of fixed assets** increased by RON 38.9 million due to the increase in the volume of transactions recorded related to investments in progress,
- **Suppliers other activities** increased by RON 35.1 million, mainly due to liabilities related to services rendered by third parties, not yet due, which have appreciated compared to 31 December 2022,
- **"Other payables"** decreased significantly by 599.3 million lei, from a balance of 1,235.9 million lei as at 31 December 2022 to 637 million lei as at 31 December 2023, on the back of the evolution of *creditor customers*.

The structure of "other liabilities" is as follows:

- *Other creditors amounting* to 312 million lei (decreased by 77.8 million lei compared to 31 December 2022) are mainly represented by the net position of the support scheme for high efficiency cogeneration, liabilities position (294 million lei), contracts for solution studies for connection to the RET (14 million lei), royalty quarter IV 2023 (2 million lei),
- *creditor customers* as at 31 December 2023 in the amount of RON 246 million (decreased by RON 524 million compared to 31 December 2022) and represent amounts received in advance in transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from MAVIR (RON 42.2 million), OPCOM (RON 71.6 million), IBEX (RON 131.3 million) and JAO (RON 0.72 million),
- *the liability for fixed assets related to the rights of use of leased assets - buildings*, according to IFRS 16 - Leases, is in the amount of RON 8.6 million (current liability),
- *other liabilities* in the amount of 62.9 million lei are mainly represented by guarantees of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 38.3 million lei and

VAT not due during the reporting period in the amount of 24.3 million lei.

**Provisions** decreased by RON 3 million at 31 December 2023 (RON 65 million) compared to 31 December 2022 (RON 68 million).

➤ **Equity capital**

The increase in equity was mainly influenced by the impact of the revaluation of tangible assets by

recording the surplus from revaluation reserves in the amount of RON 1,192.5 million and by the recognition in retained earnings of net profit in the amount of RON 214 million.

Thus the equity capital as of 31 December 2023 is 5,190 million lei compared to 3,869 million lei as of 31 December 2022.

Table 31 Cash flow

Thousand lei	2023	2022	2021		23/22
<b>Operational activities</b>					
Cash flows before changes to working capital	630	537	247	▲	93,1
Changes to working capital	76	11	(25)	▲	65,1
Paid interests and taxes	(36)	(70)	(28)	▼	34,0
<b>Net cash from the operational activities</b>	<b>670</b>	<b>478</b>	<b>195</b>	<b>▲</b>	<b>192,2</b>
<b>Investment activity</b>					
Acquisition of tangible and intangible assets	(439)	(462)	(495)	▼	22,9
Collections from the investment activity	125	12	96	▲	112,7
Participation titles held in SELENE CC	0,2	0	0	▲	0,2
Dividends received	2	2	0	▲	0,5
<b>Cash used in investment activity</b>	<b>(312)</b>	<b>(448)</b>	<b>(399)</b>	<b>▼</b>	<b>136,3</b>
<b>Financing activity</b>					
Repayments of non-current borrowings	(24)	(24)	(24)	▼	(0,10)
Current loan repayments	(68)	0	0	▼	n/a
Use of working capital credit line -variation	0	68	0	▼	(67,6)
Building lease payments	(11)	(11)	(11)	▼	(0,01)
Dividends paid	(52)	(0,1)	(64)	▼	(51,9)
<b>Cash used in financing activity</b>	<b>(154)</b>	<b>33</b>	<b>(98)</b>	<b>▼</b>	<b>n/a</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>204</b>	<b>63</b>	<b>(302)</b>	<b>▲</b>	<b>141,3</b>
<b>Cash and cash equivalents at 1 January</b>	<b>315</b>	<b>252</b>	<b>554</b>	<b>▲</b>	<b>62,9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>519</b>	<b>315</b>	<b>252</b>	<b>▲</b>	<b>204,2</b>

Table 32: Indicators of profitability, liquidity, risk and activity

Indicator	Calculation formula	2023	2022	2021
<b>Profitability indicators</b>				
EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Turnover}}$	12%	15%	7%
EBITDA in Shareholders' equity	$\frac{\text{EBITDA}}{\text{Shareholders' equity}}$	11%	22%	8%
Gross profit rate	$\frac{\text{Gross profit}}{\text{Turnover}}$	5%	10%	0%
Rate of return on capital	$\frac{\text{Net profit}}{\text{Shareholders' equity}}$	4%	13%	0%
<b>Liquidity indicators</b>				
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.13	1.03	1.05
Quick ratio	$\frac{\text{Current assets}-\text{Inventories}}{\text{Current liabilities}}$	1.11	1.02	1.03
<b>Risk indicators</b>				
(1) Indebtness ratio *	$\frac{\text{Debt capital}}{\text{Shareholders' equity}}$	1.38%	4.4%	4.0%
(2) Indebtness ratio *	$\frac{\text{Debt capital}}{\text{Committed capital}}$	1.36%	4.3%	3.9%
Interest cover rate %	$\frac{\text{EBIT}}{\text{Interest expenses}}$	29.60	62.33	1.38
<b>Activity indicators</b>				
Clients' turnover	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	79.37	57.88	67.84
Non-current assets turnover	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.80	1.33	0.94

\* Within the leverage ratio indicators, borrowed capital includes current borrowings, non-current borrowings and other similar current and non-current borrowings/liabilities related to building leases under IFRS16.

\*\*Customers 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 customers: uncertain, from the market coupling mechanism, cogeneration scheme and overcompensation, have not been included in the average balance.



## 12. Regulated tariffs for electricity transmission

### General framework

The current model for regulating transmission tariffs in Romania is revenue cap.

The model involves regulating the total revenue allowed to the transmission system operator and includes the objectives of ensuring the necessary prerequisites for the efficient operation of the transmission service and maintaining the financial viability of the operator in order to adequately remunerate financiers and maintain access to financing.

The model contains operational efficiency incentive mechanisms and a financial return framework based on the control of the operator's investments (regulated asset base) and a regulated rate of return based on the operator's estimated average cost of financing.

Tariffs for electricity transmission services are set for regulatory periods. Regulatory periods are multi-year tariff regulation cycles (currently 5 years), during which a tariff calculation methodology is applied (*the methodology currently applied is the one approved by ANRE order no. 171/2019 with subsequent amendments and additions*) and for which a complete set of parameters is pre-established over the horizon of the respective periods for the actual tariff calculation.

Setting tariff parameters on multi-year horizons gives a high level of predictability and visibility of Transelectrica's investments, operational costs and revenues.

Within a regulatory period, tariffs are reviewed annually and remain valid for periods of 12 months from the date of approval (tariff years).

At the same time, it is worth mentioning that the applicable legislation also provides for exceptional conditions which, once met, allow the revision of tariffs during the course of a tariff year.

Differences between forecast and actual values of tariff calculation parameters for a given tariff year are

compensated by ex-post corrections implemented in the tariff in subsequent tariff years or at the beginning of the next regulatory period.

In the case of certain specific components of the regulated cost base that are subject to caps, the overrun of the forecast level of those costs shall not be compensated. Also in the case of certain cost components, the savings achieved are partially retained by Transelectrica.

The set of calculation parameters is approved by ANRE and includes:

- costs of day-to-day operation of the service: controllable and non-controllable operating and maintenance costs, own technology consumption, internal network congestion, costs and revenues related to the financial compensation mechanism for electricity transits within ENTSO-e;
- service development costs: planned investments in the transmission network, depreciation schedule based on regulated service lives, return on invested capital based on a regulated rate of return applied to the regulated asset base;
- the quantity of electricity that can be charged for.

Transmission tariffs are billed on the basis of the quantities of active electricity input/output from the public electricity grids in Romania, excluding imports/exports.

Transelectrica charges a transmission tariff for injection into the public electricity networks (tariff component TG) and for extraction from the public electricity networks (tariff component TL).

The TG does not apply to electricity produced by power plants with a small installed capacity of up to 5 MW. The TG also does not apply to imported electricity. TL does not apply to exported electricity.

### Tariffs valid until 2023

#### Transmission tariff

In accordance with the *Methodology for setting tariffs for the electricity transmission service* approved by Order of the President of ANRE No 171/2019, as subsequently amended and supplemented, the method for determining regulated revenues and calculating regulated tariffs for the electricity transmission service is established, tariffs which also

include the component related to the system functional service.

In view of the above, we present in the table below: the average tariff for electricity transmission service, with the related component:

- of electricity fed into the grid (Tg),
- electricity extraction from the grid (TI).

Table 33: Transmission tariff

Activity	u.m	Tariff applied 1 Apr 2022 - 31 Mar 2023	Tariff applied 1 Apr - 31 Dec 2023, of which:	Main component	Component related to additional costs with OTC (lei/MWh)	Difference (%)
(1)	(2)	(3)	(4)=(5)+(6)	(5)	(6)	(7)=(4)/(3)
<b>Electricity transmission</b>	lei/MWh	<b>28.10</b>	<b>31.20</b>	28.61	2.59	11.03%
Transmission Tariff - the feed-in component	lei/MWh	<b>2.53</b>	<b>4.04</b>	3.35	0.69	59.68%
Transmission Tariff - the component of electricity withdrawal from the grid	lei/MWh	<b>25.57</b>	<b>27.44</b>	25.50	1.94	7.31%

Thus, the factors that have had a significant contribution to the establishment/modification of the tariffs presented in the above table with applicability in the period 1 April 2022 - 31 March 2023 (according to ANRE Order no.33/23.03.2022), respectively in the period 1 April 2023 - 31 December 2023, are detailed as follows:

1) The modification of tariffs as of 1 April 2022 with extended applicability to the first quarter of 2023 was based on the provisions of GEO no. 27/2022. Normally, under the tariff rules issued by ANRE, the transmission tariff is revised annually on 1 January. By applying the provisions of GEO no. 27/2022, exceptionally in the first quarter of 2023 the transmission tariff set on 1 April 2022 was applied. Thus, according to art.14, paragraph (1) of the aforementioned Ordinance, on 1 April 2022 ANRE included in the transmission tariff the amount of additional expenses for the purchase of electricity necessary to cover its own technological consumption in 2021 which were generated by the significant increase in prices on the wholesale electricity market and which were not initially provided for in the tariff. The application of these provisions brought forward the time of adjustment of the costs of own technological consumption in 20215 compared to the standard timetable for the application of corrections provided for in the ANRE tariff rules according to which annual corrections are applied with a two-year delay.

2) When setting tariffs for the period 1 April to 31 December 2023, the component relating to additional costs with OTC was the main element leading to the increase in the average electricity transmission tariff. This component recovered part of the additional costs

<sup>5</sup> For the year 2021, compared to the value of 288.76 lei/MWh of the average electricity price for OTC coverage taken into account ex-ante when calculating the tariff, the actual value of the average electricity price for OTC coverage recognized by ANRE was 455.28 lei/MWh.

with OTC recorded in 2022 compared to the amount foreseen in the tariff approved for that year, according to the capitalisation mechanism established in GEO 119/2022. This mechanism ensures that the difference between the actual value of the OTC cost and the value included in the tariff of the OTC cost in that year is recovered through the transmission tariff in a staggered manner over five years. For the year 2022 this difference amounted to RON 338.5 million. In the year 2023, the tariff recovered a first tranche of this difference of approx. 99 million lei.

The main factors in determining the *main component* of the average electricity transmission tariff are presented below:

- adjustment of the cost of OTC acquisition forecast on the basis of the provisions of Article 80, paragraph (7) of the Methodology: +138.7 million lei;
- use by ANRE of the surplus revenues from the allocation of interconnection capacities obtained by NPG CO. Transelectrica SA, for the purpose of adjusting transmission tariffs in accordance with Article 9(2) and (3) of EU Regulation 1854/2022: -90.1 million lei;
- results of annual corrections for 2021 (ex-post corrections): -20,2 million lei;
- the additional correction applied by ANRE to ensure the financial neutrality of the TSO in the activity of managing the balancing market according to the provisions of Article 44(1)(i) of EU Regulation 2195/2017: -12.9 million lei;
- the amount of electricity forecast to be withdrawn from the grid between 1 April and 31 December 2023: 38.2 TWh.

#### System service charge (formerly system technology services)

In accordance with the provisions of *the Methodology for establishing the tariff for the purchase of system*

services, approved by Order of the President of the National Energy Regulatory Authority No 116/2022, the tariff for the system service has been established and is applicable:

- between 1 January and 31 May 2023, according to ANRE Order no.144/21.12.2022;
- during the period 1 June - 31 December 2023, according to ANRE Order no.67/25.05.2023.

Table 34: System service tariff

Activity	u.m	Tariff applied 1 Jan - 31 Dec 2022	Tariff applied 1 Jan - 31 May 2023	Difference (%)	Tariff applied 1 Jun - 31 Dec 2023	Difference (%)
(1)	(2)	(3)	(4)	(5)=(4)/(3)	(6)	(7)=(6)/(4)
<b>System service</b>	lei/MWh	<b>9.32</b>	<b>7.73</b>	-17.06%	<b>6.64</b>	-14.10%

1) **The main elements leading to the reduction of the tariff applied in the period January - May 2023** compared to the tariff period 2022 are:

- application by ANRE of the (partial) negative correction related to the first half of 2022: -33.5 million lei;
- non-recognition by ANRE of the full quantities of the secondary regulation reserve requested by NPG CO. Transelectrica SA for 2023.

2) **The negative adjustment of the tariff as of 1 June 2023** was made on the basis of the fulfilment of the provisions of art.22 and art.23 of the *Methodology for setting the tariff for the purchase of system services*, approved by ANRE Order no.116/2022. The aforementioned articles provide as follows:

- *Art.22 In order to avoid the subsequent recording of a significant level of corrections due to changes in purchase prices and/or quantities of purchased system services referred to in Article 2, the TSO is required to calculate, for the first quarter and for the first*

*semester of a tariff period t-1 respectively, the difference between realized and forecasted revenues and costs, plus the amount of corrections not made for the previous period/periods, and to submit the calculation to ANRE on 1 May and 1 August of year t-1 respectively;*

- *Art.23 If the TSO finds that the value determined in accordance with the provisions of Article 22 shows a variation of more than 5% of the forecast revenue for the same period, it has the obligation to submit to ANRE the request for revision of the tariff for the purchase of system services, which will include the value determined in accordance with the provisions of Article 22, valid until the end of the tariff period.*

- a) Thus, following the interim verification at the end of the first quarter of 2023 of the situation of costs and revenues related to the system services activity, ANRE has adjusted accordingly the amount of the tariff starting from 1 June 2023.

## 13. Disputes

The most important disputes impacting the Company are presented below:

- **ROMENERGY INDUSTRY**

The subject matter of the case No 2088/107/2016 is 'Bankruptcy - Request for entry on the creditors' list'.

Transelectrica has filed a request for registration in the creditor's list with the amount of 16 million lei. The claim was admitted and entered in the Preliminary Table.

The final report prepared by the liquidator New Insolvency SPRL was approved, the bankruptcy procedure of the debtor was closed, the debtor company was deleted from RECOM according to the Decision 293/12.12.2022. Procedure for the settlement of appeals against the decision of closure.

On 06.04.2023, the appeal against Judgment No. 293/F/2022 of the Alba Court in case No. 2088/107/2016 was rejected. Final. Judgment no. 134/06.04.2023.

- **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 Jugment 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 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.*

*File no. **24206/3/2015** - Transelectrica requested the court to declare that the amount of RON 16,896,664 was compensated by law. An appeal was filed, which was dismissed as unfounded by the ICCJ on 9 December 2021.*

*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.*

- **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 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 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.

On the hearing of 22.02.2024, the court adjourns the case to **14.03.2024**, 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, in the presence of their conventional 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 VIII Division. 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 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 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 decision no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation VIII Division. Partially quashed the decision under appeal and, on appeal: dismissed the request 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 amount 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 decision no. 382 of 20 October 2020. Upheld the appeals filed by the Plaintiff Transelectrica and the Defendant Directorate-General for the Administration of Large Taxpayers against civil decision no. 134 of 24 May 2022, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation VIII Division. Partially quashed civil decision No 134 of 24 May 2022 and, on remittal: granted in part the request for clarification and supplement to the operative part of civil decision No 382 of 20 October 2020, brought by the Plaintiff Transelectrica. It ordered to supplement the operative part of the civil decision 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 liabilities established for 2005 and the related accessory ones, as the right of the tax body to establish such liabilities 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 decision correcting the material error and the main decision. Upheld the other provisions of civil decision No 134 of 24 May 2022. ordered the Appellants - Defendants to pay to the Appellant - Plaintiff Transelectrica the amount of 200 lei in respect of the costs of the appeal. Final. Decision 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**, the TMB admitted the statute of limitation, raised in the statement of defence, and dismissed 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 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, VI Civil Division. 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. Definitive. 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 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 - VI Division, 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 Division - 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 writ of summons.

Transelectrica filed an appeal dismissed as groundless on **07.03.2024**. Definitive decision no.1319/2024.

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 provision for these disputes.



**Report on  
Corporate governance and  
social responsibility**



## 14. Corporate governance

### Corporate Governance Regulation

With the listing of its shares on the regulated market of the Bucharest Stock Exchange ("BVB"), the Company has adopted the principles of the BVB's Corporate Governance Code. In accordance with the BVB's requirements, Transelectrica has made public to investors the revised Corporate Governance Rules of the Company.

The objective is to improve and strengthen the elements and principles of corporate governance to protect shareholders and their rights and to comply with transparency requirements.

The Corporate Governance Regulation is an extremely important tool for the Company and aims, in particular, to bring together in a single document, in a concise form, the main rules and regulations already in place and applied by the Company. The core elements of this Corporate Governance Regulation are access to information for investors and the protection of shareholders' rights.

The Company has adopted a transparent culture and an effective corporate governance model, the internal supporting documents and the Company's conduct are aligned with the new requirements of the BVB Corporate Governance Code. Reporting obligations in accordance with the new BVB Corporate Governance Code are included in the periodic reporting.

The document is drafted in accordance with the principles set out in the BVB Corporate Governance Code and can be found on the website [www.transelectrica.ro](http://www.transelectrica.ro), under Investor Relations/Corporate Governance/Corporate Governance Code of the Company.

### Other applicable documents

The Company complies with the provisions of primary and secondary legislation pertaining to the capital market, as well as the regulations of the BVB and other bodies, and complies with and applies all the

provisions of the legislation of companies and public enterprises, including internal regulations and documents of the Company relevant to this field, among which:

- Law no.24/2017 on issuers of financial instruments and market operations, republished, as amended and supplemented;
- ASF Regulation No 5/2018 on issuers of financial instruments and market operations, as amended;
- Bucharest Stock Exchange Code BVB Corporate Governance Code;
- Corporate Governance Code and the set of Anti-Corruption Principles developed by AmCham Romania, which are international benchmarks for a healthy business climate;
- Company Law no.31/1990, republished, as amended and supplemented ("Law no.31/1990");
- GEO No 109/2011 on corporate governance of public companies, as amended and supplemented ("GEO No 109/2011");
- The listing commitment, by which Transelectrica, at the Initial Public Offering (in 2006), undertook to respect the rights of security holders and to ensure equal treatment for all security holders of the same type and class;
- The Company's restated Articles of Association ("Articles of Association");
- The Supervisory Board's Rules of Organisation and Functioning, updated;
- Internal rules of the Board, updated;
- The Code of Business Ethics, binding on all structures of the organisation, which sets out the ethical rules of conduct that establish and regulate the corporate values, responsibilities, obligations and business conduct on which the organisation has been built.

Figure 35 Structure of the Supervisory Board on 31 December 2023



## Supervisory Board

(hereinafter also referred to as "SB")

The composition of the Supervisory Board on 31.12.2023 was as follows:

- Cătălin-Andrei Dascăl - Chairman
- Teodor Atanasiu - Member
- Costin-Mihai Păun - Member
- Alexandru-Cristian Vasilescu - Member
- Luminița Zezeanu - Member
- Anca MITU
- Simina-Geanina PISTRU-POPA

According to the Articles of Incorporation, the SB is composed of seven members, appointed for a maximum period of four years and may be dismissed at any time by the General Meeting of Shareholders of the Company ("AGM").

All members are non-executive, the management of the Company being vested, under the law and the Articles of Association, in the Directorate. The members of the SB may meet at any time, but in any case at least once every three months.

The company bears the costs of the professional liability insurance of the SB members. The amount of the sum insured and the insurance premium have been determined by resolution of the AGM.

In 2023, the SB met whenever the interests of the Company required discussions on matters within its competence.

### Election of members of the Supervisory Board by cumulative voting method

At the request of shareholders representing, individually or jointly, at least 10% of the subscribed and paid-up share capital, the Directorate shall convene a mandatory GMS with the election of the members of the SB by cumulative voting.

Any shareholder holding less than 10% of the subscribed and paid-up share capital may make written proposals to the Directorate for the application of the cumulative voting method within 15 days of

the date of publication in the Official Gazette of Romania, Part IV, of the notice of the general meeting of shareholders with the election of the members of the SB on the agenda. In this case, the application of the cumulative voting method for the election of the members of the SB is subject to the vote of the General Meeting of Shareholders.

By the cumulative voting method, each shareholder has the right to allocate his cumulative votes -

obtained by multiplying the votes held by any shareholder, according to the shareholding, by the number of members to form the SB - to one or more persons proposed for election to the Supervisory Board.

In exercising cumulative voting, shareholders may cast all cumulative votes for one or more candidates. Shareholders shall indicate the number of votes cast for each candidate.

If the cumulative voting method is applied, the members of the SB in office on the date of the general meeting will be automatically included on the list of candidates for the election of SB members together with the candidates proposed by the shareholders.

All candidates on the list of candidates will be put to a shareholder vote at the AGM.

Members of the SB in office at the date of the General Assembly who are not reconfirmed by cumulative vote as members of the SB shall be deemed to be removed from office by resolution of the General Assembly.

The term of office of the members of the SB in office on the date of the general meeting of shareholders at which cumulative voting was applied shall continue in the event of their reappointment by cumulative voting.

In the event that two or more persons proposed for election to the SB receive the same number of cumulative votes, the person who has been voted for by a greater number of shareholders shall be declared elected as member.

The criteria for the election of the members of the SB in the event that two or more nominees obtain the same number of cumulative votes cast by the same number of shareholders shall be determined by the general meeting of shareholders and specified in its minutes.

During 2023 the members of the SB were not elected by cumulative voting.

### Remuneration of the Supervisory Board

The members of the Supervisory Board had a fixed monthly gross compensation of 17,926 lei gross/month, according to the AGM Decision no. 6/18 August 2022.

### Powers of the Supervisory Board

The Supervisory Board has the following main tasks:

- exercises control over the way the Directorate runs the Company,
- checks the income and expenditure budget and the investment programme for the financial year submitted for approval to the general meeting of shareholders,
- performs any duties provided for by the special legislation applicable to the administration of public undertakings,
- determines the structure and number of members of the Board,
- appoints and dismisses the members of the Directorate and determines their remuneration,
- verifies that the activity carried out in the name and on behalf of the Company complies with the law, the articles of association and the resolutions of the general meeting of shareholders,
- submit to the general meeting of shareholders at least once a year a report on the supervisory activity carried out,
- represents the Company in its dealings with the Board,
- approves the internal rules of the Directorate,
- verifies the financial statements of the Company,
- verifies the report of the members of the Directorate,
- propose to the general meeting the appointment and dismissal of the financial auditor and the minimum duration of the audit contract,
- approves the Company's transactions with related parties in the cases and under the conditions prescribed by law.

However, in exceptional cases, when the interest of the Company so requires, the Supervisory Board may convene a general meeting of shareholders and certain types of operations may only be carried out with the consent of the Supervisory Board. These are as follows:

- the purchase of products, services and works, irrespective of duration, with a value of more than EUR 5 000 000,
- operations for the provision of transmission service, system services and wholesale electricity market management, operations for the collection of the contribution for high efficiency cogeneration, operations for the payment of the bonus and refund of overcompensation/undue bonus, operations for connection to the RET, for the realisation of coexistence conditions, for the release of the site and execution of these works, technical

consultancy and project management related to these works, sale-purchase operations of the land necessary for the construction of the new installations under the RET connection contracts, as well as the land necessary for the access roads to these installations, operations for the constitution in favour of the Company of rights of use and easements, surface rights, rights of use, rights of affectation in any way on the land affected by the new installations under the RET connection contracts, as well as any other operations to be carried out for the proper conduct of the Company's main activity in accordance with the regulations in force, with a value of more than 10.000.000 euro,

- initiation, settlement, exercise, abandonment of claims, dispute, arbitration, with a value of more than 500.000 euro,
- commitments involving significant obligations on the part of the Company, with the exception of the operations referred to in the first two points, with a value in excess of EUR 5,000,000,
- any act free of charge, including any sponsorships and donations offered by the Company, with an individual value of more than 100,000 lei,
- the establishment or dissolution of secondary offices of the Company, in the country or abroad, (branches, representative offices, agencies or other such units without legal personality),
- changes to the organisational structure (organisation chart) of the Society and to the organisational and operational rules.

At the same time, the members of the Supervisory Board owe a duty of care and loyalty to the Company and shall comply with this duty if, when making a business decision, they are reasonably entitled to believe that they are acting in the best interests of the Company. The Supervisory Board, in exercising its essential powers of control over the manner in which the Directorate conducts the Company and of monitoring the activities carried out on behalf of and on account of the Company, has the right and the duty to determine in relation to the Directorate and the Company the means of control, monitoring and reporting that it deems necessary to fulfil these duties.

Correlatively, the Directorate has the duty to ensure at the Company level the reporting procedures and organisational conditions necessary for the performance of the control and verification tasks entrusted to the Supervisory Board.

## Advisory Committees

As at 31.12.2023, three advisory committees are set up at Supervisory Board level:

- *Audit Committee;*
- *Nomination and Remuneration Committee;*
- *Committee on Investment and Energy Security.*
- *Risk Management Committee*

Decisions in the Advisory Committees shall be taken by majority vote. In the event of a tie, the Chair of the Committee shall have the casting vote.

According to the approved rules of organisation and operation, at least one member of each committee set up must be an independent director within the meaning of company law, legislation and capital market regulations. As regards the audit committee, the majority of the members must be independent directors.

Any member of an advisory committee may convene a meeting of the committee of which he or she is a member. Notice of meetings of advisory committees shall be sent to each member of the committee in writing, by fax or by electronic mail to the e-mail address and fax number of that committee member.

## Tasks of the Supervisory Board committees

The main tasks of the committees of the Supervisory Board according to the area of activity are:

### ***Nomination and Remuneration Committee***

- makes proposals for the position of member of the Supervisory Board and member of the Directorate,
- prepares and makes proposals to the Supervisory Board regarding the selection procedure for members of the Supervisory Board, members of the Company's Directorate and for other management positions,
- makes proposals for the remuneration of the members of the Company's Directorate and other management positions, subject to the general remuneration limits approved by the General Meeting of Shareholders,
- coordinates the appointment process of the members of the Directorate,
- present in the Annual Report the total amount of direct and indirect remuneration of the members of the Directorate and the Supervisory Board.

## Audit Committee

The Audit Committee assists the Supervisory Board in fulfilling its responsibilities in the areas of financial reporting, internal control and risk management.

Audit Committee tasks related to financial reporting and statutory audit:

- monitors the financial reporting process at Company level,
- monitors the statutory audit of the annual financial statements and the annual consolidated financial statements,
- regularly reviews the effectiveness of financial reporting,
- verify and monitor the independence of the statutory auditor or audit firm and in particular, the provision of additional services to the audited entity,
- make recommendations to the Board on the appointment of the external auditor (statutory auditor or audit firm) of the Company on the selection, appointment, re-appointment and replacement of the external auditor and the terms and conditions of the external auditor's remuneration,
- monitor the independence and objectivity of the external auditor, in particular by monitoring the rotation of partners in the audit firm,
- receive and consider the external auditor's report on the key issues arising from the statutory audit and, in particular, on significant deficiencies in internal control over financial reporting,
- assists the Board in monitoring the credibility and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company (including consolidation criteria).

Audit Committee's tasks in the area of managerial internal control:

- monitor the effectiveness of the Company's internal control, internal audit, where applicable, and risk management systems,
- regularly reviews the effectiveness of the internal control and risk management system adopted by the Company,
- ensures that the audit reviews carried out and the audit reports produced as a result thereof are in accordance with the audit plan approved at Company level,
- propose to the Board the control, verification and reporting procedures necessary for the

exercise of its essential powers of control over the manner in which the Directorate manages the Company, as well as for the verification of the activity carried out in the name and on behalf of the Company,

- verifies compliance with non-financial reporting obligations at Company level,
- performs the duties provided for in Article 65 of the Law no.162/2017 on statutory audit of annual financial statements and consolidated annual financial statements and amending certain normative acts.

#### **Committee on Investment and Energy Security**

- consulting and monitoring the implementation of the Company's Medium, Short and Long Term Strategy and Investment Plan,
- advising and consulting with the members of the Supervisory Board, the members of the Directorate and the executive management of the Company, within the framework of and in relation to the Company's Strategy and ROF, without prejudice to the responsibility of the members of the Supervisory Board, the members of the Directorate and other persons who under Applicable Law have responsibility for the management and supervision of the Company,
- consulting and monitoring the implementation of actions on maintaining and increasing energy security related to the Company's activities.

#### **Risk Management Committee**

It is a new committee established following the amendment of the Government Emergency Ordinance no.109/2011.

#### **The work of the SB committees in 2023**

Eight (8) meetings of the *Nomination and Remuneration Committee* were held in 2023

Proposals and recommendations were made for the appointment of provisional members of the Directorate, in accordance with the provisions of GEO no.109/2011 on corporate governance of public companies.

In 2023, 6 (six) *Audit Committee* meetings were held, during which the Interim Financial Statements for the financial year 2022 were audited, the Income and Expenditure Budget for 2023 and the estimates for 2024-2025 were audited. The Report of the Audit Committee of the Supervisory Board of NPG CO. Transelectrica SA for the year 2022 on the Company's internal control and significant risk management systems was prepared and the stand-

alone/consolidated financial statements of the Company for the year 2022 were verified, accompanied by the Report of the Financial Auditor.

#### **Directorate**

Composition of the Directorate on 31.12.2023:

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

#### **Organisation of the Directorate**

Members of the Directorate are appointed and dismissed by the Supervisory Board. One of the members of the Directorate is appointed by the Supervisory Board as Chairman of the Directorate (alternatively also referred to as the Chief Executive Officer of the Company), who convenes and chairs the meetings of the Directorate and is also responsible for the proper organisation of the work of the Directorate as a collective management body, in order to fulfil the duties and responsibilities incumbent on it, respectively, under the applicable law and the Articles of Association.

The number of members shall be determined by the SC, provided that the number of members shall not be less than three and not more than seven, which number shall always be odd. One member of the Directorate shall be appointed Chairman of the Directorate (alternatively also referred to as the Chief Executive Officer or Chief Executive Officer - "CEO" - of the Company).

#### **Remuneration of the Directorate**

From 1 January 2023 to 31 December 2023 the members of the Directorate had a fixed gross monthly allowance of 55,050 lei gross/month.

#### **Powers and duties of the Board**

The Directorate shall perform all acts necessary and useful for the achievement of the Company's object of activity, with the exception of those reserved by law to the Supervisory Board and the General Meeting of Shareholders, the management of the Company being exclusively incumbent upon it under the Applicable Law.

The Directorate exercises its powers under the control of the Supervisory Board and has the duty:

- provide the Supervisory Board, at least every three (3) months, with written reports on the Company's management, the Company's business and the possible evolution of the Company;

- to ensure at the Company level the reporting procedures and organisational conditions necessary for the performance of the control and verification tasks entrusted to the Supervisory Board.

The Directorate manages the Company, approves all operations at the Company level, other than those provided for by the General Meeting of Shareholders and represents the Company in relation to third parties and in court.

The main duties of the Directorate, carried out under the supervision of the Supervisory Board (SB), are:

- establishes the Company's strategy, development policies, accounting policies and financial control system and approves financial planning,
- approves, with the agreement of the SC, the organisational structure (organisation chart) of the Company and its organisational and operational rules,
- submits annually to the General Meeting of Shareholders the report on the Company's activity, the financial statements for the previous year, the draft budget and the investment programme of the Company for the current year,
- conclude legal acts with third parties in the name and on behalf of the Company, in compliance with the provisions of the Articles of Association relating to joint signature and in compliance with the matters reserved to the competence of the general meeting of shareholders or the Supervisory Board,
- hires and fires, determines the duties and responsibilities of the Company's personnel in accordance with the Company's personnel policy,
- negotiates the Collective Labour Agreement at Company level, as well as its Addenda, together with the employees' representatives,
- perform all acts and take all measures necessary and useful for the management and fulfilment of the Company's object of activity, except those reserved by law or by the Articles of Association to the General Meeting of Shareholders and the Supervisory Board.

In this regard, the Directorate approves operations at the Company level, other than those provided for in the AGM, with the obligation to obtain the approval of the SB for the types of operations for which the law or the Articles of Association provide for such approval,

- approves the mandates of the Company's representatives in the general meetings of the shareholders of the Company's subsidiaries and informs the Directorate, on a quarterly basis, of the mandates granted to them,
- approves with the agreement of the SB the establishment or closure of secondary offices (branches, representative offices, agencies or other such establishments without legal personality),
- approves the conclusion by the Company of legal acts in the nature of a partnership contract governed by the Civil Code when the result is not an entity with a separate legal personality as well as approving the Company's participation as a member in domestic or international organisations,
- exercise any power provided by law or delegated by the general meeting of shareholders pursuant to law,
- performs any duties provided for by the special legislation applicable to the administration of public undertakings,
- carry out the decisions of the general meeting of shareholders.

The Directorate shall inform the General Meeting of Shareholders at least twice a year of the following types of operations:

- the purchase of products, services and works of any duration with a value of more than EUR 5 000 000,
- the initiation, settlement, exercise, abandonment of claims, dispute, arbitration, with a value exceeding 500.000 euro,
- Commitments involving significant obligations on the part of the Company, amounting to more than EUR 5,000,000,
- borrowings, regardless of duration, under €50,000,000,
- guarantees for borrowings, below 50.000.000 euro.

The Directorate is required to obtain the approval of the Supervisory Board for certain types of operations, and for these types of operations the Directorate is only able to approve the operation in question after obtaining the Supervisory Board's approval.

In the event of a refusal, the Directorate may also request the consent of the Ordinary General Meeting of Shareholders, which will decide in accordance with the law.



## General Meeting of Shareholders

The AGM is Transelectrica's governing body, which decides on the Company's business and economic policy. It may be ordinary or extraordinary, its specific powers being set out in the Articles of Association.

With the listing of its financial instruments on the regulated market administered by the BVB, the Company undertook the obligation to respect the rights of the holders of the financial instruments issued and to ensure their fair treatment.

Thus, all holders of financial instruments of the same class of securities are treated equally, with all financial instruments of the same type and class giving holders equal rights.

Each share confers rights on the holder as set out in the Articles of Association:

- voting rights in the AGM (one share = one vote),
- the right to elect and be elected to governing bodies,
- the right to participate in the distribution of profits (dividend entitlement).

Ownership of the share certifies de jure adherence to the Articles of Association.

All shareholders have the right to attend the AGM, to exercise their voting rights and to express their views during the debates.

The Ordinary General Meeting of Shareholders has the following duties and powers:

- discusses, approves or amends the annual financial statements on the basis of reports submitted by the Directorate, the Supervisory Board and the financial auditor,
- approves the distribution of profits and sets the dividend,
- elects and dismisses members of the Supervisory Board,
- appoints and dismisses the financial auditor and sets the minimum duration of the financial audit contract,
- sets the general remuneration limits for members of the Directorate,
- sets the remuneration for the current year of the members of the Supervisory Board,
- shall pass judgement on the management of the members of the Directorate and the members of the Supervisory Board, evaluate their work and discharge them, in accordance with the law,
- decides on legal action against members of the Directorate and members of the Supervisory

Board, as the case may be, for damages caused to the Company,

- establishes the revenue and expenditure budget and the investment programme for the financial year submitted for approval,
- decides on any matter within its competence under the applicable law,
- examines the Supervisory Board's reports on its work,
- decide on the pledge or lease of one or more units of the Company.

The Extraordinary General Meeting of Shareholders meets whenever it is necessary to take a decision on the following matters:

- change the legal form of the Company,
- relocation of the Company's headquarters,
- change of the Company's object of activity,
- increasing the share capital of the Company,
- reducing the Company's share capital or replenishing it by issuing new shares,
- merger with other companies,
- splitting the Company,
- early dissolution of the Company,
- conversion of shares from one category to another,
- conversion of registered shares into bearer shares or bearer shares into registered shares,
- conversion of bonds from one class into another class or into shares,
- the bond issue,
- the conclusion of acts of acquisition, disposal, exchange or pledging of assets in the category of fixed assets of the Company, the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total book value of the fixed assets of the Company less receivables,
- any amendments to the Articles of Association or any other resolution for which AGM approval is required.

In addition to the powers and duties mentioned above or by law, the Extraordinary General Meeting of Shareholders decides on the following matters:

- the making by the Company as a lender of any borrowings or obligations of any kind,
- the establishment of, or participation in the establishment of, separate legal entities with a proprietary or non-proprietary purpose, as well as participation in the share capital of other companies,

- the taking out of borrowings with a duration of 5 years or more, the value of which is equal to or greater than EUR 50 000 000,
- the provision of guarantees with a value equal to or greater than EUR 50,000,000,
- setting the minimum sum insured and the maximum amount of the insurance premium for the professional liability insurance of members of the Supervisory Board and members of the Directorate respectively.

The company makes every effort to facilitate the participation of shareholders in AGM meetings, encourages dialogue between shareholders and members of the Supervisory Board and/or members of the Directorate and the full exercise of their rights. The General Meeting of Shareholders is the actual mechanism for exercising all shareholder rights. The notice of the AGM becomes public within 24 hours from the time of convening the AGM on the BVB website, on the Company's website [www.transelectrica.ro](http://www.transelectrica.ro) and on the ASF website, and in the Official Gazette within 4 days and in the press within 5 days of the convocation. Similarly, the materials subject to debate are published, according to the agenda and the legal deadlines. Each notice of the AGM includes the location, date and time of the first convocation, the address of the place where the meeting will be held and the date, time and place of the second convocation.

The notice of the AGM shall explicitly state the subjects to be debated and the reasons for them. The rules of organisation and conduct for each AGM and the procedures for attending the meetings shall be explicitly set out directly in the notice so that all shareholders wishing to attend are aware of them.

The company encourages shareholder participation at AGMs and takes every measure to facilitate this. The materials submitted for debate are published on the [www.transelectrica.ro](http://www.transelectrica.ro) Investor Relations / AGM section, shareholders are encouraged to ask questions on agenda items.

The access of shareholders entitled to attend the AGM is allowed by simply proving their identity, in the case of individual shareholders, with their identity card or, in the case of legal entities and represented individual shareholders, with the proxy given to the individual representing them.

For shareholders who are unable to attend, the Company provides the opportunity to vote:

- a) by proxy, on the basis of a special power of attorney;
- b) by mail;

c) remote.

At the AGM, shareholders will also be able to vote by electronic means, in accordance with Law 455/2001 on electronic signatures, as amended and supplemented, and in accordance with ASF regulations. The relevant forms (postal voting form and special proxy form), in both Romanian and English, are also posted on the website [www.transelectrica.ro](http://www.transelectrica.ro) Investor Relations/AGA section.

Decisions adopted at the AGM are disseminated on the day of the meeting, by means similar to those previously presented for convening the meeting. Voting results are published on the Company's website no later than 15 days after the date of the AGM.

In order to provide shareholders with relevant information in real time, the Company has set up its own website, [www.transelectrica.ro](http://www.transelectrica.ro) a special section called Investor Relations, which is easily accessible and constantly updated. The page is structured in such a way that it contains all the information needed by security holders: including information on the AGM. The AGM is convened by the Directorate whenever necessary, in accordance with the law. In exceptional cases, when the interest of the Company so requires, the Supervisory Board may also convene the AGM.

AGM meetings are held in Romanian.

### Internal control

Within the Company, internal control is the set of policies and procedures designed and implemented by management and personnel to achieve overall objectives.

Transelectrica has an internal management control system whose design and implementation allow the Company's management to ensure both the reasonable management of financial resources in order to achieve general and specific objectives and their use in conditions of legality, regularity, effectiveness, efficiency and economy.

The mission of the internal management control activity is to ensure the internal administrative control within the Company in order to carry out, at an appropriate level of quality, the tasks of the Company, established in accordance with its own mission, in conditions of regularity, effectiveness, economy and efficiency.

The managerial internal control system includes self-monitoring mechanisms and the application of

objectives to increase its effectiveness is based on risk assessment.

The scope of internal management control is given by the business objectives of the component organisational sub-units and consists of:

- to carry out internal control of activities at Company level and in its organisational units;
- participation in detailed investigation committees, fraud investigation and proposal of sanctions according to the field of competence;
- preventing conflicts of interest in the management of company funds according to the area of competence;
- promoting fair competition and antitrust policies by identifying, deterring and sanctioning anti-competitive agreements according to its area of competence.

The main objectives of internal control are the execution of systematic, ethical, economical, efficient and effective operations, the fulfilment of accountability obligations, compliance with applicable laws and regulations, the protection of resources against loss and damage through waste, abuse, mismanagement, errors, fraud, irregularities, monitoring, coordination and methodological guidance of the implementation and development of the internal/managerial control system.

Operational Procedures are developed for specific activities and are reviewed as often as necessary. In this way, operations, processes and activities are periodically reviewed to ensure that they comply with current rules, policies, procedures or other requirements.

The internal management control system operates with a variety of procedures, means, actions, provisions, which concern all aspects of Transelectrica's activities. These are established and implemented by the management to enable it to have good control over the functioning of the Company as a whole, as well as over each individual activity/operation.

### **Internal public audit**

The company has organised its internal public audit activity through its own structure since 2004. According to the Organizational and Functional Structure in force and in accordance with Law no. 672/2002 on internal public audit, the "Internal Public Audit" (API) structure is subordinated to the Supervisory Board.

At the Company level, the audit activity is carried out on the basis of its own rules, endorsed by the

superior hierarchical body (General Secretariat of the Government) with no. 1911/11.06.2014. Of the five subsidiaries of the Company, only three have their own internal public audit activity (Opcom SA, Smart SA, Teletrans SA), while Formenerg SA and Icemenerg Service SA do not have their own internal public audit activity, which is carried out by the Internal Public Audit (API) structure of the Company.

### **Role**

- providing advice and assurance on the effectiveness of risk management, control and governance systems, contributing to the achievement of added value and providing recommendations for improvement;
- assisting the Company's management in achieving its objectives and providing objective and detailed assessments of the legality, regularity, efficiency, economy and effectiveness of the activities and operations carried out.

### **Regulations and principles governing the activity**

- Law No 672/2002 on internal public audit, as amended;
- the general rules on the exercise of the internal public audit activity (GD no.1086/2013);
- the Code of Ethical Conduct for Internal Auditors, which aims to create the ethical framework for the internal audit profession;
- The internal audit charter establishes the position of the internal audit structure within the public entity, defines the scope of activity of public internal audit, the rights and obligations of internal auditors;
- organisational independence within the Company, so as not to be subject to interference of any kind, from the setting of audit objectives, to the actual performance of the specific work of the assignment, to the communication of its results;
- individual objectivity, competence, professional awareness and continuous professional development of auditors;
- the integrity, confidentiality and political neutrality of internal auditors.

### **Planning of public internal audit activity**

Annual planning is based on the "Multi-annual Public Internal Audit Plan, following analysis of the associated risks and requests from the members of the Supervisory Board.

Given that the risks associated with the activities are generated by the economic and social environment in which the Company's activities are carried out, there is a need to periodically reassess the risks in order to monitor their dynamics.

Also, in order to carry out an informed risk analysis, but also to reduce the degree of subjectivity of the risk analysis, it is considered necessary to use well-defined risk analysis criteria, with an explanation of how the risk analysis is actually carried out and how the risk score is determined.

The risk analysis criteria used in annual and multiannual planning are:

- the probability of the risk occurring;
- the severity of the consequences of the event (level of impact).

### **Public internal audit activity**

In 2023, 22 public internal audit missions were carried out in the Company, of which 20 were assurance and 2 were evaluation missions.

These covered the following areas:

- two evaluation missions, to SMART and OPCOM;
- financial-accounting, in five missions carried out;
- human resources, in four missions carried out;
- specific functions in ten missions carried out;
- a mission in other areas.

No advisory missions were carried out during the year.

For the audit work carried out in 2023, a report has been prepared and submitted to the superior body (Secretariat General of the Government).

In view of the Methodological Rules on the exercise of the Company's internal public audit, the results of the implementation, the progress made in the implementation of the recommendations reported by the audited entity/structure are periodically reviewed. Progress in the implementation of recommendations is reported annually to the Company's management and to the internal public internal audit team of the superior body.

During 2023, 59 recommendations were made, including:

- 18 recommendations implemented by the deadline;
- 3 recommendations implemented after the deadline;
- 3 recommendations partially implemented (under implementation);

- 35 unimplemented recommendations for which the implementation deadline has not been exceeded;

At the level of the internal public audit structure of the Company, the Quality Assurance and Improvement Programme has been developed and the last update was carried out on 10.12.2020.

In accordance with the provisions of point 2.3.7. of Annex No. 1 to GD No. 1086/2013, a quality assurance and improvement programme (QAPP) shall be drawn up at the level of the internal public audit structure for all aspects of internal audit, allowing for continuous monitoring of its effectiveness.

The internal audit quality assurance and improvement programme should ensure that the internal audit work is carried out in accordance with the rules, guidelines and Code of Ethical Conduct for Internal Auditors and contribute to improving the work of the public internal audit capability.

Internal public audit through assurance and advisory engagements adds value to activities and supports management in maintaining effective internal control and achieving established objectives.

The vision of the internal public audit activity considers:

- ensuring continuous, uniform and quality-standard training required to obtain national certification for internal auditors,
- the need for permanent methodological collaboration and guidance between the internal public audit structure at the highest hierarchical level (General Secretariat of the Government) and the Internal Public Audit of the Company.

The internal public audit, through the activities it carries out, adds value both by assessing the internal control system and analysing the risks associated with auditable activities, and by the recommendations contained in the report drawn up and submitted to ensure the achievement of the Company's objectives. These recommendations have led the audited structures to refine their activities and improve their internal control system, so that significant progress has been made from one audit to the next.

Monitoring activities are geared towards the added value created by internal public audit in supporting the achievement of the Company's objectives.

Considering the involvement of the personnel of the audited structures and their managers in the actions to implement the recommendations issued, it can be

said that the internal public audit supported the personnel by reviewing the way of working and applying the legal provisions, better organizing the work and permanent collaboration in making the work done more efficient.

### Declaration of compliance with the BVB Corporate Governance Code

	Provisions of the Code	Respects	Partially complies (Reason for non-compliance)
<b>Section A - Responsibilities [of the Supervisory Board]</b>			
A.1.	TEL must have internal Supervisory Board (SB) rules of procedure that include the terms of reference/responsibilities of the SB and key TEL management functions, and that apply, among other things, the General Principles in Section A.	TEL's SB carries out its activity on the basis of the legislation in force, of the Articles of Association, of the <u>Rules of Organization and Functioning of the SB</u> and decides on matters concerning the Company's activity, except for those which, according to the law, are within the competence of the AGM or other corporate bodies.	
A.2.	Provisions for the management of conflicts of interest should be included in the SB Regulation. In any case, SB members must notify the SB of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not attending, unless not attending would prevent the formation of a quorum) and from voting on a resolution on the matter giving rise to the conflict of interest in question.	These aspects are also stipulated in detail in the Rules of Functioning and Organisation of the SC; The members of the SB have been appointed by the OGMS in compliance with the provisions applicable to listed companies and are selected in accordance with the provisions of Government Emergency Ordinance No 109/2011 on corporate governance of public companies ( <i>see explanations A.4.</i> ). All seven SB members have completed and submitted declarations of independence. In addition, the selection of candidates for a seat on the SB is made in compliance with the provisions of Article 40 of the Constitutive Act in application of Article 34 of Law no. 123/2012; All seven SB members have completed and submitted declarations of independence. <b>Details - in the Annual Report Corporate Governance section</b>	
A.3.	The SB must consist of at least five members.	SC of seven members <b>Details - in the Annual Report Corporate Governance section</b>	
A.4.	No less than two non-executive members of the SB must be independent. Each independent member of the SB must make a declaration at the time of his/her nomination for election or re-election, as well as at the time of any change in his/her status, indicating the basis on which he/she is considered to be independent in character and judgement.	All seven SB members have completed and submitted declarations of independence. Recruitment process related to the procedure regulated by GEO 109/2011, candidates are required to submit an affidavit of independent status, (attached to the application documentation);	
A.5.	Other relatively permanent professional commitments and duties of a member of the SC, including executive and non-executive positions on the SB of not-for-profit companies and institutions, must be disclosed to shareholders and potential investors prior to appointment and during his/her term of office.	Details - in the Declarations of Interests posted on the Company's website, Human Resources section; <a href="https://www.transelectrica.ro/web/tel/declaratii-de-avere">https://www.transelectrica.ro/web/tel/declaratii-de-avere</a> ;	
A.6.	Any member of the SB must disclose to the SB information concerning any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation relates to any relationship that may affect the member's position on matters decided by the SC.	The information is required from any CS member at the date of appointment by signing the declaration of compliance with the provisions of Article 40 of the Constitutive Act in application of Article 34 of Law no. 123/2012;	
A.7.	TEL must designate a Secretary of the SB responsible for supporting the work of the Council.	The composition of the SB Secretariat was designated by SB Decision No 46/2022 and the persons who worked in the Secretariat in 2023 were: Ionela Chelu and Irina Răcănel.	

	Provisions of the Code	Respects	Partially complies (Reason for non-compliance)
A.8.	The corporate governance statement will inform whether an evaluation of the Board has taken place under the leadership of the Chairman or the nominating committee and, if so, will summarise the key actions and resulting changes. TEL must have a CS evaluation policy/guideline covering the purpose, criteria and frequency of the evaluation process.		Partially implemented - The CS activity is reviewed by the shareholders at the AGM every six months, based on the Activity Report presented. For the year 2023 Transelectrica did not have a policy for the evaluation of the activity of the SB members
A.9.	The corporate governance statement should contain information on the number of meetings of the BoD and committees during the last year, the attendance of directors (in person and in absentia) and a report by the BoD and committees on their activities	In 2023, the Supervisory Board held 23 meetings, at which all or a majority of the members were present or represented as appropriate. 6 meetings of the Audit Committee and 8 meetings of the Nomination and Remuneration Committee were held. <b>Details of activity - in the Annual Report Corporate Governance section</b>	
A.10.	The corporate governance statement must include information on the exact number of independent members of the SC.	<b>All seven SB members have completed and submitted declarations of independence.</b>	
A.11.	The TEL SB shall establish a nominating committee of non-executive members, which shall lead the procedure for nominations of new members to the SB and make recommendations to the SC. The majority of the members of the Nomination Committee must be independent.	The Nomination and Remuneration Committee formulates proposals for the position of member of the SB and member of the Directorate, develops and proposes to the SB the procedure for the selection of members of the SC, members of the Directorate and for other management positions, formulates proposals for the remuneration of members of the Directorate and other management positions. The organisation, functioning and tasks are laid down in the CS ROF. <b>Details - in the Annual Report Corporate Governance section</b>	
<b>Section B - Risk management and internal control system</b>			
B.1	The SB must set up an audit committee of which at least one member must be an independent non-executive director. A majority of the members, including the chairperson, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and a majority of the audit committee members must be independent.	The Audit Committee assists the Board in fulfilling its responsibilities in the areas of financial reporting, internal control and risk management. Detailed duties and responsibilities are stipulated by the CS ROF. All seven SB members have completed and submitted declarations of independence. <b>Details - in the Annual Report Corporate Governance section</b>	
B.2.	The chair of the audit committee must be an independent non-executive member.	By the date of the Annual Report, the Chairman of the Audit Committee, Mrs Zezeanu Luminița, has made a declaration that she is independent.	
B.3.	As part of its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	Details in the Audit Committee's Annual Report - AGM material to the meeting to approve the Annual Financial Statements, published in the AGM section of the Company's website.	
B.4.	The assessment should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reports presented to the Board's audit committee, the timeliness and effectiveness with which executive management addresses deficiencies or weaknesses identified through internal control, and the presentation of relevant reports to the Board.	Details - in the Audit Committee Report in the AGM section on the Company's website, i.e. <a href="https://www.transelectrica.ro/web/tel/aga">https://www.transelectrica.ro/web/tel/aga</a> ,	

	Provisions of the Code	Respects	Partially complies (Reason for non-compliance)
B.5.	The Audit Committee must assess conflicts of interest in relation to the company's and its subsidiaries' transactions with related parties.	According to the Constitution of the National Electricity Transmission Company "Transelectrica"-SA, the competence limits of the Directorate, the Board of Statutory Auditors and the AGM concerning operations at TEL. The SB is required to follow the implementation at the Company level of approval and implementation procedures for transactions concluded by the Company, or its subsidiaries, with stakeholders, as defined by capital market legislation and regulations, as well as best practices to ensure substantial procedural fairness of transactions with stakeholders (self-dealing), using for this purpose the criteria established or recommended by capital market legislation and regulations.	
B.6.	The Audit Committee should assess the effectiveness of the internal control system and the risk management system.	Details - in the Report of the Audit Committee of the SB on internal control and significant risk management systems for the year 2023 (Material related to the annual meeting of the OGMS/29.04.2024 having on the agenda the approval of the Annual Financial Statements)	
B.7.	The Audit Committee shall monitor the application of legal standards and generally accepted internal auditing standards. The Audit Committee shall receive and evaluate the reports of the Internal Audit Team.	Details - in the Report of the Audit Committee of the SB on internal control and significant risk management systems for the year 2023 (Material related to the annual meeting of the OGMS/29.04.2024 having on the agenda the approval of the Annual Financial Statements)	
B.8.	Whenever the Code mentions reports or reviews initiated by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to be subsequently submitted to the Council.	Details - in the Report of the Audit Committee of the SB on the internal control and significant risk management systems for the year 2023 (Material related to the annual meeting of the OGMS/29.04.2024 having on the agenda the approval of the Annual Financial Statements)	
B.9.	No shareholder may be given preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	The company shall ensure equal treatment for all holders of securities of the same type and class and shall provide them with all necessary information to enable them to exercise their rights.	
B.10.	The CS must adopt a policy to ensure that any transaction of TEL with any of its closely held companies which equals or exceeds 5% of TEL's net assets (as per the last financial report) is approved by the CS following a binding opinion of the CS audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	For the approval of certain types of operations, according to Art. 21 para. (3) and (5) of the Constitution requires the consent/approval of the SC. Also, in order to fulfil the reporting obligations under Art. 144 lit. B paragraph (4) of ASF Regulation no. 5/2018 on issuers of financial instruments and market operations, in conjunction with the provisions of art. 92 <sup>^</sup> 3 of Law 24/2017 on issuers of financial instruments and market operations, TEL's financial auditor performs a semi-annual analysis of transactions with affiliates. The auditor's report is sent to the BVB and ASF and is also published on the TEL website in the Investor Relations / Current Reports section.	In addition, the SB envisages the drafting of a separate document during 2024 on the <i>Policy on significant transactions with related parties</i>
B.11.	Internal audits must be carried out by a structurally separate division (internal audit department) within TEL or by engaging an independent third party.	The internal public audit activity at the Company level is carried out by its own audit structure, thus complying with the requirement established by Law no. 672/2002 on internal public audit - art. 10 paragraph (1), republished with subsequent amendments and additions. According to the Organisation Chart, there are such organisational entities within TEL, namely Internal Public Audit, Integrated Management Department, Control Directorate	
B.12.	In order to ensure that the core functions of the internal audit department are fulfilled, it must report functionally to the BoG through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risks, it should report directly to the CEO.	According to the organisational and operational regulations of the organisational entities involved;  <b>Details - in the Annual Report of the Corporate Governance section</b> and in the Report of the Audit Committee of the SB on internal control and significant risk management systems for the year 2023 (Material related to the annual meeting of the OGMS/29.04.2024 having on the agenda the approval of the Annual	

Provisions of the Code		Respects	Partially complies (Reason for non-compliance)
		Financial Statements)	
<b>Section C - Fair Reward and Motivation</b>			
C.1.	TEL must publish on its website the remuneration policy and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.	In accordance with the regulations in force, the Company informs the General Meeting of Shareholders annually through the Nomination and Remuneration Committee Report. Details - in the Annual Report Corporate Governance section, including on the Company's website the mandate agreement is published, AGM/Corporate Governance section;	
<b>Section D - Adding Value through Investor Relations</b>			
D.1.	TEL must organise an Investor Relations service - indicating to the general public the responsible person(s) or organisational unit. In addition to the information required by law, TEL must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	Transelectrica has specialised organisational entities for both Investor Relations and Shareholder Relations ( <a href="#">contact</a> ). Dates and information can be found at <a href="https://www.transelectrica.ro/web/tel/relatii-investitori">https://www.transelectrica.ro/web/tel/relatii-investitori</a> ,	
D.1.1	Main corporate regulations: articles of association, procedures for general meetings of shareholders;	<i>Please refer to the TEL website, <a href="https://www.transelectrica.ro/regulament-de-guvernanta-corporativa">https://www.transelectrica.ro/regulament-de-guvernanta-corporativa</a>, and the AGM Procedure is present in each Convener/Completion of Convener, Investor Relations/AGM section.</i>	
D.1.2	Professional CVs of TEL governing body members, other professional commitments of SB members, including executive and non-executive positions on boards of companies or non-profit institutions;	Public documents on the TEL website, in the Investor Relations/Corporate Governance/Supervisory Board and Directorate - <i>Biographical Notes and CVs</i> section; ( <a href="https://www.transelectrica.ro/web/tel/guvernanta-corporativa">https://www.transelectrica.ro/web/tel/guvernanta-corporativa</a> ).	
D.1.3	Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code;	Relevant documents can be consulted on the TEL website, Investor Relations section, Current Reports and Periodic Reports tab, link: <a href="https://www.transelectrica.ro/web/tel/relatii-investitori">https://www.transelectrica.ro/web/tel/relatii-investitori</a> ;	
D.1.4	Information relating to general meetings of shareholders: agenda and information materials; procedure for electing Board members; arguments supporting the proposed candidates for election to the Board, together with their professional CVs; shareholders' questions on agenda items and the company's replies, including resolutions adopted;	The documents are available on the TEL website, Investor Relations/AGA section, link: <a href="https://www.transelectrica.ro/web/tel/aga">https://www.transelectrica.ro/web/tel/aga</a> ,	
D.1.5	Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and principles applied to such transactions. Such information will be published in a timeframe that allows investors to make investment decisions;	The documents are available on the TEL website, Investor Relations section, link <a href="https://www.transelectrica.ro/web/tel/relatii-investitori">https://www.transelectrica.ro/web/tel/relatii-investitori</a> ;	
D.1.6	Name and contact details of a person who will be able to provide relevant information on request;	relatii.investitori@transelectrica.ro, Shareholder: Mihaela GRAMA - contact number: +40.21.303.59.48 Investor relations: Adrian ȘUȚA - contact number: +40.21.303.56.67, public data and on the TEL website, link: <a href="https://www.transelectrica.ro/web/tel/contact-ri">https://www.transelectrica.ro/web/tel/contact-ri</a> ,	
D.1.7	TEL presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	The documents are available on the TEL website, Investor Relations section, link: <a href="https://www.transelectrica.ro/web/tel/rapoarte-periodice">https://www.transelectrica.ro/web/tel/rapoarte-periodice</a> ,	
D.2	TEL will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the Directorate and adopted by the Supervisory Board, in the	The distribution of the Company's profits is carried out in accordance with the provisions of GEO 64/2001 on the distribution of profits to national companies, national	



	Provisions of the Code	Respects	Partially complies (Reason for non-compliance)
	form of a set of guidelines that TEL intends to follow regarding the distribution of net profit. The principles of the annual shareholder distribution policy will be published on TEL's website.	companies, commercial companies with full or majority state capital, as well as autonomous companies. The shareholders approved on 28 March 2016 a policy on the annual distribution of dividends	
D.3	TEL will adopt a policy in relation to forecasts, whether they are made public or not. Forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (so-called assumptions): by its very nature, this projection has a high level of uncertainty, and actual results may differ significantly from the forecasts originally presented. The forecasting policy will determine the frequency, time period and content of the forecasts. If published, forecasts may only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the Company's website.	The Company's activity is regulated by the National Energy Regulatory Authority.	.
D.4.	The AGM rules must not limit the participation of shareholders in the AGM and the exercise of their rights. Changes to the rules will take effect at the earliest from the next AGM;	TEL respects all the rights of holders of issued financial instruments and ensures their fair treatment, regardless of the number of shares held, and continuously strives to achieve effective, active and transparent communication in order to ensure that shareholders exercise their rights in a fair manner;	
D.5.	The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.		
D.6.	the AC will present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems and opinions on matters to be decided by the general meeting	OGMS material for the meeting of 29 April 2024 - Report of the Audit Committee of the SB on internal control and significant risk management systems for the year 2023	
D.7.	Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Accredited journalists may also attend the general meeting of shareholders provided that they send prior information to the Directorate.	
D.8.	The quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year.	Relevant documents can be found on the TEL website, Investor Relations/Regular Reports section, link <a href="https://www.transelectrica.ro/web/tel/relatii-investitori">https://www.transelectrica.ro/web/tel/relatii-investitori</a> ;	
D.9.	TEL will hold at least two meetings/teleconferences with analysts and investors each year. Information presented on these occasions will be published in the investor relations section of TEL's website on the date of the meetings/teleconferences.	According to TEL's annual Financial Communication Calendar, approved and sent to the capital market institutions, BVB and ASF, the Company has scheduled four meetings in 2023 with financial analysts, investment consultants, brokers and investors to present financial results <ul style="list-style-type: none"> <li>(<a href="https://www.transelectrica.ro/web/tel/calendar-financiar">https://www.transelectrica.ro/web/tel/calendar-financiar</a>)</li> </ul>	
D.10	If TEL supports different forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of TEL is part of its mission and development strategy, it will publish a policy on its activity in this field.	The document can be consulted on the TEL website, section About us/ Corporate Social Responsibility, link: <a href="https://www.transelectrica.ro/web/tel/responsabilitate-sociala-corporativa">https://www.transelectrica.ro/web/tel/responsabilitate-sociala-corporativa</a> Information related to this section can be accessed by consulting the documents in the 2023 Annual Periodic Report.	

## 15. Corporate Social Responsibility

### Corporate social responsibility policy

Any modern organisation is measured not only by its economic performance, the quality of its management and its communication policy, but also by its contribution to the social life of the community to which it belongs.

Social Responsibility is a management process through which the Company wants to contribute to the development of a sustainable and successful Romanian society.

Social responsibility towards the community is as important as success in business, and that is why the Company has been considering during 2023 to link its Corporate Social Responsibility policy with the social issues of the community where it operates, getting involved in solving social problems and supporting increased access to education in disadvantaged areas.

The company takes into account the interests of society and is responsible towards employees, shareholders, the community and the environment.

Social responsibility is an integral part of the company's business strategy and contributes to strengthening its market position and maintaining its reputation.

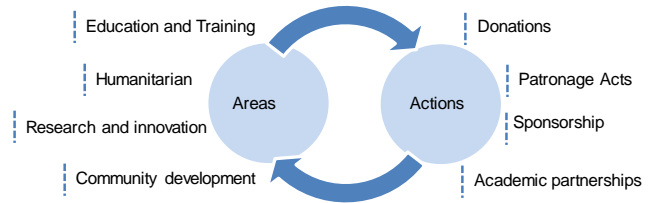
Figure 36: CSR policy - stakeholder dialogue



### CSR areas and actions

Social Responsibility is a management process through which Transelectrica wishes to contribute to the development of a sustainable and efficient Romanian society. Our vision in Corporate Social Responsibility is to promote national values such as innovation, team spirit, respect for diversity and commitment. These underpin our performance.

Through its corporate social responsibility policy, the Company focuses on the following areas and actions contained in a long-term strategy:



### Education and training

*Objective: To support young people studying in the field of energy for their educational and professional development.*

For Romanian society, young people are the most important value. We are active in the university environment through partnerships with student associations and other initiatives.

- We collaborate with energy faculties by equipping research laboratories and providing scholarships to students.
- We offer energy students the opportunity to participate in Transelectrica's work in the form of technical visits to the company.

### Humanitarian actions

*Objective: to sponsor Associations that support people with medical needs, from disadvantaged areas and low-income families or in need of long-term medical treatment.*

People are at the heart of our concerns and we always try to help the disadvantaged.

Among those who can benefit from our support are associations that come to their aid.

### Environment

*Objective: To ensure the protection and improvement of the quality of the environment and to promote activities that result in selective collection for recycling.*

Corporate social responsibility could also be seen as based on personal social responsibility, on the care and willingness of each individual to build his or her existence in close connection with the environment, in the context of finding oneself in the values promoted by the company.

Our environmental policy embodies a commitment to conducting all our specific activities in a responsible manner, giving due consideration to environmental impact and sustainable development.



This includes environmental protection and environmental protection is a prerequisite for sustainable development. Existing requirements and demands at EU level require a new approach to global environmental issues, in terms of environmental impacts and pressures and all the consequences of socio-economic development. Specifically, we want corporate social responsibility actions to have as a main component, regardless of their final direction, environmental aspects and ways to significantly reduce the environmental impact of our activities.

### Social responsibility towards employees

*The Company's objective regarding social responsibility towards employees involves providing support to both Company employees and their families in the event of major health problems.*

### Corporate volunteering

*Objective: To carry out voluntary actions to solve community problems.*

Employer-supported volunteering is any effort by the Company to encourage its employees to participate in volunteer activities in the community and to support them in their involvement efforts.

The Company's executive management encourages and supports the participation of employees as volunteers in various actions and fundraising campaigns and proposes concrete projects in which

they offer their time and dedication to improve employee relations through team activities.

### Project eligibility criteria

Transelectrica will support only those projects or organisations that can ensure the achievement of the objectives set out in the Corporate Social Responsibility strategy mentioned above.

At the same time Transelectrica wants to support projects/organisations with which it shares the same values and which prove to be beneficial to society.

Company sponsorships CANNOT be accessed by:

- Political parties or organisations whose activity is assimilated to that of a political party;
- Public institutions, except educational institutions (school, kindergarten, university, etc.), museums, hospitals and other cultural and health institutions based in Romania;
- Natural or legal persons subject to a conflict of interest;
- Profit-making organisations/institutions;
- Natural or legal persons who have been declared in a previous sponsorship situation;
- Beneficiaries who are undergoing or are in the process of undergoing judicial reorganisation, dissolution, liquidation or whose activity has been suspended;
- Beneficiaries/organisations that have been convicted of a criminal offence;
- Beneficiaries/organisations that have been found to be in breach of a previous funding and/or donation and/or sponsorship contract with Transelectrica;
- Persons affiliated or whose relatives up to the third degree are affiliated with political parties or any other organisation whose activity is similar to theirs.

In accordance with Article XIV of GEO no. 2/2015, for the amendment and completion of certain normative acts and other measures, it is provided that the economic operators referred to in Article 1 of Government Ordinance no. 26/2013 on strengthening financial discipline at the level of certain economic operators in which the State or territorial administrative units are the sole or majority shareholders or directly or indirectly hold a majority stake, approved with additions by Law no. 47/2014 (category to which the Company belongs), which grant donations and sponsorships in cash, in accordance with the legislation in force, shall comply with the following ceilings when granting them:

- at least 40% of the approved amount in the health and medical field;
- at least 40% of the approved amount in the education, teaching, social and cultural fields for equipment, services, actions or any other activities related to these fields, including national programmes;
- a maximum of 20% of the approved amount for other actions and activities, including those supplementary to the first points.

### Sponsorship policy

The sponsorship criteria established by the Company are:

- **Transparency:** Sponsorship must be transparent, the beneficiary must be known and the purpose for which it will be used must be disclosed and verifiable;
- **Purpose:** The amount donated must contribute to a purpose relevant to the sector described above;
- **Cost:** The cost required to implement the project/action subject to sponsorship must be justified and detailed;
- **Reputation/trustworthiness of the beneficiary:** As far as possible, an integrity assessment of the beneficiary will be carried out;
- **Strategic framework for sponsorships:** sponsorships must be in line with Transelectrica's strategy;
- **Benefit to the Company:** The Recipient must provide Transelectrica with opportunities for visibility and reciprocity in business with financial impact;
- **Previous relations with Transelectrica:** Positive previous experience positively influences the assessment of the new application.

The sponsorship or donation is evaluated by the Company according to the evaluation criteria.

- The grantee must submit a concise report to the Corporate Social Responsibility Service after the completion of the Donation/Sponsorship process, mentioning all tangible results implemented by the grantee.
- The company should generally monitor the following:
  - Compliance with the written contract and company policies;
  - Achieving sponsorship or donation targets;
  - Good management and record keeping;
  - Submission of reports;
  - Benefits to the Company and the community.

All sponsorship/donation requests must be made in writing and addressed to the Corporate Social Responsibility Service, including the following details:

- Name of organisation/beneficiary, telephone number, address and contact person;
- The purpose of the action/programme/event for which support is requested, including background information;
- Amount needed;
- Results to be achieved through the support provided;
- Benefits resulting from the support.

Transelectrica, as part of public life, therefore has certain duties towards society.

Community involvement is necessary not only to ensure our commercial success, but also to gain the respect of the communities in which we operate, contributing to the development of a sustainable and successful Romanian society.

This is why the projects we choose to get involved in must go beyond the business area and get as close as possible to the needs of people and the environment in order to actively participate in improving the quality of life and living standards.

Our commitment is to support strategic partnerships in these areas and to persuade, by example, employees, customers or even business partners to join us.

### Main CSR projects in 2023

In 2023, we have chosen to continue our involvement in areas such as: education and training, humanitarian and environmental actions, and employee responsibility.

The total amount for sponsorship, patronage, corporate social responsibility, scholarships, etc. was 4,657,700 lei, according to the approved amended expenditure and income budget for 2023.

Expenses for the year 2023, have been distributed to the following areas:

- Medical and health: 1.927.000 lei
- Education, teaching, social and sport: 1.550.700 lei
- Other activities: 1.180.000 lei.

The company decided to grant financial aid amounting to 1,600,000 lei to 57 people diagnosed with various medical conditions, to cover treatment expenses.

In 2023, Transelectrica continued the social responsibility actions initiated in recent years and got involved in new programs, becoming increasingly visible and constant, being alongside associations,

non-governmental organizations and energy/technical educational establishments.

In order to support education and encourage young people to pursue a career in the energy sector, Transelectrica has offered monthly scholarships to 14 students, with a total allocated in 2023 of 181,300 lei, and this scholarship program will continue in 2024.

The total value of sponsorship contracts in the fields of education, teaching, social and sport in 2023 was 1,550,700 lei.

Consequently, Transelectrica, as part of public life, has certain duties towards society. Community involvement is necessary not only to ensure our commercial success, but also to gain the respect of

the communities in which we operate, contributing to the development of a sustainable and successful Romanian society.

In 2024 Transelectrica will implement the CSR policy in order to achieve the set objectives, supporting disadvantaged groups and young people with prospects, while taking into account the quality of education and environmental impact.

As in the previous year, another priority for 2024 is to support the young generation by getting involved in professional development through scholarships for both students and students with outstanding results in energy-related educational establishments and by equipping the research laboratories of the faculties or schools.

## Environmental responsibility

Environmental protection is an important objective for the Company in order to achieve sustainable and sustainable development. Thus, the environmental protection policy is an integral part of the general policy, with the objectives of maintaining an efficient environmental management system, preventing and reducing pollution, complying with national and European legal requirements and sustainable development.

The environmental objectives for 2023 aimed at maintaining a high performance environmental management system, preventing and reducing pollution so that the impact of the electricity transmission network on the environment is within national and European requirements. The objectives were achieved through preventive and corrective actions included in the annual environmental management programme.

In order to achieve its objectives, the Company has taken measures to reduce the environmental impact of both its operating activities and its maintenance and investment activities, which involved construction and assembly work, so that no particular environmental protection problems were reported in 2023.

### Description of the environmental impact of RET

High-voltage electrical installations consisting mainly of overhead power lines and transformer and connection stations are installations that can have a significant impact on the environment due both to the technical complexity of the installations and to the land areas occupied and the lengths of tens or even hundreds of kilometres, usually over several counties.



Under normal operating conditions of RET installations, no pollutants are discharged into the environment. Certain polluting chemicals may be accidentally released into the environment in the event of equipment leaks, incorrect operation, damage or during construction and maintenance work.

Identification and assessment of environmental aspects for technology and construction are carried out from the first design phase. On this basis, the environmental management plan (for construction, operation and decommissioning of the facility) is developed, including the programme of measures for pollution prevention and impact mitigation and the monitoring programme of environmental factors.

In terms of type of impact, the environmental aspects related to construction and operation-maintenance are divided into the following:

➤ **physical effects** that have as their modes of manifestation (effects):

- soil damage through the opening of new access roads, excavations and excavations
- occupancy of land with site organisation, including warehouses
- damage to flora through systematic clearing of vegetation
- wildlife damage (habitat fragmentation, electrocution, etc.)
- affecting birds (by building aerial obstacles in the flight path)
- generation of waste (porcelain, glass, concrete, metals, waste oil, packaging, debris, etc. )
- the impact on the population and wildlife through noise from machinery, means of transport, etc.
- the effects on the population and wildlife of the noise caused by the corona effect from high-voltage installations
- occupancy of land with LEA routes and station locations
- danger of electrocution or burns from contact or falling LEA near or crossing roads, railways, water, buildings, etc.
- fire hazard due to damage to insulation or accidental touching of conductors by objects or dry vegetation
- the effects on the population and wildlife of noise and vibration caused by the operation or vibration of RET elements
- sound and light effects of the corona phenomenon
- disturbances of radio and television systems caused by the electromagnetic field

- electromagnetic field influences on telecommunications installations or other electrical networks at their junctions and approaches
- the effects of electromagnetic fields on living things.

➤ **chemical ones** among which can be listed:

- pollution of soil and/or water by accidental spills of fuel, oil and other chemicals
- air pollution by:
  - emissions of combustion gases (SOx, COx, NOx, VOC, particulate matter) from heating installations or means of transport
  - sulphur hexafluoride (SF6) emissions - accidental leaks during gas handling or due to equipment leaks
  - dust emissions due to construction-assembly works
  - emissions of volatile organic compounds from paints and thinners, etc.
  - ozone and nitrogen oxides - corona effect at high voltage
  - sulphuric acid vapour - from batteries.

➤ **socio-economic** ones such as the disruption of social activities, including population displacement

➤ **visual and psychological** ones by affecting the landscape and the fear caused by the proximity and the visual and sound effects of the RET.

In terms of environmental impact, in 2023:

- there were no accidental pollution incidents with significant environmental impact;
- there were no environmental complaints;
- 78.71% of the waste generated was disposed of/recovered and the rest was stored.

**Impact indicators**

Table 35: Area occupied by power lines and stations

Entity	Without safety zone [m2]		With safety zone [m2]	
	Stations	LEA	Stations	LEA
<b>Total 2023</b>	3,988,066	2,893,289	7,137,572	551,176,743
<b>Total 2022</b>	3,988,066	2,893,289	7,137,572	551,176,743

**Sources of soil, groundwater and land pollution**

From the normal operation of the RET installations, no noxious substances are discharged to the ground, groundwater or land. Accidental pollution may occur due to leaks/leaks from equipment containing hazardous substances or insulating oil or faults in oil

regeneration/feed/discharge systems in/from equipment.

Oil/fuel spills from machinery and vehicles may also occur during construction and maintenance work (oil spilled into the environment has been contained with absorbent, biodegradable soil).

**Sources of air pollution**

**Direct emissions**

No significant quantities of pollutants are released into the atmosphere during the construction, maintenance and normal operation of RET installations.

During construction, maintenance and normal operation of RET installations, the following emissions to the atmosphere may occur: particulate matter - during construction work, combustion gases - from vehicles, generators and thermal power plants, negligible ozone (Corona effect), sulphur hexafluoride - due to equipment leaks or improper handling of the gas.

In the event of fire or explosion, combustion gases (SOx, COx, NOx, VOC, particulate matter, etc.) may result.

High-voltage LEAs generate ozone and nitrogen oxide pollution of the atmosphere as a result of corona discharges around active conductors, especially in rainy weather. The additional contribution of these pollutants to the existing background is not major and cannot lead to exceedances of the legal information threshold values, beyond which there is a risk to human health.

**Wastewater sources**

No technological wastewater results from the electricity transmission process. Wastewater generated on the site of RET installations is *domestic wastewater* from human activity (discharged directly into the city sewer or drained and transported to a municipal wastewater treatment plant or disposed of locally in micro-wastewater treatment plants and discharged to land or groundwater), *rainwater* collected in the tanks of oily equipment and in the chimneys of concrete platforms for the storage of

Table 36: Waste management

Year	Waste generated (t)	Waste recovered (t)	Waste disposed (t)	Stored waste (t)	Waste management indicator: waste disposed of, recovered/waste generated
2023	6,061.9	2,117.5	2,653.8	1,290.6	78.7%
2022	10,174.6	7,622.1	1,887.4	665.2	93.46 %
2021	10,519.6	854.7	9,280.2	384.6	96.3%

**Noise pollution**

During the construction period, noise may be produced due to the execution of works and the operation of equipment and vehicles. During operation noise pollution is due to noise from operation, vibration

waste and equipment (may contain oil from leaks) which is mechanically cleaned in water-oil separators and discharged into the city sewer or drained and transported to a municipal waste water treatment plant or discharged to land or to groundwater in compliance with the maximum permissible limits for pollutants discharged into the environment.

**Waste generation**

There is no direct waste from electricity transmission. Waste results from construction, maintenance and human activity. The quantities of waste vary from year to year, depending on the volume of investment and maintenance work.

The waste generated was disposed of/valued with authorised companies.

**Electromagnetic field generated by RET installations**

Transformer/connector stations and 220kV and 400kV overhead power lines have relatively limited impact on neighbourhoods, existing only around RET installations. A large part of the disturbance effects are due to electrical induction (in ungrounded metal objects or structures) and interference phenomena (radio interference).

The design solutions adopted for the construction of high-voltage power lines and stations ensure adequate protection against the effects due to exposure of living organisms to the electromagnetic field and reduce the impact of these installations on the environment.

According to studies carried out by specialist institutions in the vicinity of 220kV and 400kV overhead lines, the electric field strength decreases with distance, so that at a distance of about 25 - 30 m from the line axis, the field strength is zero.

of RET installations or corona discharges in the space around active conductors.

The noise level produced by the Corona effect at a distance of 25 m from the active conductor varies between 53 dB in rainy weather and 33 dB in fine weather.

### Impact on wildlife

The impact on wildlife is significant, especially on birds, manifested by collision or electrocution by RET installations in migration corridors or protected areas.

The main migration corridors of the various types of birds have been identified in the Banat, Dobrogea and Danube Delta areas.

- **Impact on vegetation**

The impact on vegetation is determined by the permanent or temporary occupation of land and the removal of vegetation exceeding a certain height from the safety zones of the RET installations to avoid the occurrence of fires. This impact can only be significant in protected areas.

### Measures to prevent and/or limit environmental impacts.

The main measures carried out during 2023 to prevent and/or limit environmental impacts were in relation to:

- *the execution of the works of:*
  - construction or maintenance of sewerage networks for domestic waste water and/or rainwater;
  - installation of water-oil separators on oil equipment tanks and storage platforms;
  - construction of concrete platforms for temporary storage of equipment and waste;
  - maintenance of equipment with oil or SF<sub>6</sub> to prevent leaks;
  - painting overhead power line (OHL) poles in colours appropriate to the landscape;
  - Clearing/maintaining safety corridors for LEA;
  - restoration/rehabilitation of land to its original state after completion of works.
- *procurement of services concerning:*
  - monitoring the quality of wastewater from the Company's plants and premises and proposing solutions to reduce pollution as required by environmental and water management permits;
  - collection, sorting, transport and recovery/disposal of waste.
- *development of environmental management plans for maintenance, refurbishment/modernisation projects.*

Total environmental protection expenses, included in operating, maintenance and investment costs, were 3.9 million lei (approximately 0.8 million euro).

### Compliance with legal requirements



## 3.9 million lei

### Environmental protection

The objects under the Company's management (272 objects: transformer and connection stations, overhead power lines, headquarters, etc., authorised or in the process of being re-authorised) operate in accordance with the legal requirements for environmental protection, with a 99.6% authorisation rate (9 authorisations). Maintenance and investment works executed during 2023 were carried out in compliance with legal and regulatory requirements (environmental permits and/or agreements and water management permits, where applicable).

The waste generated was managed according to legal requirements and disposed of/valorised with licensed companies, and fees were paid to the Environment Fund for stationary source emissions. The measures ordered by the regulatory and control authorities in the field of environmental protection and water management were fully complied with, with the Company monitoring environmental factors (air, water, soil, noise, electromagnetic field, waste) throughout 2023 as required by the environmental and water management regulatory documents.

All environmental information has been reported correctly and on time in accordance with legal, regulatory and control requirements.

### Proposed activities year 2024

The main services and works to prevent and/or limit environmental impacts proposed for 2024 include:

- cleaning services and periodic technical inspection of oil product separators in power stations;
- services for updating the technical documentation required for the renewal of water management permits for Transelectrica SA objectives;
- maintenance and repair services for biological wastewater treatment plants;
- collection, transport and recovery/disposal services for waste resulting from the works (WEEE, insulation waste, etc.);
- works to restore the natural environment affected by the works carried out in the Company's objectives;
- works to maintain safety lanes for the LEA;
- maintenance and repair works to prevent loss of SF<sub>6</sub> ;



- construction or maintenance work on sewerage networks for domestic and/or storm water;
- studies and research on wastewater quality monitoring at the Company's plants and sites.



*Tariverde 400.110 kV station*



# Annexes

## Annex 1 – Articles of Association amended in 2023

- According to EGMS Decision no.1/26.01.2023
  - It was approved to amend, with effect from 1 March 2023, Annex No. 1 to the Articles of Association by replacing the terms *Units*, *Unit* and *Unit* with the terms *Branches*, *Branch* and *Branch* respectively

These changes were approved in the Resolution No. 1 of the EGMS dated 26 January 2023, registered at the National Trade Registry Office.

## Annex 2 - Appointment/revocation acts issued in 2023

### Directorate

- According to SB Decision no.15/19.04.2023
  - Members of the Supervisory Board, pursuant to Art. 64<sup>2</sup> paragraph (1) of GEO no.109/2011 on corporate governance of public companies, as amended, have decided to extend the term of office for 2 months, starting on 25.04.2023 and ending on 24.06.2023, the mandates of the following provisional members of the Directorate: Gabriel Andronache, Ștefăniță Munteanu, Cătălin-Constantin Nadolu, Florin Cristian Tătaru and Bogdan Toncescu, but not later than the completion of the selection procedure in accordance with the provisions of GEO 109/2011 on corporate governance of public companies, as amended and supplemented.
- According to SB Decision no.16/24.04.2023
  - The members of the Supervisory Board took note of the resignation of Mr. Gabriel Andronache from the mandate of provisional member of the Company's Directorate, the position occupied until the present date being vacant as of April 24, 2023, the Directorate will carry out its activity with the members in office on this date.
- According to SB Decision no.24/20.06.2023
  - The members of the Supervisory Board took note of the fact that on 24 June 2023 the mandates of the provisional members of the Company's Directorate ended by term of office and decided to appoint as provisional members of the Directorate Ștefăniță Munteanu, Cătălin Constantin Nadolu, Florin Cristian Tătaru and Bogdan Toncescu, with a term of office of 4 months starting on 25 June 2023.06.2023 with the possibility of extension, for justified reasons, for a further two months, but the term of office will not exceed the date of financing of the selection procedure for the members of the Company's Directorate, under the terms of GEO no.109./2011.
- According to SB Decision no.39/24.10.2023
  - The members of the Supervisory Board took note of the fact that on 24 October 2023 the terms of office of the provisional members of the Directorate, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Bogdan TONCESCU and Florin Cristian TĂTARU, expired and decided to appoint them for a period of 5 months starting from 25.10.2023 with the possibility of extension, for justified reasons, for another two months, but the term of office shall not exceed the date of completion of the selection procedure for the members of the Directorate of the Company, under the terms of GEO no.109./2011 of Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Bogdan TONCESCU and Florin Cristian TĂTARU.

## Supervisory Board

- According to OGMS Decision no.2/16.02.2023
  - approved the appointment of the following members of the Supervisory Board of the Company for a four-month term of office, starting on 22 February 2023 and ending on 21 June 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Sterp Vingărzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița
- According to SB Decision no.8/24.02.2023
  - The members of the Supervisory Board elected Mr Dascăl Cătălin Andrei as Chairman of the Supervisory Board.
- According to OGMS Decision no.6/19.06.2023
  - approved the appointment of the following members of the Supervisory Board of the Company for a four-month term of office, starting on 22 June 2023 and ending on 21 October 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Sterp Vingărzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița
- According to SB Decision no.26/20.06.2023
  - The members of the Supervisory Board elected Mr Cătălin-Andrei DASCĂL as Chairman of the Supervisory Board.
- According to OGMS Decision no.9/18.10.2023
  - approved the appointment of the following members of the Supervisory Board of the Company for a five-month term of office, starting on 22 October 2023, with the possibility of extension, once only, for another two months, for justified reasons: Atanasiu Teodor, Dascăl Cătălin-Andrei, Păun Costin-Mihai, Vasilescu Alexandru-Cristian, Zezeanu Luminița, Mitu Anca, Borotea Adrian Remus.
- According to SB Decision no.37/24.10.2023
  - The members of the Supervisory Board elected Mr Cătălin-Andrei DASCĂL as Chairman of the Supervisory Board.
- According to SB Decision no.42/30.10.2023
  - The members of the Supervisory Board took note that, in accordance with the notification of Mr. Adrian Remus Borotea, he did not expressly accept the mandate of provisional member of the Supervisory Board according to the AGM Decision no.9/18.10.2023.
  - in accordance with the provisions of Article 153<sup>7</sup> paragraph (1) of the Companies Act no.31/1990, republished as amended and supplemented and Article 18 paragraph (6) of the Articles of Association, the members of the Board appointed as a provisional member of the Supervisory Board Mrs. Simona-Geanina Pistru-Popa.
- According to OGMS Decision no.1/28.02.2024
  - approved the appointment as members of the Supervisory Board of the Company, with a term of office of 4 years from 01.03.2025 until 29.02.2028 of the following: Păun Costin-Mihai, ATANASIU Teodor, Vasilescu Alexandru-Cristian, Zezeanu Luminița, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil and Rusu Rareș Stelian.

## Annex 3 - Major contracts concluded by the company in 2023

REPORT according to HEGMS no. 4/29.04.2015 on contracts signed in 2023 for the purchase of goods, services and works, the value of which exceeds 500.000 Euro/purchase (for the purchase of goods and works) and 100.000 Euro/purchase (for services) respectively

No.	Contract Number	Object of the Contract	Duration	Value		Contract Type	Legal Basis	Procurement Procedure
			Months	Thousand Lei	Thousand Euro			
0	1	2	3	4	5	6	7	8
1	C 198/2023	Maintenance services in the field of telecommunications, information technology, process computing and cyber security at NPG CO. Transelectrica SA	36	139	0.00	Services	Law 99/2016 + GD 394/2016	Negotiation without prior invitation
2	C 93/2023	Increasing the operational reliability of the Argeş-Aâlcea grid area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV HV	20	72	0.00	Works	Law 99/2016 + GD 394/2016	Open tender
3	C 348/2023	LEA 220 kV double circuit Ostrovu Mare - RET - stage 1	24	41	0.00	Works	Law 99/2016 + GD 394/2016	Open tender
4	C 67/2023	Installation of an embedded fibre optic protection conductor on the 400 kV Roşiori - Mukacevo OHL (execution/design)	12	5	0.00	Works	Law 99/2016 + GD 394/2016	Open tender
5	SB 2/2023	Maintenance services of OHL crossing lanes in areas with tree vegetation (STT Sibiu)	36	2	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
6	BA 1/2023	Maintenance services of OHL crossing lanes in areas with tree vegetation (STT Bacau)	36	2	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
7	C 358/2023	Professional liability insurance services for the position of member of the supervisory board and the Directorate of NPG CO. Transelectrica SA (including chairmen)	12	811	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
8	C 161/2023	Subcontract No 2 to Framework Agreement No C 245/ 2021 'Mobile telephony and mobile Internet services'.	15	737	0.00	Services	Law 99/2016 + GD 394/2016	Reoffer
9	C 357/2023	Repair and maintenance services for the integrated security system - UNO-DEN premises (LOT 1)	36	624	0.00	Services	GEO 114/2011	Restricted tender
10	TM 1/2023	Refurbishment of the 110 kV Arad station and the transition to 400 kV voltage of the Porțile de Fier-Anina-Resița-	12	595	0.00	Services	Law 99/2016 + GD 394/2016	Open tender

No.	Contract Number	Object of the Contract	Duration	Value		Contract Type	Legal Basis	Procurement Procedure
			Months	Thousand Lei	Thousand Euro			
0	1	2	3	4	5	6	7	8
		Timișoara-Săcălaz-Arad axis. 400 kV Arad station (stage iii) (design)						
11	BC 13/2023	Specialized security, monitoring and intervention services for STT Bucharest objectives	36	16,574	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
12	PT 27/5871/2023	Specialized services of guard, monitoring, intervention and intervention in special situations at STT Pitesti objectives	36	10,371	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
13	C 507/2023	Upgrading to reduce the effects of galloping on the 400kV Bucharest South - Gura Ialomiței line	12	2,633	0.00	Works	Law 99/2016 + GD 394/2016	Open tender
14	C 531/2023	Technical support services associated with oracle licences	36	1,893	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
15	C 584/2023	Disinfection services by dry spraying, disinsectisation and pest control at the premises and territorial transmission stations belonging to NPG CO. Transelectrica SA - lot 8 - STT Timisoara	36	1,059	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
16	TC 09C10/2023	Maintenance services for OHL crossing lanes passing through areas with tree vegetation (STT Constanta)	36	992	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
17	C 398/2023	Services to assess the influence of electricity transmission network installations on air quality by monitoring emissions of air pollutants	36	645	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
18	C 587/2023	Disinfection services by dry spraying, disinsectisation and pest control at the premises and territorial transmission stations belonging to NPG CO. Transelectrica SA - lot 3 - STT Constanta	36	591	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
19	C 586/2023	Disinfection services by dry fogging, disinsectisation and pest control at the premises and territorial transmission stations belonging to NPG CO.	36	575	0.00	Services	Law 99/2016 + GD 394/2016	Open tender

No.	Contract Number	Object of the Contract	Duration	Value		Contract Type	Legal Basis	Procurement Procedure
			Months	Thousand Lei	Thousand Euro			
0	1	2	3	4	5	6	7	8
		Eranselctrica SA - lot 2 - STT Bacău						
20	C 585/2023	Disinfection services by dry spraying, disinsectisation and pest control at the premises and territorial transmission stations belonging to NPG CO. Transelectrica SA - lot 7 - STT Sibiu	36	508	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
21	C 698/2023	Installation of two modern means of reactive power compensation in 400/220/110/20 KV Sibiu South and 400/220/110/20 KV Bradu stations	36	260,234	0.00	Works	Law 99/2016+ HG 394/2016	Open tender
22	C 726/2023	Increasing the degree of safety in supplying consumers in the southern area of Bucharest connected to the 400/ 220/ 110/ 10 KV Bucharest South station	24	59,196	0.00	Works	Law 99/2016+ HG 394/2016	Open tender
23	C 676/2023	Optimization of the operation of the existing 400 KV power lines in the SEN, used in interconnection and for power evacuation from the Cernavoda nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (smart grid type).	28	-	6,025	Supply	Law 99/2016+ HG 394/2016	Open tender
24	C 673/2023	Extension of SCADA functions - implementation of new functions and software changes in the ems - SCADA information system	18	6,559	0.00	Services	Law 99/2016+ HG 394/2016	Negotiation without prior invitation to a competitive tendering procedure (NFIP)
25	C 697/2023	Increasing the transmission capacity of the 400 KV Bucuresti Sud - Pelicanu OHL (8 km)	12	6,018	0.00	Works	Law 99/2016+ HG 394/2016	Simplified procedure
26	C 645/2023	Maintenance of the power quality monitoring system	36	3,381	0.00	Services	Law 99/2016+ HG 394/2016	Open tender

No.	Contract Number	Object of the Contract	Duration	Value		Contract Type	Legal Basis	Procurement Procedure
			Months	Thousand Lei	Thousand Euro			
0	1	2	3	4	5	6	7	8
27	CR 771/2023	Cleaning services at STT Craiova offices and 5 electrical stations	24	517	0.00	Services	Law 99/2016+ HG 394/2016	Simplified procedure
28	C 993/2023	Upgrading to 400 kV of the 220 kV Brazi Vest - Teleajen - Stâlpu - lot 1 and extension of the 400/220 kV Brazi Vest station - lot 2	40	161,456	0.00	Works	Law 99/2016+ HG 394/2016	Open tender
29	BC 23/2023	Maintenance services of the OHL crossing lanes in areas with tree vegetation managed by STT Bucharest	36	2,143	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
30	CJ 962/2023	Maintenance services for the corridor crossing of OHLs passing through areas with tree vegetation	36	1,760	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
31	C 807/2023	Anti-malware solution and support services within NPG CO. Transelectrica SA (framework agreement)	48	952	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
32	C 919/2023	RCA and CASCO insurance services for vehicles owned by NPG CO. Transelectrica SA (existing fleet)	12	753	0.00	Services	Law 99/2016+ HG 394/2016	Simplified procedure
33	CR 1011/2023	400/220/110 kV Urechești station refurbishment (design)	12	750	0.00	Services	Law 99/2016+ HG 394/2016	Open tender



## Annex 4 - List of Transelectrica subsidiaries

- Society for Maintenance Services of the Electricity Transmission Network "SMART" SA - J40/ 8613/2001 - Bucharest, General Gheorghe Magheru Boulevard no. 33, sector 1, code 010325, [www.smart-sa.ro](http://www.smart-sa.ro);
- Electricity and Gas Market Operator "OPCOM" SA - J40/ 7542/2000 - Bucharest, 16-18 Hristo Botev Boulevard, sector 3, code 030236, [www.opcom.ro](http://www.opcom.ro);
- Society for Telecommunications and Information Technology Services in Electric Transmission Networks "TELETRANS" SA - J40/12511/2002 - Bucharest, 16-18 Hristo Botev Boulevard, Sector 3, code 030236, [www.teletrans.ro](http://www.teletrans.ro);
- Company "FORMENERG" SA - J40/ 2265/ 2002 - Bucharest, Gheorghe Șincai Boulevard no. 3, sector 4, code 040311, [www.formenerg.ro](http://www.formenerg.ro);

### List of persons related to the company

Company subsidiaries:

- SMART
- OPCOM
- TELETRANS
- FORMENERG

## Annex 5 - Significant transactions

All contracts concluded with affiliated persons with a value greater than 50,000 euro were reported through Current Reports, as required by law.

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 4 January 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 contact can be found on the Company's website under Investor Relations/Current Reporting.

## Annex 6 - Disputes

As of 31.12.2023, the Company was involved in the following disputes, with a value greater than 100,000 euro (497,460 lei at BNR exchange rate):

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
1	41911/3/2014  41911/3/2014*	Bucharest Tribunal   CAB ICCJ	Plaintiff: Transelectrica Defendant I. SB Gallup Organization Romania SRL Defendant II. Stelian Baicusi and others	Claims	4.958.587,72 lei	Dismisses the appeals as groundless. Orders the appellant-plaintiff to pay to the respondent-appellant Gallup Organization Romania SRL the sum of 6,250 lei in costs (representing reduced lawyer's fees). With appeal within 30 days from communication. Delivered in public hearing today, 18.12.2017. Document: decision 2269/2017 18.12.2017 TEL filed an appeal on 26.03.2018. The case is in the filter procedure at the ICCJ Dismisses, as groundless, the appeal filed by the Defendant The Gallup Organization Romania SRL against decision no. 2269 of 18 December 2017 of the Bucharest Court of Appeal - Fifth Civil Section. Admits the appeal filed by the Plaintiff National Power Grid Company Transelectrica SA against the same decision. Partially quashes the decision, with regard to the appeals filed by the Plaintiff National Electric Power Transmission Company Transelectrica SA and the defendants Adrian Băicuși, Mihaela Măciuceanu against the decision no. 6508 of 17 October 2016 of the Bucharest Court - Civil Section VI, with reference to the decision given to the subsidiary application. Upholds the other provisions of the contested decision. Orders the Plaintiff National Power Grid Company Transelectrica SA to pay 10,000 lei in costs on appeal to the Defendant Gallup Organization Romania SRL, reduced in accordance with Article 451 para. 2 Code of Civil Procedure. Definitive. CAB's decision in brief: Dismisses the main appeal and cross-appeal as groundless. With appeal within 30 days of communication. The appeal shall be filed with the Bucharest Court of Appeal, Fifth Section Decision 1560/2019 09.10.2019
2	2177/99/2012/a40 2177/99/2012	Iasi Tribunal	CET SA Iasi - debtor in insolvency Transelectrica SA - Creditor	Insolvency proceedings	the amount of <b>1.935.308,24 lei</b> registered in the creditors' list	Dismisses the appeals brought by the appellants. Grants a hearing for inspection on 21.05.2019 The decision in brief: the judicial reorganization plan of the debtor S.C. CET S.A. (IAȘI THERMAL HEATING POWER PLANT), with registered office in Iași, Calea Chișinăului nr.25, is dismissed, registered with the ORC under No J22/677/2002, CUI 14718982 Pursuant to Article 107(1)(B) of Law No 85/2006 on insolvency proceedings, the general bankruptcy proceedings are opened against S.C. CET S.A. (IAȘI THERMAL HEATING POWER PLANT), established in Iași, Calea Chișinăului No 25, registered with the ORC under No J22/677/2002, CUI 14718982. Pursuant to Article 107(1)(B) of Law No 85/2006 on insolvency proceedings, the general bankruptcy proceedings are opened against S.C. CET S.A. (IAȘI THERMAL HEATING POWER PLANT), established in Iași, Calea Chișinăului No 25, registered with the ORC under No J22/677/2002, CUI 14718982. 2 of the Law on Insolvency Proceedings, provisionally appoints as liquidator the judicial administrator MANAGEMENT REORGANIZARE LICHIDARE IAȘI S.P.R.L. with registered office in Iași, str.Aleea Nicolina, nr.82, jud.Iași, registered with the Register of Professional Companies under no. 0120/31.12.2006, who will carry out the duties provided for in art. 25 of the Law. Pursuant to the provisions of Article 107(1) of the Act, the following persons are entitled to apply for registration 2 of the Law on Insolvency Proceedings, orders the dissolution of the debtor company and the withdrawal of the debtor's management rights. Sets the maximum deadline for handing over the management to the judicial liquidator, together with the list of acts and operations carried out after the opening of the proceedings on 21.03.2014. Orders the notification of the opening of bankruptcy proceedings to the debtor, creditors and the Trade Register Office of the Iasi Court, for the purpose of making the mention, by publication in the Insolvency Proceedings Bulletin. Sets the deadline for filing claims arising in the

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						<p>course of the proceedings at 25.04.2014. Sets the hearing for verifying claims arising in the course of the proceedings, drawing up, displaying and communicating the supplementary schedule of claims at 26.05.2014. The deadline for filing objections to claims arising in the course of the proceedings shall be at least 10 days before 24.06.2014. Sets the hearing settling objections to claims arising in the course of the proceedings at 24.06.2014. Sets the deadline for drawing up and posting the final consolidated statement of claims at 24.06.2014. Pursuant to Article 113 of the Law on Insolvency Proceedings, orders the sealing of the debtor's assets, the seizure of the real estate, the shares and the performance of other liquidation operations. Document: Interim decision 17.09.2014 .</p> <p><b>Hearing for continuation of the procedure:</b> Grants a hearing on 12.06.2024 for the continuation of the disputes to which the debtor is a party and for the recovery of claims</p>
3	9089/101/201	Mehedinti Tribunal	RAAN - debtor in bankruptcy Transelectrica SA - Creditor	bankruptcy proceedings	Application for registration in the creditors' list with the amount of 89.360.986,06 lei.	<p>Transelectrica SA was entered in the debtor RAAN's list with the amount of 11,264,777.30 lei, in the category of claims resulting from the continuation of the debtor's activity, the amount requested by our company being 89,360,986.06 lei, while the amount of 78,096,208.76 lei was not entered in the preliminary list of creditors, on the grounds that "it has not been recorded as due in RAAN's accounting records. Moreover, the request for the amount of 78.096.208,76 lei is belatedly formulated, being related to the period 2011 - 2013, which is why the statement of claim should have been submitted at the opening of the insolvency proceedings, namely on 18.09.2013. We filed an objection to the List. Admits in part the main action and the related appeal. Orders the Defendant to pay the Plaintiff the sum of 16,950,117.14 lei, a claim arising during the proceedings, and orders its inclusion in the creditors' list established against the debtor RAAN with this amount. Dismisses the joined claims</p> <p>Decision in brief: On the basis of Art. 139 Civil Procedure Code. Joins the present case to file No 9089/101/2013/a140. Definitive. Delivered in public hearing, today 14.02.2019.</p> <p>Document: final order (divestment) 14.02.2019</p> <p><b>Hearing for continuation of the procedure: 6.06.2024</b></p>
4	6473/111/2013	Bihor Tribunal	SC Electrocentrale Oradea - debtor in insolvency Transelectrica SA - Creditor	insolvency proceedings	Application for registration in the creditors' list with the amount of 641.673,13 lei	<p>Pursuant to Article 107 para. 1 lit. B ) of the Law on Insolvency Procedure, orders the opening of the bankruptcy proceedings of the debtor SC Electrocentrale S.A. Provisionally appoints CITR- Filiala Bihor SPRL with registered office in Oradea, Roman Ciorogariu str. no. 24, which will perform the duties provided for in art.25 of the law, whose remuneration will be established later, according to the statement. Pursuant to Article 107(2) of the Insolvency Procedure Act, orders the dissolution of the debtor company and the withdrawal of the debtor's right of administration. Sets the maximum deadline for handing over the management to the liquidator, together with the list of acts and operations carried out after the opening of the proceedings on 18 January 2018. Pursuant to Articles 61 and 109 of the Insolvency Proceedings Act; Orders the notification of the opening of the proceedings to the debtor, the creditors and the Trade Register Office of the Bihor Court, through the Insolvency Proceedings Bulletin, in order to make the mention pursuant to Article 61 of the Insolvency Proceedings Act. Sets the deadline for filing claims arising in the course of the proceedings at 26 February 2018. Sets the deadline for the verification of claims, drawing up, display and communication of the supplementary list of claims at 16 March 2018. Sets the deadline for the settlement of any objections on 28 March 2018 and for the publication of the final consolidated statement of claims on 11 April 2018. Sets a date for the hearing of the case for 11 April 2018, room 66, at 9 a.m. Orders the liquidator to set the date of the creditors' meeting and to convene the debtor's creditors. Orders the liquidator to send notices to all creditors. Orders that the decision be notified to the courts within whose jurisdiction the debtor has its registered office and to all banks where it has opened accounts. Pursuant to Article 113 of the Insolvency Proceedings Act, orders the sealing of the debtor's assets and</p>

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						the performance of other liquidation operations. Enforceable. With an appeal within 30 days from the date of communication to be filed with the Bihor Court. Document: interim decision 14/2018 10.01.2018 Hearing: 06.02.2019 - Decision type: Adjourns the case Decision in brief: Inventory and recovery of the debtor's assets Document: minutes of the proceedings 06.02.2019 Hearing 17.04.2019 - Decision type: Law 85/2006 on Insolvency Decision in brief: Admits the claim filed by the creditor Vinter loan against the judicial liquidator CITER - Bihor SPRL Subsidy. Resets the creditor within the time limit for filing the statement of claim. Orders the judicial liquidator to examine the creditor's statement of claim. Enforceable. With an appeal within 30 days from the communication to be filed with the Bihor Court. Document: interim decision 483/2019 17.04.2019 <b>Trial date 22.05.2024</b>
5	<b>873/1259/2008</b>	Arges Court	Creditor:Transelectrica Debtor: SC Termoficare 2000 Pitesti SA	Insolvency procedure Transelectrica has filed a request to be registered as a creditor in order to recover the debt	Entry in the creditors' list with the amount of 3.903.604,27 lei	Decision type: Close the liquidation (Article 118 of the law) Decision in brief: Admits the claim made by the judicial liquidator to close the insolvency proceedings of the debtor. Orders the closure of the insolvency proceedings of the debtor TERMOFICARE 2000 S.A. and its removal from the commercial register. Relieves the liquidator, to the extent provided for by law, of any duties or liabilities in relation to the proceedings, the debtor and his assets, creditors, holders of preferential rights, shareholders or associates. Orders notification of the decision closing the proceedings: - to the REGIONAL DIRECTORATE GENERAL OF PUBLIC FINANCE PLOIESTI - ARGES COUNTY ADMINISTRATION OF PUBLIC FINANCE, - to the TRADE REGISTER OFFICE, with a view to making the entry, - to the OFFICE FOR CADASTRE AND LAND REGISTRATION, with a view to noting, if appropriate, the closure of the proceedings, - to all creditors, by publication in the BPI. Enforceable. With appeal within 10 days of notification of the decision. Delivered in public hearing today 25.10.2022 Document: Decision 481/2022 25.10.2022 Decision in brief: Dismisses the appeal as groundless. Irrevocable. Document: Decision 497/2023 02.05.2023
6	<b>4328/110/2013</b>	Bacau Tribunal	CET SA Bacau - debtor in insolvency Transelectrica SA - Creditor	insolvency proceedings	Application for registration in the creditors' list with the amount of 1.484.636,78 lei	Hearing for continuation of the procedure: 28.03.2024
7	<b>29322/3/2014</b>	Bucharest Tribunal	SC ENNET GRUP SRL- debtor in insolvency NPG CO. Transelectrica SA - Creditor	insolvency proceedings	Application for registration in the creditors' list with the amount of 3.277.527,03 lei	Hearing for continuation of the procedure: 29.04.2024
8	<b>1867/90/2010</b>	Valcea Tribunal	SC Total Electric Oltenia SA	insolvency proceedings - joint stock companies - at the request of the debtor	Listed in the list of creditors 14.085.415,27	Decision in brief: To continue the proceedings with a view to recovering the assets of the debtor. Hearing: 17.04.2024
9	<b>47478/3/2012</b> <b>170/3/2014</b> <b>47478/3/2012*</b> <b>/a1</b>	Bucharest Tribunal	SC PETPROD SRL Transelectrica SA - creditor	insolvency proceedings - joint stock companies - on the debtor's request	30.047.752,90 lei	Approves the final activity report. Pursuant to Art. 132 para. 2 of Law no. 85/2006, closes the insolvency proceedings against the debtor S.C. PETPROD S.R.L. Orders the deregistration of the debtor's company from the Bucharest Trade Register. On the basis of Article 135 of Law 85/2006, this decision closing the proceedings will be notified to the Directorate General of Public Finance Bucharest and the Trade Register Office Bucharest, in order to be recorded. Pursuant to Article 136 of Law 85/2006, discharges the judicial liquidator and all persons assisting him from all duties and responsibilities. With the right to appeal within 7

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						days of notification. Delivered in public hearing today, 31.10.2023. Document: Decision 4708/2023 31.10.2023
10	36755/3/2018	Bucharest Tribunal	A:Conaid CompanySRL P: Transelectrica	Claims and finding of unjustified refusal to conclude an Addendum of contract for connection of RET C154/2012	17.216.093,43 lei, damage suffered and 100.000 euro, estimated unrealized benefit	Dismisses the claim for an increase in the expert's fee made by exp. Chirilă Adelaida Adriana, as groundless. Admits the plea of limitation of the substantive right of action, raised in the statement of defence. Dismisses the claim as time-barred. With appeal within 30 days of communication. The appeal is filed with the Bucharest Court, Civil Section VI. Pronounced by making the decision available to the parties by the court registry, today, 03.01.2024. Document: Decision 4/2024 03.01.2024
11	8207/62/2011	Brasov Court	CET SA Brasov - debtor in insolvency Transelectrica SA - Creditor	insolvency proceedings	Registered in the creditors' list with the amount of 4.303.741,44 lei	Decision in brief: In order to collect the auction price of the assets auctioned by the Municipality of Brasov, under the conditions approved by the creditors, to continue the steps to recover the assets remaining in the debtor's assets, to continue the steps to solve the company's environmental problems and to solve the disputes to which CET Brasov SA is a party, sets the <b>term for control at 12.04.2024.</b>
12	926/62/2019	BV Court	C: Transelectrica D: ICCO Energ SRL	Request for registration in the creditor's account	1.422.119,64 lei	The claim was registered in the TP published on 15.05.2019. According to the reorganization plan voted by the Creditors' Meeting on 27.08.2020 the reorganization plan was voted, which provides that unsecured creditors will receive 0 lei. The plan was confirmed by the syndic judge by interim decision no. 796/09.11.2020, and the syndic judge's decision was appealed by the creditors. Date for decision: 23.02.2021. The creditors' appeal was dismissed. According to art. 140 para. 1 of Law no. 85/2014, if the reorganization plan fails and bankruptcy is entered, the situation established by the final list of all claims against the debtor provided for in art. 112 para. (1), deducting the amounts paid during the reorganisation plan. According to Article 59 paragraph 3 of Law no. 85/2014, for the continuation of the reorganization plan, the term for control in the Council Chamber is 13.09.2022, at 10.30 a.m. The activity report must be filed at least 5 days before the deadline, under penalty of a fine.
13	7566/101/2014  26024/3/2015	Mehedinti Tribunal  Craiova Court of Appeal  Bucharest Tribunal	Plaintiff:RAAN Defendant: Transelectrica	Claims Amount of 10,048,628.86 lei	10.048.628,86 lei	Decision in brief: Admits the action. With appeal within 30 days of notice. Delivered in public hearing today, 04.02.2015. Document: Decision 16/2015 04.02.2015 Appeal declared Decision type: Order retrial to the first instance or to the competent court Decision in brief: Allow the appeal. Annuls the decision and refers the case to the Bucharest Court - Civil Section VI. Final. Document: Decision 509/2015 30.06.2015 TB's Decision in brief: Dismissed the claim as groundless. With appeal within 30 days of notice. Delivered by making the decision available to the parties through the court registry today, 04.02.2020. Document: decision 166/2020 04.02.2020 RAAN appealed. Decision in brief: Dismisses the appeal as groundless. Final. Delivered in public hearing. Document: decision 1839/2020 09.12.2020 RAAN filed an appeal, deadline for judgement 1.03.2022CJCA decision of 01.03.2022: Admits the appeal filed by RAAN and send the case for a new judgement to the CAB. Decision in brief: Admits the appeal. Reverses the contested decision in its entirety in the sense that: Admits the request as formulated. Orders the Defendant to pay the Plaintiff the sum of 10,048,628.86 lei. With the right to appeal within 30 days from the communication.

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
		CAB ICCJ				Delivered in public hearing, today 12.12.2022. Document: Decision 1933/2022 12.12.2022 The amount has been enforced. Transelectrica has filed an appeal, which is in the process of being filtered and appealed against. Hearing: 10.04.2024
14	25250/3/2020	Court Bucharest	Plaintiff: ELECTROMONTAJ SA Defendant: NPG CO. TRANSELECTRICA SA	Execution of administrative contract. Claims - GEO no.114/2018	253.890 lei + VAT	Grants in part the request. Orders the Defendant to pay the Plaintiff the sum of 253,890.5 lei, plus VAT, representing the additional costs incurred for the work carried out under works contract No 32/19.03.2018 during the period 01.01.2019 - 27.05.2020. Orders the Defendant to pay to the Plaintiff the sum of EUR 1,577.81 by way of costs, consisting of the lawyer's fee of EUR 10,000 (censored) and the countervalue of the court stamp duty of EUR 5077.81 (calculated by reference to the admissible amount of the claims). Dismisses the remainder of the application as groundless. With a right of appeal within 30 days of notification. The appeal shall be filed with the Bucharest Court, Civil Section VI. Delivered by making the decision available to the parties by the court registry, today, 11.07.2023. Document: Decision 1830/2023 11.07.2023. The parties have appealed. Court date:04.04.2024
15	2088/107/2016	Court of Alba	D: ROMENERGY INDUSTRY SRL C: Transelectrica P:	Insolvency procedure Law 85/2014	16.475.047,45 lei	TEL is registered with the amount of 16475047,45 lei to the creditor's account in file no. 2088/107/2016. Decision in brief: sets a hearing on 19.09.2022, for the continuation of the bankruptcy proceedings, through the recovery of assets and the recovery of claims. The liquidator shall draw up and file: - on the 15th of each month, for the previous month, the monthly activity reports referred to in para. 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the date, the summary report at 120 days, provided for in the final part of para. 3 of art. 59 Law 85/2014. Deadline on 12.12.2022 Based on Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the debtor company to be deregistered from the Trade register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. This decision will be notified in accordance with Article 179 of Law no. 85/2014 to the Trade Register Office of the Alba Court and to the Regional General Directorate of Public Finances of Brasov - County Administration of Public Finances of Alba, as well as to the creditors, the latter by publication in the Insolvency Proceedings Bulletin. With a right of appeal within 7 days of notification by the BPI, to be filed with the Alba Court. Delivered by making the decision available to the parties by the court registry, according to art. 402 Code of Civil Procedure 2010 on 12.12.2022. Procedure for the resolution of appeals against the closure decision. Decision in brief: Dismisses the appeal against Decision No. 293/F/2022 delivered by the Court of Alba in case No. 2088/107/2016. Definitive. Delivered by making the decision available to the parties by the court registry, today 06.04.2023.. Document: Decision 134/2023 06.04.2023
16	627/107/2016	Court of Alba	A:Transelectrica P:ROMENERGY INDUSTRY SRL	claims	1.748.339,29 Lei	Decision in brief: Suspended the case under Article 75 of Law 85/2014.Doc: Decision - Suspension 21.09.2016
17	7226/3/2016	Bucharest Tribunal	Defendant: Energy Holding Plaintiff: Transelectrica	Claims	1.073.561,72 lei	Granta in part the application for a restricted and amended writ of summons. Orders the Defendant to pay the Plaintiff the sum of RON 1050000 as the price of the services rendered according to the tax invoice No 6080 of 23.11.2015 and the sum of RON 14129,79 as late payment penalties. Orders the Defendant to pay the Plaintiff the sum of 14 916,48 lei by way of costs. With appeal within 30 days of notification. The appeal is lodged with the Bucharest Court, Civil Division VI. Document: Decision 5375/2016 16.09.2016. We have filed an appeal.

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						Suspended. Reopened for the termination of the file pursuant to Article 75 of the insolvency law. Hearing for decision:26.06.2018 Decision in brief: admits the appeal. Annuls in part the decision under appeal. Dismisses the action for payment of the sum of RON 7573.96 in late payment penalties contained in invoice No 3590/27.02.2016 and the sum of RON 1857.97 in late payment penalties contained in invoice No 17773/17.02.2016. With right of appeal within 30 days of notification. The application for appeal shall be submitted to the Bucharest Court of Appeal - Civil Section VI under penalty of nullity. Delivered in public hearing today, 26.06.2018.
18	3694/3/2016	Bucharest Tribunal	Plaintiff: RAAN Defendant: Transelectrica	Claims	15.698.721,88 lei	Decision in brief: Dismisses the application as groundless. Appeal within 30 days of notification. The request for appeal shall be filed with the Bucharest Court, Civil Section VI. Delivered in public hearing today, 11.06.2020. Document: Decision 630/2020 11.06.2020 Hearing: 08.11.2021 Grants the application for a stay of proceedings. Pursuant to Article 413(2) of the EC Treaty, the Court of First Instance may stay the proceedings. 1, para. 1 of the Code of Civil Procedure, <b>suspends the appeal until the final resolution of Cases No. 26024/3/2015 and No. 28458/3/2017.</b> With the right to appeal throughout the suspension. The application for appeal shall be submitted to the Bucharest Court of Appeal, Civil Section VI. Delivered in public hearing, today, 08.11.2021.Document: Decision - Suspension 08.11.2021 Decision in brief: Dismisses the request to reopen the case as groundless. Document: minutes of the proceedings - Suspension 09.05.2022
19	<b>1396/90/2016</b> 2428/2/2014	Valcea Tribunal	Transelectrica - creditor CET Govora - debtor	1.Applicatio n for registration in the creditor's estate in TP <u>2</u> .By the appeal which is the subject of the application, the Plaintiff <u>CET Govora</u> seeks the annulment of ANRE Decision No 738/28.03.2 014.	28.200.440,31 lei	NPG CO. Transelectrica SA was entered in the Preliminary List with a total claim of 28,200,440.31 lei, according to the request formulated by our company. We mention that the claim in the amount of 21,962,243.71 lei, representing the principal debt and penalties related to invoice no. 8116/08.04.2016, is registered under the suspensive condition of the pronouncement of a final court decision in favour of ANRE in case no. 2428/2/2014 pending before the Bucharest Court of Appeal, having as object the annulment of ANRE decision no. 738/28.03.2014. Decision type: Adjourns the case Decision in brief: Grants a hearing for the continuation of the insolvency proceedings against the debtor company. Grants the proposal of the insolvency administrator to modify the composition of the creditors' committee, by setting up a committee of three members, namely Alpha Bank Romania SA, Rm. Vâlcea Municipality and ANAF-DGAMC. Document: minutes of the proceedings 10.06.2019 Decision in brief: Confirms the amendment to the reorganization plan filed on 23 Dec. 2019 (f.1-29 vol.76) and the extension of the execution period of the plan by one year, i.e. until 18 July 2022. Document: Decision 225/2020 02.03.2020 <b>Hearing for the continuation of proceedings: for the resolution of the claim for personal liability, grants a hearing on 11 April 2024.</b> <b>Document: minutes of the proceedings 29.02.2024</b>  <u>2</u> .By the appeal which is the subject of the application, the Plaintiff <u>CET Govora</u> requested the annulment of the ANRE Decision no. 738/28.03.2014, by means of the the Clarification filed on 29.10.2014, it requested that, if the appeal is admitted, the sums of money withheld by the support scheme administrator, NPG CO. Transelectrica SA, in the execution of the overcompensation decision, be ordered to be refunded, in order to recover the sum of 53,742,755 lei. <b>By the Notes of the hearing</b> registered in the file on <b>13.10.2021</b> and on <b>04.01.2022</b> , respectively, the Plaintiff <u>CET Govora SA</u> requests the admission of the request for

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						clarification of the action filed for the deadline 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.
20	1196/93/2016	Ilfov Court	Transelectrica - plaintiff UGM Energy Trading - parade	Claims	3.422.293,07 lei	Hearing: 20.09.2016 On the basis of Article 75 paragraph 1 of the Law no.85 of 2014 on insolvency, it is hereby declared that the court proceedings have been suspended.
21	1705/93/2016	Ilfov Court	UGM Energy Trading SRL - debtor in insolvency	Claims	3.515.687,51 lei	29.06.2016 - opening of general insolvency proceedings, The claim in the amount of 3.515.687,51 lei was admitted, representing the value of the invoices issued by our company, following the provision of services in favour of the debtor UGM Energy Trading S.R.L., calculated up to 29.06.2016, the date of the opening of the general insolvency proceedings, and the claims in the amount of 200 lei and 41.331,59 lei claimed by our company by way of judicial stamp duties were dismissed. We filed an objection to the list within the legal deadline. Decision in brief: Dismisses the appeal as groundless. With a right to appeal within 7 days of notification. The application for appeal shall be filed with the Ilfov Court. Delivered in public hearing on 23.02.2017.Document: Decision 511/2017 23.02.2017 The Court ordered on 03.08.2017 the opening of bankruptcy proceedings. <b>Hearing for continuation of proceedings 06.06.2024</b>
22	35304/3/2016	Bucharest Tribunal	Debtor: Electrocentrale Bucuresti SA Creditor: Transelectrica SA	Insolvency - Request for registration in the creditor's estate	2.286.832,15 lei (dc. Amount of 1.739.926,66 lei not to be offset)	Type of decision in brief: Admits the debtor's claim SC ELECTROCENTRALE BUCURESTI SA Pursuant to Article 71 para. 1 of Law no. 85/2014 on insolvency prevention and insolvency proceedings open general proceedings against the debtor SC ELECTROCENTRALE BUCURESTI SA. Delivered by making the decision available to the parties through the court clerk's office, today 09.07.2020. Hearing: 02.02.2023 Decision in brief: Approves the proposal of the receiver SIERRA QUADRANT FILIALA BUCUREȘTI SPRL. Pursuant to art.175 para. 1 of Law no.85/2014 closes the insolvency proceedings against the debtor ELECTROCENTRALE BUCUREȘTI S.A. Orders the reinstatement of the debtor in business activity. Pursuant to art.180 of Law no.85/2014 discharges the insolvency administrator from all duties and responsibilities in relation to the proceedings. Pursuant to Article 179 of Law no. 85/2014, the decision closing the proceedings shall be notified to the Regional Directorate General of Public Finance Bucharest representing the Tax Administration for Medium Taxpayers Bucharest and to the Bucharest Trade Registry Office of the Bucharest Court, for the purpose of making the entry. With the right to appeal within 7 days from the publication of the decision in the BPI, to be submitted to the Bucharest Court - Civil Section VII. Delivered by making the decision available to the parties through the court registry, today, 02.02.2023. Document: Decision 404/2023 02.02.2023
23	40958/3/2016	Bucharest Tribunal  CAB  ICCJ	Plaintiff: Transelectrica Defendant COMMERCIAL COMPANY FOR ELECTRICITY NETWORK MAINTENANCE SERVICES „SMART,, S.A.	Claims	2.797.095,21 lei, including VAT + 1.211.694,26 lei accessories	The defendant's plea that the right of action is time-barred is upheld. Dismisses the action as time-barred. Dismisses the plaintiff's application for an order that the Defendant pay the costs as groundless. Appeal within 30 days of notification. The application for appeal shall be filed with the Bucharest Court - Civil Section VI. Delivered by making the decision available to the parties through the court registry, today, 29.10.2021. Document: Decision 2667/2021 29.10.2021. Transelectrica appealed. Appeal hearing: 10.05.2022 Decision in brief: Dismisses the appeal as groundless. With appeal within 30 days from communication, appeal to be filed at the Bucharest Court of Appeal - Fifth Civil Division. Delivered publicly today, 10.05.2022.Document: decision 743/2022 10.05.2022 Transelectrica has filed an appeal, which is in the filter procedure at the ICCJ. Hearing 01.11.2023 <b>Dismisses as groundless the appeal brought by the appellant-appellant National</b>



WE LEAD THE POWER REPORT DIRECTORATE 2023

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						<b>Power Grid Company TRANSELECTRICA S.A. against civil decision no. 743/A/10.05.2022, rendered by the Bucharest Court of Appeal - Fifth Civil Section. Final.</b>
24	3256/85/2016	Sibiu Court	Plaintiff: Transelectrica Defendant: GOG METAL SRL and ELECTRO Construct System SRL	Claims	756,770 lei	Decision in brief: The application for suspension of the proceedings brought by the Plaintiff National Power Grid Company TRANSELECTRICA S.A. in response to the statement of defence is granted. Orders the suspension of the present case until the final resolution of the case no. 1658/2/2014 pending before the Bucharest Court of Appeal. With the right to appeal for the duration of the stay of proceedings. Delivered in public hearing on 02.03.2017.Document: Decision - Suspension 02.03.2017 A request for reinstatement has been made. Deadline : 09.06.2022 Type of decision: Adjourn the case Decision in brief : In order to redo and submit the expert's report on file. Document : Minutes of the hearing 09.06.2022. Dismisses the application Dismisses the objection of inadmissibility of the action and the objection of lack of legal standing, raised by the Defendant S.C. GM S.R.L. Dismisses, as groundless, the claim made by the Plaintiff NPG CO.T S.A. against the Defendant S.C. GMS.R.L. and S.C. ECS S.R.L. Dismisses the Plaintiffs' request for the award of legal costs as groundless. With the right to appeal within 30 days from the communication. The request for appeal shall be submitted to the Court of Sibiu. Document: Decision 139/2023 31.03.2023 An appeal has been filed with the Alba Iulia Court of Appeal, Hearing: 04.03.2024 Dismissed the appeal brought by the National Electricity Transmission Company "Transelectrica SA" against Decision No. 139/2023 of the Court of Sibiu in case No. 3256/85/2016. Orders the appellant to pay the respondent's costs in the amount of 4,522 lei. With appeal within 30 days from the communication, appeal to be filed at the Court of Appeal Alba Iulia. Delivered today, 04.03.2024, by making the decision available to the parties by the court registry. Document: Decision 51/2024 04.03.2024
25	7282/3/2017	Bucharest Tribunal	C: Transelectrica and others D: Arelco Energy SRL	Bankruptcy proceedings	1.878.467,85 lei debt to be recovered	Claim admitted in the preliminary list of claims. Decision in brief: for the continuation of the procedure, the drawing up of the report on the closure of the procedure, for the submission of replies from the D.I.T.L. Sector 1-6, OCPI and the Car Registration Service Document: Minutes of the meeting 14.06.2022 Hearing: 25.10.2022 Decision in brief: Approve the final activity report. Pursuant to Art. 175 para. 2 of Law no. 85/2014 closes the insolvency proceedings against the debtor S.C. Arelco Energy S.R.L. Orders the deregistration of the debtor's company from the Bucharest Trade Register. On the basis of Article 179 of the Law, this decision to close the proceedings will be notified to the Directorate General of Public Finance Bucharest and to the Trade Register Office Bucharest, for the purpose of making a mention. Pursuant to art. 180 of Law no. 85/2014 discharges the judicial liquidator and all persons who assisted him from any duties and responsibilities. With the right to appeal within 7 days from the communication, by publication in the Insolvency Proceedings Bulletin, to be filed with the Bucharest Court - Civil Section VII. Delivered in public hearing, today, 25.10.2022. Document: Decision 4525/25.10.2022
26	4452/3/2017	Bucharest Tribunal	C:Transelectrica and others D: Arelco Power SRL	Bankruptcy proceedings	20.996.030,49 lei	Admitted claim 20.041.519,94 lei, with the mention that the amount 954.510,55 lei was extinguished by compensation. Initially, the amount requested and admitted was 21.025.161 lei.
27	1372/3/2017		C : Transelectrica	Insolvency	6.850.000,98 lei	The claim was admitted, but with the following remarks: From the total amount is deducted

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
			D:Transenergo Com	procedure		the amount of 1983,36 lei (compensated); 69808,42 lei, of which 48642,11 lei is the claim settled by TEL through SGB execution and the amount of 21.166,31 lei, claim considered current, countervalue of invoices issued after the date of opening of the insolvency proceedings. Decision in brief: Based on Article 139 of Law 85/2014, confirms the reorganization plan of the debtor S.C. TRANENERGO COM S.A., proposed by the special administrator. With appeal within 7 days from the communication of the decision by publication in the Insolvency Proceedings Bulletin, to be filed with the Bucharest Court - Civil Section VII. Delivered in public hearing today 03.02.2021. Document: interim decision 469/2021 03.02.2021 <b>Hearing for continuation of reorganisation plan procedure: 11.09.2024</b>
28	345/40/2017	Botosani Tribunal	A: Transelectrica P: Elsaco Energy SRL	Claims	9.198.673,80 lei	Pursuant to Article 75 of Law No 85/2014 in conjunction with Article 412 NCPC, suspends the proceedings. With appeal for the duration of the stay. Delivered in public hearing today, 26.09.2017. Document: Order - Suspension 26.09.2017
29	10085/3/2017	Bucharest Tribunal	A: Electromontaj SA P: SMART SA Transelectrica SA	Claims	121099.16 euro, countervalue Lack of use of intervention poles 100.000 euro, income that could be obtained from the exploitation of poles	Decision in brief: upholds the objections to the expert accountant's report. Orders the Defendant Transelectrica to provide the accounting expert Braham Irina with the values of active and reactive energy on the Lea 400kv Iernut-Gadalin during the period 22.09.2016-05.02.2017, as well as the tariffs charged in accordance with Order No 27/2016, under penalty of a fine. The address will be returned to the accountant expert with the mention to respond to objective 2 of the accountant expert's report by reference to the criteria established by the expert Grigoriu Mircea in the technical expert's report in the energy speciality, as completed by the reply to the objections, following which the reply will be submitted to the court at least 10 days before the granted trial date. Delivered today, 18.11.2022, in public hearing. Document: Minutes of the hearing 18.11.2022 <b>Hearing: 22.03.2024</b>
30	3052/99/2017	Iasi Tribunal	Debtor: Fidelis Energy SRL	Insolvency procedure	2.219.985 lei, invoices + 200 lei, stamp duty	The claim was entered in the Preliminary List in the amount of 2,219,985 lei. The amount of 200 lei, the judicial stamp duty was not entered. Adjourns the case and sets a date of <b>28.03.2024</b> for the continuation of the proceedings.
31	14733/3/2017	Bucharest Tribunal  Bucharest Court of Appeal	Debtor: Energy Holding SRL	Insolvency procedure	1.199.910,16 lei, countervalue invoices and stamp duty, expert accountant fees	We were registered in TP with the amount of 1.179.545,28 lei, countervalue of Invoices, the amount of 20.364,88 lei being rejected, countervalue of judicial stamp duty and accountant fees. We have filed an objection to the preliminary list for the rejected amount. The appeal was dismissed as groundless. Hearing for appeal 22.03.2018. Dismisses the appeal as groundless. Final <b>Hearing 10.06.2024</b>
32	2236/118/2017 yes 2236/118/2017 /a11 - Payment claim dispute	Constanta Court  CA CT	Debtor: Elcomex IEA SA C: Transelectrica	Insolvency procedure	31.189.486,75 lei	The claim has been entered in the creditor's list. The amount of 31,180,857.96 lei ( <b>7,058,773.36 euro</b> ) was recovered from the insurer ASITO KAPITAL SA, by enforcing the decision Delivered in case no. 24552/3/2017. The difference represents self-consumption energy+water and is to be paid according to the reorganization plan. Under Law no.85/2014 a number of transactions concluded with certain of the debtors are confirmed. During the reorganization, the debtor company will be managed by the special administrator, under the supervision of the receiver, in accordance with the provisions of the confirmed plan. The court orders the receiver to submit monthly activity reports, as well as the reports drawn up on the basis of Article 144 of Law no. 85/2014. Pursuant to Article 175 para. 1 of Law no. 85/2014, closes the reorganisation procedure by continuing the activity of the debtor company Elcomex I.E.A. SA, as a result of the fulfilment of all payment obligations assumed by the confirmed plan, as well as the payment of current outstanding claims. Pursuant to Article 180 of Law No. 85/2014, discharges the receiver and all persons assisting him from any duties or liabilities in respect of the proceedings, the debtor and his estate, creditors, holders of preferential rights, shareholders or associates.

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						Orders the notification of this decision to the creditors by publication in the BPI, to the General Regional Directorate of Public Finance of Galati through the A.J.F.P. Constanta and to the Trade Register Office of the Court of Constanta for the appropriate entries to be made. With right of appeal within 7 days of notification. The request for appeal shall be submitted to the Court of Constanta - Civil Section II, under penalty of nullity. Pronounced by making the decision available to the parties through the court registry, today, 01.11.2023. <b>Document: Decision 1143/2023 01.11.2023</b>
33	16216/3/2017 <b>3684/2/2023</b> - No new at CAB	Bucharest Tribunal  CAB  ICCJ	R: Teletrans  P: Transelectrica	Action for a declaration of fulfilment of contractual obligations and claims		Adjourned to 22.04.2019 Type of decision: dismisses the application Decision in brief: Admits the plea that the substantive right of action in respect of the tax invoices for February to March 2014 is time-barred. Dismiss the claim relating to invoices No 115/01.03.2015 and No 123/01.03.2017 as time-barred. Dismisses the remainder of the action as groundless. Appeal within 30 days of notification. The appeal is filed with the Bucharest Court - Civil Division VI. Delivered in public hearing today, 22.04.2019. Document: decision 1064/2019 22.04.2019 Teletrans has appealed. CAB decision: The appeal is dismissed as invalid. The appeal is dismissed. Dismisses the appellant's application that the respondent pay the costs. The appeal is dismissed. Delivered in public hearing today, 17.11.2023. <b>Document: Decision 431/2023 17.11.2023</b>
34	28460/3/2017	TMB	R: RAAN  P: Transelectrica		Action on claims 12,346,063.10 lei (bonus Nov 15 - Apr 16; regularization bonus 2015; late payment penalties)	Decision in brief: Dismisses the action brought by the plaintiff, Independent Authority for Nuclear Activities, against the defendant, National Power Grid Company Transelectrica SA, as groundless. Dismisses as groundless the parties' application for costs. With a right of appeal within 30 days of notification. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Delivered today, 24 June 2020, and made available to the parties through the court registry. Document: decision 777/2020 24.06.2020 RAAN has filed an appeal. Hearing for appeal: 27.09.2021 Under Art. 413 para. 1 para. 1 NCPC suspends the appeal proceedings until the final resolution of cases no. 28458/3/2017 no. 26024/3/2015. With appeal for the duration of the stay. Document: Order - Suspension 27.09.2021 Decision in brief: Dismisses as groundless the application to resume the case. The appeal is stayed. With appeal for the duration of the stay. Delivered in public hearing today, 23.05.2022. Document: Order - Suspension 23.05.2022
35	34365/3/2020	TMB  CAB	R: Electromontaj P: Transelectrica	Claims discount contract value	160.000 lei - estimated  955.369,66 lei - according to the first instance sentence	Decision in brief: The application is granted as specified. Orders the Defendant to pay the Plaintiff the sum of <b>955,369.66 lei</b> , plus VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the sum of 3,000 lei/month for work carried out under works contract No C174/19.09.2016 during the period 01.01.2019 - 10.09.2019. Orders the Defendant to pay the Plaintiff the sum of 57,730.94 lei by way of costs. With a right of appeal within 10 days from the communication. The appeal shall be filed at the Bucharest Court, Civil Section VI. Delivered by making the decision available to the parties by the court registry, today, 07.07.2023. Document: Decision 1809/2023 07.07.2023 We have filed an appeal.
36	28430/3/2019	Bucharest Tribunal  CAB	R: Romsilva SA P: Transelectrica		Claims 2.433.608,52 lei, rent for the year 2019 temporary occupancy + penalties	Decision in brief: Pursuant to Article 413 para. (1), para. 1 Civil Procedure Code., suspends the case until the final resolution of case no. 3155/115/2018 pending before the High Court of Cassation and Justice. With a right of appeal for the duration of the stay. Delivered today, 19.05.2020. The decision will be delivered by making the decision available to the parties

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		ICCJ				through the court clerk's office. With the right to appeal within 30 days of communication, the appeal to be filed with the Bucharest Court, Civil Section IV. Delivered today, 03.05.2022. The decision will be delivered by making it available to the parties through the court registry. Dismisses the appeal as groundless. Notes that the appellant-plaintiff reserved the right to apply for costs separately and that the respondent-defendant did not apply for costs. With a right of appeal within 30 days of communication, to be filed with the Bucharest Court of Appeal. Document: Decision 295/2023 28.02.2023 Decision No 1949: Dismisses as groundless the appeal brought by the Plaintiff Regia Natională a Pădurilor - Romsilva, Directia Silvică Caras-Severin against civil decision No 295 A of 28 February 2023, delivered by the Bucharest Court of Appeal - Third Civil Division and for cases concerning minors and family matters. Final.
37	32612/3/2017	Bucharest Tribunal	Biol Energy		Insolvency procedure Request for registration in the creditor's account with the amount of 566.511,73 lei	The claim has been entered in the Preliminary List of Claims. <b>Hearing for continuation of procedure: 16.05.2024</b>
38	4328/110/2013	Bacau Tribunal	C:Transelectrica D: CET Bacau		Bankruptcy proceedings Application for registration in the creditors' list with the amount of 1.484.636,78 lei	Registered in the creditors' list with the amount of 1.484.636,78 lei. <b>Hearing for continuation of proceedings: 28.04.2024</b>
39	8993/299/2018	Sector Court 1	Appellant: Transelectrica Respondent: ANAF - DJAMC		appeal against execution ENFORCEMENT FILE 13328043/61/90/1/2017/26776 1 - 30.08.2017/267764 - 31.08.2017 SUSPENSION OF ENFORCEMENT 47092295 lei + 44,730,885 lei.	Court date: 17.04.2018 Decision in brief: Grants the appellant's application 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 case no. 1802/2/2018, pending before the Bucharest Court of Appeal, Administrative and Fiscal Litigation Section VIII. With appeal for the entire duration of the suspension, the appeal application to be filed at the District 1 Court of Bucharest. . Delivered in public hearing. Document: Decision - Suspension 17.04.2018
40	1802/2/2018	CAB ICCJ	C: Transelectrica I: ANAF - DGAMC and General Directorate for Dispute Resolution		appeal administrative tax act dec. no .f-mc 439/30.06.2017	Upholds in part the applications in dispute, annuls in part Decision No 12213.03.2018, on the resolution of the appeal lodged 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, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, 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, Tax Decision No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and the Tax Inspection Report no. F-MC 222 dated 30.06.2017, which was the basis for the issuance of the tax decision, in the sense that: - it removes the obligation to pay corporate income 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 tax invoices with special regime found missing from the plaintiff'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 principal and accessory tax claims in relation to that amount - remove the non-deductibility of the sum of 343,629.91 lei from the calculation of taxable profit. eliminates the non-deductibility from the calculation of taxable profits of the amount of RON 230 685,491,00 representing expenditure on promotional and protocol products and the obligation to pay the main and ancillary tax claims

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						<p>in respect of that amount. - removes the non-deductible nature of VAT in the amount of 46 417.1, relating to the sum of 343 629.91 lei, representing 'weed removal services' and the obligation to pay the principal and ancillary tax claims in respect of that amount. - removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the sum of 230,685.49 lei, representing expenditure on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to this amount - removes the mention relating to the obligation of the Sibiu Transport Branch of NPG CO. TRANSELECTRICA S.A to register the amount of 576.846,80 lei as taxable income, at the latest on 30.06.2010, the date on which the registration of the audited unit as a creditor with this amount was accepted, 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 art. 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 - Function of accounts of Order no. 3055 of 29 October 2009 for the approval of the Accounting Regulations in compliance 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 regarding the "determination of the deductible value added tax lower than that recorded by the plaintiff, 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 that amount - annul the obligation to pay the penalties for late payment which have 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 decision, 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, Tax 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. 122/13.03.2018, on the decision of the appeal lodged against the Tax Decision 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 decision of the appeal lodged against the Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for Dispute Resolution, Tax Decision no. F-MC 439/30.06.2017, issued on 12.07.07.2017, 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. Dismisses, for the rest, the disputed claims as groundless. Dismisses as groundless the application for the award of costs in the form of a judicial stamp duty. Orders the defendants, jointly and severally, to pay the plaintiff's costs in the sum of 4 000 lei, representing the fees for the expert's report in the field of accounting and taxation, in proportion to the admissibility of the application. With a right of appeal within 15 days from the date of communication, the application for appeal to be lodged with the Bucharest Court of Appeal. Delivered today, 20.10.2020 , by making the decision available to the parties according to art. 396 paragraph 2 CCP.</p> <p>Document: decision 382/2020 20.10.2020 <b>The parties filed an appeal in March 2022.</b> Admits 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, will be mentioned as correct. Orders that the material error be rectified by removing the incorrect name of the Plaintiff from the contested decision. With appeal within 15 days of communication. Delivered today, 24.05.2022 in public hearing.</p>

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						<p>Document: Decision 134/2022 24.05.2022 Appeal declared. ICCJ decision:</p> <p>Admits the appeals brought by the Plaintiff National Electricity Transmission Company "Transelectrica" S.A., the Defendant General Directorate for the Administration of Large Taxpayers and the Defendant National Agency for Tax Administration against the civil decision no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Section VIII. Quashes in part the decision under appeal and, in the alternative: Dismisses the application for annulment of the Decision on the settlement 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 the 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. Sets the amount of the costs to which the defendants were jointly and severally liable at the sum of 6,000 lei, representing the fees for the expert's report in the field of accounting and taxation. Upholds the other provisions of civil decision no. 382 of 20 October 2020. Admits the appeals filed by the Plaintiff National Electric Power Transmission Company "Transelectrica" S.A. and by the Defendant General Directorate for the Administration of Large Taxpayers against civil decision no. 134 of 24 May 2022, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Section VIII. Sets aside in part civil decision No 134 of 24 May 2022 and, in the alternative: Admits in part the request for clarification and supplementing of the operative part of civil decision no.382 of 20 October 2020, filed by the Plaintiff National Electricity Transmission Company Transelectrica S.A. Orders supplementing the operative part of civil decision no.382. of 20 October 2020 with the following entries: - also cancels the Tax Inspection Report no. F-MC 222/30.06.2017 to the extent that the Tax Decision no. F-MC 439/30.06.2017 was annulled.2017; - cancels the main tax liabilities established for the year 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 in respect of the non-deductibility of the expenses with the benefit share of SMART Removes the entries relating to the amounts of the cancelled income tax and ancillary liabilities related to the 349 tax invoices, both in the ruling on the correction of the material error and in the main ruling. Upholds the other provisions of civil decision No 134 of 24 May 2022. Orders the appellants - defendants to pay to the appellant - Plaintiff National Power Grid Company "Transelectrica" S.A. the sum of 200 lei as costs of the appeal. The Court is ordered to give final decision. Delivered today, 20 December 2023, with the decision being made available to the parties through the court registry.</p>
41	42676/3/2017	Bucharest Tribunal CAB ICCJ	R: Diaconu Ciprian P: Transelectrica		Claims 1.137.762 lei + 36.806,38 lei	<p>Decision in brief: Admits the application. Orders the Defendant to pay the Plaintiff the sum of 1,137,762 lei representing the value of the Transelectrica virtual share options due by way of variable remuneration discounted at the rate of inflation until the date of actual payment. Orders the Defendant to pay the Plaintiff the sum of 36,806.38 lei by way of statutory penalty interest on the principal debt due, calculated up to 17 September 2019 and thereafter until the date of actual payment. Orders the Defendant to pay the Plaintiff the sum of 22,164.62 lei by way of costs. With the right to appeal within 30 days of the communication. Delivered in public hearing today, 6.12.2018.</p> <p>Document: decision 3657/2018 06.12.2018</p> <p>We have filed an appeal.</p> <p>There is a request for rectification of a material error by Mr Diaconu with hearing on 07.05.2020</p>

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						Both parties have appealed. Dismisses the appeals as groundless. With appeal within 30 days of communication. Document: Decision 1833/2020 09.12.2020 Transelectrica appealed. The appeal brought by the appellant-respondent National Power Grid Company Transelectrica S.A. against civil decision no. 1833/A of 9 December 2020, rendered by the Bucharest Court of Appeal - Fifth Civil Division, is dismissed as groundless. Orders the appellant to pay the respondent-plaintiff the sum of RON 5,850 by way of costs. The decision is final.
42	5354/3/2017*	Bucharest Tribunal CAB ICCJ	R: Artopolescu Petrisor  P: Transelectrica		Claims 1.887.648 lei + legal interest	TMB's Decision in brief: Admits the application. Orders the Defendant to pay the sum of 1,887,648 lei representing the value of the 90,000 TVSO package, as well as the related legal interest, until the date of actual payment. Orders the Defendant to pay the costs to the Plaintiff in the amount of 22,881.48 lei. With right of appeal within 30 days from the communication. The request for appeal shall be submitted to the Bucharest Court, Civil Section VI. Delivered in public hearing, today 5.12.2017. Document: Decision 4449/2017 05.12.2017 CAB's decision in brief: The appeal is dismissed. With appeal within 30 days of communication. The appeal shall be lodged with the court whose decision is appealed. Delivered in public hearing today 16.05.2018. Document: decision no. 1108/2018 16.05.2018 TEL applied for a stay of execution of the decision and for an appeal. The application for suspension was dismissed by the ICCJ. Details of the order: the appeal brought by the appellant-respondent NATIONAL POWER GRID COMPANY TRANSELECTRICA S.A. against the civil decision no. 1108 of 16 May 2018 of the Bucharest Court of Appeal - Fifth Civil Section is admitted. Sets aside the contested decision and remits the case for retrial to the same Court of Appeal. Final. <b>Admits the appeal. Partially alters the civil decision under appeal to the effect that:</b> Orders the Defendant to pay the Plaintiff an annual variable component for the year 15.11.2013-15.11.2014 at the level of twice the gross annual fixed remuneration, and to pay the related statutory interest calculated from 15.11.2013 until the date of actual payment. With an appeal within 30 days of notification. Delivered in public hearing today, 30 June 2021. Document: Decision 1268/2021 30.06.2021. We have filed an appeal, which is in the filter procedure. <b>Hearing 23.05.2023</b> Details of the decision: the appeal filed by the appellant-plaintiff ARTOPOLESCU OVIDIU-PETRIȘOR against the civil decision no. 1268 of 30 June 2021 delivered by the Bucharest Court of Appeal - Fifth Civil Section is admitted. Sets aside the contested decision and remits the case for retrial to the same court of appeal. Dismisses as groundless the appeal brought by the appellant-respondent NATIONAL POWER GRID COMPANY TRANSELECTRICA S.A. against civil decision no. 1268 of 30 June 2021 delivered by the Bucharest Court of Appeal - Fifth Civil Division. Final.
43	20117/3/2018	Bucharest Tribunal  CAB  ICCJ	R: Pogonaru Andrei Mihai  P: Transelectrica		Claims - TVSO 2.435.333,04 lei, debit and interest	Decision in brief: The application is granted in part, as specified. Orders the Defendant to pay to the Plaintiff the sum of 1,437,343 lei, representing the gross value of the Transelectrica virtual share options due by way of variable remuneration for the period November 2013-November 2014, the sum of 184,562.29 lei, representing statutory interest calculated up to 13.06.2018, and statutory interest calculated in accordance with Article 3 para. 2 of O.G. no. 13/2011 on the debt in the amount of 1,437,343 lei, from 14.06.2018 until the date of actual payment. Orders the Defendant to pay the Plaintiff the amount of RON 91,080.45, representing the gross value of the Transelectrica virtual share options due by way of variable remuneration for the period November 2014-January 2015, the amount of RON 6,543.28, representing the statutory interest calculated up to 13.06.2018, as well as the statutory interest calculated in accordance with Article 3 para. 2 of O.G. no. 13/2011 on the

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						<p>debt in the amount of 91,080.45 lei, from 14.06.2018 until the date of actual payment. Dismisses the remainder of the application as groundless. Orders the Defendant to pay to the Plaintiff the sum of 31,133.43 lei by way of costs, of which the sum of 26,133.43 lei is the legal stamp duty relating to the admitted claims and the sum of 5,000 lei is the reduced lawyer's fee. Dismisses the defendant's application for costs as groundless. Right of appeal within 30 days of notification. The request for appeal shall be submitted to the Bucharest Court of Appeal - Civil Section VI. Delivered in public hearing today, 12.12.2018. Document: decision 3743/2018 12.12.2018</p> <p>Transelectrica appealed. Hearing for appeal 20.10.2020 Dismisses the defendant's appeal as groundless. Allow the plaintiff's appeal. Changes, in part, the civil decision under appeal, in the sense that: Orders the Defendant to pay the amount of 1,437,343 lei, net countervalue of the variable component for the period November 2013-November 2014 and the amount of 91,080.45 lei, c/net value of the variable component for the period November 2014-January 2015. Orders the Defendant to pay the lawyer's fees in the amount of 10,683.34 lei, on the merits. Upholds the other provisions of the decision. Orders the defendant-appellant to pay the costs of the appeal, consisting of: EUR 10 520.48 in judicial stamp duty and EUR 8 619.05 in lawyer's fees. With appeal within 30 days from communication. the appeal is filed at the Bucharest Court of Appeal, Civil Section VI. delivered in public hearing, today, 17.11.2020. Document: decision 1576/2020 17.11.2020 We appeal. ICCJ filter procedure. Hearing 08.02.2023. Dismisses as groundless the appeal filed by the defendant-appellant NATIONAL POWER GRID COMPANY TRANSELECTRICA S.A. against the civil decision no. 1576 of 17 November 2020, rendered by the Bucharest Court of Appeal - Civil Section VI. Orders the appellant-respondent to pay the respondent-plaintiff the costs in the amount of 8,829.86 lei. Final.</p>
44	7539/3/2017	Bucharest Tribunal	D: KDF Energy C: Transelectrica		Insolvency procedure Application for registration in the creditor's account with the amount lei 1.040.138,18 lei	<p>Debt registered in the creditor's list.</p> <p>Hearing: 23.04.2024</p>
45	34248/3/2018*	Bucharest Tribunal  CAB  ICCJ  CAB	R: Radu Cernov  P: Transelectrica		TVSO claims 2.185.278,91 lei, principal debit + interest	<p>Hearing: 24.04.2019 Type of decision: Dismiss the application Decision in brief: Dismiss the application as groundless. With a right of appeal within 30 days of notification. The application for appeal shall be filed with the Bucharest Court - Civil Section VI. Delivered in public hearing, today, 06.05.2019. Document: decision 1164/2019 06.05.2019 The Plaintiff Cernov appealed. Decision in brief: allow the appeal. Reverses the decision under appeal in its entirety to the effect that: Admits the application. Orders the Defendant to pay the Plaintiff the sum of 2,185,278.91 lei representing the net value of the variable component of the remuneration (TVSO value) due under mandate contract C418/13.11.2014, to which will be added the related statutory interest, calculated from the due date of each instalment until the date of actual payment. Orders the Defendant to pay the plaintiff's costs in the amount of 46,448.68 lei as the stamp duty relating to the resolution of the merits and the appeal. With appeal within 30 days from the communication. Delivered in public hearing, today, 25.05.2020. Document: Decision 345/2020 25.05.2020 Transelectrica filed an appeal which was admitted and the case will be sent for a new trial to the CAB. Admits the appeal. Changes the decision under appeal to the effect that: Admits the application in part. Orders the Defendant to pay to the plaintiff: - the sum of 1,097,260.61 lei representing the net value of the variable component of the remuneration (TVSO value</p>



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						relating to certificates No 39540/13.11.2014 and No 39743/17.11.2014) due under mandate contract C418/13.11.11.2014; - the statutory penalty interest on the principal debt due, calculated from 16.11.2016 in respect of the amount of RON 737,668.61 and from 16.11.2017 in respect of the amount of RON 359,592, until actual payment of the debt. Orders the Defendant to pay the plaintiff's costs in the amount of 26,654.88 lei as the stamp duty for the resolution of the merits and the appeal. Orders the Plaintiff to pay the defendant's costs in the amount of 7 242 lei in respect of the appeal. Orders the Defendant to pay part of the costs and the Plaintiff the sum of EUR 19 412.88. With an appeal within 30 days of notification. The request for appeal shall be submitted to the Bucharest Court of Appeal - 6th Civil Division. Delivered in public hearing today, 12.01.2023. . File in filter procedure. The Directorate approved the waiver of appeal.
46	3153/115/2018 3153/115/2018 ***	Caras Severin Court CA Timisoara ICCJ	R: Transelectrica P: Ciudanovita Commune		Claims 527.336,7 lei + legal interest	The plea of illegality raised by the appellant National Power Grid Company "Transelectrica" SA is upheld. Declares that Article 1(1)(a) is unlawful 12 of GD no. 841 of 07.10.2015 in so far as it makes the surrender of the land conditional upon "payment of the countervalue of the loss of growth caused by the exploitation of the wood mass before the age of technical exploitability and of the expenses for the reinstallation of the forest vegetation and its maintenance until the achievement of the mass state". Admits the appeal lodged by the appellant-plaintiff National Power Grid Company "Transelectrica" SA, in its own name and on behalf of the Timișoara Transmission Branch in contradiction with the respondent-defendant Ciudanovița Commune through the Mayor against the civil decision no. 998/26.06.2019, delivered by the Court of Caraș-Severin in case no. 3153/115/2018**. Changes the appealed decision in its entirety, in the sense that: Admits the action brought by the Plaintiff National Electricity Transmission Company "Transelectrica" SA, on its own behalf and on behalf of the Timisoara Transmission Branch, against the Defendant Municipality of Ciudanovița through the Mayor. Orders the Defendant to repay the sum of 527,336.7 lei to the Plaintiff and to pay the statutory interest on that sum from the date of payment by the Plaintiff until the date of repayment by the defendant. Orders the Defendant to pay the appellant-plaintiff the sum of EUR 20 615.85 by way of costs. With appeal within 30 days from the communication of the decision. Delivered in public hearing today, 30 September 2021. Document: Decision 176/2021 30.09.2021 <b>Dismisses the application of the petitioner Commune Ciudovița for suspension of the execution of the civil decision No 176 of 30 September 2021</b> of the Court of Appeal Timișoara, Civil Division I, rendered in case No 3153/115/2018***. Definitive.
47	3157/115/2018 3157/115/2018 * 3157/115/2018 **	Caras Severin Court CA TM	R: Transelectrica P: Ezeris Commune		Claims 1.860.506,85 lei + legal interest	Dismisses the action brought by the plaintiff, National Power Grid Company "Transelectrica" SA, against the defendant, Ezeriș Commune. With right of appeal within 30 days from the communication. The request for appeal shall be submitted to the Court of Caras-Severin. Delivered on the basis of Article 396 of the Civil Procedure Code on 18 March 2019 by making the decision available to the parties through the court registry. Document: decision 102/2019 18.03.2019 Decision of the CA Tm in brief: Admits the appeal brought by the appellant-appellant National Power Grid Company Transelectrica SA, in contradiction with the respondent EZERIȘ Commune against civil decision no. 102/2019 of 18 March 2019 delivered by the Court of Caraș Severin in case no. 3157/115/2018*, concerning claims. Partially alters the contested decision in the sense that it partially admits the claim for damages brought by the Plaintiff National Power Grid Company Transelectrica SA, against the Defendant Ezeriș Commune and consequently orders the Defendant to pay to the Plaintiff by way of reimbursement of undue payment: - the amount of 331.the sum of RON 331,692.47,

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		Timisoara Court of Appeal  ICCJ  CA TM  ICCJ				<p>representing rent for 2016, with statutory interest calculated from the date of the undue payment - 18 August 2016 until the actual repayment of the amount; - the sum of RON 331,692.47, representing rent for 2017, with statutory interest calculated from the date of the undue payment - 30 January 2017 until the actual repayment of the amount. Upholds the remainder of the decision of the Court of First Instance in so far as it dismisses as groundless the plaintiff's other financial claims. Orders the Defendant to pay the Plaintiff the sum of EUR 15 358.26 in respect of the costs of the proceedings at first instance and on appeal. With a right of appeal within 30 days from the date of notification. In the event of appeal, the appeal shall be lodged with the Court of Appeal of Timișoara. Delivered in public hearing on 31.10.2019.</p> <p>Document: decision 826/2019 31.10.2019 Appeal hearing 30.03.2021</p> <p>Admits the appeal filed by the Plaintiff National Electricity Transmission Company "Transelectrica" S.A. against the civil decision no. 826/A of 31 October 2019, delivered by the Court of Appeal Timișoara - Civil Section II. Sets aside the decision and remits the case to the same court for retrial. Final.</p> <p>Hearing : 18.01.2022Admits the objection of illegality of the provisions of Article 1 para. 12 of GD no. 841/2015 - invoked by the plaintiff-appellant National Power Grid Company "Transelectrica" SA, in contradiction with the Defendant UAT Ezeriș Commune and the respondent Government of Romania. Declares that the provisions of Article 1(1)(b) and (c) of Regulation (EC) No 659/1999 are unlawful 12 of GD no. 841/2015, with regard to the condition that the surrender of the land is subject to "payment of the countervalue of the loss of growth caused by the exploitation of the wood mass before the age of technical exploitability and of the expenses for the reinstallation of the forest vegetation and its maintenance until the achievement of the state of massiveness". Admits the appeal filed by the Plaintiff National Electricity Transmission Company "Transelectrica" SA, in contradiction with the Defendant UAT Ezeriș Commune, against the civil decision no. 102/2019 of 18 March 2019 delivered by the Court of Caraș- Severin in case no. 3157/115/2018*, concerning claims. Changes the appealed decision, in the sense that it admits the action for claims brought by the Plaintiff National Electricity Transport Company "Transelectrica" SA and orders the Defendant UAT Ezeriș Commune to pay it, by way of reimbursement of undue payment, the following amounts of money: - 1,160,508.99 lei, representing the countervalue of the loss of growth for 2015, shown in invoice no. 10/02.11.2015 and paid with PO no. 607/10.11.2015; - 36,612.92 lei, representing expenses for the reinstallation of the forestry fund for 2015, shown in invoice no. 11/18.11.2015 and paid with PO no. 625/20.11.2015; - 331,692.47 lei, representing rent for 2016, shown in invoice no. 21/331,692.47 lei, representing the rent for 2017, shown in invoice no. 25/21.12.2016 and paid with PO no. 33/30.01.2017). Orders the Defendant UAT Ezeriș Commune to pay to the Plaintiff National Power Grid Company "Transelectrica" SA and the legal interest related to the amounts to be refunded, due from the date of their payment until the date of their refund. Orders the Defendant UAT Ezeriș Commune to pay to the Plaintiff National Electricity Transmission Company "Transelectrica" SA the sum of 41,103.20 lei as costs incurred at all stages of the proceedings. With a right of appeal within 30 days of notification. The appeal is lodged with the Court of Appeal of Timișoara. Delivered on 22.02.2022, with the decision being made available to the parties by the court registry.</p> <p>Hearing 11.12.2023 at the ICCJ.</p> <p>Dismisses as groundless the appeal brought by the defendant-appellant U.A.T. Ezeriș Commune against the civil decision No 104/A/22.02.2022 of the Court of Appeal of Timișoara - Civil Division II. Final.</p>
48	2494/115/2018	Caras	R: Municipality of Resita		Claims	Suspends the proceedings in the action brought by the Plaintiff Municipality of Resita,

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
	*	Severin Court Bucharest Tribunal	P: Transelectrica		10.648.829,20 lei, representing rents for the years 2015, 2016, 2018, 2019 and 2020, plus the legal penalty interest	through the Mayor, against the Defendant National Power Grid Company "Transelectrica" SA, concerning claims under Article 413(1)(1) of the Civil Procedure Code. With an appeal to the superior court while the proceedings are suspended. Delivered in public hearing today, 22 March 2021. Document: Order - Stay of proceedings 22.03.2021 Hearing: 14.03.2024
49	2434/115/2018  2434/115/2018 *	Bucharest Tribunal CAB ICCJ	R: Romsilva Caras Severin P: Transelectrica ST Timisoara		Claims 2.433.608,52 lei, annual rent for temporary occupation of land from the national forest fund + late payment penalties from the rent due date 31.01.2018. 304298,47 lei, cost of definitive removal from the national forestry fund of land area, cost of loss of timber harvesting growth + late payment penalties calculated from 10.05.2015	Dismisses the action against the Defendant Sucursala de Transport Timisoara as being brought against a person without locus standi. Dismisses the plea that the substantive right of action is time-barred. Dismisses the action as groundless. Decision 211/2022 18.02.2022 Romsilva appealed Appeal hearing: 08.11.2022 Decision in brief: Dismiss the appeal as groundless. With the right to appeal within 30 days from the date of communication, the application to be filed with the Bucharest Court of Appeal. Delivered by placing the decision at the disposal of the parties, through the court registry, today, 8 November 2022.Document: Decision 1646/2022 08.11.2022 ICCJ Hearing 16.01.2024 Decision No 2 Dismisses as groundless the appeal brought by the plaintiff, National Forestry Administration ROMSILVA - Caras Severin Forestry Directorate, against decision No 1646 A of 8 November 2022 of the Bucharest Court of Appeal - Civil Section IV. Final.
50	22567/3/2019	Bucharest Tribunal	R Transelectrica P: OPCOM		Claims - common law action - contribution made by NPG CO. Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement no. 7181RO/2003, commitment for financing the investment project "Electricity Market Project". <b>4,517,460 lei +1,293,778.27 lei</b>	The action is dismissed as time-barred. With right of appeal within 30 days from the communication, to be filed at the Bucharest Court, Civil Section VI. Delivered by making the decision available to the parties through the court clerk's office, today, 03.12.2021.Document: Decision 3021/2021 03.12.20212021. TEL appealed, Dismisses the appeal as groundless. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days of communication. Delivered today, 12 October 2022, by making the decision available to the parties through the court registry. Document: Decision 1532/2022 12.10.2022. Transelectrica filed an appeal on 13.12.2022. Hearing 19.09.2023 Decision 1640/2023 Admits the main appeal filed by the appellant-plaintiff Compania Natională de Transport al Energiei Electrice "TRANSELECTRICA" S.A. and the cross-appeal filed by the respondent-appellant Operatorul Pietei de Energie Electrică și Gaze Naturale "OPCOM" S.A. against the civil decision no. 1532 of 12 October 2022, rendered by the Bucharest Court of Appeal - Fifth Civil Section, which it reverses and remits the case for a new trial to the same court. The case is final.
51	24242/3/2021	T BUC	R OPCOM SA P: TEL	Action for declaration of NULLITY of the CONTRIBUTION	4,517,460 lei	TMB decision: Qualifies the plea of inadmissibility as a substantive defence. Dismisses the application as groundless. With the right to appeal, within 30 days from the communication to the parties, the appeal to be filed at the seat of the Court of Bucharest, Civil Section VI. Delivered today, 07.11.2023, pursuant to art. 396 para.2 Civil Procedure Code by making the decision available to the parties at the court registry. Document: Decision 2600/2023 07.11.2023
52	35346/3/2019	Bucharest Tribunal	R: CET Govora P: Transelectrica		Claims 3.368.965,82 lei, countervalue Pre-overcompensation regularization and cogeneration bonus February - March 2016	Decision in brief: Dismiss the action as groundless. Appeal within 30 days of notification. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Delivered in public hearing today, 22.07.2020. Document: decision 1247/2020 22.07.2020 Declares that there has been a compensation of right with part of the amount registered in the creditor's account

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
53	23847/299/2013*	Bucharest Sector 1 Court  Bucharest Tribunal Civil Division IV	-Mitropoly of Oltenia <b>appellant plaintiff</b>  -Transelectrica <b>respondent parat</b>	Payment of compensation for lack of use of land	1.800.000 lei	Dismisses the objection of res judicata as groundless. Dismisses the plea of lack of locus standi as groundless. Dismisses the plea of lack of locus standi as groundless. Declares that, by its decision of 17 October 2014, the Court took note of the plaintiff's abandonment of the first head of claim and dismissed the plea of untimeliness. Dismisses the application as groundless. Notes that the Plaintiff will claim costs separately and the Defendant does not claim costs. With a right of appeal within 30 days of notification. The application for appeal shall be filed with the District Court of Sector 1 Bucharest. Delivered in public hearing today, 06.07.2017. Document: Decision 5550/2017 06.07.2017 Dismisses the appeal as groundless. With a right of appeal within 30 days from the date of communication, the application for appeal to be filed with the Bucharest Court. Delivered by making the decision available to the parties by the court registry, today, 08.12.2020. Document: Decision 3074/2020 08.12.2020 <b>The Metropoly of Oltenia appealed and invoked an exception of unconstitutionality, and the case was sent to the Constitutional Court.</b>
54	3083/3/2020	Bucharest Tribunal/CAB / ICCJ	R:Nuclearelectrica P: Transelectrica		Claims 1.290.533,156 lei countervalue negative imbalance + 182.251,94 lei, legal interest rate	Decision in brief: The application is granted. Orders the Defendant to pay the Plaintiff the sum of 1,290,533.156 lei by way of compensatory damages, to update this sum by the inflation rate from 27.09.2018 until the date of actual payment, to pay the sum of 182.251,94 lei as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, as well as the payment of further statutory penalty interest calculated from 01.02.2020 until the date of actual payment. Orders the Defendant to pay to the Plaintiff the sum of 23,441.66 lei by way of legal costs, consisting of a court stamp duty. Dismisses the defendant's application for payment of costs as groundless. With a right of appeal within 30 days of notification. The request for appeal shall be submitted to the Bucharest Court - Civil Section VI. Delivered today, 22.12.2020, by making the decision available to the parties by the court registry. Document: decision 2698/2020 22.12.2020 TEL appealed, which was allowed. Allow the appeal. Partially alters the civil decision under appeal, in so far as: Dismisses the application as groundless. Upholds the order of the first instance dismissing as groundless the defendant's claim for costs. Orders the respondent-respondent to pay the appellant-respondent the sum of EUR 20 591.66 by way of costs on appeal. With an appeal within 30 days from the date of communication, the appeal application to be filed with the Bucharest Court of Appeal - Civil Section VI. Delivered by making the decision available to the parties by the court registry, today, 25.11.2021. Document: Decision 1927/2021 25.11.2021 Nuclearelectrica has appealed, which has been stayed pending resolution of the action for annulment of the order. Hearing 12.10.2022 Pursuant to Article 413 para. (1), paragraph 1 of the Civil Procedure Code, suspends the decision of the appeal filed by the appellant-plaintiff SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. against civil decision no. 1927/A/25.11.2021, delivered by the Bucharest Court of Appeal - Civil Section VI, until the final resolution of case no. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Fiscal Litigation Section. Definitive.
55	640/121/2020	Galati Tribunal	C:Transelectrica D: Menarom PEC SA Galati		Statement of claim 1.195.792,13 lei	The claim has been registered with the creditor. Hearing: 24.06.2022 Decision in brief: According to Art. 59 para. 3 of Law 85/2014, the insolvency administrator has submitted to the case file: - activity report no. 51/21.06.2022; - final updated list of claims no. 50/21.06.2022. With a view to continuing the proceedings, sets a deadline for the administrator to submit the documents relating to the work carried out

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						- 24.10.2022 and sets a <b>hearing for 08.04.2024.</b>
56	<b>22036/3/2020</b>	Bucharest Tribunal  CAB	R: Vaduva Constantin P: Transelectrica		TVSO claims 87403 lei, countevalue TVSO, 16243 Legal interest rate and 442820 inflation adjustment	The plea of the Defendant that the substantive right of action is time-barred is upheld. Upholds, in part, the application Orders the Defendant to pay to the Plaintiff the sum of 87403 lei as the debt due, updated with the payment index on the date of actual payment and the statutory interest to be calculated on the debt due from 15.11.2018 until the date of actual payment. Orders the Defendant to pay to the Plaintiff the sum of 73113 lei as the amount due by way of discounting with the inflation index of the sums awarded to the plaintiff. Dismisses the remainder of the application as time-barred. Orders the Defendant to pay the Plaintiff the sum of EUR 6694,87 in respect of the countervalue of the legal stamp duty and the sum of EUR 6957,39 in respect of the countervalue of the lawyer's fees by way of costs. With a right of appeal within 30 days of notification, the appeal shall be lodged with the Bucharest Tribunal - Civil Section VI. Delivered by making the decision available to the parties by the court registry, today, 05.11.2021. Document: Decision 2703/2021 05.11.2021 Hearing for appeal: 16.11.2022 Decision in brief: Admits the appeal filed by the appellant Văduva Constantin. Partially alters the decision under appeal in that the Defendant is ordered to pay the statutory penalty interest on the debt of 87,403 lei calculated in accordance with Article 3(3) of the Civil Code. 2 <sup>nd</sup> of GC no. 13/2011. Upholds the remainder of the decision. Dismisses the appeal brought by the Defendant NPG CO. Transelectrica SA as groundless. Orders the respondent NPG CO. Transelectrica SA to pay the appellant the sum of 2861.64 lei by way of costs of the appeal. Dismisses the appellant NPG CO. Transelectrica SA's application for costs. With an application for appeal within 30 days of communication, to be lodged with the CAB - Section VI a. Delivered in public hearing today, 07.12.2022. Document: Decision 1858/2022 07.12.2022 Appeal declared. Hearing 12.10.2023 Decision 2078/2023 Admits the plea of invalidity of the appeal. Annuls the appeal brought by the appellant-respondent National Company for the Transport of Electric Energy "TRANSELECTRICA" S.A. against decision No 1858A/07.12.2022, rendered by the Bucharest Court of Appeal - Civil Section VI, in contradiction with the respondent-plaintiff Văduva Constantin. Orders the appellant-respondent to pay the respondent-plaintiff the sum of RON 2,674.05 by way of costs. The decision is final.
57	<b>20780/3/2020</b>	Bucharest Tribunal CAB	R: Electromontaj P: Transelectrica		Claims-contract value update 401,765.78 euros, 1.045.660,61 euro, additional costs related to the increase of the minimum wage in the construction sector, Obligation to conclude an addendum to contract C54/2018	Administration of the accounting expertise sample. Decision to be delivered on 24.04.2022 Decision in brief: The claim for damages brought by the Plaintiff ELECTROMONTAJ SA against the Defendant National Power Grid Company Transelectrica SA is granted in part. Orders the Defendant to pay the Plaintiff 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 amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the Defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the sum of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the sum of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the application as groundless. Orders the Defendant to pay the Plaintiff the sum of 171,104.06 lei by way of costs. With right of appeal within 10 days of communication. The request for appeal shall be submitted to the Bucharest Court, Civil Division VI. Delivered by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023 Transelectrica appealed. The CAB decision. Admits the appeal brought by the defendant-appellant National Power Grid Company

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						Transelectrica S.A. against the decision no. 1035/24.04.2023, delivered in case no.20780/3/2020 by the Bucharest Court - Civil Section VI. Reverses in its entirety the decision under appeal in that it dismisses as groundless the application for a writ of summons brought by the Plaintiff Electromontaj S.A. against the Defendant National Power Grid Company Transelectrica S.A., as specified. Orders the defendant-appellant Electromontaj S.A. to pay to the respondent-appellant National Power Grid Company Transelectrica S.A. the sum of 39,787.82 lei by way of costs of the appeal. Dismisses, as groundless, the appeal brought against the same decision by the appellant-plaintiff Electromontaj S.A. Dismisses, as groundless, the appellant-plaintiff's application for costs on appeal. The appeal is final. Delivered in public hearing today, 27.10.2023. Document: Decision 1570/2023 27.10.2023 ELM filed a request for review with hearing 15.03.2024 and appeal for annulment (dismissed)
58	25896/3/2020	Bucharest Tribunal	R: Electromontaj P: Transelectrica		Claims - GEO 114/2018 10.000.000 lei	Decision of the TMB: Dismisses the action as groundless. With right of appeal within 10 days of communication. The application for appeal shall be lodged with the Bucharest Court, Civil Section VI. Delivered today, 18.01.2024, by making the decision available to the parties through the registry. Document: Decision 53/2024 18.01.2024
59	27001/3/2021	Bucharest Tribunal	R: Romelectro P: Transelectrica		Claims - GEO 114/2018 3.523.709,93 lei	Decision in brief: Dismiss the application for suspension under Article 242 of the Code of Civil Procedure as groundless. Grants a <b>hearing for the continuation of proceedings until 15.03.2024.</b>
60	22368/3/2021	Bucharest Tribunal  CAB	R: Romelectro P: Transelectrica		Claims - GEO 114/2018 2.275.653,22 lei	Hearing: 10.06.2022 . Decision in brief: Dismiss the application as groundless. With appeal within 10 days of communication. The request for appeal shall be submitted to the Bucharest Court - Civil Section VI. Delivered by making the decision available to the parties through the court registry, today, 24.06.2022.Document: Decision 1555/2022 24.06.2022 Romelectro appealed.
61	30801/3/2021	Bucharest Tribunal	R: Romelectro P: Transelectrica		Claims - GEO 114/2018 2.271.075,23 lei	Decision in brief: grants a <b>hearing for 05.04.2024</b>
62	17976/3/2021	Bucharest Tribunal	R: Grand Voltage P: Transelectrica		Order the Defendant Transelectrica to compensate the damage caused to the undersigned in the amount of 8,331,444.60 lei as a result of the culpable non-performance of the obligations related to the Works Contract No. C 111/23.05.2018 on "Connection of 100kV Isaccea - Varna and 400 kV Isaccea-Dobrujda LEAs to the 400 kV Medgidia South Stage II - 400kV LEA d.c. Medgidia South Station Connections".	Dismisses the action as groundless. With a right of appeal within 10 days of notification. The application for appeal shall be lodged with the Bucharest Court - Section VI, under penalty of nullity. Document: Decision 1812/2022 25.07.2022 GV appealed No set hearing
63	Request for arbitration ARB-5680	Vienna Court of Arbitration	R: Oleg Buralcu P: Transelectrica		Order Transelectrica SA to pay the total amount of 792,132 lei, the amount being made up as follows: - 186.384 lei (37.664,7 euro), <i>which would represent the non-</i>	By the Arbitral Award rendered on 30.12.2022, communicated to Transelectrica SA on 03.01.2023, the sole arbitrator ordered the following: - Admits the plaintiff's request for arbitration, - Orders the Defendant Transelectrica SA to pay the Plaintiff the following amounts: - the gross amount of 605,748 lei, representing the compensation for the revocation of the Mandate Contract no.C233/30.09.2020 without just cause, according to art.9.2 letter A of the

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
					<p><i>compete compensation, according to art.5.2.3 of the Mandate Contract no.C233/30.09.2020,</i></p> <p>- 605,748 lei (122,410.4 euro), which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate, according to art.9.2 letter A of the Mandate Contract no.C233/30.09.2020</p>	<p>Mandate Contract no.C233/30.09.2020, to which shall be applied the simple legal interest at the level of the reference interest rate of the BNR plus 8 percentage points, applied to the amount due, from the date of the arbitration award until the actual payment of the amounts due</p> <p>- the gross amount of 186,384 lei, representing the non-competition compensation, pursuant to Article 5.2.3 of the Terms of Reference Contract no.C233/30.09.2020, to which shall be applied the statutory simple interest at the level of the reference interest rate of the BNR plus 8 percentage points, applied to the amount of the sum due, from the date of the arbitration award until the actual payment of the sums due</p> <p>- the actual payment of these amounts will be made on a net basis, through the appropriate application of Clause 6.5 of Mandate Contract No C233/30.09.2020</p> <p>- Orders the Defendant Transelectrica SA to pay the sum of EUR 7,837.25 and RON 10,000 by way of arbitration costs.</p> <p>- All other claims and defences are dismissed.</p>
64	<b>8193/3/2022</b>	Bucharest Tribunal	R: Serv times P: Transelectrica		Claims - GEO no. 114/2018 2.437.253,31 lei labour cost countervalue	Hearing: 22.03.2024 Administration of expert evidence
64a	<b>8442/3/2022</b>	Bucharest Tribunal	R: Serv times P: Transelectrica		execution of administrative contract - the Plaintiff requests 1.429.832,43 lei, without VAT, representing additional costs	Hearing 16.09.2022 Admits the plea of relatedness. Refers the case back to the panel first seized with the case No 8193/3/2022, i.e. the 12th formation of the Court, for the case No 8442/3/2022 to be joined to case No 8193/3/2022. Appeal together with the merits. Delivered today, 16.09.2022, with the decision being made available to the parties by the Court Registry. Document: Final decision (divestment) 16.09.2022
65	<b>5493/3/2022</b> <b>6415/3/2023</b>	Bucharest Tribunal	C: Elcomex IEA P:Transelectrica		Payment Order Claims 2.171.151,53 lei, invoice value, guarantees + legal interest	Decision in brief: Dismisses the plea of limitation as groundless. The application for an order for payment is granted in part. Orders the Defendant to pay the Plaintiff the sum of 1 505 723,76 lei, representing the principal debt, together with statutory interest from 30 September 2021, within 30 days of the communication of the order. Orders the Defendant to pay the Plaintiff the sum of 2 700 lei in respect of costs. With the right to bring an action for annulment within 10 days from the date of notification, the application to be lodged with the Bucharest Court, Civil Section VI. Delivered today, 15 July 2022, by making the decision available to the parties through the court registry. Document: Decision 1756/2022 15.07.2022Transelectrica has filed an application for annulment and suspension. Decision in brief: Dismiss the application for annulment as groundless. Dismisses the application for suspension of enforcement of the order of 15.07.2022 as devoid of purpose. Orders the plaintiff-debtor to pay the defendant-creditor the sum of 2,500 lei by way of costs, consisting of lawyers' fees. The decision is final. Delivered by making the decision available to the parties through the court registry today, 09.05.2023. Document: Decision 1154/2023 09.05.2023 The amount has been paid.
66	<b>Application ARB-5697</b>	Vienna Court of Arbitration	R: Ciprian Constantin Dumitru P: Transelectrica		By arbitration request ARB-5697 Dumitru (RO) vs. Transelectrica (RO), Mr Dumitru Ciprian Constantin requested that Transelectrica SA be ordered to pay the following amounts: - 652,344 lei, which would represent the compensation related to the gross fixed	On 21.08.2023 was registered at Transelectrica SA, with no.40020/21.08.2023 - Arbitral Award rendered on 11.08.2023 following the settlement of the arbitration request ARB-5697 Dumitru (RO) vs. Transelectrica (RO) By the Arbitral Award the Arbitral Tribunal ordered the following: - The Arbitral Tribunal accepts the claim of Plaintiff Ciprian Constantin Dinu and decides as follows: - The Defendant is ordered to pay the Plaintiff compensation representing the outstanding Gross Fixed Monthly Remuneration for 39 months in the gross amount of RON 605,748. The payment shall be made in net amounts, after the Defendant has calculated, withheld and paid, any taxes due by the Plaintiff, at the time of payment, in accordance with Article

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
					<p>monthly allowances remaining until the end of the mandate, according to art.9.1 lit.a) of the Mandate Contract no.C238/30.09.2020.</p> <ul style="list-style-type: none"> <li>- 45,996 lei, which would represent the variable component of the remuneration for 2020, as per Annex 2 to the Addendum No.1 to the Mandate Contract No.C238/30.09.2020</li> <li>- 183,984 lei, which would represent the non-competition compensation, according to art.5.2.3 of the Mandate Contract no.C238/30.09.2020.</li> </ul> <p>In the memorandum submitted by the plaintiff, he specified his request, asking for the sum of 605,748 lei, which would represent the compensation for the gross fixed monthly allowances remaining until the end of the mandate, according to Article 9.1 letter a) of the Mandate Contract no.C238/30.09.2020.</p> <p>In the final submissions filed by the plaintiff, he clarified his claim, requesting the amount of 46,595 lei, which would represent the variable component of the remuneration for the year 2020, according to Annex 2 to the Addendum No. 1 to the Mandate Contract and the amount of 186,384 lei, which would represent the non-competition compensation, according to Article 5.2.3 of the Mandate Contract.</p>	<p>6.5. of the Engagement Agreement. The Defendant is also obliged to pay to the Plaintiff the statutory interest of 8 percentage points above the reference rate of the National Bank of Romania applicable to the net amount as determined at the date of payment, from the due date (22 June 2021) until the date of full payment.</p> <ul style="list-style-type: none"> <li>- The Defendant is ordered to pay to the Plaintiff a compensation representing the variable component of the remuneration for the year 2020, in the gross amount of RON 46,596. The payment shall be made in net amounts, after the Defendant has calculated, withheld and paid any taxes due by the Plaintiff, at the time of payment, in accordance with article 6.5. of the Mandate Contract. The Defendant is also obliged to pay to the Plaintiff the statutory interest of 8 percentage points above the reference rate of the National Bank of Romania applicable to the net amount as determined at the date of payment, calculated from the due date (7 July 2021) until the date of full payment.</li> <li>- The Defendant is ordered to pay the Plaintiff non-compete compensation in accordance with clause 5.2.3 of the Contract, in the gross amount of 186,384 RON. The payment shall be made in net amounts, after the Defendant has calculated, withheld and paid any taxes due by the Plaintiff at the time of payment in accordance with clause 6.5. of the Contract. The Defendant is also obliged to pay to the Plaintiff the statutory interest of 8 percentage points above the reference rate of the National Bank of Romania applicable to the net amount as determined at the date of payment, calculated from the due date (22 June 2021) until the date of full payment.</li> <li>- The Defendant is ordered to pay to the Plaintiff the sum of all costs, fees and expenses incurred in connection with this arbitration, in the amount of EUR 16,573.30 and RON 178,169.89 (including VAT).</li> <li>- Any other claims or demands of the Parties are dismissed.</li> </ul>
67	8440/3/2022	Bucharest Tribunal	R: Serv times P: Transelectrica		Execution of administrative contract - 1. In the first point, the Plaintiff requests "that Transelectrica be ordered to pay the amount of 2,437,253.31 lei excluding VAT	Hearing 08.11.2022 Decision in brief: Based on Art. 242 para. 1 Code of Civil Procedure, suspends the proceedings. With the right to file a motion to reopen and appeal for the duration of the stay. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI, under penalty of nullity. Delivered in public hearing today, 08.11.2022. Document: Decision - Suspension 08.11.2022 Redocket.



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					<p>representing the difference in labour costs paid following the entry into force of GEO 114/2021, in accordance with the reasons which we will set out in detail herein and in the attached centralised statement".</p> <p>2. In the second point, the Plaintiff requests "Transelectrica to be obliged, by the court, by way of substitution of the defendant's consent, to conclude an Addendum, obliging the Defendant to conclude with the undersigned an Addendum to Works Contract No. C 80/2018, following the increase in the gross minimum wage per country guaranteed in payment in the construction sector, for the additional costs related to the increase in the gross minimum wage per country guaranteed in payment in the construction sector and until the completion of the contract".</p> <p>3. In point three, the Plaintiff requests "that Transelectrica be ordered to pay the sum of 276,401.58 lei by way of late payment penalties, until the principal debt has been paid and extinguished</p>	Hearing 15.03.2024
68	5507/2/2022	CA Bucharest	R: Transelectrica P: EXPLOCOM GK SRL	CV claims	2,287,992 lei, representing the value of 13619 HP	Decision in brief: Admits the objection of lack of material-functional and territorial jurisdiction of the Bucharest Court of Appeal. Declares that the Court of Harghita has jurisdiction to hear the case. Definitive. Delivered today. 07.04.2023, by making the decision available to the parties through the court registry.
69	3156/268/2023	Odorheiu Secuiesc Court  T.HR.	R: Explocom GK SRL P: Transelectrica	Appeal against enforcement file 376/E/2023	3.373.358,29 lei	Dismisses the appeal for enforcement filed by the appellant EXPLOCOM GK SRL against the respondent National Power Grid Company Transelectrica SA as groundless. Dismisses the application for suspension of enforcement as groundless. Orders the appellant EXPLOCOM GK SRL to pay to BEJ Demeter Tiberiu Claudiu the sum of RON 147,56 representing the costs of photocopying enforcement file No 376/E/2023. The costs of the proceedings shall be claimed separately by both parties. With right of appeal within 10 days of notification. The appeal shall be lodged with the Odorheiu Secuiesc Court. Delivered by making the decision available to the parties through the court registry on 31.10.2023. Document: Decision 2637/2023 31.10.2023

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						Explocom has appealed. Admits the appeal filed by the appellant Explocom GK SRL against the respondent National Power Grid Company Transelectrica SA, against the Civil Decision no. 2637 of 31 October 2023, delivered by the Odorheiu Secuiesc Court in Case no. 3156/268/2023, which it changes in its entirety, in the sense that: Admits the appeal against execution lodged by the appellant Explocom GK SRL and, consequently: Annuls the execution carried out in Execution File no. 376/E/2023 of the Court Executor Demeter Tiberiu Claudiu. Definitive. Delivered in public hearing today, 20 February 2024. Document: Decision 50/2024 20.02.2024
70	16905/3/2022	Bucharest Tribunal  CAB	R: Transelectrica P: ANAF		appeal administrative tax act DEC. 563/26.02.2021	Hearing: 28.11.2022 Dismisses as groundless the plea of lack of locus standi of the Defendant MINISTRY OF PUBLIC FINANCE - DIRECTORATE-GENERAL FOR THE SETTLEMENT OF COMPLAINTS Admits the application. Annuls decision No 563/26.02.2021 concerning offsetting of tax liabilities. Dismisses the application for costs as groundless. With appeal within 15 days of notification. The appeal shall be filed with the Bucharest Court. Delivered today, 31.01.2023, by making the decision available to the parties through the court registry. Document: Decision 372/2023 31.01.2023. MFP - ANAF have lodged an appeal. <b>CAB's decision:</b> Dismisses the respondent's plea of invalidity of the appeals as groundless. Allow the appeals. Sets aside in part the decision under appeal and on appeal: Dismisses the application as groundless. Upholds the decision dismissing the plea of lack of locus standi of the Ministry of Finance. The case is final. Delivered today, 5.12.2023, with the decision being made available to the parties through the Court Registry. Document: Decision 2589/2023 05.12.2023
71	23887/3/2022 23887/3/2022/ a2	TMB	R:Transelectrica P: Grand Voltage and Omniasig	Claims	25.107.776,95 lei, damages + 4.150.451,31 lei, guarantee of good execution	Hearing: 15.03.2024
72	15561/3/2022	Bucharest Tribunal	R: SMART SA P: Transelectrica	Execution of administrative contract - claims	. <b>the amount of 4,467,108 lei</b> , representing the amount of tax liabilities related to increased income as a result of the increase in the tax base resulting from the adjustment of income for 2014, 2015 and 2016 + legal expenses.	Lack of expert's report. Hearing: 04.04.2024
73	2082/3/2020	Bucharest Tribunal	D:SC ENOL GRUP SA C: Transelectrica	L 85/2014 Insolvency procedure Claim statement	2,514,312 lei	On the basis of Article 139 of Law no. 85/2014 on insolvency proceedings, confirms the plan for the reorganization of the debtor's activity proposed by the special administrator. Sets the hearing for the continuation of the proceedings on 13.09.2024, at 09.00 a.m., when the creditors will be summoned through the BPI. With appeal, within 7 days from the communication of the decision by publication in the Insolvency Proceedings Bulletin, to be filed with the Bucharest Court, Civil Section VII. Delivered today, 09.02.2024, by making the decision available to the parties through the court registry. Document: Interim Decision 311/2024 09.02.2024
74	146/91/2022	Vrancea Tribunal  CA Galati	SC AGRO CLASS SRL Focşani, <i>Scutaru Gelu and Scutaru Eugenia, Plaintiffs, and the Romanian State, through the General Secretariat of the Government,</i>	They contest the value of the expropriated land established by the	3.793.722,23 lei (equivalent to 762.618,54 euro with a value of 1 euro valid on 30.09.2023 - 4,9746 lei) representing the amount of damages claimed, expert's fee of 5000 lei and lawyer's fee of 15.000 lei.	At the hearing of 20.04.2022, the exception of the lack of legal standing of NPG CO. Transelectrica SA was admitted, but it will have the quality of representative of the Romanian State through the General Secretariat of the Government. The plea of lack of locus standi of the defendant, National Power Grid Company "Transelectrica" SA, raised by it in its statement of defence, is upheld. Dismisses the claim of the Plaintiffs against the Defendant National Power Grid Company "Transelectrica" SA as being brought against a person without locus standi. partially admits the application Orders

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			<i>through NPG CO. Transelectrica SA, defendant, and NPG CO. Transelectrica SA, defendant.</i>	Decision of the Commission for the verification of property rights and other rights in rem and for the determination of compensation within the Municipal Administration of Marasesti no.2/21.12.2021.	Request that the compensation be fixed in the amount of 3,793,722.23 lei and that the defendants be obliged to pay them the amount requested, taking into account the amount of 545.79 lei registered in their name	the partial annulment of the expropriation decision no. 89/23.04.2018 issued by the defendant, as rectified by expropriation decision no. 818724.07.2020, regarding item no. 279, in the sense that the amount of the compensation established in favour of the Plaintiffs for the expropriation of the land in the area of 108 sqm extravilan UAT Mărășești, T56, P313 is 89.370 lei, instead of 545,79 lei. Orders the Defendant to pay to the Plaintiff SC Agro Class SRL the sum of 4,000 lei by way of legal costs, representing c/v expert fees. With right of appeal within 30 days of notification. The application for appeal shall be lodged with the Vrancea Court. Delivered today, 26.10.2023, with the decision being made available to the parties by the court registry. Document: Decision 514/2023 26.10.2023  Hearing for appeal: 13.03.2024
75	<b>Request for arbitration ARB-5680</b>	Vienna International Arbitration Centre (VIAC)	R: Oleg Buralcu  P: Transelectrica	claims	<u>Order</u> Transelectrica to pay the total amount of 792,132 lei, the amount being made up as follows: - 186.384 lei (37.664,7 euro), <i>which would represent the non-competition compensation, according to art.5.2.3 of the Mandate Contract no.C233/30.09.2020</i> , - RON 605,748 (EUR 122,410.4), which would represent the compensation for the remaining gross monthly fixed allowances until the end of the mandate, in accordance with Article 9.2 letter A of the Mandate Contract no. C233/30.09.2020	By the Arbitral Award rendered on 30.12.2022, communicated to Transelectrica SA on 03.01.2023, the sole arbitrator ordered the following: - Admits the plaintiff's request for arbitration, - Orders the Defendant Transelectrica SA to pay the Plaintiff the following amounts: - the gross amount of 605,748 lei, representing the compensation for the revocation of the Mandate Contract no.C233/30.09.2020 without just cause, according to art.9.2 letter A of the Mandate Contract no.C233/30.09.2020, to which shall be applied the simple legal interest at the level of the reference interest rate of the BNR plus 8 percentage points, applied to the amount due, from the date of the arbitration award until the actual payment of the amounts due - the gross amount of 186,384 lei, representing the non-competition compensation, pursuant to Article 5.2.3 of the Terms of Reference Contract no.C233/30.09.2020, to which shall be applied the statutory simple interest at the level of the reference interest rate of the BNR plus 8 percentage points, applied to the amount of the sum due, from the date of the arbitration award until the actual payment of the sums due - the actual payment of these amounts will be made on a net basis, through the appropriate application of Clause 6.5 of Mandate Contract No C233/30.09.2020 - Orders the Defendant Transelectrica SA to pay the sum of EUR 7,837.25 and RON 10,000 by way of arbitration costs. - All other claims and defences are dismissed.
76	<b>Arbitration Case ARB-5706</b>	Vienna International Arbitration Centre (VIAC)	R Nitu Catalin  P:TRANSELECTRICA	Claims	By means of arbitration request ARB-5706 Nitu Catalin (RO) vs. Transelectrica (RO), Mr. Nitu Catalin requested that Transelectrica SA be ordered to pay the amount of 559,164 lei (113,092.65 euro), which would represent the non-	By the Arbitral Award rendered on 12.04.2023, communicated to Transelectrica SA on 19.04.2023, the sole arbitrator ordered the following: (i) ORDER the Defendant National Power Grid Company "Transelectrica" S.A., on the basis of Articles 5.2.3, 6.5 and 9.1 of the Mandate Contract no. C444 /23.11.2020, to pay to the Plaintiff Nitu Catalin the net amount of the Non-Competition Compensation (in the amount of 559,164 lei gross), determined after calculation, withholding at source and remittance to the Romanian State of the taxes and duties related to this amount; (ii) ORDER the Defendant National Power Grid Company "Transelectrica" S.A., on

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					<p>competition compensation, according to art.5.2.3 and 9.1 of the Mandate Contract no.C444/23.11.2020.</p> <p>Also, Mr. Nitu Catalin requested that Transelectrica SA be ordered to pay the legal interest applied to the aforementioned amount, from 25.06.2021 until the date of actual payment.</p>	<p>the basis of Article 1535 (1) of the Civil Code, Article 3(21) of the General Order no. 13/2011 and Article 4 of Law no. 72/2013, to pay to the Plaintiff Nitu Catalin the legal penalty interest, applied to the Compensation for Non-Competition, from 25 June 2021 until the date of actual payment, as follows:</p> <ul style="list-style-type: none"> <li>a) Between 25 June 2021 and 30 June 2021: a statutory penalty interest of 9.5%;</li> <li>b) Between 1 July 2021 and 31 December 2021: a statutory penalty interest of 9.25%;</li> <li>c) From 1 January 2022 to 30 June 2022: a statutory penalty interest of 9.75%;</li> <li>d) Between 1 July 2022 and 31 December 2022: a statutory penalty interest of 11.75%.</li> <li>e) During the period from 1 January 2023 to 12 April 2023, the date of this Decision: a statutory penalty interest of 14.75%;</li> <li>f) From 12 April 2023, the date of this Decision, and until the date of payment: the legal penalty interest, calculated in accordance with Article 1535(1) of the Civil Code, Article 3(21) of O.G. 13/2011 and Article 4 of Law no. 72/2013;</li> </ul> <p>(iii) ORDERS the Defendant National Power Grid Company "Transelectrica" S.A. to pay to the Plaintiff Nitu Catalin the sum of EUR 6,521.17 by way of arbitration costs, as well as the sum of RON 16,476.07, representing party costs;</p> <p>(iv) DISMISSES all other claims and demands.</p>
77	<b>Application ARB-5713</b>	Vienna International Arbitration Centre (VIAC)	R: Luiza Popescu P: Transelectrica	claims	<p>By means of Request for Arbitration ARB-5713 Popescu (RO) VS. Transelectrica S.A. (RO), Ms Luiza Popescu requested that Transelectrica SA be ordered to pay a total amount of 792,132 lei, the amount being as follows:</p> <ul style="list-style-type: none"> <li>- 186,384 lei (37,664 euro), which would represent the non-competition compensation, according to art.5.2.3 and 9.1 final paragraph of the Mandate Contract no.C235/30.09.2020,</li> <li>- RON 605,748 (EUR 122,408), which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate, in accordance with Art.9.2 letter A and Art.9.1 letter a) of the Mandate Contract no.C235/30.09.2020</li> </ul> <p>At the same time, Ms. Luiza Popescu requested that Transelectrica SA be ordered to pay the legal interest applied to the above-mentioned amounts, initially requested</p>	<p>On 09.10.2023 was registered at Transelectrica SA, with no.47719/09.10.2023 - the Arbitral Award rendered on 28.09.2023 following the settlement of the arbitration request ARB-5713 Popescu (RO) vs. Transelectrica (RO).</p> <p>By the Arbitral Award the Arbitral Tribunal ordered the following:</p> <ul style="list-style-type: none"> <li>- The Sole Arbitrator hereby admits the Request for Arbitration submitted by the Plaintiff LUIZA POPESCU, and accordingly,</li> <li>- Orders the defendant, NATIONAL POWER GRID COMPANY "TRANSELECTRICA" S.A., by application of the provisions of Article 6.5 of the Contract of Mandate, to pay the net amount of: <ul style="list-style-type: none"> <li>- the gross amount of RON 605 748.00, representing the compensation for the gross fixed monthly allowances remaining until the end of the plaintiff's term of office, pursuant to Article 9(2)(b) of the Personnel Regulations. A of the Mandate Contract, to which shall be applied the statutory penalty interest, calculated at the rate of the reference interest rate of the BNR plus 8 percentage points, from the date of the present arbitral award until the actual payment of all amounts due; and</li> <li>- the gross amount of 186,384.00 RON, representing the non-competition compensation, pursuant to art. 5.2.3 and art. 9.1 final paragraph of the Mandate Contract, to which shall be applied the statutory penalty interest, calculated at the rate of the reference interest rate of the BNR plus 8 percentage points, from the date of this arbitration award until the actual payment of all amounts due.</li> </ul> </li> <li>- Orders the defendant, NATIONAL POWER GRID COMPANY "TRANSELECTRICA" S.A., to pay to the Plaintiff the sum of RON 11 759,58 and EUR 7 011,51 by way of arbitration costs.</li> <li>- All other claims and defences raised by the Parties are dismissed.</li> </ul>

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					from the date of the commencement of the arbitration until the date of the actual payment, subsequently by the Memorandum of the Developer specified in paragraph 32 letter C. and in paragraph 123 letter c): "from the date of the commencement of this arbitration until the date of the payment of the full amount claimed" and amended in paragraphs 78 and 79 - from 22.06.2021 until the date of the actual payment.	
78	<b>Arbitration Case ARB-5724 Bucharest Court of Appeal case no. 191/2/2024 - action for annulment Hearing: 18.04.24</b>	Vienna International Arbitration Centre (VIAC)	R: Goicea Adrian  P:TRANSELECTRICA	Claims	By means of Request for Arbitration 5724 Goicea Adrian (RO) VS. TRANSELECTRICA S.A. (RO), Mr Goicea Adrian requested that Transelectrica SA be ordered to pay the following amounts: - 186.384 lei (37.843,00 euro), which would represent the non-compete compensation, according to art.5.2.3 and art.9.1 final paragraph of the Mandate Contract no.C234/30.09.2020, plus the legal interest of 32.227,84 lei (6.543,00 euro), calculated for the period 22.06.2021 - 10.01.2023, as well as thereafter, until the date of payment. - 605,748 lei (122,990 euro), which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate, according to art.9.2 A and art.9.1 lit.a) of the Mandate Contract no.C234/30.09.2020, plus the legal interest of 104,740.47 lei	<i>On 08.12.2023, the arbitration decision delivered on 04.12.2023 following the resolution of the arbitration request ARB-5724 Goicea Adrian (RO) vs. Transelectrica (RO) was registered at Transelectrica SA, with no.58392/08.12.2023. By the Arbitral Award the Arbitral Tribunal ordered the following: "- Admits in full the claim of the Plaintiff Adrian Goicea against the Defendant National Power Grid Company Transelectrica S.A. and order the Defendant to pay to the Plaintiff the amount of 186,384 RON representing the non-competition compensation according to the Contract plus the legal penalty interest at the reference interest rate plus 8 percentage points, in the amount of 54.551.79 RON calculated until 18 October 2023, to which shall be added the legal penalty interest at the reference interest rate plus 8 percentage points, the amount of which shall be calculated in lei (RON), in accordance with Article 3, paragraph 3. (2 index 1) of GC no. 13/2011, for the amount of RON 186,384, starting on 19 October 2023 and continuing until full and effective payment of the amount representing the non-competition compensation under the Contract. - Admits in full the claim of the Plaintiff Adrian Goicea against the Defendant National Power Grid Company Transelectrica S.A. and order the Defendant to pay to the Plaintiff the amount of RON 605,748 as termination compensation for the gross monthly fixed compensation remaining until the end of the mandate according to the Contract. - Admits in part the claim of the Plaintiff Adrian Goicea against the Defendant National Power Grid Company Transelectrica S.A. concerning the legal interest related to the amount representing the termination compensation related to the gross monthly fixed indemnities remaining until the end of the mandate according to the Contract and orders the Defendant to pay to the Plaintiff the legal penalty interest at the level of the reference interest rate plus 8 percentage points related thereto, the amount of which is to be calculated in RON, in accordance with Article 3 para. (2 index 1) of GC no. 13/2011, for the amount of RON 605,748, starting from the date of the present Arbitration Award and continuing until the full and effective payment of the amount representing the termination compensation under the Contract. - Admits in full the claim of the Plaintiff Adrian Goicea against the Defendant National Power Grid Company Transelectrica S.A. and order the Defendant to pay to the Plaintiff the amount of RON 46,596 representing the variable component according to the Contract plus the legal penalty interest at the reference interest rate plus 8 percentage points, in the amount of 13.472.63 RON calculated up to 18 October 2023, to which shall be further added the legal penalty interest at the level of the reference interest rate plus 8 percentage points</i>

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					<p>(21,266.00 euro), calculated for the period 22.06.2021 - 10.01.2023, as well as thereafter, until the date of payment.</p> <p>- 46,596 lei (9,461.00 euro), which would represent the variable component of the remuneration for the year 2020, according to Annex 2 to the Addendum No.1 to the Mandate Contract No.C234/30.09.2020, plus the statutory interest of 7,891.64 lei (1,602.00 euro), calculated for the period 06.07.2021 - 10.01.2023, as well as thereafter until the date of payment.</p>	<p>thereof, the amount of which shall be calculated in RON, in accordance with Article 3 paragraph 3. (2 index 1) of GC no. 13/2011, for the amount of RON 46,596, starting on 19 October 2023 and continuing until full and effective payment of the amount representing the variable component under the Contract.</p> <p>- Dismisses in its entirety the claim of the Plaintiff Adrian Goicea against the Defendant National Power Grid Company Transelectrica S.A. for the updating of the amounts claimed by the Plaintiff with the inflation rate.</p> <p>- Orders the Defendant National Electricity Transmission Company Transelectrica S.A. to pay to the Plaintiff Adrian Goicea by way of reimbursement of the Plaintiff's arbitration costs and expenses in the present arbitration proceedings the sum of RON 38,756 (including VAT) as well as the sum of EUR 6,936.07 (including VAT).</p> <p>- Order the Defendant Compania Natională de Transport de Energiei Electrice Transelectrica S.A. to bear its own costs and expenses in these arbitration proceedings.</p> <p>- All other claims, requests and defences raised by the Parties are dismissed and this Arbitral Award concludes and resolves the arbitral proceedings on the merits."</p> <p><b>CAB Hearing: 18.04.2024</b></p> <p>By means of the developer's brief, the Plaintiff amended its claims, requesting the following amounts:</p> <p>- 186.384 lei (37.843,00 euro), which would represent the non-compete compensation, according to art.5.2.3 and art.9.1 final paragraph of the Mandate Contract no.C234/30.09.2020, plus the legal interest of 32.258,05 lei (6.753,00 euro), calculated for the period 22.06.2021 - 13.01.2023, as well as thereafter, until the date of payment.</p> <p>- 605,748 lei (122,990 euro), which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate, according to art.9.2 A and art.9.1 let.a) of the Mandate Contract no.C234/30.09.2020, plus the legal interest of 108,088.68 lei (21,946.00 euro), calculated for the period 22.06.2021 - 13.01.2023, as well as thereafter, until the date of payment.</p> <p>46,596 lei (9,461.00 euro), which would represent the variable component of the remuneration for the year 2020, according to Annex 2 to the Addendum No.1 to the Mandate Contract No.C234/30.09.2020, plus the statutory interest of 8,149.19 lei (1,655.00 euro), calculated for the period 06.07.2021 - 13.01.2023, and thereafter until the date of payment.</p>
79	<b>Arbitration Case ARB-5726</b>	Vienna International Arbitration Centre (VIAC)	R: Comănescu Jean-Valentin  P:TRANSELECTRICA	Claims	<p>By arbitration request ARB-5726 Comanescu (RO) vs. Transelectrica S.A. (RO), Mr Comanescu Jean-Valentin requested that Transelectrica SA be ordered to pay the following amounts:</p> <p>- 186.384 lei (37.764,00 euro), which would represent the non-compete compensation, according to art.5.2.3 and art.9.1 final paragraph of the Mandate Contract no.C239/30.09.2020, plus the</p>	<p>On 03.01.2024 was registered at Transelectrica SA, with no.205/03.01.2024 - the arbitration decision delivered on 22.12.2023 following the resolution of the arbitration request ARB-5726 Comanescu (RO) vs. Transelectrica S.A. (RO).</p> <p>The Arbitral Tribunal ordered the following: "The Respondent National Power Grid Company - Transelectrica S.A. to pay to the Plaintiff Comănescu Jean-Valentin the non-competition compensation in the amount of 186.384,00 lei (equivalent in Euro - 37.764,00 Euro, exchange rate of the National Bank of Romania on 19.01.2023, 1 Euro = 4,9355 lei), updated with the inflation rate, also the legal interest calculated from the due date (22 June 2021) until the date of full payment, calculated according to art. 3 para. (21) of GC no. 13/2011 and art. 4 of Law 72/2013.</p> <p>- Order the Defendant National Power Grid Company - Transelectrica S.A. to pay to Comănescu Jean-Valentin the compensation related to the gross monthly fixed allowances remaining until the end of the mandate in the amount of 605,748.00 lei (equivalent in euro 122.733,00 Euro, exchange rate of the National Bank of Romania on 19.01.2023, 1 Euro = 4,9355 lei), updated with the inflation rate, and the legal interest calculated from the due date (22 June 2021) until the date of full payment, calculated</p>

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
					<p>legal interest of 32.227,84 lei (6.530,00 euro), calculated for the period 22.06.2021 - 19.01.2023, as well as thereafter, until the date of payment.</p> <p>- 605,748 lei (122,733 euro), which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate, according to art.9.2 A and art.9.1 let.a) of the Mandate Contract no.C239/30.09.2020, plus the legal interest of 104,740.47 lei (21,222.00 euro), calculated for the period 22.06.2021 - 19.01.2023, as well as thereafter, until the date of payment.</p> <p>- 46,569 lei (9,441.00 euro), which would represent the variable component of the remuneration for the year 2020, as per Annex 2 to the Addendum No. 1 to the Mandate Contract No. C239/30.09.2020, plus the statutory interest of 7,891.64 lei (1,599.00 euro), calculated for the period 06.07.2021 - 19.01.2023, and thereafter until the date of payment.</p> <p>At the same time, Mr Comănescu Jean-Valentin requested that Transelectrica SA be ordered to pay the arbitration costs.</p>	<p>according to art. 3 par. (21) of GC no. 13/2011 and art. 4 of Law 72/2013.</p> <p>- Order the Defendant National Power Grid Company - Transelectrica S.A. to pay to Comănescu Jean-Valentin the variable component of the remuneration for the year 2020 in the amount of 46,596.00 lei (equivalent in euro 9,441,00 Euro, exchange rate of the National Bank of Romania on 19.01.2023, 1 Euro - 4,9355 lei), updated with the inflation rate, as well as the legal interest calculated from the due date (22 June 2021) until the date of full payment, calculated according to art. 3 par. (21) of GC no. 13/2011 and art. 4 of Law 72/2013.</p> <p>- Order the Defendant National Power Grid Company - Transelectrica S.A. to pay to Comănescu Jean-Valentin the Plaintiff's arbitration costs consisting of VIAC administrative fees, including the arbitrator's fee, in the amount of 8,178.03 Euro, the registration fee for the case in the amount of 1,500 Euro, plus the lawyer's fee in the amount of 58,611.07 lei."</p>

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
80	<b>Arbitration Case ARB-5735</b>	Vienna International Arbitration Centre (VIAC)	R: Mihaela Popescu P:TRANSELECTRICA	Claims	By means of Request for Arbitration ARB-5735 Mihaela Popescu (RO) VS. Transelectrica S.A. (RO), Ms Mihaela Popescu requested that Transelectrica SA be ordered to pay a total amount of 1,140,634.51 lei	<p><i>The file is in the submission phase</i></p> <p>amount of 1,140,634.51 lei</p> <p>the amount being as follows:</p> <ul style="list-style-type: none"> <li>- 4.141,86 lei, representing the gross fixed monthly remuneration for the period 22.06.2021 until the end of June 2021</li> <li>- 879,29 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023</li> <li>- 63,01 lei, representing the inflation index update of the amount mentioned in the first paragraph calculated until 06.04.2023</li> <li>- 605,748 lei, which would represent the compensation for the remaining gross monthly fixed allowances until the end of the mandate,</li> <li>- 128.596,98 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023</li> <li>- 7.471,90 lei, representing the inflation index update of the amount mentioned in the fourth paragraph, calculated until 06.04.2023</li> <li>- 186,384 lei, which would represent the non-competition compensation, according to Article 5.2.3 of the Mandate Contract,</li> <li>- 39.568,30 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023</li> <li>- 2.299,04 lei, representing the update with the inflation index of the amount mentioned in the seventh paragraph, calculated until 06.04.2023</li> <li>- 135.128,33 lei, representing the variable component of the remuneration</li> <li>- 28.687 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023</li> <li>- 1.666,80 lei, representing the updating with the inflation index of the amount mentioned in the seventh paragraph, calculated until 06.04.2023.</li> </ul> <p>At the same time, Mr Mircea Cristian Staicu requested that Transelectrica SA be ordered to pay the arbitration costs.</p>



No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
81	<b>Arbitration Case ARB-5736</b>	Vienna International Arbitration Centre (VIAC)	R: Mircea Cristian Staicu P:TRANSELECTRICA	Claims	By means of Request for Arbitration ARB-5736 Mircea Cristian Staicu (RO) VS. Transelectrica S.A. (RO), Mr Mircea Cristian Staicu requested that Transelectrica SA be ordered to pay a total of 1,140,634.51 lei,	<i>The file is in the submission phase</i> The amount of 1,140,634.51 lei, being made up as follows: - 4.141,86 lei, representing the gross fixed monthly remuneration for the period 22.06.2021 until the end of June 2021 - 879,29 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023 - 63,01 lei, representing the inflation index update of the amount mentioned in the first paragraph calculated until 06.04.2023 - 605,748 lei, which would represent the compensation for the remaining gross monthly fixed allowances until the end of the mandate, - 128.596,98 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023 - 7.471,90 lei, representing the update with the inflation index of the amount mentioned in the fourth paragraph, calculated until 06.04.2023 - 186,384 lei, which would represent the non-competition compensation, according to Article 5.2.3 of the Mandate Contract, - 39.568,30 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023 - 2.299,04 lei, representing the update with the inflation index of the amount mentioned in the seventh paragraph, calculated until 06.04.2023 - 135.128,33 lei, representing the variable component of the remuneration - 28.687 lei, representing the legal penalty interest on the previous debt calculated until 06.04.2023 - 1.666,80 lei, representing the updating with the inflation index of the amount mentioned in the seventh paragraph, calculated until 06.04.2023. At the same time, Ms Mihaela Popescu requested that Transelectrica SA be ordered to pay the arbitration costs.
82	<b>Arbitration Case ARB-5742</b>	Vienna International Arbitration Centre (VIAC)	R: Marcu Corneliu Bogdan and Miu Andreea Mihaela P:TRANSELECTRICA	Claims	By means of application ARB-5742 Marcu Corneliu Bogdan (RO) and Miu Andreea Mihaela (RO) vs. Transelectrica (RO) - Mr Marcu Corneliu Bogdan and Mrs Miu Andreea Mihaela requested that Transelectrica SA be ordered to pay the sum of 559,164 lei (113,434.5 euros) each, in total 1,118,328 lei (226,869 euros), which would represent the non-competition compensation, according to Article 5.2.3 of the Mandate Contracts.	<i>The case is in the phase of establishing the procedural timetable</i> At the same time, Mr Marcu Corneliu Bogdan and Mrs Miu Andreea Mihaela requested that Transelectrica SA be ordered to pay the legal interest applied to the aforementioned amount, from the date when the amount was due until the date of the actual payment, as well as to update the aforementioned amount with the inflation rate, from the date when the amount was due until the date of the actual payment.

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
83	<b>Arbitration Case ARB-5758</b>	Vienna International Arbitration Centre (VIAC)	R: Nitu Catalin P:TRANSELECTRICA	Claims	By means of application ARB-5758 Nitu Catalin (RO) vs. Transelectrica (RO) - Mr Nitu Catalin requested that Transelectrica SA be ordered to pay the total amount of 2,249,082 lei (455,418.04 euro),	<i>The case is in the phase of establishing the arbitrator</i> The requested amount is formatted as follows: - 1.910.477 lei, which would represent the compensation related to the gross fixed monthly allowances remaining until the end of the mandate - 279,582 lei, which would represent the variable component of the remuneration for meeting performance criteria and objectives, for the first half of 2021 - 59,023 lei, which would represent the variable component of the remuneration for meeting the performance criteria and objectives, for November - December 2020 Mr Nitu Catalin also requested that Transelectrica SA be ordered to pay the legal interest on the above-mentioned amounts until the date of actual payment, as well as to update the above-mentioned amounts with the inflation rate until the date of actual payment, and that Transelectrica SA be ordered to pay the arbitration costs.
84	<b>3158/115/2018</b> <b>3158/115/2018**</b>	Caras Severin Court  Timisoara Court of Appeal  ICCJ	R: Transelectrica P: Dognecea Commune	Claims	940.88,27 lei + legal interest	Dismisses the action brought by the plaintiff, National Electricity Transmission Company "Transelectrica" SA, against the defendant, Dognecea Commune, through the mayor... Document: decision 119/2019 01.04.2019 CA TM decision:Admits the appeal filed by the Plaintiff NPG CO. "Transelectrica " SA against the civil decision no.119/01.04.2019 delivered in case no. 3158/115/2018 * of the Caras-Severin Tribunal. Changes the appealed decision and rejudges : Admits the plaintiff's action and order the Defendant Dognecea Commune to pay the sum of 940,888.27 lei to the Plaintiff , plus statutory interest, from the date of payment, until the actual repayment of the debt. Orders the Defendant to pay the appellant's costs in the sum of 19 520,82 lei, the appeal and the costs on appeal. With appeal within 30 days of notification. Delivered in public hearing on 28.10.2019.Document: Decision 818/2019 28.10.2019 Decision of the Full Court: dismisses the plea of untimeliness of the appeal and the plea of invalidity, raised by the respondent-plaintiff NATIONAL POWER GRID COMPANY TRANSELECTRICA S.A. in its statement of defence. Admits in principle the appeal filed by the appellant-respondent Dognecea Commune against civil decision no. 818/A of 28 October 2019, rendered by the Court of Appeal Timișoara - Civil Section II. <b>Sets a trial date of 29 September 2021, at 9 a.m., with summons to the parties.</b> Dismisses the plea of illegality raised by the respondent-plaintiff NATIONAL POWER GRID COMPANY TRANSELECTRICA S.A. Admits the appeal filed by the appellant-defendant Dognecea Commune against the civil decision no. 818/A of 28 October 2019, rendered by the Court of Appeal Timișoara - Civil Section II. Sets aside the contested decision and remits the case to the same court for retrial. Final. Dismisses the appeal brought by the appellant-appellant National Electricity Transmission Company "Transelectrica" SA, against civil decision no. 119/01.04.2019, delivered by the Court of Caras-Severin in case no. 3158/115/2018*, against the respondent Defendant Dognecea Commune. With the right to appeal within 30 days of communication, to be filed with the Court of Appeal Timisoara. Delivered in public hearing on 13.04.2022. Document: Decision 251/2022 13.04.2022. TEL appealed. ICCJ - Admits the appeal brought by the appellant-appellant National Power Grid Company "TRANSELECTRICA" S.A. against decision no. 251/A/13.04.2022, rendered by the Court of Appeal Timișoara - Civil Section II. Sets aside the appealed decision and, holding the case

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						for retrial: Admits the appeal filed by the appellant-plaintiff National Electricity Transmission Company "TRANSELECTRICA" S.A. against the civil decision no. 119/01.04.2019, rendered by the Court of Caraş Severin - Second Civil, Administrative and Fiscal Section and consequently: partially changes the appealed decision, in the sense that: Admits in part the application for the writ of summons. Orders the Defendant to reimburse the Plaintiff the amount of 181,982.08 lei, unduly received by way of rent for 2017, plus statutory interest, calculated from 19.07.2017 until the date of actual payment. Upholds the remainder of the decision under appeal. Orders the Defendant to pay to the appellant the sum of 9,489.28 lei by way of costs on the merits, appeal and appeal. The appeal is final. Decision No 1556/21.06.2023
85	909/3/2022	Bucharest Tribunal	Romelectro SA - debtor in insolvency Transelectrica SA - Creditor	insolvency proceedings	Application for inclusion in the creditors' list with the amount of 432,176,033.45 lei. Claim of 222.107.951,26 lei + 28.919.142 euro - claim dismissed. <b>The accepted claim is 67.028.218,66 lei</b> , claim registered under condition, dc. 50.852.888,78 lei - representing guarantees for the advance grant and GBE, 15.225.030,97 lei +192.127,07 euro, reciprocal claim related to the mutual claims in the pending files. The amount of 10.796,51 lei - claim accepted.	Decision in brief: Dismisses the applications for an extension of time to discuss the plea of untimeliness of the applications for the opening of bankruptcy proceedings filed on 16 August 2023 and 12 September 2023 with the resolution of the appeal in Case No 909/3/2022/a54 and, by implication, to discuss the applications for transfer to bankruptcy within the same time-limit for the resolution of the appeal in Case No 909/3/2022/a54, as groundless. Admits the plea of untimeliness of the filing of the applications registered on 16 August 2023 and 12 September 2023 for the opening of bankruptcy proceedings against the debtor company ROMELECTRO S.A., a plea raised by the court of its own motion in respect of both applications. Dismisses the applications filed on 16 August 2023 and 12 September 2023 for the opening of bankruptcy proceedings against the debtor company ROMELECTRO S.A. by the creditor ELECTROMONTAJ S.A. as premature. Take note of the waiver of the application for the opening of bankruptcy proceedings against the debtor company, filed by the creditor ELECTROMONTAJ S.A. on 29.05.2023. With appeal within 30 days from the communication of the decision by publication in the Insolvency Proceedings Bulletin, to be filed with the Bucharest Court, Civil Section VII. Delivered today, 11.10.2023, by making the decision available to the parties through the court registry. Document: Interim decision 4247/2023 11.10.2023 Hearing for continuation of the procedure: 18.06.2024
86	Arbitration Case ARB-5768	Vienna International Arbitration Centre (VIAC)	A: Stanciu Marius Viorel P:TRANSELECTRICA	Claims	By application ARB-5768 Stanciu Marius Viorel (RO) v Transelectrica (RO) - Mr Stanciu Marius Viorel requested that Transelectrica SA be ordered to pay a total amount of 4,390,618.73 lei (equivalent to EUR 883,833.30),,	<i>The case is in the phase of establishing the arbitrator</i> The amount is formatted as follows: - 714.164,26 lei, representing the non-competition compensation, according to art.5.2.3 of the Mandate Contract, updated with the inflation index. - 187.649,11 lei, representing the legal penalty interest for the previous debt, calculated until 25.09.2023 - 2,794,110.57 lei, which would represent the compensation for the termination of the contract, according to clause 9.2 of the Mandate Contract, updated with the inflation index, the total amount being made up of the amount of 2,416,562.36 lei, related to the gross fixed monthly allowances remaining until the end of the mandate and the amount of 377,548.27 lei, which would represent the variable component of the remuneration for the fulfilment of the performance criteria and objectives - 694.694,79 lei, representing the legal penalty interest related to the previous debt, calculated until 25.09.2023. At the same time, Mr Stanciu Viorel-Marius requested that Transelectrica SA be ordered to pay the legal interest applied to the principal amounts mentioned above, until the date of

No.	File No.	Court	Parties to the dispute and capacity	Subject of the file	Amount in dispute	Current status of the dispute
						actual payment.
87	Arbitration case ARB-5770	Vienna International Arbitration Centre (VIAC)	A: Burlacu Oleg P:TRANSELECTRICA	Claims	By means of the initial request for arbitration ARB-5680 Burlacu Oleg (RO) vs. Transelectrica (RO) Transelectrica SA, Mr. Oleg Burlacu requested that Transelectrica SA be ordered to pay the amount of 46,596 lei (9385.46 euros), representing the variable component of the remuneration for meeting the performance criteria and objectives for 2020, updated with the inflation rate, as well as the amount of 13.697.95 lei (equivalent to 2,759.06 EUR), representing the legal penalty interest related to the previous debt, calculated from 07.07.2021 until the submission of the request for arbitration, and to the further payment of the legal penalty interest related to the main debt until the date of actual payment.	<i>The case is in the phase of establishing the arbitrator</i> Mr Burlacu Oleg also requested that Transelectrica SA be ordered to pay the arbitration costs. Subsequently, VIAC address no.ARB-5770/ks, dated 14.12.2023, was uploaded in the VIAC portal, where it is mentioned the attachment of the Request for amendment and clarification of the request for arbitration, formulated by the Plaintiff and sent to VIAC on 13.12.2023, in hard copy format. By this request for amendment and clarification of the request for arbitration, the Plaintiff additionally requests: - that Transelectrica SA also be ordered to pay the variable component of the remuneration for the year 2021 (January - 22 June 2021), in the amount of 89,050 lei (equivalent in euro 17.908), updated with the inflation rate, as well as the legal interest in the amount of 19,939.27 lei (equivalent in euro 4010), calculated from the due date (13.05.2022) until the date of the request for arbitration, modifying and clarifying, and continuing thereafter until the date of full payment. - Order the Defendant to pay all taxes and duties relating to the amounts granted as a variable component of remuneration for the years 2020 and 2021.
88	5295/3/2021	Bucharest Tribunal	A: Romsilva P: Transelectria	Claims	2433608,52, rent year 2010 temporary occupancy land + penalties	Action dismissed definitively on 26.09.2023
89	37352/3/2021	Bucharest Tribunal Galati Tribunal  CA Galati	R : Transelectrica P : Next Energy Partners	Claims	8.395.132,23 lei + legal interest	Grant in part the application. Orders the Defendant Next Energy Partners S.R.L. to pay to the plaintiff, National Power Grid Company Transelectrica S.A.: - the sum of 3,557,200.134 lei by way of compensation and the statutory penalty interest calculated from 28.10.2021 until full payment of the compensation amount; - the amount of RON 1,228,640.11 by way of compensation, as well as the statutory penalty interest calculated from 28.10.2021 until full payment of the compensation. Orders the Defendant Next Energy Partners S.R.L. to pay to the Plaintiff National Power Grid Company Transelectrica S.A. the sum of 53,247 lei by way of legal costs. With an appeal within 30 days from the date of notification, to be filed with the Court of Galati. Delivered today, 05.12.2023, the decision to be made available to the parties through the court registry.Document: Decision 251/2023 05.12.2023. Hearing for appeal: 27 March 2024
90	5965/3/2024	TMB	R : Transelectrica P: ISPE	Claims	1,040,720 lei	No set hearing.

## Annex 7 - 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
"CCM"	The collective labour agreement concluded at the level of the Company
"EEC"	European Economic Community
"EEC"	Wind Power Plant
"CEF"	Photovoltaic Power Plant
"CET"	Electric Power Station for Heating
"CHEAP"	Pumped storage hydroelectric power plant
"CNE"	Nuclear power plant
"Company", "NPG CO."	National Power Grid Company "Transelectrica"- SA
"OTC"	Own Technological Consumption
"CS"	Supervisory Board
"CSR"	Corporate responsibility
"d. c."	Double circuit
"DEN"	National Energy Dispatcher
"EBIT"	Operating profit before interest and income tax
"EBITDA"	Operating profit before interest, income tax, depreciation and amortisation
"EBT"	Operating profit before income tax
"EMS-SCADA"	Main infrastructure for dispatching (Energy Management System - Supervisory Collection And Data Acquisition)
"ENTSO-E"	European Network of Transmission System Operators for Electricity
"ENS"	Energy not delivered to consumers
"Euribor", "Libor", "Robor"	Interbank interest rates
"Formenerg"	The company FORMENERG SA
"Group"	The company and its subsidiaries
"HG 627/ 2000"	Government Decision No 627/2000 on the reorganisation of the National Electricity Company - S.A., published in the Official Gazette No 357 of 31 July 2000
"HG"	Government Decision
"Icemenerg Service"	Company Subsidiary "ICEMENERG-SERVICE" Bucharest,
"IFRS"	International Financial Reporting Standards
"ISO"	Independent System Operator
"ITO"	Independent Transmission Operator
"KPI"	Key Performance Indicator
"LEA"	Overhead power lines
"Leu" or "Lei" or "RON"	Official currency of Romania
"MO"	Official Gazette of Romania
"OG"	Government Ordinance
"ONRC"	National Trade Registry Office
"OPCOM"	Operator of the Romanian Electricity Market OPCOM SA

"TSO"	Transmission system operator
"OUG"	Government Emergency Ordinance
"pa"	For certain
"PCCB"	Centralised Bilateral Contracts Market
"PCR"	Price Coupling of Regions agreed for the future model of the Single European Electricity Market
"PE"	Balancing Market
"PCI"	Projects of Common Interest
"DAM"	Market for the Next Day
"RET"	Electricity Transmission Network, electricity network of national and strategic interest with nominal line voltage higher than 110 kV
"SEN"	National Power System
"Smart."	Society for the Maintenance Services of the Electric Transmission Network SMART SA
"SSF"	Functional system service
"SST"	Technology System Service
"TEL"	Stock market indicator for Transelectrica
"Teletrans"	Society for Telecommunications and Information Technology Services in Electric Transmission Networks TELETRANS SA
"TSR"	Total shareholder return
"EU"	European Union
"u.m."	Unit of measurement
"USD" or "US dollars"	US dollar, the official currency of the United States of America
"WACC"	Weighted Average Cost of Capital



**Transelectrica®**

Societate Administrată în Sistem Dualist

**NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

**Company managed by two-tier system**

**Stand-alone financial statements  
as at and for the year ended on  
31 December 2023**

**Submitted in accordance with  
Order of the Minister of Public Finance No 2844/2016  
approving the Accounting Rules  
in accordance with International Financial Reporting Standards,  
as subsequently amended and supplemented**



**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
Stand-alone statement of financial position as at 31 December 2023  
*(All the amounts are provided in LEI, unless otherwise indicated)*

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	5	5.415.750.112	4.001.791.825
Assets related to the usage rights of assets under leasing - buildings	6	13.916.419	21.868.658
Intangible assets	7	282.231.988	337.701.123
Financial assets	8	<u>85.767.355</u>	<u>86.000.088</u>
<b>Total non-current assets</b>		<b><u>5.797.665.874</u></b>	<b><u>4.447.361.694</u></b>
<b>Current assets</b>			
Inventories	9	51.084.833	42.047.194
Trade and other receivables	10	2.115.557.772	3.340.471.542
Income tax to be recovered	18	-	3.988.973
Other financial assets	12	-	-
Cash and cash equivalents	11	519.358.908	315.146.396
<b>Total current assets</b>		<b><u>2.686.001.513</u></b>	<b><u>3.701.654.105</u></b>
<b>Total assets</b>		<b><u>8.483.667.387</u></b>	<b><u>8.149.015.799</u></b>
<b>Shareholders' equities and liabilities</b>			
<b>Shareholders' equities</b>			
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		1.634.711.533	703.232.784
Other reserves		195.710.506	39.310.392
Retained earnings		2.430.243.814	2.196.479.419
<b>Total shareholders' equities</b>	13	<b><u>5.190.146.109</u></b>	<b><u>3.868.502.851</u></b>
<b>Non-current liabilities</b>			
Non-current deferred revenues	14	519.083.803	439.025.206
Borrowings	15	31.906.178	55.587.774
Other borrowings and similar liabilities - Building leasing – non-current	17	6.481.491	14.754.992
Deferred tax liabilities	18	285.138.157	107.408.732
Employee benefit obligations	16	75.277.117	70.533.349
<b>Total non-current liabilities</b>		<b><u>917.886.746</u></b>	<b><u>687.310.053</u></b>

The accompanying notes form an integral part of these Stand-alone Financial Statements

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
Stand-alone statement of financial position as at 31 December 2023  
*(All the amounts are provided in LEI, unless otherwise indicated)*

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	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Current liabilities</b>			
Trade and other liabilities	17	2.242.193.328	3.372.266.925
Other borrowings and similar liabilities - Building leasing - current	17	8.641.987	8.431.424
Other taxes and social security liabilities	20	18.507.735	12.718.537
Borrowings	15	24.528.217	92.249.024
Provisions	17	65.205.991	68.174.547
Current deferred revenues	14	16.137.336	39.362.438
Payable income tax	18	419.938	-
<b>Total current liabilities</b>		<u><b>2.375.634.532</b></u>	<u><b>3.593.202.895</b></u>
<b>Total liabilities</b>		<u><b>3.293.521.278</b></u>	<u><b>4.280.512.948</b></u>
<b>Total shareholders' equities and liabilities</b>		<u><b>8.483.667.387</b></u>	<u><b>8.149.015.799</b></u>

The stand-alone financial statements were signed by the Company's management on March 18, 2024:

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
Ștefănița MUNTEANU	Florin-Cristian TĂTARU	Cătălin-Constantin NADOLU	Bogdan TONCESCU

**Economic and Financial Director**  
**Ana-Iuliana DINU**

**Accounting Department Manager**  
**Georgiana-Beatrice ȘTEFAN**

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone profit and loss account as at 31 December 2023

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>			
Revenue from transmission service		1.956.026.997	1.884.908.784
Revenue from system services		390.661.225	533.615.814
Balancing market revenue		2.269.419.063	3.478.995.282
Other revenues		102.000.907	388.937.976
<b>Total revenues</b>	<b>21</b>	<b>4.718.108.192</b>	<b>6.286.457.856</b>
<b>Operating expenses</b>			
System operation expenses	<b>22</b>	(640.425.922)	(901.663.440)
Balancing market expenses	<b>22</b>	(2.268.980.883)	(3.479.716.063)
Expenses regarding the system services	<b>22</b>	(499.184.926)	(466.608.039)
Depreciation	<b>23</b>	(334.287.483)	(271.601.694)
Personnel expenses	<b>24</b>	(348.295.588)	(306.389.734)
Repairs and maintenance		(114.757.407)	(108.250.673)
Expenses on materials and consumables	<b>9</b>	(8.109.699)	(13.159.965)
Other operating expenses	<b>25</b>	(270.033.399)	(144.988.830)
<b>Total operating expenses</b>		<b>(4.484.075.307)</b>	<b>(5.692.378.438)</b>
<b>Operating profit</b>		<b>234.032.885</b>	<b>594.079.418</b>
Financial revenues		35.900.704	65.189.878
Financial expenses		(35.632.848)	(71.883.403)
<b>Net financial result</b>	<b>26</b>	<b>267.856</b>	<b>(6.693.525)</b>
<b>Profit before income tax</b>		<b>234.300.741</b>	<b>587.385.893</b>
Income tax	<b>18</b>	(20.689.435)	(72.813.152)
<b>Result of the time interval</b>		<b>213.611.306</b>	<b>514.572.741</b>
<b>Basic and diluted earnings per share (lei/share)</b>	<b>19</b>	<b>2,914</b>	<b>7,020</b>

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone profit and loss account as at 31 December 2023

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Result of the time interval</b>		<b>213.611.306</b>	<b>514.572.741</b>
<b>Other comprehensive revenues</b>			
Items not to be reclassified to the profit and loss account, of which:			
- Effect of taxation on the revaluation reserve	<b>18</b>	(193.974.505)	-
- Surplus/(reduction) on revaluation of tangible assets	<b>5</b>	1.192.510.070	-
- Actuarial loss/surplus related to defined benefit plan	<b>16</b>	5.234.457	(9.337.005)
<b>Other comprehensive income (OCI)</b>		<b><u>1.003.770.022</u></b>	<b><u>(9.337.005)</u></b>
<b>Total comprehensive result</b>		<b><u>1.217.381.328</u></b>	<b><u>505.235.736</u></b>

The stand-alone financial statements were signed by the Company's management on March 18, 2024:

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
Ștefăniță MUNTEANU	Florin-Cristian TĂTARU	Cătălin-Constantin NADOLU	Bogdan TONCESCU

**Economic and Financial Director****Ana-Iuliana DINU****Accounting Department Manager****Georgiana-Beatrice ȘTEFAN**

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone statement of the modifications of the equity capitals as at 31 December 2023

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

	<u>Share Capital</u>	<u>Share premium</u>	<u>Legal Reserve</u>	<u>Revaluation reserves</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance on 1 January 2022</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,926,619</b>	<b>769,348,928</b>	<b>31,145,250</b>	<b>1,633,807,204</b>	<b>3,355,101,973</b>
<b>Comprehensive result for the time interval</b>							
Profit for the time interval	-	-	-	-	-	514,572,741	514,572,741
<b>Other comprehensive income, of which:</b>							
Recognition of actuarial profits on defined benefit plans	-	-	-	-	-	(9,337,005)	(9,337,005)
Surplus on revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability relating to the revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves to retained earnings	-	-	-	(66,116,144)	-	66,116,144	-
<b>Total other comprehensive income</b>	-	-	-	<b>(66,116,144)</b>	-	<b>56,779,139</b>	<b>(9,337,005)</b>
<b>Total comprehensive income for the time interval</b>	-	-	-	<b>(66,116,144)</b>	-	<b>571,351,880</b>	<b>505,235,736</b>
<b>Other items</b>							
Increasing the legal reserve	-	-	8,679,665	-	-	(8,679,665)	-
Other items - decrease in reserve to increase capital	-	-	-	-	-	-	-
<b>Total other items</b>	-	-	<b>8,679,665</b>	-	-	<b>(8,679,665)</b>	-
<b>Contributions from and distributions to shareholders</b>							
Derecognition of assets in the nature of public property by registering GD no. 615, 682 and 683 of 2019 amending the inventory of assets in the public domain	-	-	-	-	-	-	-
Subsidies related to assets belonging to the public domain of the State	-	-	-	-	8,165,142	-	8,165,142
Distribution of dividends	-	-	-	-	-	-	-
<b>Total contributions from and distributions to shareholders</b>	-	-	-	-	<b>8,165,142</b>	-	<b>8,165,142</b>
<b>Balance at 31 December 2022</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>146,606,284</b>	<b>703,232,784</b>	<b>39,310,392</b>	<b>2,196,479,419</b>	<b>3,868,502,851</b>

The stand-alone financial statements were signed by the Company's management on March 18, 2024:

**DIRECTORATE,**

**Chairman**  
**Ștefăniță MUNTEANU**

**Member**  
**Florin-Cristian TĂTARU**

**Member**  
**Cătălin-Constantin NADOLU**

**Member**  
**Bogdan TONCESCU**

**Economic and Financial Director**  
**Ana-Iuliana DINU**

**Accounting Department Manager**  
**Georgiana-Beatrice ȘTEFAN**

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone statement of the modifications of the equity capitals as at 31 December 2023

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

	<b>Share Capital</b>	<b>Share premium</b>	<b>Legal Reserve</b>	<b>Revaluation reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance on 1 January 2023</b>	<b>733.031.420</b>	<b>49.842.552</b>	<b>146.606.284</b>	<b>703.232.784</b>	<b>39.310.392</b>	<b>2.196.479.419</b>	<b>3.868.502.851</b>
<b>Comprehensive result for the time interval</b>	-	-	-	-	-	-	-
Profit for the time interval	-	-	-	-	-	213.611.306	213.611.306
<b>Other comprehensive income, of which:</b>	-	-	-	-	-	-	-
Recognition of actuarial loss relating to defined benefit plan	-	-	-	-	-	5.234.457	5.234.457
Surplus on revaluation of tangible assets	-	-	-	1.192.510.070	-	-	1.192.510.070
Deferred tax liability relating to the revaluation reserve	-	-	-	(193.974.505)	-	-	(193.974.505)
Transfer of revaluation reserves to retained earnings	-	-	-	(67.056.816)	-	67.056.816	-
<b>Total other comprehensive income</b>	-	-	-	<b>931.478.749</b>	-	<b>72.291.273</b>	<b>1.003.770.022</b>
<b>Total comprehensive income for the time interval</b>	-	-	-	<b>931.478.749</b>	-	<b>285.902.579</b>	<b>1.217.381.328</b>
<b>Other items</b>	-	-	-	-	-	-	-
Increasing the legal reserve	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(92.953)	(92.953)
<b>Total other items</b>	-	-	-	-	-	<b>(92.953)</b>	<b>(92.953)</b>
<b>Contributions from and distributions to shareholders</b>	-	-	-	-	-	-	-
Derecognition of assets in the nature of public property by registering GD no. 615, 682 and 683 of 2019 amending the inventory of assets in the public domain	-	-	-	-	-	-	-
Subsidies related to assets belonging to the public domain of the State	-	-	-	-	156.400.114	-	156.400.114
Distribution of dividends	-	-	-	-	-	(52.045.231)	(52.045.231)
<b>Total contributions from and distributions to shareholders</b>	-	-	-	-	<b>156.400.114</b>	<b>(52.045.231)</b>	<b>104.354.883</b>
<b>Balance at 31 December 2023</b>	<b>733.031.420</b>	<b>49.842.552</b>	<b>146.606.284</b>	<b>1.634.711.533</b>	<b>195.710.506</b>	<b>2.430.243.814</b>	<b>5.190.146.109</b>

The stand-alone financial statements were signed by the Company's management on March 18, 2024:

**DIRECTORATE,**

**Chairman**  
**Ștefăniță MUNTEANU**

**Member**  
**Florin-Cristian TĂTARU**

**Member**  
**Cătălin-Constantin NADOLU**

**Member**  
**Bogdan TONCESCU**

**Economic and Financial Director**  
**Ana-Iuliana DINU**

**Accounting Department Manager**  
**Georgiana-Beatrice ȘTEFAN**

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone statement of the treasury flows as at 31 December 2023

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

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Profit for the period	213.611.306	514.572.741
<b>Adjustments for:</b>		
Income tax expense	20.689.435	72.813.152
Depreciation expense (including additional OTC)	334.287.483	271.601.694
Revenues from the production of intangible assets (including additional OTC)	(13.735.364)	(338.526.677)
Expenses on impairment allowances for trade receivables	31.664.485	2.496.172
Reversal of impairment adjustments for trade receivables	(38.980.519)	(14.800.619)
Losses on receivables and sundry debtors	54.047.014	410.765
	8.682.330	9.067.818
Net expense/ revenues on impairment adjustments of sundry debtors		
Net expenses on inventory impairment	(1.310.251)	272.694
Net profit/loss on sale of tangible assets	437.717	736.980
Net expenses on value adjustments in respect of tangible assets	18.362.710	(3.162.363)
Net revenues on provisions for risks and charges	2.159.032	16.260.508
Interest expense, interest revenues and unearned revenues from exchange rate differences	170.178	5.207.364
<b>Cash flows before changes in current capital</b>	<b>630.085.556</b>	<b>536.950.229</b>
<b>Changes in:</b>		
Clients and similar accounts - energy and other activities	1.211.806.644	(420.987.095)
Clients - balancing	(29.962.009)	2.619.553
Clients - cogeneration	(12.346.693)	76.309.490
Inventories	(7.727.388)	(2.380.191)
Trade and other payables - energy and other activities	(1.317.856.551)	502.795.307
Liabilities - balancing	34.281.467	33.156.405
Liabilities - cogeneration	95.539.493	(181.342.848)
Other taxes and social security contributions	5.789.198	(1.605.124)
Deferred revenues	96.088.781	1.954.727
<b>Cash flows from operating activities</b>	<b>705.698.498</b>	<b>547.470.453</b>
Interest paid	(3.090.121)	(7.412.980)
Income tax paid	(32.618.616)	(62.266.911)
<b>Net cash generated from operating activities</b>	<b>669.989.761</b>	<b>477.790.562</b>
<b>Cash flows used in investment activity</b>		
Purchases of tangible and intangible assets	(438.924.862)	(461.855.439)
Exit from shareholding SELENE CC Societe Anonyme	242.140	-
Proceeds from EC non-reimbursable financing	117.144.828	9.582.823
Earned Interest	6.051.521	2.664.622
Dividends received	1.988.071	1.534.971
Proceeds from the sale of tangible assets	1.771.600	156
<b>Net cash used in investment activity</b>	<b>(311.726.702)</b>	<b>(448.072.867)</b>
<b>Cash flows used in financing activity</b>		
Repayments of non-current borrowings	(23.850.498)	(23.753.139)

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

Stand-alone statement of the treasury flows as at 31 December 2023

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

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Use of cogeneration credit line	-	-
Use of working capital credit line	-	67.617.751
Repayments of current borrowings - change	(67.617.751)	-
Building lease payments	(10.581.712)	(10.575.197)
Dividends paid	(52.000.586)	(85.856)
<b>Net cash used in financing activity</b>	<b>(154.050.547)</b>	<b>33.203.559</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>204.212.512</b>	<b>62.921.254</b>
<b>Cash and cash equivalents at 1 January</b>	<b>315.146.396</b>	<b>252.225.142</b>
<b>Cash and cash equivalents at end of period</b>	<b>519.358.908</b>	<b>315.146.396</b>

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The stand-alone financial statements were signed by the Company's management on March 18, 2024:

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
<b>Ștefăniță MUNTEANU</b>	<b>Florin-Cristian TĂTARU</b>	<b>Cătălin-Constantin NADOLU</b>	<b>Bogdan TONCESCU</b>

**Economic and Financial Director****Ana-Iuliana DINU****Accounting Department Manager****Georgiana-Beatrice ȘTEFAN**



## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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### 1. ACTIVITY DESCRIPTION AND GENERAL INFORMATION

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

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

The stand-alone financial statements as at 31 December 2023, prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards with subsequent amendments and additions, are available at the Company's registered office located at 2-4 Olteni Street, sector 3, Bucharest.

Since 2006, the Company's shares are traded on the Bucharest Stock Exchange under the symbol TEL.

In accordance with the Resolution of the Extraordinary General Meeting of Shareholders of 18 July 2012, the Company has changed from the unitary management system to the two-tier management system in order to achieve a clear separation of management activity from control activity. Thus, the Company is managed by a Directorate under the supervision of a Supervisory Board.

#### *Establishment of the Company*

Pursuant to Government Decision ("GD") no. 627 on the reorganisation of the National Electricity Company - SA ("Predecessor Entity"), issued on 31 July 2000 by the Romanian Government, it was divided into four newly created entities ("Successor Entities"). The sole shareholder of the Successor Entities was the Romanian State, through the Ministry of Economy ("ME"). Following this reorganisation, the National Power Grid Company Transelectrica SA was established as a joint-stock company with the main activity of electricity transmission, dispatching, organisation and management of the electricity market.

As presented in Note 13, the shareholders of the National Power Grid Company Transelectrica SA as at 31 December 2023 are: the Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), NN Group NV with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,231,423 shares (22.14%) and other Natural Persons shareholders with 5,290,155 shares (7.21%).

Pursuant to the Government Emergency Ordinance (GEO) no. 68/2019 for the establishment of certain measures at the level of central public administration and for the amendment and completion of certain normative acts, published in the Official Gazette no. 898/06.11.2019, as of 6 November 2019, the exercise of rights and the fulfilment of obligations arising from the State's shareholder status in the National Power Grid Company Transelectrica SA 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 the National Power Grid Company 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.

#### *Company Mission*

The Company's mission is to ensure the safe and secure operation of the National Energy System (NES), in compliance with the standards and performance required by the technical regulations in force and to provide a public service to all users of the electricity transmission networks, in conditions of transparency, non-discrimination and fairness for all market participants.

#### *Other information related to the Company's activity*

The participation of European Transmission System Operators (TSOs) in ENTSO-E is regulated by the European legislation in force (Regulation 943/2019 on the internal electricity market, recast of Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity): *"All transmission system operators shall cooperate at Community level through ENTSO-E for Electricity in order to promote the completion and functioning of the internal market in electricity and cross-zonal trade, and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network."*

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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Membership in ENTSO-E of the National Power Grid Company Transelectrica SA is an essential condition for access to the decision-making process on European strategy and legislation in the field and for defending and supporting the interests of the Company in the activities/projects carried out at the level of the association and the European Commission.

ENTSO-E was created in 2009, as a non-profit association based in Brussels, by unifying the associations of European TSOs organised according to synchronously interconnected regions (UCTE, ETSO, BALTSO, NORDEL, UKTSOA, ATSOI).

Since October 2004, Transelectrica has become a partner of electricity transmission companies throughout Europe, as a member of UCTE, ETSO and since 2009 is a member of ENTSO-E, the Romanian electricity system being part of the Continental Europe Regional Group.

The National Power Grid Company Transelectrica SA is an affiliated member of the following international bodies:

ENTSO - E - European Network of Transmission System Operators for Electricity;

CIGRE - International Council of Large High Voltage Electricity Systems;

LWA - International Live Work Association;

WEC - World Energy Council.

The National Power Grid Company Transelectrica SA is responsible for the safe, reliable and efficient operation of the SEN, complying with the provisions of EU Directive 54/2003, art. 9.

On 29 November 2023, the credit rating agency Moody's Investors Service published its updated credit opinion assessing the Company's current and future ability to meet its payment obligations to creditors, assigning a Baa3 stable rating (reconfirmation of the previous year's rating). Transelectrica is for the third consecutive year in the investment-grade Baa3 (moderate investment risk) category, given the strategic importance of the Company, the continuous improvement of the regulatory framework, and the benefit of government support in case of financial difficulties.

Achieving a Baa3 rating with a stable outlook reinforces a favourable position on the Company's ability to meet its current and future financial obligations, showing that Transelectrica operates in an improved regulatory environment, with a strong financial profile, low debt levels and strong, stable and predictable financial values.

### ***Legislative environment***

Activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution, which has as its object of activity: the elaboration, approval and monitoring of the application of the set of mandatory regulations at national level necessary for the functioning of the electricity, heat and natural gas sector and market in conditions of efficiency, competition, transparency and consumer protection.

ANRE has the following main tasks and powers in the electricity and cogeneration sector: grants, suspends or withdraws authorisations and licences, draws up and approves the methodologies for calculating regulated tariffs and prices, approves regulated tariffs and prices, establishes framework contracts, approves technical and commercial regulations, etc.

ANRE sets tariffs for electricity transmission and system services. Therefore, decisions taken by ANRE can have significant effects on the Company's activity.

The operational activity of the Company is carried out on the basis of license no. 161/2000 for the transmission of electricity and the provision of system service issued by ANRE, valid until 2025, updated by ANRE Decision no. 1450/14.06.2023 and the General Conditions associated with the license approved by ANRE Order no. 104/2014, as amended.

Given that the Company's activity and revenues are regulated by ANRE, the most important risks related to this aspect are the following:

- The regulatory framework is subject to constant change, which can affect the Company's performance;
- ANRE's decisions on the adoption of future tariffs may affect the Company's activities.

### ***Final certification of Transelectrica as TSO of the NES according to the ownership unbundling model***

In accordance with the provisions of the Law on Electricity and Natural Gas no. 123/2012, as amended, the National Energy Regulatory Authority (ANRE) approved by Order no. 164/07.12.2015 the certification of the National Electricity Transmission Company "Transelectrica" SA as transmission and system operator of the National Electricity System according to the ownership *unbundling* model.

The ownership unbundling model became available to the Company under the Electricity and Natural Gas Act No 123/2012 transposing Directive 2009/72/EC.

The ANRE Order No 164/07.12.2015 accompanied by the European Commission Opinion No C (2015) 7053 final/12.10.2015, as an integral part of the Order, was published in the Official Gazette No 908/08.12.2015 and together with its Approval Reference is communicated by ANRE to the European Commission.

This order implements the provisions of European Union and national legislation on transmission system operator

certification.

The certification notification was sent to the European Union, which published it in the EU Journal on 08.01.2016, in accordance with Art.10 para. (2) of Directive 2009/72/EC.

### ***Tariffs for electricity transmission service and system service***

Electricity transmission is an activity of general interest in the field of electricity, authorised and monitored by a public authority (public service), with the character of a natural monopoly. The tariffs charged by the Company for transmission and system services are set and approved by ANRE (see Note 22).

The year 2023 is the fourth in the series of five consecutive years which comprise the fourth multiannual tariff regulation period for electricity transmission activity (1 January 2020 - 31 December 2024). The main coordinates of this regulatory period were established by ANRE on the basis of the specific regulatory framework, namely the methodology for setting the tariff for electricity transmission activity. Compared to the previous forms of the methodology on the basis of which tariffs were set in the previous regulatory period (1 July 2014 - 30 June 2019) and in the transition period from the previous regulatory period to the current regulatory period, the methodology applicable to setting tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements of the regulated revenue and its formation, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the nature of the incentive elements, the collection of regulated revenues), these have remained unchanged, ensuring the continuity and predictability of the regulatory framework. The detailed tariff settings for the entire current multi-year regulatory period were initially set during 2019.

During 2020, in line with the applicable methodology, a review of the previously approved period coordinates took place. This revision was also necessary in view of the change in the tariff configuration in the sense of merging the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merging of the two tariffs was achieved by absorbing the tariff for the functional services component of the system service activity into the transmission tariff. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and approved cost scheduling for the regulatory period horizon to include the assets and costs related to the system functional service activity in the starting settings and multi-year scheduling of the fourth regulatory period. Previously, the cost schedule for system functional services activity was reviewed and set annually when the system functional services tariff was approved, as the previous methodology did not provide for the establishment and approval of a multi-year schedule for these costs.

In addition to the merger of the two tariffs mentioned above, certain items originally approved for transmission activity, such as the investment plan (revised slightly downwards to rectify a technical error in the original scheduling - the schedule values were originally reported in nominal terms), were also included in the process of revising the regulatory period coordinates, for programming purposes it was necessary to adjust the originally reported values by extracting the estimated inflation for the regulatory period), the value of the Regulated Asset Base as at 1 January 2020 (revised based on investments actually made in the second half of 2019), the starting point and efficiency slope imposed for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs incurred in the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified as uncontrollable costs in the fourth regulatory period, efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation achieved in the second half of 2019).

In the context of the significant increase in electricity prices on wholesale markets from summer 2021 onwards, a series of measures have been implemented in the legislative and regulatory framework to mitigate the significant impact of this development on the costs incurred by public electricity transmission and distribution system operators in purchasing energy from the wholesale market to cover their own technological consumption in the networks:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that came into force on 1 January 2022, the revenue component included in the tariff to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased compared to the amount initially set for 2022 in the multiannual cost programming for the regulatory period 2020-2024;
- In accordance with the legislative framework (GEO no. 27/2022), on 1 April 2022 the electricity transmission tariff was amended upwards compared to the period 1 January - 31 March 2022, with extended applicability to the first quarter of 2023. This tariff increase was intended to ensure the recovery by the Company of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased from the wholesale market to cover its own technological consumption in the transmission network. This measure brought forward the

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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process of recovering the deficit in 2021, which according to ANRE regulations would have been achieved one year later, i.e. in 2023;

- in accordance with the legislative framework (GEO No 119/2022), the measure of capitalisation of additional costs of own technological consumption, i.e. the difference between the realised cost and the cost included in the transmission tariff, has been introduced. Thus, when setting the transmission tariff applicable for the period 1 April 2023 - 31 December 2023, the component relating to additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period 1 April 2022 - 31 March 2023. Recovery through the transmission tariff of this difference is to be phased in over a five-year period. For the difference capitalised in 2022, recovery through the transmission tariff will be achieved over the period 2023-2027.
- By Law no.357/13.12.2022 approving GEO no. 119/2022, the capitalization measure was extended for the period from 1 January 2022 to 31 March 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, in the context of a significant increase in the costs of its own technological consumption amidst the sharp rise in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, implemented on 1 January 2022, 1 April 2022 and 1 April 2023, also helped to reduce the pressure that increased costs put on cash flows.

### **Regulated Asset Base ("RAB")**

The determination of the transmission tariff is based, inter alia, on the basis of the regulated assets. The regulated asset base includes the net value of tangible and intangible assets corresponding to the Company's private assets and the net value of assets belonging to the State's public domain financed entirely from its own sources, recognised by ANRE and used to provide the electricity transmission service.

In 2022, the regulated rate of return on assets for the electricity transmission business, expressed in real pre-tax terms, was as follows:

- 6.39% value established in ANRE regulations and applied in the period from 1 January 2023 to 31 December 2023.

In addition to the 6.39%, ANRE regulations also established an incentive for new investments in the electricity transmission network in the form of a supplement to the regulated rate of return of one percentage point and an incentive of two percentage points above the approved regulated rate of return for fixed assets related to network investments put into operation as of 1 February 2021 and financed from own funds within the framework of projects co-financed by non-reimbursable European funds. Thus, new investments made in the electricity transmission network from 2021 onwards are remunerated at a regulated rate of return totalling 7.39%.

At the beginning of 2023, the RAB value of the electricity transmission activity, established by ANRE on the basis of the investments made by the National Power Grid Company Transelectrica SA in the third regulatory period, on the basis of the investments made in the transitional tariff period - the second half of 2019 and on the basis of the investments made in the next three years (2020, 2021 and 2022) of the fourth regulatory period - is approx. 2,508 million lei. Realized investments means completed investments, i.e. objectives put into operation and recorded as fixed assets in the Company's accounting records.

The total investment volume approved for the fourth regulatory period is approx. 1,587 million lei. Of this total volume, it has been forecast that a portion of approx. 644 million lei representing approx. 40% of the total approved investment volume will be financed from non-reimbursable European funds and from the revenues obtained by Transelectrica from the allocation of cross-border interconnection capacity. Thus, in the programming of the Regulated Assets Base for the fourth regulatory period, a volume of 943 million lei representing approx. 60% of the total approved investment volume, i.e. the part of the total approved investment volume that is not expected to be financed from the above mentioned non-reimbursable sources.

### ***Transelectrica's inclusion in local and international stock market indices***

Since 29.08.2006, the shares issued by Transelectrica are traded on the regulated market, administered by the BVB, in category I, under the symbol TEL. Transelectrica's shares are part of the BET index, which reflects the evolution of the 20 most traded companies on the Regulated Market of the BVB, excluding financial investment companies (SIFs).

Transelectrica is also included in the BET-XT, BET-NG, BET-XT-TR, BET-TR, BET-BK, BET-TRN, BET-XT-TRN, BET BETPlus, ROTX local stock indices.

As of 5 January 2015, the Company is listed in the Premium category of the regulated market administered by the BVB.

### **Company Revenues**

The main revenue generating activities for the Company are the provision of the following services:

- Electricity transmission service;
- Balancing market operator.

## **THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

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

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### ***Electricity transmission service***

Transmission service is the efficient and secure transmission of electricity between two or more points on the electricity transmission network ("TSO") in accordance with the performance standards in force.

The company ensures non-discriminatory and regulated access for all electricity market participants. The transmission activity is carried out through eight transmission branches based in Bucharest, Bacau, Cluj-Napoca, Constanta, Craiova, Pitesti, Sibiu and Timisoara.

The electricity transmission activity carried out by Transelectrica consists of ensuring the technical conditions and maintaining the parameters of the RET at the time of introduction/withdrawal of energy into/from the RET.

### ***System services***

The company is responsible for maintaining the operation of the national energy system in safe conditions at all times and in compliance with the quality standards laid down in the technical code of the electricity transmission network. To this end, the Company purchases system services from electricity producers.

System services are purchased on the basis of a competitive procedure regulated by ANRE, from producers, at the request of the National Power Grid Company Transelectrica SA, in order to maintain the level of safety in the operation of the SEN, as well as the quality of the energy transmitted at the parameters required by the legislation in force. The National Power Grid Company Transelectrica SA shall pass on the full value of the system services purchased from generators (with the exception of the active energy component to cover losses in the RET) to the electricity suppliers licensed by ANRE who ultimately benefit from these services.

### ***Balancing market operator***

The manner in which the balancing market works is stipulated in:

- Regulation (EU) 2195/2017 laying down guidelines for balancing the electricity system, hereinafter referred to as "Regulation (EU) 2195/2017".
- Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system;
- Order of the President of ANRE no. 61/31.03.2020 for the approval of the Regulation on the scheduling of dispatchable production units, dispatchable consumers and dispatchable storage facilities, the Regulation on the operation and settlement of the balancing market and the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing, with subsequent amendments and additions;
- Regulation for the calculation and settlement of imbalances of the balancing parties - single imbalance price and for the amendment of certain orders of the President of the National Energy Regulatory Authority approved by Order of the President of ANRE No 213 of 25 November 2020, published in the Official Gazette No 1201 of 9 December 2020, as amended;
- Electricity and Natural Gas Law No 123/2012, as amended.

The Balancing Market allows balancing the production-consumption balance in real time, using resources provided in a competitive system. The balancing market also guarantees that the contractual obligations undertaken by energy market participants are fully met.

The purpose of the balancing market is to balance electricity generation and consumption and to improve the accuracy of forecasts made for this purpose by all market participants. This is achieved through the trading of over-contracted or uncontracted energy consumed by market participants. Transelectrica, based on procedures and regulations approved by ANRE, must approve all participants in the balancing market, collect, verify, process all bids and carry out settlement procedures.

The most important contribution to the functioning of the balancing market is made by the National Energy Dispatcher. The National Energy Dispatcher is responsible for overseeing the proper and safe operation of the NES, ensuring at all times the balancing of the production-consumption balance.

The balancing market is used by Transelectrica to ensure real-time balancing of consumption with generation, to guarantee the safe and stable operation of the NES and to manage any constraints within the NES.

The contracts concluded by Transelectrica with all participants in the balancing market are based on two agreements: the framework agreement for the assumption of balancing responsibility (concluded with electricity producers and suppliers as balancing parties) and the framework agreement for participation in the balancing market (concluded, as a rule, with electricity producers holding UD/CD).

Taking into account the current organisation of the balancing market, OPCOM as the ODPE (Balancing Market Settlement Operator) was responsible for setting the closing quantities and prices on the balancing market until September 2023, with Transelectrica being involved in the balancing activity as follows:

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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- The National Energy Dispatcher contracts the electricity needed to balance the production-consumption balance on the balancing market;
- The OMEPA measurement directorate is responsible for measuring the actual quantities.

At the same time, from October 2023, Transelectrica will be an EPSO.

According to the provisions of ANRE President's Orders no. 61/31.03.2020 and no. 213/25.11.2020, for ensuring the functioning of the Electricity Market is the TSO - Transelectrica respectively

### collect

#### ✓ the amounts owed by the Balancing Parties for:

- the amount of PRE's payment obligations for negative imbalances produced during the contract month, determined for that month according to the Monthly PRE Imbalance Settlement Information Notice or Monthly Settlement Notice issued by the ODPE;
- the amount of PRE's payment obligations for the provision of services corresponding to the value in the module for positive imbalances produced in the contract month shown with a negative sign, in the Information Note for the monthly settlement of PRE imbalances or in the Monthly Adjustment Note, issued by the ODPE;
- the additional costs of balancing the system.

#### ✓ the amounts owed by the PPEs (Balancing Market Participants) for:

- the EPP's payment obligations for the amounts of balancing energy actually delivered at curtailment in the final transactions for the delivery of balancing energy, established according to the Monthly PRE Settlement Information Notice or Monthly Balancing Notice issued by the ODPE;
- PPE's payment obligations for the provision of services, corresponding to the value in the module for the amount of balancing energy actually delivered at the power increase shown with a negative sign in the Monthly PRE Settlement Information Note or Monthly Settlement Note issued by the ODPE;
- penalties for partial delivery of balancing energy.

### and pays

#### ✓ PRE for:

- the amount of the collection entitlements for positive imbalances produced during the contract month, determined for that month according to the Information Notice for the monthly settlement of the PRE imbalances or the Monthly Settlement Notice issued by the ODPE;
- the amount of the collection rights for the provision of services corresponding to the value in the module for negative imbalances produced during the contract month, shown with a negative sign, in the Information Note for the monthly settlement of the PRE imbalances or in the Monthly Adjustment Note issued by the ODPE.
- additional revenue from balancing the system.

#### ✓ PPE (manufacturers balancing the system at the order of the dispatcher) for:

- the EPP's collection rights for the amounts of balancing energy actually delivered to the power increase in the final transactions for the delivery of balancing energy, established in accordance with the Information Notice for monthly settlement on the PRE or the Monthly Settlement Notice issued by the ODPE;
- the PPE's collection rights for the values of service provision, corresponding to the value in the module for the quantity of balancing energy actually delivered at curtailment, shown with a negative sign, in the Information Note for monthly settlement on the PRE or in the Monthly Settlement Note issued by the ODPE.

#### ✚ **Intentional energy exchanges and common settlement rules for unintentional energy exchanges (FSKAR calculation methodology)**

Following the implementation of Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system and Regulation (EU) No 2195/2017 laying down guidelines for balancing the electricity system, common settlement rules for intentional exchanges of energy and common settlement rules for unintentional exchanges of energy have been developed and approved at ENTSO-E level by the Transmission System Operators. Please note that the new set of common settlement rules for intentional energy exchanges and unintentional energy exchanges provides for a financial settlement between the Transmission System Operators and the System Operators, thus eliminating the in-kind compensation determined according to the ENTSO-E methodology by the Settlement Centres in Brauweiler (Germany) and Laufenburg (Switzerland), which the National Power Grid Company Transelectrica SA traded on the Day-Ahead Market and recorded separately in the Budget for Revenues and Expenses with the Party Responsible for Balancing Unplanned Exchanges as a result of energy trading on the Day-Ahead Market.

The FSKAR calculation methodology, called *Accounting and Financial Settlement of kAf, ACE and Ramping period*, came into force on 1 June 2021. The Settlement Centres in Brauweiler (Germany) and Laufenburg (Switzerland) transmit the results to each Transmission Operator and System Operator in the form of daily files containing the intended and unintended exchanges (quantities - prices) calculated for the respective Transmission Operator and System Operator for each settlement interval. The established price is the weighted average of the prices from trading on the Day-Ahead Markets in all ENTSO-E

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

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Member States, prices are expressed in Euro/MWh.

The costs and revenues highlighted in the invoice received from the JAO regarding the settlement of energy related to unintentional exchanges will be included in the settlement calculation of the Balancing Market, in accordance with the provisions of ANRE Order No. 33/2021, on the amendment and completion of the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing - single imbalance price approved by the Order of the President of the National Energy Regulatory Authority No. 213/2020.

### **Imbalance netting process between all Transmission System Operators - IN Platform (Imbalance Netting)**

As of 01.01.2021, the European platform, International Grid Control Cooperation (IGCC) or IN (Imbalance Netting) Platform for the imbalance netting process between all TSOs, which performs the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, entered into operation.

It should be noted that the International Grid Control Cooperation (IGCC) is the project that was chosen in 2016 by ENTSO-E to become the future European platform for the imbalance compensation process, as defined in Commission Regulation (EU) No 2017/1485 of 2 August 2017 laying down guidelines for the operation of the electricity transmission system (Article 22). The IGCC initiative was started in 2010 by operators in Germany and has subsequently been extended to the central European systems, representing a way to optimise secondary frequency regulation - exchange power by reducing the counteracting actions of member operators' regulators, resulting in an optimised use of the system reserve "Frequency Restoration Reserve with automatic activation" of the FRR, on an aggregate level.

### **High efficiency cogeneration**

Since 1 April 2011, the Company is the administrator of the support scheme for the promotion of high efficiency cogeneration. The objective of this support scheme is to promote high-efficiency cogeneration power generation systems with the advantage of producing energy with low pollutant emissions. The aim is to facilitate market access for high-efficiency cogeneration systems by granting a cogeneration bonus, as the costs of producing electricity and heat in cogeneration plants are higher than the market prices for both forms of energy. The scheme is intended for electricity and heat producers who own or commercially operate high-efficiency cogeneration plants, with the aim of stimulating new investments in cogeneration systems and the upgrading of existing plants. The support scheme was effectively implemented in Romania on 1 April 2011, following the adoption by the National Energy Authority (ANRE) of the regulatory framework necessary to implement the scheme.

The support scheme for the promotion of high-efficiency cogeneration is one of the mechanisms developed at European Union (EU) level to help each Member State meet its greenhouse gas emission reduction targets (by reducing the amount of primary energy needed to generate the same amount of processed energy - electricity and heat - compared to separate production).

The bonus support scheme was established in Romania by GD no. 219/2007 on the promotion of cogeneration based on useful heat energy (transposition of EC Directive no. 8/2004) and implemented by GD no. 1215/2009 on the establishment of the criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat energy demand, for producers with installed electrical capacity greater than 1 MW.

The support mechanism was authorised by the European Commission Decision C(2009)7085, as amended by Decision C(2016)7522 final. According to these decisions, the state aid is operating aid to cover the difference between the costs and revenues of electricity and heat production in high-efficiency cogeneration, ensuring a maximum return of 9%.

The bonus support scheme is thus designed to support and promote high-efficiency combined heat and power systems, thus encouraging new investments in combined heat and power technology and the replacement/rehabilitation of existing installations.

The scheme applies to cogeneration electricity and heat producers who have applied to ANRE for the bonus for high efficiency cogeneration electricity delivered to the NES for cogeneration capacities registered in the list of high efficiency cogeneration electricity and heat producers by 31 December 2016. Producers benefit from the support scheme for a maximum of 11 consecutive years, not exceeding 2023, the year in which the scheme ends. The bonus, granted on request, represents the amount (in RON) received by producers for each MWh produced in high efficiency cogeneration and delivered to the NES networks, is set annually by ANRE and is calculated as the difference between the total production costs of an equivalent cogeneration plant with high efficiency electricity production and the revenues that can be obtained from it using the electricity market price, i.e. the resulting unit cost of thermal energy for an equivalent thermal power plant, the difference being related to the electricity delivered to the NES by the cogeneration plant.

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Government Decision No 1215/2009 establishes the legal framework, in accordance with European Union regulations, for the implementation of the bonus support scheme for the promotion of high-efficiency cogeneration, based on the demand for useful heat energy, in order to cover the difference between the cost of producing high-efficiency cogeneration energy and its selling price. ANRE has approved the amounts of the reference bonuses, per MWh of electricity produced and delivered to the grid from high efficiency cogeneration plants. The beneficiaries of the scheme are producers who meet certain criteria set by ANRE.

In accordance with the provisions of Article 14 of Government Decision No 1215/2009, the National Power Grid Company Transelectrica SA is designated as responsible for administering the support scheme. The Company's main tasks as administrator of the support scheme are the collection of the contribution from the suppliers of electricity consumers in a bank account separate from the basic activity and the payment of the bonus to the producers of electricity and heat in high efficiency cogeneration; the conclusion of contracts with the suppliers for the collection of the contribution and with the producers who will be beneficiaries of the scheme; verifying the amount of the contribution collected; issuing invoices to suppliers; returning the contribution for high-efficiency cogeneration to suppliers introducing into Romania electricity produced in high-efficiency cogeneration in other EU Member States; monitoring and reporting to ANRE on the administration of the support scheme.

The company acts as an agent of the State in the monthly collection of the cogeneration contribution and the monthly payment of the bonus and under these conditions, the operations related to the support scheme do not influence the revenues and expenditure accounts, with the exception of the own administration expenses recognized by ANRE for the operation of the support scheme and which are self-invoiced.

On 08.12.2016, by Government Decision no. 925, amendments and additions to GD no.1215/2009 were adopted regarding the establishment of the criteria and conditions necessary for the implementation of the support scheme for the promotion of high-efficiency cogeneration based on useful heat demand. The main amendments relate to the following aspects:

- in order to receive the bonus, producers are required not to be in debt to the support scheme administrator or to have concluded liabilities and receivables offsetting agreements;
- overcompensation is recovered in accordance with national and EU state aid legislation;
- the overcompensation/undue bonus not paid by the producers, for which all legal steps have been taken, will be recovered by including the amount in the cogeneration contribution, according to the methodology issued by ANRE;
- ANRE decisions on the amount of overcompensation and/or undue bonus are binding on producers and are implemented for recovery by a decision issued by the scheme administrator in accordance with State aid law;
- The financial closure of the support scheme is in the first half of 2024, according to the regulatory framework developed by ANRE.

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

Following the issuance of GD no 409/2022, ANRE updated the applicable regulatory framework by issuing:

- ✓ **Order of the President of ANRE no. 34/2022** on the amendment of the Methodology for setting and adjusting the prices for electricity and heat produced and delivered from cogeneration plants benefiting from the support scheme, namely the bonus for high efficiency cogeneration, approved by Order of the President of the National Energy Regulatory Authority no. 15/2015;
- ✓ **Order of the President of ANRE no. 35/2022** amending and supplementing the Procedure for the approval of new or refurbishment projects of cogeneration plants, approved by Order of the President of the National Energy Regulatory Authority no. 115/2013.

Producers who until 31 March 2022 have benefited from the support scheme for 11 years and who meet the conditions for accessing the extension of the support scheme mentioned above, may benefit, on the basis of a decision approved by the President of ANRE, from the extension of state aid from 1 April 2022.

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

### *Price coupling mechanism for electricity markets*

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 DAM (Next Day Market) electricity markets in Romania, Hungary, Czech Republic and Slovakia, entered the operational phase.



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On 17 June 2021, the Interim Coupling Project (ICP) was launched, which is the coupling of day-ahead markets in the 4MMC countries with those in Poland, Austria and Germany.

On 27 October 2021 the integration of the Bulgaria-Romania border into the Single Day-Ahead Coupling (SDAC) was also achieved.

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).

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 joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, the Netherlands, Norway, Portugal, Spain and Sweden, which have already been operating in a coupled mode 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 is available.

From the point of view of the internal regulatory framework, the roles and responsibilities of the operators involved, the National Power Grid Company Transelectrica SA and OPCOM SA, as well as the operations to be carried out within the framework of market coupling are set out in the Regulation on the organisation and operation of the day-ahead market for electricity, in compliance with the mechanism for price coupling of the markets and the amendment of certain regulatory acts governing the day-ahead market for electricity, approved by ANRE Order No 82/2014 (Regulation).

The target model for the day-ahead market, based on the principle of Price Coupling of Regions (PCR), uses a unique bid matching and pricing algorithm.

Where coupling is not possible, the TSOs in the countries concerned apply fallback procedures, whereby cross-border capacity is allocated.

Article 138 of the Regulation states that in the post-coupling process, Transmission System Operators (TSOs) act as transfer agents of the electricity resulting from the coupling algorithm as transferred between two adjacent bidding zones.

Under the day-ahead market price coupling mechanism, electricity exchanges match, on an auction basis, day-ahead electricity transactions according to the interconnection capacity made available by the TSOs through which their implicit allocation is made.

The National Power Grid Company Transelectrica SA, as TSO, transfers electricity, both physically and commercially, to neighbouring TSOs (MAVIR - Hungary and IBEX - Bulgaria) and manages congestion revenues on the respective interconnection related to the DAM (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA it is an Implicit Participant in the Day-ahead and Intraday Market (IDM).

As Transfer Agent and Implicit Participant, the National Power Grid Company Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, MAVIR and IBEX.

Thus, within the framework of the price coupling mechanism of regional markets, the National Power Grid Company Transelectrica SA:

- acts as a default participant on the DAM and IDM and is a transfer agent;
- provides interconnection capacity for the physical delivery of electricity traded on the DAM and IDM, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

Congestion revenues are shared monthly between transmission and system operators and exchange rate differences are retained or provided for, as appropriate, by the TSOs.

At the Company level, it was approved that transactions related to the price coupling mechanism of regional markets do not affect the revenues and expenditure accounts, except for congestion management revenues on interconnection lines, foreign exchange revenues/expenses and bank commission expenses resulting from the settlement of transactions carried out by the Company as transfer agent.

### ***Energy delivered to support balancing of neighbouring TSOs in emergency situations ("breakdown assistance")***

Taking into account European directives and regulations, national legislation and ENTSO-E rules, one of the obligations of the Transmission System Operator (TSO) is the coordination of actions and mutual assistance between neighbouring TSOs in order to ensure the provision of electricity to restore normal operation of the power systems in case of emergency situations.

Within the interconnected operation of the European energy system, an operational means of mutual support of the TSOs is

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Notes to the financial statements for the year ended 31 December 2023

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the delivery of balancing energy to (neighbouring) interconnected systems in emergency situations defined by a lack of sufficient reserves and/or sources to cover consumption, as defined in the corresponding general provisions of *Regulation (EU) 2017/1485 laying down guidelines for the operation of the electricity transmission system* and *Regulation (EU) 2017/2195 laying down guidelines for balancing the electricity system*.

The implementation of this possibility is based on the Synchronous Area Framework Agreement for Regional Group Continental Europe (SAFA), which details the provisions of the Regulations, namely paragraphs e), f) and g) and Art. B-12 of this operational agreement. Thus, the Company has signed bilateral agreements for the purpose of emergency power supply with neighboring TSOs in Hungary, Bulgaria and Serbia during 2017 - 2019 and with neighboring TSOs in Ukraine and the Republic of Moldova during 2022 (bilateral contracts with TSOs in Ukraine and the Republic of Moldova were signed on an emergency basis, against the background of the conflict situation in Ukraine and the synchronization of the two systems to the Continental European Power System - 16.03.2022).

On the basis of bilateral contracts with neighbouring TSOs, electricity can be supplied to each other in the event of major breakdowns in the generation structure or in the transmission network (referred to in the contract as "Emergency Energy"), on a commercial basis. Emergency Energy may also be provided from the Romanian power system to the Ukrainian/Moldovan power system to ensure (respect) the scheduled energy exchanges from the Ukraine - Republic of Moldova Control Block to the Continental Europe Synchronous Area, in case of activation of measures foreseen by the decision of the ENTSO-E Regional Continental Europe Group (RG EC) aimed at reducing the physical flow of electricity or ceasing the synchronous operation of the Ukraine - Republic of Moldova Control Block with the Continental Europe Synchronous Area.

## 2. THE BASICS OF DRAFTING

### Declaration of conformity

These stand-alone financial statements ("financial statements") have been prepared in accordance with the Order of the Minister of Public Finance No 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards ("OMFP No 2844/2016"), as amended. Within the meaning of Order No 2844/2016, International Financial Reporting Standards are standards adopted in accordance with the procedure laid down in European Commission Regulation No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ("EU IFRS").

The Company applies the International Financial Reporting Standards adopted by the European Union in the preparation of the stand-alone financial statements for the year 2023 in accordance with OMFP No 881/2012, as amended.

### Basics of evaluation

The financial statements are stated at historical cost, except for tangible assets, other than tangible assets in progress, which are stated at revalued amount, while liabilities related to cash-settled share-based payment arrangements are stated at fair value.

### Functional and presentation currency

The financial statements are presented in Romanian LEI ("LEI" or "RON") in accordance with applicable accounting regulations, which is also the Company's functional currency.

### Use of estimates and judgements

The preparation of financial statements in conformity with EU IFRS requires management to use professional judgements, estimates and assumptions that affect the application of accounting policies and the recognised amount of assets, liabilities, revenues and expenses, fair value assumptions (see Note 4), accruals and contingencies (see Note 28), on the recognition of non-repayable funds receivable (see Note 14 - Revenue in respect of receivables), on impairment adjustments for receivables (see Note 10), on obligations relating to cash-settled share-based payment transactions (Note 30) and on obligations relating to defined benefit plans (Note 16).

Actual results may differ from estimated values. Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

Information on assumptions and estimates involving significant uncertainties is included in the following notes:

- Note 14 - the Company's management's estimate that there is reasonable assurance that the conditions attached to the grant funds will be met and that the funds will be received;
- Note 16 - valuation of defined benefit plan obligations;
- Note 28 - recognition and measurement of provisions, commitments and contingencies; key assumptions about the

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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likelihood and extent of an outflow of resources.

Information on the accounting policy rationale for service concession arrangements is set out in the following paragraphs.

The Company (concessionaire) entered into a 49-year concession contract with the Ministry of Economy (grantor) in 2004 under which the Company has the right to use public assets including the electricity transmission network and the land on which it is located in return for the provision of the electricity transmission service (see Note 3 - b).

As the majority of the Company's shares are held by the State, the Company's management considers that the Company is a public company and therefore does not fall under IFRIC 12 "Service Concession Arrangements".

Given that there is no other International Financial Reporting Standard specific to service concession arrangements, the Company considered whether to apply IFRIC 12 anyway, based on the hierarchy set out in SIC 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which requires that the provisions of other IFRSs dealing with similar issues be considered first.

Thus, in considering the application of IFRIC 12, the Company considered whether the following characteristics of public-private service concession arrangements are applicable to the concession contract with ME at the date IFRIC 12 is to be adopted:

- the grantor controls or regulates the type of services the concessionaire must provide within the infrastructure, to whom it must provide them and at what price;
- the grantor controls - through ownership, beneficial ownership or otherwise - any significant residual interest in the infrastructure at the end of the agreement term: 49 years;
- contractual provisions would include the same provisions if the agreement were with a private company.

An analysis of the characteristics of public-private service concession agreements shows the following:

- the services provided by the Company are regulated by ANRE, therefore the Grantor (Ministry of Economy) does not control and regulate the type of services the Company must provide;
- At the end of the contract period, the residual interest in the infrastructure is approximately zero, with most of the state's public assets fully depreciated;
- Currently, there are no similar contracts, as the company has a monopoly position for electricity transmission.

The Company has concluded that an accounting of the concession contract in accordance with IFRIC 12 will not reflect the economic substance of the transaction because the Company pays an annual fee in the form of a royalty for the use of the assets referred to in the concession contract amounting to 4/1000 of the value of the gross revenues from electricity transmission and transit operations through the national transmission systems owned by the State, which is significantly lower than the depreciation that the Company would have recorded on those assets if the concession contract had not been signed.

As a result, IFRIC 12 is not applicable and the Company has applied the accounting policies as described in Note 3 (a) and (b).

### 3. ACCOUNTING POLICIES

The accounting policies detailed below have been applied consistently for all periods presented in these financial statements except as disclosed in Note 3(x) which discloses changes in accounting policies.

#### (a) Tangible assets

##### *Own assets*

Tangible assets, with the exception of tangible assets under construction, are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Tangible assets under construction are stated at cost. The cost of self-constructed assets includes the cost of materials, direct labour, initial estimates, where applicable, of dismantling and removal costs and site restoration, and a share of indirect costs.

##### *Recognition*

Tangible assets are initially valued at cost.

The cost includes expenses directly attributable to the acquisition of the asset. The cost of assets constructed by the entity includes:

- cost of materials and direct personnel costs;
- other costs directly attributable to bringing the assets to the required location and condition/status for their intended use;
- capitalised borrowing costs.

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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Impairment adjustments are recorded for unused or used tangible assets.

### **Subsequent expenses**

The Company recognises in the carrying amount of an item of tangible assets the cost of replacing part of an item of tangible assets if at the time the cost is incurred it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs are recognised in the income statement when they occur.

### **Depreciation**

Tangible assets are depreciated using the straight-line method over their useful lives as follows:

	<u>Normal service life</u> (years)
Buildings and special installations	40-60
Machinery and equipment	15-40
Measuring and control devices	7-12
Vehicles	5-8
Other tangible assets	3-5

Land does not depreciate. Where items of tangible assets have different useful lives, they are recorded as separate items (major components) of an asset. Asset depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

### **Revaluation**

The Company has elected to present tangible assets at revalued amount, except for advances and tangible assets in progress which are presented at historical cost.

Revaluations shall be carried out by independent evaluators with sufficient regularity so that the carrying amount does not differ significantly from the amount that can be determined on the basis of fair value at the reporting date.

### **(b) Public assets**

In accordance with the provisions of Law no. 123/2012, as subsequently amended and supplemented, the electricity transmission network on the territory of Romania is the public property of the state.

Government Decision no. 627/2000 sets out in Annex no. 8 the inventory of the immovable assets that make up the public domain of the State, taken into administration by the Company since 1 August 2000 and which are inventoried and updated whenever necessary by legislative act (GD).

In accordance with the provisions of Law No. 213/1998 and Law No. 219/1998, the Ministry of Economy has granted a concession on behalf of the State to the Company for the transmission network (high voltage lines and power stations) and the land on which it is located. Thus, on 29 June 2004, concession contract No 1 was concluded between the Ministry of the Economy and the Company for all the tangible assets in the public assets in balance on 31 December 2003 for a period of 49 years.

Following the signing of the concession contract with the Ministry of Economy on behalf of the Romanian State on 29 June 2004, the nature of the relationship between the Romanian State and the Company changed and therefore the Company proceeded to derecognize the public assets, including the public assets reserve within the shareholders' equity. Subsequent to the conclusion of the concession agreement, the Company treats the assets over which it has the right of use as operating leases. Payments under the concession contract (royalty) are recognised as expenses in the income statement by the Company during the year.

The concession contract No 1/2004 was published in the Official Gazette of Romania No 298 bis of 30 April 2015. During the years 2005-2013, seven Addenda were concluded to the concession contract.

Taking into account the provisions of Government Decision no. 1009/2012 and Government Decision no. 984/2012 which approved the amendment of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of the state public domain assets under concession to the Company, as a result of the inventory of the assets belonging to the state public domain in 2012 and the revaluation/valuation of these assets, on 14.02.2013 was concluded with the Ministry of Economy the Addendum no. 7 to the Concession Contract no. 1/29.06.2004.

By Government Decision no. 1032 of 11 December 2013, published in the Official Gazette no. 22 of 13 January 2014, the amendments and additions to Annex no. 7 to Government Decision no. 1705/2006 approving the centralized inventory of

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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goods in the public domain of the State were approved, following the inventory of goods belonging to the public domain of the State in 2012.

By Government Decision no. 615 of 05 September 2019, published in the Official Gazette no. 730 bis 2019, it was approved the amendment and completion of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of goods in the public domain of the State, as a result of the inventory of goods belonging to the public domain of the State in 2017 for the period 2013-2017, but so far no Act no. 8 to the Concession Contract no. 1/2004 has been concluded.

The main terms of the concession contract are as follows:

- ✓ The Ministry of Economy has title to the assets covered by the contract;
- ✓ The company has the right to use these assets for a period of 49 years, from 1 June 2004 to 31 May 2053;
- ✓ The annual fee paid by the Company in the form of a royalty for the use of these assets is set by the ME and represents 1/1000 of the revenue from the electricity transmission activity, for the quantity actually transmitted;
- ✓ The assets will come into the possession of the ME upon termination or expiry of the contract; the contract may be terminated unilaterally by either party;
- ✓ The company has the obligation to use the assets in accordance with the provisions of the concession contract and with the operating license.

As of 12 November 2020, the Electricity Law No 123/2012 has been amended and supplemented, which in Art. 19 para. (1<sup>^</sup>) states: *"the annual fee for the concession in the field of electricity transmission is 0.4% of the gross revenue from electricity transmission and transit operations and is paid by the transmission and system operator as concessionaire"*.

The fee paid by the Company under the concession contract and the Electricity Law No. 123/2012, as amended, for the period from January 1 to December 31, 2023 is significantly lower than the depreciation that the Company would have recorded for the assets in question if this contract had not existed. However, the Company has not recorded in the financial statements any amount related to this potential benefit because it cannot estimate the amount paid for the use of these assets by a third party in an objectively priced transaction.

Investments made by the Company from its own financing sources in the assets covered by the concession contract are capitalised and depreciated over the remaining life of the assets. After recovery of investment depreciation, they will be included in the inventory of assets in the public domain of the State.

In the case of completed fixed assets, made from own sources of financing, they will be included in the inventory of assets in the public domain of the State after recovery of the depreciation of the investment, respectively at the end of the normal period of use, of the concession or lease contract, according to the legal provisions in force, on the basis of a normative act adopted for this purpose.

### (c) Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and accumulated impairment losses on intangible assets. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. The majority of the intangible assets recorded by the Company are intangible assets in progress and dedicated software. These are depreciated on a straight-line basis over 3 years.

Asset depreciation methods and useful lives are reviewed at each reporting date and adjusted if necessary.

### *Subsequent expenses*

Subsequent expenses are capitalised only if it is probable that future economic benefits associated with the subsequent expenses will be generated for the Company.

### (d) Transactions in foreign currency

Transactions in foreign currency are expressed in LEI by applying the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency at year-end are expressed in LEI at the exchange rate on that date. Realised and unrealised foreign exchange gains and losses are taken to the profit and loss account for the year. The exchange rates at 31 December 2023 and 31 December 2022 are as follows:

Currency	<u>31 December 2023</u>	<u>31 December 2022</u>
1 EUR	4,9746	4,9474
1 USD	4,4958	4,6346

Non-monetary assets and liabilities denominated in a foreign currency are measured at fair value at the exchange rate prevailing at the date of the transaction.

### (e) Receivables

Trade receivables are initially recorded at fair value and subsequently measured using the effective interest method less

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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impairment losses. Impairment losses are recognised when there is clear evidence that the receivables will not be collected when due. Significant financial difficulties of the debtor, the likelihood of bankruptcy or financial reorganisation, late payments (more than 180 days) are considered as indications that these receivables may require an impairment loss.

An impairment loss relating to an asset is the difference between its carrying amount and the present value of expected future cash flows discounted using the asset's original effective interest rate. The carrying amount is reduced using an impairment account and the loss is recognised in the income statement under the heading 'Other operating expenses'.

### **(f) Inventories**

Inventories are made up of:

- raw materials, materials, spare parts that do not meet the definition of tangible assets and other consumables to be used in the conduct of the Company's core business;
- safety and intervention inventories intended for the rapid repair of faults occurring in the RET installations in order to ensure the safe operation of the SEN. These materials are recorded as inventories at the time of purchase and are expensed when consumed or capitalised as appropriate.

Inventories are valued at the lower of cost and net realisable value. The cost of inventories consumed is determined using the FIFO method and includes purchase costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, if any, and selling expenses.

The Company's policy is to record a 100% impairment for inventories that are older than 365 days and will not be used in the future, with the exception of security and intervention inventories.

### **(g) Cash and cash equivalents**

Cash and cash equivalents include cash, current accounts and bank deposits with an original maturity of up to 3 months that are subject to an insignificant risk of change in fair value.

### **(h) Revaluation reserves**

After recognition as an asset, an item of tangible assets whose fair value can be measured reliably is carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase is recorded directly in equity under revaluation reserves. However, the increase is recognised in the profit or loss account to the extent that it offsets a decrease from a revaluation of the same asset previously recognised in the profit or loss account.

If the carrying amount of an item of tangible assets is decreased as a result of a revaluation, this decrease is recognised in the profit or loss account. However, the write-down is made by reducing revaluation reserves to the extent that there is a credit balance in the revaluation surplus for that item of tangible assets.

The revaluation reserve included in equity relating to an item of tangible assets is transferred directly to retained earnings as the revalued tangible assets is depreciated and when the asset is derecognised.

As from 1 May 2009, reserves from the revaluation of tangible assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenses on assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be.

The company has recorded deferred tax on the liability relating to reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004.

Reserves from the revaluation of tangible assets, including land, carried out up to 31 December 2003, as well as the portion of the revaluation carried out after 1 January 2004 and relating to the period up to 30 April 2009 will not be taxed when transferred to retained earnings.

The Company has not recorded deferred tax on the liability relating to reserves from the revaluation of fixed assets, including land, carried out up to 31 December 2003.

Reserves from the revaluation of tangible assets are taxable in the future, in the event of a change in the use of the reserves in any form, in the event of liquidation, merger of the Company, including its use to cover accounting losses, except for the transfer, after 1 May 2009, of reserves relating to valuations carried out after 1 January 2004 to retained earnings, which are taxed at the same time as the deduction of tax depreciation.

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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### **(i) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is evidence of impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of value in use and fair value less costs to sell. In determining value in use, expected future cash flows are discounted to determine present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

For impairment testing, assets that cannot be tested individually are grouped at the level of the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows generated by other assets or groups of assets ('cash-generating units').

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated on a priority basis to reduce the carrying amount of goodwill allocated to the cash-generating unit (group of cash-generating units), if any, and then pro rata to reduce the carrying amount of the other assets within the cash-generating unit (group of cash-generating units).

A goodwill impairment loss is not reversed. For other assets the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised.

### **(j) Share capital**

Ordinary shares are classified as part of equity. Additional costs directly attributable to the issue of ordinary shares and share options are recognised as a reduction of equity net of tax effects.

### **(k) Dividend**

Dividends are recognised as a liability when the shareholder's right to receive payment is established.

### **(l) Trade and other payables**

Trade and other payables are stated at amortised cost and include the value of invoices issued by suppliers of products, work performed and services rendered.

### **(m) Interest-bearing borrowings**

Borrowings are initially recognised at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost with any difference between cost and repayment value recognised in the income statement over the period of the loan on an effective interest rate basis.

### **(n) Recognition and derecognition of non-derivative financial instruments**

#### ***Non-derivative financial assets***

The company initially recognises receivables at the date they were initiated. All other financial assets are initially recognised on the trade date when the Company becomes a party to the contractual terms of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when the rights to receive the contractual cash flows of the financial asset are transferred in a transaction in which the risks and rewards of ownership of the financial asset are transferred significantly. Any interest in the transferred financial asset that is created or retained by the Company is recognised separately as an asset or liability.

Financial assets and financial liabilities are offset and the statement of financial position shows the net amount only when the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the obligation simultaneously.

The Company's non-derivative financial assets consist mainly of trade and other receivables and cash and cash equivalents.

#### ***Non-derivative financial liabilities***

## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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The Company initially recognizes debt instruments issued and subordinated debt at the date they are initiated. All other liabilities (including liabilities designated at fair value through profit or loss) is initially recognised at trade date when the Company becomes a party to the contractual terms of the instrument.

The company derecognises a financial liability when contractual obligations are discharged or are cancelled or expire.

The Company classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other non-derivative financial liabilities include borrowings, trade and other liabilities.

### **(o) Income tax**

Income tax expense includes current tax and deferred tax. Current tax and deferred tax are recognised in the income statement unless they relate to business combinations or items recognised directly in equity or other comprehensive revenues.

#### **(i) Current tax**

Current tax is the tax expected to be paid or received on the taxable profit or loss realised in the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment for income tax liabilities relating to previous years.

#### **(ii) Deferred tax**

Deferred tax is recognised for temporary differences arising between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used for tax computation.

Deferred tax is not recognized for:

- temporary differences arising on initial recognition of assets and liabilities from transactions that are not business combinations and that do not affect accounting or taxable profit or loss;
- temporary differences arising from investments in subsidiaries or jointly controlled entities to the extent that they are not likely to be reversed in the foreseeable future; and
- temporary differences arising on initial recognition of goodwill.

The valuation of deferred tax reflects the tax consequence that would result from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to temporary differences on their resumption under legislation enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax assets and liabilities and if they relate to taxes levied by the same tax authority on the same taxable entity or on different taxable entities but which intend to settle current tax assets and liabilities on a net basis or whose tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the tax loss can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **(iii) Income tax exposure**

The Company considers the impact of the tax position uncertain and whether additional tax and interest may be due, in determining the amount of current and deferred tax. This assessment is based on estimates and assumptions and may involve a number of professional judgments about future events. New information may become available that may cause the Company to change its professional judgments regarding the adequacy of existing tax liabilities; such changes in tax liabilities may impact income tax expense in the period in which such determination occurs.

### **(p) Employee benefits**

#### ***Other long-term employee benefits***

The Company's net long-term employee benefit obligation, other than pension plans, is the amount of future benefits that employees have earned in exchange for services rendered in the current and prior periods. This benefit is discounted to determine its fair value and the fair value of any related asset is deducted. These benefits are estimated using the projected



## THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA

Notes to the financial statements for the year ended 31 December 2023

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

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credit factor method. Any actuarial gains or losses are recognised in other comprehensive revenues in the period in which they arise. Other long-term employee benefits are retirement bonuses.

### ***Cash-settled share-based payment transactions***

The fair value of the liability to employees in respect of share appreciation rights that are settled in cash is recognised as an expense in correspondence with an increase in the liability over the period in which the employees obtain the unconditional right to payment. Until the debt is settled, the Company is required to remeasure the fair value of the debt at each reporting date and at the settlement date, with any changes in fair value recognised in the income statement for the period.

The company recognizes the services received and a liability to pay for those services as employees perform the services. Certain stock appreciation rights vest immediately and therefore employees are not required to complete a specified period of service in order to be entitled to cash payment. In such cases, the Company recognizes the full amount of the award as an expense at the date of grant.

### ***Short-term employee benefits***

Short-term benefit obligations measured on an undiscounted basis are recognised as expenses as the services are rendered. A provision is recognised at the amount expected to be paid for short-term employee benefits in the form of bonuses or employee profit-sharing only if the Company has a present legal or constructive obligation to pay this amount for past services rendered by employees and this obligation can be estimated. Short-term employee benefits are primarily salaries.

In the normal course of business, the Company makes payments on behalf of its employees to the pension fund. All the Company's employees are members of the Romanian State pension plan. These payments are expensed as employees render services.

## **(q) Revenues**

Revenue is recognised when the significant risks and rewards have been transferred to the buyer, it is probable that the economic benefits will flow to the buyer and the associated costs can be measured reliably. Revenue consists mainly of transmission service, system service and balancing market revenue calculated on the basis of the volume of energy delivered to customers. Transmission and system service tariffs are regulated by ANRE. Revenues also include the value of transactions carried out on the balancing market as described in Note 1.

The Romanian State, through ANRE, regulates the tariffs charged by the Company for the electricity transmission service and for the system operator service. The Romanian State fulfils several roles in addition to that of majority shareholder and as a result may have more comprehensive objectives and goals than an investor whose main interest is return on investment.

As mentioned in Note 1, the Company is also the administrator of the bonus support scheme for the promotion of high efficiency cogeneration. The Company acts as an agent as it is involved in the collection and distribution of the money.

The Company and OPCOM SA are also involved in the price coupling mechanism of the regional markets under ANRE Order No 82/2014 (see Note 1).

Thus, within the framework of the price coupling mechanism of regional markets, the National Power Grid Company Transelectrica SA:

- acts as a default participant on the DAM and IDM and is a transfer agent;
- provides interconnection capacity for the physical delivery of electricity traded on the DAM and PI, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

### ***Connection tariffs***

IFRIC 18 Transfers of Assets from Customers applies to contracts with customers in which the Company receives cash from a customer when that cash is to be used solely for the construction or acquisition of an item of tangible assets and the Company is then required to use that tangible assets to connect customers to the network.

The Electricity and Natural Gas Law No 123/2012, as amended, provides in Article 25 para. (1): "*...Connection to electricity networks of public interest and access to electricity networks of public interest are mandatory services, under regulated conditions, which must be performed by the transmission and system operator, as well as the distribution operator, including the energy communities of citizens who manage the distribution networks.*"

The connection tariff is a regulated tariff that represents the cost incurred by a network operator for the work of connecting a user's consumption and/or production site to the electricity network.

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Notes to the financial statements for the year ended 31 December 2023

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Where a customer's connection to the electricity transmission system is not a separate component of the connection contract, connection charges are recognised in profit or loss on a systematic basis over the useful life of the asset.

The Company recognises cash received from the connection fee to the credit of the account "Deferred revenues" in the statement of financial position and subsequently recognises the revenues in the category "Other revenues" in the income statement on a systematic basis over the useful life of the asset.

### **(r) Net financing costs**

Net financing costs include interest on borrowings calculated using the effective interest rate method, less borrowing costs capitalised as part of the cost of long-cycle assets, dividend revenues, favourable and unfavourable exchange rate differences, fees and risk commissions.

In accordance with the revised SIC 23 "Borrowing Costs" and invoking the optional exception from retrospective application under IFRS 1 "First-time Adoption of IFRS", the Company capitalizes borrowing costs related to assets requiring a long period of time to commissioning or sale for which financing was obtained after January 1, 2011, the date of transition to IFRS.

Interest revenues is recognised in the income statement in the year in which it arises using the effective interest method. Dividend revenues is recognised in the income statement on the date on which the Company's right to receive dividends is recognised.

### **(s) Grants**

Grants related to assets are initially recognised as 'deferred revenues' at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions attached to the grants, and then the grants are recognised in the income statement as other operating revenues over the useful life of the asset to which they relate. Grants are recognised as assets when there is reasonable assurance that they will be received by meeting the related conditions.

### **(t) Provisions**

A provision is recognised when, and only when, the following conditions are met:

- The company has a present obligation (legal or constructive) as a result of a past event;
- it is likely (i.e. more likely than not) that an outflow of resources representing economic benefits will be required to settle the obligation;
- when a correct estimate can be made as to the amount of the obligation.

Where the effect of the time value of money is significant, the amount of a provision is the present value of the expenses expected to be required to settle the obligation.

### **(u) Earnings per share**

In accordance with SIC 33 'Earnings per share', earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares for the period.

The weighted average number of shares outstanding during the year is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months the shares were outstanding during the year.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, or that ordinary shares are issued after certain specified conditions are met. The purpose of diluted earnings per share is similar to that of basic earnings per share, namely to measure the interest of each ordinary share in the performance of an entity.

### **(v) Contingencies**

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed when an outflow of resources embodying economic benefits is possible rather than probable.

A contingent asset is not recognised in the accompanying financial statements but is disclosed when an inflow of economic benefits is probable.

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Notes to the financial statements for the year ended 31 December 2023

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### (w) Operating segments

An operating segment is a component of an entity:

- which engages in activities from which it can earn income and incur expenses (including revenues and expenses related to transactions with other parts of the same entity);
- whose results of operations are reviewed periodically by the entity's chief decision maker in order to make decisions about the allocation of resources to the segment and to assess its performance; and
- for which separate financial information is available

The company operates from several locations in Romania, which are engaged in both transmission and dispatching activities. The Company's management considers the operations as a whole as "one segment".

The operating segments are presented in a manner consistent with the internal reporting provided by the entity's chief operating decision maker for the purpose of making decisions on the allocation of resources to segments and assessing its performance.

### (x) Implications of the new International Financial Reporting Standards (EU IFRS)

- The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

<b>Norm/Interpretation</b> [IAS 8.31 (a), 8.31(c)]	<b>Nature of the impending change in accounting policy</b> [IAS 8.31 (b)]	<b>Possible impact on the financial statements</b> [IAS 8.31 (e)]
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates issued by the IASB on 12 February 2021.	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates has been deleted.	The adoption of the amendments had no impact on the individual financial statements.
Amendments to IAS 12 "Income Taxes" - Deferred tax relating to receivables and payables arising from a single transaction issued by the IASB on 6 May 2021.	Under the amendments, the exemption from initial recognition does not apply to transactions in which temporary differences arise that are both deductible and taxable on initial recognition and result in the recognition of equal deferred tax assets and liabilities.	The amendments did not lead to significant changes in the financial statements
Amendments to IAS 12 "Income Taxes" - International Tax Reform - Pillar 2 Model Rules published by the OECD, issued by the IASB on 23 May 2023.	The amendments introduce a temporary exception to the accounting for deferred taxes arising in Pillar 2 jurisdictions.	The amendments did not lead to significant changes in the financial statements
Amendments to IAS 1 Presentation of Financial Statements - Presentation of Accounting Policies, issued by the IASB on 12 February 2021.	The amendments require entities to disclose significant accounting policies rather than material accounting policies and provide guidance and examples to help preparers decide which accounting policies to disclose in financial statements.  The amendments replace the term 'significant accounting policies' with 'significant accounting policy information'. Accounting policy information is material if, taken together with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions of users of financial statements.  The IASB has also developed guidance and examples to explain and demonstrate the application of the "four-step significance process" described in IFRS Practice Statement 2.	The amendments did not result in significant changes to the financial statements.

- The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) that are not yet effective for the annual financial reporting period ending 31 December 2023 and have not had an impact or have not been applied in the preparation of these financial statements: [IAS 8.31(a)]

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Notes to the financial statements for the year ended 31 December 2023

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

<b>Norm/Interpretation</b> <i>[IAS 8.31 (a), 8.31(c)]</i>	<b>Nature of the impending change in accounting policy</b> <i>[IAS 8.31 (b)]</i>	<b>Possible impact on the financial statements</b> <i>[IAS 8.31 (e)]</i>
Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities into Current Liabilities and Non-current Liabilities issued by the IASB on 23 January 2020 and Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Financial Indicators issued by the IASB on 31 October 2022.	The amendments issued in January 2020 provide a more general approach to IAS 1 liabilities classification based on contractual arrangements existing at the reporting date. The amendments issued in October 2022 clarify how the conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.	The adoption of these amendments will not have a significant impact on the financial statements in the future.

**4. DETERMINATION OF THE FAIR VALUE**

Certain of the Company's accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. In determining the fair values of assets and liabilities, the Company uses observable market values to the extent possible. Fair values are categorized into several levels in the fair value hierarchy based on inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) from active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3: inputs for assets and liabilities that are not based on observable market data.

Fair values have been determined for valuation and/or disclosure purposes based on the methods described below:

**(i) Tangible assets**

The fair value of items of tangible assets is primarily based on the revaluation model taking into account the particularities of tangible assets held by the Company, except for assets under construction, which are accounted for under the cost-based model.

**CNTEE Traselectrica SA**

Notes to the financial statements for the year ended 31 December 2023

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

**5. TANGIBLE ASSETS**

Between 1 January 2022 and 31 December 2023, tangible assets changed as follows:

	<b>Land and land im- provements</b>	<b>Buildings and special installations</b>	<b>Machinery and equipment</b>	<b>Measuring and control devices</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Tangible assets in progress</b>	<b>Total</b>
<b>COST</b>								
<b>Balance on 1 January 2022</b>	<b>73.383.607</b>	<b>1.421.446.906</b>	<b>1.817.358.293</b>	<b>157.536.976</b>	<b>14.273.433</b>	<b>289.132.305</b>	<b>910.987.002</b>	<b>4.684.118.522</b>
Entries	-	-	-	-	-	-	435.474.698	435.474.698
Increase/decrease in revaluation reserve	-	-	-	-	-	-	-	-
Transfers from tangible assets n progress	144.277	75.352.600	173.321.211	37.874.517	14.789	96.638	(286.804.032)	-
Reclassifications between fixed assets accounts	-	-	-	-	-	-	(2.301.565)	(2.301.565)
Outputs	-	(1.770.909)	(225.854)	(95.306)	-	(6.256.279)	(42.554)	(8.390.902)
Revaluation impact	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>73.527.884</b>	<b>1.495.028.597</b>	<b>1.990.453.650</b>	<b>195.316.187</b>	<b>14.288.222</b>	<b>282.972.664</b>	<b>1.057.313.549</b>	<b>5.108.900.753</b>
<b>Balance on 1 January 2023</b>	<b>73.527.884</b>	<b>1.495.028.597</b>	<b>1.990.453.650</b>	<b>195.316.187</b>	<b>14.288.222</b>	<b>282.972.664</b>	<b>1.057.313.549</b>	<b>5.108.900.753</b>
Entries	-	4.085.005	-	-	-	-	497.007.179	501.092.184
Increase/decrease in revaluation reserve	43.607.900	340.543.592	739.951.560	36.271.841	12.145.093	-	-	1.172.519.986
Transfers from tangible assets n progress	119.988	398.846.686	137.382.265	12.760.481	4.684.903	231.524	(554.025.847)	-
Reclassifications between fixed assets accounts	-	12.854	(12.620)	-	-	(234)	-	-
Outputs	-	(2.464.754)	(2.449.430)	(165.602)	(297.586)	(4.035.426)	(2.245.466)	(11.658.264)
Impact of revaluation (reversal of accumulated depreciation)	-	(362.156.589)	(600.518.935)	(103.909.845)	(12.532.968)	-	-	(1.079.118.337)
<b>Balance at 31 December 2023</b>	<b>117.255.772</b>	<b>1.873.895.391</b>	<b>2.264.806.490</b>	<b>140.273.062</b>	<b>18.287.664</b>	<b>279.168.528</b>	<b>998.049.415</b>	<b>5.691.736.322</b>
<b>Accumulated depreciation</b>								
<b>Balance on 1 January 2022</b>	<b>138.179</b>	<b>231.384.939</b>	<b>302.073.502</b>	<b>51.079.326</b>	<b>7.589.934</b>	<b>260.893.557</b>	-	<b>853.159.437</b>
Depreciation expense	-	66.086.207	145.965.138	26.281.106	3.037.368	7.092.657	-	248.462.476
Cumulative depreciation of outflows	-	(1.147.957)	(116.595)	(90.381)	-	(6.256.279)	-	(7.611.212)
Impact of the revaluation	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>138.179</b>	<b>296.323.189</b>	<b>447.922.045</b>	<b>77.270.051</b>	<b>10.627.302</b>	<b>261.729.935</b>	-	<b>1.094.010.701</b>
<b>Balance on 1 January 2023</b>	<b>138.179</b>	<b>296.323.189</b>	<b>447.922.045</b>	<b>77.270.051</b>	<b>10.627.302</b>	<b>261.729.935</b>	-	<b>1.094.010.701</b>
Depreciation expense	-	67.840.944	153.500.302	26.804.911	2.012.610	6.670.425	-	256.829.192
Cumulative depreciation of outputs	-	(2.007.544)	(903.412)	(165.117)	(106.944)	(4.023.163)	-	(7.206.180)
Impact of revaluation (reversal of accumulated depreciation)	-	(362.156.589)	(600.518.935)	(103.909.845)	(12.532.968)	-	-	(1.079.118.337)
<b>Balance at 31 December 2023</b>	<b>138.179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264.377.197</b>	-	<b>264.515.376</b>

**CNTEE Tranelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

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

	<b>Land and landscaping</b>	<b>Buildings and special installations</b>	<b>Machinery and equipment</b>	<b>Measuring devices and control</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Tangible assets in progress</b>	<b>Total</b>
<b>IMPAIRMENT ADJUSTMENTS</b>								
<b>Balance on 1 January 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>16.260.590</b>	<b>16.260.590</b>
Impairment adjustments expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3.162.363)</u>	<b>(3.162.363)</b>
<b>Balance at 31 December 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>13.098.227</b>	<b>13.098.227</b>
Impairment adjustments expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.627.393)</u>	<b>(1.627.393)</b>
<b>Balance at 31 December 2023</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>11.470.834</b>	<b>11.470.834</b>
<b>ACCOUNTING VALUE</b>								
<b>Balance on 1 January 2022</b>	<u>73.245.428</u>	<u>1.190.061.967</u>	<u>1.515.284.791</u>	<u>106.457.650</u>	<u>6.683.499</u>	<u>28.238.748</u>	<u>894.726.412</u>	<b>3.814.698.495</b>
<b>Balance at 31 December 2022</b>	<u>73.389.705</u>	<u>1.198.705.408</u>	<u>1.542.531.605</u>	<u>118.046.136</u>	<u>3.660.920</u>	<u>21.242.729</u>	<u>1.044.215.322</u>	<b>4.001.791.825</b>
<b>Balance at 31 December 2023</b>	<u>117.117.593</u>	<u>1.873.895.391</u>	<u>2.264.806.490</u>	<u>140.273.062</u>	<u>18.287.664</u>	<u>14.791.331</u>	<u>986.578.581</u>	<b>5.415.750.112</b>

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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Total net tangible assets is positive at December 31, 2023 compared to December 31, 2022, on the back of an increase in the total value of tangible assets in progress concurrent with the recording of depreciation of tangible assets and the result of the revaluation of assets recorded in the Company's private assets.

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

- Upgrade of the 220/110/20 kV Arefu Station - 94.164.022;
- 400 kV d.c. Gutinaș - Smârdan OHL - 90.268.760;
- Connection of the 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections to South Medgidia Station - 61.491.051;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad - Phase I - 400/220/110 kV Resita Station - 55.846.141;
- Refurbishment of 220/110/20kV Baru Mare Station - 39.148.209;
- Refurbishment of 220/110 kV Filești Station - 38.609.626;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița OHL - 38.159.594;
- Upgrade of the 220/110 kV Dumbrava Station - 23.054.675;
- Refurbishment of 400/110 kV Pelicanu Transformer Station - 22.801.608;
- Metering and data management system for electricity metering on the wholesale market - 16.989.417;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele - 16.201.130;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 13.859.287;
- Relocation of 220 kV and 400kV networks for the construction of the Braila-Galati expressway - 10.148.828;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10.028.722;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Road, section 4 - 9.244.961;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA nr. 17/2007) - 7.597.182;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL - 6.779.889;
- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței - 6.675.820;
- 400 kV Isaccea Station Upgrade - Phase II - 6.134.741;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL - 4.949.374;
- Connection to the RET of the production site CEF Dănești, located in the area of Frăsinet, jud. Călărași, managed by the National Power Grid Company Transelectrica SA - 4.657.140;
- Refurbishment of 400/110/20 kV Smârdan Station - 4.144.386;
- 220 kV Ampoi - Alba Iulia area OHL diversion - 4.074.568;
- Motor vehicles - 4.005.700;
- Purchase and installation of 21 monitoring systems for transformer units in the National Power Grid Company Transelectrica SA stations - 2.959.975;
- Connection of 400 kV Isaccea - Varna and Isaccea - Dobrudja OHL to 400 kV Medgidia South Station - 2.743.234;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței OHL - 2.622.124;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the the control system of 400/220/110/6 kV Iernut Station - 2.509.651;
- VRF/VRV type air conditioning installations for the office premises of UNO DEN located at 16-18 Hristo Botev Boulevard - 2.499.996;
- Replacement of HV and Trafo in electrical stations - Stage 2, phase 2 - LOT 1 - LOT 2 - 2.059.057;
- Increasing the operational reliability of the Argeș-Vâlcea grid area, building the 400 kV Arefu Station and installing a 400 MVA, 400/220 kV HV - 2.043.318;
- Relocation/protection of 220 kV high-voltage electrical networks - 220 kV s.c. Arefu - Bradu OHL at the intersection with Sibiu - Pitesti motorway, section 5: Curtea de Argeș - Pitesti - 1.701.630;
- Computing - Hardware and Software - Laptop PC - 1.179.984;
- Connection to public interest electrical installations managed by the National Power Grid Company Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County - 1.651.710;

## CNTEE Tranelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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- Relocation/protection of high voltage networks 400 kV s.c. Mintia - Arad OHL for the rehabilitation of the railway Border - Curtici - Simeria line, part of the Pan European Corridor IV for the circulation of trains with a maximum speed of 160 km/h - 1.643.784;
- Regulation of 400 kV Gutinaş - Brasov OHL with Sf. Gheorghe bypass, km 1+100 - 1.290.586;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş, Suceava and Roşiori stations - 689.965;
- Relocation/protection of 220 kV high voltage networks - 220 kV d.c. Reşiţa - Timișoara OHL, 220 kV Timișoara - Arad/Timișoara - Săcălaz OHL and 220 kV d.c Mintia - Timișoara OHL at the intersection with the Timișoara South Bypass - 664.366;
- Coexistence between the 220 kV single circuit Cluj Floreşti - Alba Iulia OHL and the Sebeş - Turda Motorway, Lot 2 km 17+000 - km 41+250 - 553.000;
- Professional air conditioners for the electrical supply rooms, telecommunication rooms and control rooms in Bacau, Cluj, Craiova and Timisoara DET- urile - 513.156.

In 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **558.110.852 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station - 353.677.142;
- Upgrade of the 400/220/110/20 kV Munteni Station - 47.514.086;
- Upgrade of the 220/110/20 kV Arefu Station - 39.674.701;
- Refurbishment of 220/110/20 kV Ungheni Station - 31.761.206;
- Upgrade of the 220/110 kV Dumbrava Station - 20.977.835;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 12.500.702;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10.028.722;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL - 6.792.197;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA nr. 17/2007) - 4.210.199;
- Intervention poles (11 pieces) - 4.085.005;
- Motor vehicles - 4.005.700;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the control system of 400/220/110/6 kV Iernut Station - 3.279.185;
- VRF/VRV type air conditioning installations for the office premises of UNO DEN located at 16-18 Hristo Botev Boulevard - 2.499.996;
- Connection to the RET of the production site CEF Dănești, located in the area of Frăsinet, jud. Călărași, managed by THE NATIONAL POWER GRID COMPANY Tranelectrica SA - 2.355.243;
- 110 kV, 220 kV and 400 kV mobile switchgear - 1.991.064;
- Metering and data management system for electricity metering on the wholesale market - 1.813.013;
- Relocation/protection of 220 kV high-voltage electrical networks - 220 kV s.c. Arefu - Bradu OHL at the intersection with the highway - 1.701.630;
- Replacement of circuit breakers in electrical stations - Phase II - 1.357.562;
- 400 kV Gutinaş-Braşov OHL regulation with Sf. Gheorghe bypass, km 1+100 - 1.290.586;
- Computing - Hardware and Software - Laptop PC - 1.179.984;
- Upgrade of the 220/110/20 kV Vetis Station - primary equipment - 563.503;
- Coexistence between the 220 kV single circuit Cluj Floreşti - Alba Iulia OHL and the Sebeş - Turda Motorway, Lot 2 km 17+000 - km 41+250 - 553.000;
- Professional air conditioners for power supply rooms, telecommunications rooms and control rooms in DET- urile Bacău, Cluj, Craiova and Timișoara - 513.156;
- Ensuring fiber optic communications between 400/110 kV Pelicanu Station and 110 kV Silcotub Calarasi Station of SC - 435.191;
- Completion of the communications infrastructure required to operate the Company's private cloud hardware structure to ensure the implementation and operation of the new Balancing Market Platform - DAMAS - 414.750;
- Replacement of batteries 1 and 2 - 220 V DC 600 AH in the 400/220 kV Brazi West Station - 405.731;



## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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- Remedy accidental event on the 400 kV Constanta North - Tariverde OHL, terminal 81 by installing a PAS-U 400 pole - 277.165;
- Air conditioners in the electro supply room of UnO DEN located at 16-18 Hristo Botev Boulevard - 241.880;
- 220 V accumulator battery for 220/110/20 kV Florești Station - 211.770;
- Relocation of 400 KV high voltage electrical network related to the investment for widening to 4 lanes of the Bucharest-South ring road between A2 KM 23+600 and A1 KM 55+520-Lot 1 - CB-DN 4 (Oltenița) KM 29+500-KM 33+190 - 199.446;
- 220 V accumulator battery for 220/110 kV Tihău Station - 196.821;
- Purchase and installation of air-conditioning units in UTT Sibiu facilities - 193.605;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station - 183.306;
- CEF Danubiu CETVOLT SRL - 181.459;
- Guard cabins 10 pcs - 138.000;
- Communication network separation equipment - 134.787.

In 2023, there was an **outflow from tangible assets in progress** through the recognition on the Company's operating costs for the project "Consolidation, modernisation and extension of THE NATIONAL POWER GRID COMPANY Transelectrica SA - Magheru headquarters" in the amount of 1,627,393.

The balance of **tangible assets in progress** as at 31 December 2023, amounting to **993.290.170 lei**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaș - Smârdan OHL - 216.709.585;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița OHL - 153.739.800;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad - Phase I - 400/220/110 kV Resita Station - 76.463.078;
- Connection of 400 kV Isaccea - Varna OHL and 400 kV Isaccea - Dobruja OHL to 400 kV South Medgidia Station Phase II - 400 kV d.c. OHL Connections to South Medgidia Station - 63.788.086;
- Refurbishment of 220/110/20kV Baru Mare Station - 59.923.214;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca Station - 46.884.983;
- Refurbishment of 220/110 kV Filești Station -43.561.993;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL - 32.592.790;
- Refurbishment of 400/110/20 kV Smârdan Station -32.145.671;
- Upgrade of the 220/110/20 kV Arefu Station - 31.082.744;
- Refurbishment of 400/110 kV Pelicanu Transformer Station - 24.736.404;
- Metering and data management system for electricity metering on the wholesale market - 15.264.516;
- Refurbishment of 110 kV Medgidia South Station - 13.763.833;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL - 12.532.423;
- Purchase and installation of 21 monitoring systems for transformer units in the National Power Grid Company Transelectrica SA stations - 10.763.334;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati expressway - 10.148.828;
- 400 kV Stâlpu station - 9.420.638;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9.289.699;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Road, section 4 - 9.244.961;
- Refurbishment of the 110 kV Timisoara Station and the Switching to 400 kV of the Porțile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis, stage II: 400 kV Timisoara - 8.904.600;
- 400 kV Gădălin - Suceava OHL, including interconnection to NES (H.CA no. 7 / 08.07.2010) - 8.524.388;
- 220 kV Ampoi - Alba Iulia area OHL diversion - 7.504.528;
- Refurbishment of Isaccea 400 kV Station - Phase II - 6.575.486;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the the control system of 400/220/110/6 kV Iernut Station - 6.151.444;

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL - 4.949.374;
- 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 the National Power Grid Company Transelectrica SA - 4.911.246;
- 220 kV double circuit Ostrovu Mare - RET OHL (H.CA nr. 17/2007) - 4.881.960;
- Integrated security system at power stations, stage IV - 4.816.604;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4.512.921;
- 400 kV Suceava - Balti OHL, for the project portion on the territory of Romania - 4.439.120;
- Connection of 400 kV Isaccea - Varna OHL and Isaccea - Dobruđja OHL to 400 kV Medgidia South Station - 4.021.223;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis, phase II, 400 kV d.c. Resita - Timisoara - Sacălaz OHL - 3.489.984;
- Extension with new functionalities of the computerized access control and record system in the National Power Grid Company Transelectrica SA objectives - 3.200.918;
- Connection to the national grid of CEE 136 MW Platonești, jud. Ialomița, by building a 110 kV cell in the 400/110 kV Gura Ialomiței station - 2.889.337;
- Integrated security system at power stations, stage III (H.CA no. 2/2008) - 2.798.024;
- Pilot Project - Upgrading of the 220/110/20 kV Alba Iulia station to a digital station concept - 2.624.978;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței OHL - 2.622.123;
- 110 kV Cetate 1 and 2 OHL diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station - 2.578.438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI - power station 2.545.853;
- Increasing the operational reliability of the Argeș-Vâlcea network area, building the 400 kV Arefu Station and installing a 400 MVA, 400/220 kV HV - 2.422.604;
- Replacement of AT and Trafo in electrical stations - Phase II, phase 2 - LOT 1 - LOT 2 - 2.053.357;
- Connection to public interest electrical installations managed by the National Power Grid Company Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County - 1.651.710;
- Relocation/protection of high voltage networks 400 kV s.c. Mintia - Arad OHL for the rehabilitation of the railway Border - Curtici - Simeria line, part of the Pan European Corridor IV for trains with a maximum speed of 160 km/h - 1.643.784;
- Centre for research and development of live working technologies (LST) and rapid intervention in NES - phase II - 1.533.905;
- Provisional works for the 220kV Lacu Sărat-Filești OHL, in order to ensure the conditions for the execution of the relocation of utilities, by clearing the site and achieving coexistence conditions between "Suspension Bridge over the Danube in the area of Braila - 1.528.380;
- Integrated security system at the new (400) 220/110 kV Bank -1.133.202;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaș, Suceava and Roșiori stations - 853.124;
- 400 kV d.c. (1 d.c.) Constanța Nord-Medgidia Sud OHL - 812.865;
- Installation of two modern means of reactive power compensation in 400/220/110/20kV Sibiu South and Bradu stations - 775.091;
- Upgrading to 400 kV of the 220 kV Brazi Vest - Teleajen - Stâlpu OHL, including the purchase of 400 MVA 400/220/20 kV HV, extension works of the 400kV and 220kV related stations, in the 400/220/110kV Brazi Vest Station - 720.255;
- Refurbishment of 400 kV Isaccea Station - Phase I - Replacement of compensation coils, related cells and 400 kV Stupina cell - 714.806;
- Switching to 400 kV voltage of the Porțile de Fier - Anina - Reșița - Timișoara - Sacălaz - Arad axis. 400 kV Timișoara - Arad OHL (stage III) - 670.860;
- Relocation/protection of 220 kV high voltage networks - 220 kV d.c. Reșița - Timișoara OHL, 220 kV Timișoara - Arad/Timișoara - Sacălaz OHL and 220 kV d.c. Mintia - Timișoara OHL at the intersection with the Timișoara South Bypass - 664.366;

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 580.456.

In accordance with the provisions of Article 46 of ANRE Order no. 59/2013, with subsequent amendments and additions, approving the Regulation on the connection of users to the public interest electricity networks, the acceptance of the installations resulting from the works for the construction of the connection installations and their commissioning is carried out in accordance with the legal provisions in force.

For the project financed from the connection tariff "*Connection to the National Transmission Grid of 56 MW Bogdănești, 112,5 MW Deleni, 20,8 MW Viișoara Nord 1, 52,8 MW Viișoara Nord 1, 47,5 MW Viișoara Sud, in the area of certain localities in Vaslui County, through the new 400/220/110 kV Banca Power Station*" - the work is completed, has the Minutes of Completion no. 34759/14.11.2013, but the technical conditions for the implementation of the Minutes of Commissioning have not been met. The connection contract no. C304/19.04.2011 is in force on 31.12.2023, the total value of the ongoing investment - 48.018.186.

As at 31 December 2023, the Company has recorded in its accounting records the result of the revaluation report carried out by the company Appraisal&Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorized by the National Association of Authorized Appraisers of Romania (ANEVAR).

The assets subject to valuation are:

- land and tangible assets classified in Group 1 - *Buildings* and Group 2 - *Technical installations, means of transport* registered in the Company's private assets;
- assets belonging to the public domain of the State and concessioned to the Company under Concession Contract No 1/2004.

The land was revalued on 31 December 2023 using the direct comparison method. The Company recognised a net surplus on revaluation of 43,607,900 on account:

- increase of 44,623,838
- decrease in the reserve in the amount of (908,607)
- the transfer to costs in the amount of (173,679) and
- reversal of revenues in the amount of 66,349

The previous revaluation of land took place on 31.12.2019.

The buildings were revalued at 31 December 2023 at fair value using the following approaches:

- the market approach - direct comparison method, in the case of residential buildings such as apartments;
  - the cost approach, in the case of non-residential buildings such as headquarters buildings, sheds, workshops, garages, cabins.
- The Company recognized a net surplus from the revaluation of buildings in the amount of 340,543,586 on account of:

- increase of 405,324,091
- decrease in the reserve in the amount of (43,083,510)
- the transfer to costs in the amount of (26,374,942) and
- the reversal to revenues in the amount of 4,677,947.

The last building revaluation took place on 31.12.2018.

The technical installations and means of transport have been revalued at 31 December 2023 as follows:

- the cost approach for specialised and ultra-specialised goods;
- the market-based approach for motor vehicles.

Special installations mainly consist of transformer stations and high-voltage power lines. The plant and equipment consists mainly of transformers and switchgear for 110 kV, 220 kV, 400 kV and 750 kV NES.

The company recognized a net surplus from the revaluation of special plant, machinery and equipment, measuring and control apparatus and vehicles in the amount of 788,368,480 on account:

- increase of the reserve in the amount of 807.231.458
- decrease in the reserve in the amount of (20,677,198)
- the transfer to costs in the amount of (3,429,722) and
- the reversal of revenues in the amount of 5,243,942

The last revaluation took place on 31.12.2019.

Assets belonging to the public domain of the State and concessioned to the Company representing completed tangible assets, carried out from own financing sources, will be included in the inventory of assets belonging to the public domain of the State after recovery of own financing sources, at the time of approval, by Government Decision, of the inventory of assets belonging to the public domain of the State.

As at 31 December 2023 and 31 December 2022, the Company has no pledged or mortgaged assets.

**CNTEE Transelectrica SA**

Notes to the financial statements for the year ended 31 December 2023  
(All the amounts are provided in LEI, unless otherwise indicated)

**Fair value of tangible assets**

The Company's tangible assets, other than tangible assets in progress, are stated in the financial statements at revalued amount, which represents fair value at the measurement date less accumulated depreciation and impairment adjustments.

The fair value of the Company's land was determined using the direct comparison method.

This method is recommended for properties when there is sufficient and reliable data on transactions or offers for sale with similar properties in the area. Analysis of the transaction prices or asking or offering prices of comparable properties is followed by adjustments to their prices to quantify the differences between the prices paid, asked or offered due to differences in the specific characteristics of individual properties, called comparables.

The fair value of buildings, equipment and measuring instruments was determined using the cost approach.

This method assumes that the maximum value of an asset to an informed buyer is the amount that is required to buy or build a new asset of equivalent utility. When the asset is not new, all forms of depreciation attributable to it up to the valuation date must be deducted from the gross current cost.

Fair value hierarchy information as at 31 December 2023 and 31 December 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at 31 December 2023</b>
Land and land improvements	-	117.117.593	-	<b>117.117.593</b>
Buildings and special installations	-	-	1.873.895.391	<b>1.873.895.391</b>
Machinery and equipment	-	-	2.264.806.490	<b>2.264.806.490</b>
Measuring and control apparatus	-	-	140.273.062	<b>140.273.062</b>
Vehicles	-	-	18.287.664	<b>18.287.664</b>
Other tangible assets	-	-	14.791.331	<b>14.791.331</b>
<b>TOTAL</b>	<b>-</b>	<b>117.117.593</b>	<b>4.312.053.938</b>	<b>4.429.171.531</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at 31 December 2022</b>
Land and land improvements	-	73.389.705	-	<b>73.389.705</b>
Buildings and special installations	-	-	1.198.705.408	<b>1.198.705.408</b>
Machinery and equipment	-	-	1.542.531.605	<b>1.542.531.605</b>
Measuring and control apparatus	-	-	118.046.136	<b>118.046.136</b>
Vehicles	-	-	3.660.920	<b>3.660.920</b>
Other tangible assets	-	-	21.242.729	<b>21.242.729</b>
<b>TOTAL</b>	<b>-</b>	<b>73.389.705</b>	<b>2.884.186.798</b>	<b>2.957.576.503</b>

During both 2023 and 2022 there were no transfers between fair value levels.

The cost value of items of tangible assets is represented by their fair value less the amount of the revaluation reserve as at 31 December 2023 and 31 December 2022 and is shown below:

	<b>Value at cost 31 December 2023</b>	<b>Value at cost 31 December 2022</b>
Land and land improvements	17.587.112	8.295.208
Buildings and special installations	1.260.464.237	820.082.447
Machinery and equipment	1.312.784.652	1.199.830.781
Measuring and control devices	99.680.469	110.812.034
Vehicles	6.337.041	3.268.535
Other tangible assets	14.791.331	21.242.729
<b>TOTAL</b>	<b>2.711.644.842</b>	<b>2.163.531.734</b>

**CNTEE Transelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

*(All the amounts are provided in LEI, unless otherwise indicated)***6. FIXED ASSETS RELATING TO RIGHTS OF USE OF 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 EUR 9,000,000 (excluding VAT).

As at 31 December 2023, the accounting value of the right of use of the premises leased by the Company in the Platinum office building is 13,916,419 lei.

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

As at 31 December 2023 and 31 December 2022, fixed assets related to rights of use of leased assets are as follows:

	<b>Fixed assets related to rights of use of leased assets (buildings)</b>	<b>Total</b>
<b>COST</b>		
<b>Balance on 1 January 2022</b>	<b>39.761.197</b>	<b>39.761.197</b>
Entries, of which:	-	-
Outputs	-	-
<b>Balance at 31 December 2022</b>	<b>39.761.197</b>	<b>39.761.197</b>
<b>Balance on 1 January 2023</b>	<b>39.761.197</b>	<b>39.761.197</b>
Entries, of which:	-	-
Outputs	-	-
<b>Balance at 31 December 2023</b>	<b>39.761.197</b>	<b>39.761.197</b>
<b>ACCUMULATED DEPRECIATION</b>		
<b>Balance on 1 January 2022</b>	<b>9.940.300</b>	<b>9.940.300</b>
Depreciation expense	7.952.239	7.952.239
Cumulative depreciation of outputs	-	-
<b>Balance at 31 December 2022</b>	<b>17.892.539</b>	<b>17.892.539</b>
<b>Balance on 1 January 2023</b>	<b>17.892.539</b>	<b>17.892.539</b>
Depreciation expense	7.952.239	7.952.239
Cumulative depreciation of outputs	-	-
<b>Balance at 31 December 2023</b>	<b>25.844.778</b>	<b>25.844.778</b>
<b>IMPAIRMENT ADJUSTMENTS</b>		
<b>Balance on 1 January 2022</b>	-	-
Impairment adjustments expense	-	-
<b>Balance at 31 December 2022</b>	-	-
Impairment adjustments expense	-	-
<b>Balance at 31 December 2023</b>	-	-
<b>ACCOUNTING VALUE</b>		
<b>Balance on 1 January 2022</b>	<b>29.820.897</b>	<b>29.820.897</b>
<b>Balance at 31 December 2022</b>	<b>21.868.658</b>	<b>21.868.658</b>
<b>Balance at 31 December 2023</b>	<b>13.916.419</b>	<b>13.916.419</b>

**CNTEE Transelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

*(All the amounts are provided in LEI, unless otherwise indicated)***7. INTANGIBLE ASSETS**

As at 31 December 2023 and 31 December 2022, the balance of intangible assets (including capitalisation of additional OTC) is as follows:

	<b>Licenses and software</b>	<b>Additional OTC</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>COST</b>				
<b>Balance on 1 January 2022</b>	<b>62.544.104</b>	-	<b>5.477.509</b>	<b>68.021.613</b>
Entries	-	338.526.677	4.963.001	<b>343.489.678</b>
Transfers from intangible assets in progress	280.978	-	(280.978)	-
Transfers from tangible assets in progress	2.293.165	-	-	<b>2.293.165</b>
Outputs	(766.019)	-	-	<b>(766.019)</b>
<b>Balance at 31 December 2022</b>	<b>64.352.228</b>	<b>338.526.677</b>	<b>10.159.532</b>	<b>413.038.437</b>
<b>Balance on 1 January 2023</b>	<b>64.352.228</b>	<b>338.526.677</b>	<b>10.159.532</b>	<b>413.038.437</b>
Entries	-	13.735.364	5.778.501	<b>19.513.865</b>
Transfers from intangible assets in progress	277.301	-	(277.301)	-
Transfers from tangible assets in progress	-	-	-	-
Outputs	(3.937.971)	-	(5.474.291)	<b>(9.412.262)</b>
<b>Balance at 31 December 2023</b>	<b>60.691.558</b>	<b>352.262.041</b>	<b>10.186.441</b>	<b>423.140.040</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Balance on 1 January 2022</b>	<b>60.916.354</b>	-	-	<b>60.916.354</b>
Depreciation expense	1.199.606	13.987.373	-	<b>15.186.979</b>
Cumulative depreciation of outputs	(766.019)	-	-	<b>(766.019)</b>
<b>Balance at 31 December 2022</b>	<b>61.349.941</b>	<b>13.987.373</b>	-	<b>75.337.314</b>
<b>Balance on 1 January 2023</b>	<b>61.349.941</b>	<b>13.987.373</b>	-	<b>75.337.314</b>
Depreciation expense	1.469.022	68.039.687	-	<b>69.508.709</b>
Cumulative depreciation of outputs	(3.937.971)	-	-	<b>(3.937.971)</b>
<b>Balance at 31 December 2023</b>	<b>58.880.992</b>	<b>82.027.060</b>	-	<b>140.908.052</b>
<b>IMPAIRMENT ADJUSTMENTS</b>				
<b>Balance on 1 January 2022</b>	-	-	-	-
Impairment adjustments expense	-	-	-	-
<b>Balance at 31 December 2022</b>	-	-	-	-
Impairment adjustments expense	-	-	-	-
<b>Balance at 31 December 2023</b>	-	-	-	-
<b>ACCOUNTING VALUE</b>				
<b>Balance on 1 January 2022</b>	<b>1.627.750</b>	-	<b>5.477.509</b>	<b>7.105.259</b>
<b>Balance at 31 December 2022</b>	<b>3.002.287</b>	<b>324.539.304</b>	<b>10.159.532</b>	<b>337.701.123</b>
<b>Balance at 31 December 2023</b>	<b>1.810.566</b>	<b>270.234.981</b>	<b>10.186.441</b>	<b>282.231.988</b>

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023  
(All the amounts are provided in LEI, unless otherwise indicated)

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### a) *Intangible assets in progress*

For intangible assets in progress, the largest entries in 2023 were:

- Replacement of hardware components, update 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 – 4,980,679;
- MARI platform development - 1,435,216.

The balance of **intangible assets in progress** as at 31 December 2023, amounting to **10,186,441 lei**, is represented by projects in progress, the most significant of which are listed below:

- Replacement of hardware components, update 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 - 1.997.721;
- PICASSO platform development - 550.146;
- Metering and data management system for electricity metering on the wholesale market - 31.132.

The largest transfers from intangible assets in progress to intangible assets realised in 2023 are:

- GE License - Software module for capacity calculations based on energy flows - 247.400;
- UTP License - 29.901.

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

### b) *Intangible assets - Additional OTC*

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

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

- 338,526,677 - for the year 2022,
- 13,735,364 - for the year 2023.

As at 31 December 2023, depreciation of 82,027,060 is calculated on these capitalisations. Thus, the accounting value of intangible assets resulting from the capitalisation of additional OTC is 270,234,981.

Please note that this revenue is of a non-monetary nature, its collection will be made by the Company in instalments through the transmission tariff over the next five years (2023-2027) in accordance with the relevant legislative provisions.

## 8. FINANCIAL FIXED ASSETS

The decrease in the value of financial fixed assets as at 31 December 2023 compared to 31 December 2022 is mainly represented by the sale of shares held by the Company in SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME, at the same time as the receipt of their consideration in the amount of 242,140.

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

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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

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

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

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

<i>Shares held in FORMENERG</i>	<i>1.948.420</i>
<i>Shares held in ICEMENERG</i>	<i>-</i>
<i>Shares held at OPCOM</i>	<i>30.687.300</i>
<i>Shares held in SMART</i>	<i>38.528.600</i>
<i>Shares held in TELETRANS</i>	<i>6.874.430</i>
<i>Shares held in ICEMENERG SERVICE</i>	<i>-</i>
<i>Shares held in BRM</i>	<i>26.000</i>
<i>Shares held in TSC NET</i>	<i>2.207.160</i>
<i>Shares held in Joint Allocation Office SA</i>	<i>1.231.923</i>

## 9. INVENTORIES

At 31 December 2023 and 31 December 2022, inventories (net) are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Spare parts	25.199.142	26.781.042
Consumables and other materials	23.368.334	12.871.102
Auxiliary materials	1.214.028	1.083.200
Other inventories	1.303.329	1.311.850
<b>Total</b>	<b>51.084.833</b>	<b>42.047.194</b>

As at 31 December 2023 and 31 December 2022, the inventory impairment adjustments are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Adjustments for depreciation of consumables	6.304.400	8.059.029
Adjustments for impairment of other materials	6.332.299	5.887.133
Adjustments for packaging depreciation	217.733	219.568
<b>Total</b>	<b>12.854.432</b>	<b>14.164.730</b>

As at 31 December 2023 and 31 December 2022, the movement in inventory impairment adjustments is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance on 1 January</b>	<b>14.164.730</b>	<b>13.961.373</b>
Recording adjustments for inventory write-downs	1.311.153	911.014
Reversal of inventory write-down adjustments	(2.621.451)	(707.657)
<b>Balance at end of period</b>	<b>12.854.432</b>	<b>14.164.730</b>



## CNTEE Traselectrica SA

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During the year 2023, expenses on the consumption of materials and spare parts are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Spare parts expenses	2.298.571	5.734.938
Expenses on other consumables	1.275.056	1.270.645
Expenses on other materials	1.345.933	2.578.804
Expenses on ancillary materials	155.613	235.624
Fuel expenses	3.034.526	3.339.954
<b>Total</b>	<b><u>8.109.699</u></b>	<b><u>13.159.965</u></b>

### 10. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables	1.745.653.583	2.393.921.184
Other receivables	213.174.870	166.861.679
Advances to suppliers	151.620.057	697.015.521
VAT to be recovered	215.086.522	291.841.166
Impairment adjustments for doubtful trade receivables	(125.521.130)	(132.837.163)
Impairment adjustments for other doubtful receivables	(84.456.130)	(76.330.845)
<b>Total trade and other receivables</b>	<b><u>2.115.557.772</u></b>	<b><u>3.340.471.542</u></b>

The structure of trade receivables is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Clients in the electricity market, of which:	1.742.443.716	2.392.070.692
- clients - operational activity	1.004.534.583	1.696.470.262
- clients - balancing market	594.069.301	564.107.291
- clients - bonus support scheme for the promotion of high efficiency cogeneration	143.839.832	131.493.139
Customers from other activities	3.209.867	1.850.492
<b>Total trade receivables</b>	<b><u>1.745.653.583</u></b>	<b><u>2.393.921.184</u></b>

- The National Power Grid Company Traselectrica 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 December 2023, outstanding customers from operating activities show a decrease compared to 31 December 2022 mainly due to lower energy consumption in the fourth quarter of 2023 compared to the same period of 2022.

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

The main customers in total trade receivables are represented by IBEX, Ciga Energy SA, Cinta Energy SA, Electrica Furnizare SA, OPCOM, MAVIR, Hidroelectrica, RAAN, JAO, PPC Energie SA. Their share is 71.72% of total trade receivables.

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

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

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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Customers in the bonus-type support scheme for the promotion of high-efficiency cogeneration are experiencing an increase in receivables on 31 December 2023, mainly due to the increase in the amount invoiced for the collection of the monthly contribution.

As at 31 December 2023, the Company records receivables amounting to 143,839,832, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235,086;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 in the amount of 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- Undue bonus for 2020 in the amount of 522,181 from Donau Chem;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 21.231.886, 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 the receivables related to the overcompensation of the activity for the support scheme for the year 2022 (amount of 34,134,301) from CET Govora (13,717,553) and Electrocentrale București (20,416,748), as well as the amount of 1,817,307 from the undue bonus established by ANRE Decisions for 2022, from the following producers: Bepco SRL, CET Govora, CET Grivița, COMPA SA, Electrocentrale București, Electroulaj SA and Soceram SA.

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

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

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

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

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

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

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

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

Once submitting the receivable statement under RAAN's bankruptcy procedure Transelectrica SA can resort to the provisions of article 52 from Law 85/2006, applicable to RAAN's bankruptcy procedure, provisions resumed in article 90 of Law 85/2014 on the creditor's right to invoke compensation for its receivables with its debtors to it, whenever the law-provided conditions for legal compensation are complied with on the procedure opening date. Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity.

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Notes to the financial statements for the year ended 31 December 2023

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The actual amount the Company requested was 89.360.986 Lei, but 78.096.209 Lei were not registered in the preliminary receivable table because “such sum was not recorded as owed liability in RAAN’s accounting records”. Moreover, the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 - 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013.

Since only a part of the total amount requested by Transelectrica in quantum of 89.360.986,06 lei was registered and according to letter 4162/03.10.2016 whereby the judiciary liquidator notified us only 11.264.777,30 Lei were recorded in the additional table in the receivables column resulting from the debtor’s continued activity, and 78.096.208,76 Lei were denied. We filed contestation to the Additional receivable table within the legal term.

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

Settlement of Mehedinti Tribunal: “It admits the exception of decline. It partly admits the main issue and associated contestation. It compels defendant RAAN to pay to Plaintiff Transelectrica the amount of 16,950,117.14 Lei as liability accrued during the procedure, judging to record it in the creditors’ table constituted against debtor RAAN. The other associated requests are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the Plaintiff. Appeal right is granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/2019 / 20.06.2019.

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

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

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

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

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

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

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

The case is adjourned to 10.02.2022, the summary decision being: for the conduct of the procedure, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI” and the next hearing is set for 02.06.2022.

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

At the hearing of 15.10.2023, the case was postponed again and a new term was set for **18.01.2024** and then 08.02.2024.

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

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

In accordance with such Agreement the Company’s receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 of ANRE President’s Order 116/2013 and the Agreement provisions, in the amount of 40.507.669.

Since ANRE Decision 738/28.03.2014 which had determined the 2011-2013 overcompensation was suspended by court civil

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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judgment 3185/27.11.2015 CET Govora SA had no longer complied with its obligations under the Agreement terms.

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

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

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116/ 2013 for mutual receivables and liabilities occurred after the insolvency procedure, namely withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company. Transelectrica was registered in the Preliminary and final receivables table with total amount of 28.200.440,31 lei, of which 25.557.189,98 relate to the support scheme. Mention should be made this receivable amounting to 21.962.243,71 Lei representing principal and penalties related to invoice 8116/08.04.2016, was registered under the suspensive condition of pronouncement of a final juridical ruling in favour of ANRE under file 2428/2/2014 on the docket of the Bucharest Court of Appeal, pertaining to cancelling ANRE decision 738/28.03.2014.

On 18.07.2018 Valcea Tribunal pronounced the following settlement:

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

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

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

Under such circumstances the Company included the amount of 22.188.224,16 from the support scheme in the sundry debtors' account, which is analytically distinct - ANRE, and impacts the net position of the support scheme. The amount of 22.188.224,16 represents receivable to be cashed from CET Govora under the support scheme amounting to 25.557.190, corrected with the bonus of 3.368.966 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President.

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

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

### ***Other receivables***

As at 31 December 2023, other receivables amounting to **213,174,870** mainly include:

- sundry debtors (**111,417,400**), of which:
  - late payment penalties calculated on defaulting customers and penalties for non-fulfilment of contracts amounting to 90,070,046 (of which 35,157,955 are penalties related to the support scheme). The highest penalties were recorded by the partners Romelectro (36,964,706), RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale București (9,409,174), OPCOM (3,291,382), Total Electric Oltenia (3,288,967), Multiservice G&G (2.162,468), Petprod (1,894,232), ISPE Proiectare și Consultanță SA (1,035,182), ICPE Electrocond Technologies (1,003,678). For penalties calculated, impairment adjustments were 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

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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in operating activities;

- receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- amounts received in the form of grants (**49,103,698**), of which 49,034,418 related to contracts for connection to the RET and 69,280 from European funds;
- deferred expenses of **9,548,932** mainly represented by: domestic and international dues (7,498,819), insurance policies (874,957), rent and maintenance of office building (745,380), miscellaneous services (222,358) and others;
- other social receivables amounting to **2,008,201** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

### **Advances to suppliers**

As at 31 December 2023, advances paid to suppliers are represented by supplier debtors for services in the amount of **151,620,057** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (117,201,400 - for ICP and SDAC and 32,765,853- for SIDC).

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 DAM (Day Ahead 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 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. the National Power Grid Company 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, is the Implicit Participant in the Day Ahead Market.

As Transfer Agent and Implicit Participant, the National Power Grid Company 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 joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, the Netherlands, Norway, Portugal, Spain and Sweden, which have already been operating in a coupled mode 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 is available.

As Transfer Agent, the National Power Grid Company 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 the National Power Grid Company Transelectrica SA. The aim of the SDAC is to create a single pan-European cross-border day-ahead energy market. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

As transfer agent for Romania's bidding zone, the National Power Grid Company 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.

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

### **VAT to be recovered**

VAT to be recovered (215,086,522) - amount related to the VAT returns for the period September - December 2023 and October 2020. Up to the date of preparation of this report, the Company has collected from the State the amount of

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023  
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90,398,345, representing the value added tax claimed for refund for the months of September and October 2023.

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

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 outstanding receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments at 31 December 2023, calculated for trade receivables and related penalties, were recorded for Romelectro SA (37,469,488), JAO (30,004,978), CET Govora (24,974,403), 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, execution of guarantees, legal action, registration in the creditor's list, etc.

## 11. 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 current commitments.

At 31 December 2023 and 31 December 2022, cash and cash equivalents are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
1. Current accounts with banks and deposits with initial maturities of up to 90 days, of which:	<b>519.277.552</b>	<b>315.060.175</b>
a) current accounts with banks and deposits with initial maturities of up to 90 days of current activity	82.610.379	162.387.615
b) current accounts with banks and deposits with initial maturities of up to 90 days restricted, of which:	436.667.173	152.672.560
- cash and deposits from high efficiency cogeneration	295.063.039	96.436.261
- cash and deposits from interconnection capacity allocation revenues used for network investment	47.392.976	444.471
- cash from the connection fee	57.387.012	21.723.989
- European funds	87.065	24.774
- other restricted accounts (energy market guarantees and dividends)	36.737.081	34.043.065
2. Cash account	<b>81.356</b>	<b>86.221</b>
3. Other cash equivalents	-	-
<b>Total</b>	<b><u>519.358.908</u></b>	<b><u>315.146.396</u></b>

## 12. OTHER FINANCIAL ASSETS

Other financial assets include bank deposits with an original maturity of more than 90 days.

As at 31 December 2023, no bank deposits with an original maturity of more than 90 days are held.

## 13. EQUITY CAPITAL

### *Share capital*

In accordance with the provisions of GEO no. 86/2014 on the establishment of certain reorganization measures at the level of central public administration and for the modification and completion of certain 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

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Notes to the financial statements for the year ended 31 December 2023

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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 certain reorganization measures at the level of central public administration and for the modification of certain 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 certain measures at the level of central public administration and for the amendment and completion of certain 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 the National Power Grid Company 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 December 2023, the shareholders of the National Power Grid Company Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government, which holds 43,020,309 shares (58.69%), NN Group NV with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,231,423 shares (22.14%) and other shareholders physical entities with 5,290,155 shares (7.21%).

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

The shareholding structure as at 31 December 2023 and 31 December 2022 is as follows:

Shareholder	31 December 2023		31 December 2022	
	Number of shares	% of capital social	Number of shares	% of share capital
The Romanian State through the SGG	43.020.309	58,69%	43.020.309	58,69%
Other legal entity shareholders	16.231.423	22,14%	16.006.932	21,83%
PAVAL HOLDING	4.753.567	6,49%	4.753.567	6,49%
NN Group NV	4.007.688	5,47%	4.007.688	5,47%
Other individual shareholders	5.290.155	7,21%	5.514.646	7,52%
<b>Total</b>	<b>73.303.142</b>	<b>100,00%</b>	<b>73.303.142</b>	<b>100,00%</b>

The company recognizes changes in the share capital under the conditions provided for by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration with the Trade Register Office.

As at 31 December 2023 and 31 December 2022, the share capital is as follows:

	31 December 2023	31 December 2022
Share capital (nominal value)	733.031.420	733.031.420
<b>Share capital balance</b>	<b>733.031.420</b>	<b>733.031.420</b>

Shareholders are entitled to dividends and each share confers one vote at meetings of the Company.

The amount of dividends due to shareholders, distributed from the profit of 2022, according to the AGM Decision no.

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7/19.06.2023, is 52,045,231, and their payment was made through the Central Depository and payment agent, BRD - Groupe Societe Generale, as of 27 July 2023.

### **Share premium**

All the shares issued in the context of the share capital increase that took place through the initial public offering in 2006 were subscribed and fully paid at the issue price. The share premium amounting to 49,842,552, i.e. the difference between the issue price of the shares and their nominal value, was recorded in the Company's reserve account.

### **Legal reserves**

The legal reserves amounting to 146,606,284 as at 31 December 2023 and 31 December 2022 represent legal reserves established in accordance with the applicable legislation in force and cannot be distributed.

The company transfers to the legal reserve at least 5% of the annual accounting profit (GEO no. 64/2001, Law no. 227/2015 and Law no. 31/1991) until the cumulative balance reaches 20% of the paid-up share capital.

During 2023, the Company did not set up a legal reserve, as at 31 December 2022, the cumulative legal reserve balance reached one-fifth of the paid-up share capital.

### **Revaluation reserves**

Revaluation reserves amount to 1,634,711,533 at 31 December 2023 and to 703,232,784 at 31 December 2022.

The last revaluation of tangible assets classified in Group 1 - *Buildings* and Group 2 - *Technical installations, means of transport* registered in the Company's private assets was carried out on 31 December 2023 by Appraisal & Valuation, the valuation and consultancy division of NAI Romania, an independent appraiser authorized by the National Association of Authorized Appraisers in Romania.

### **Other reserves**

As at 31 December 2023, other reserves amount to 195,710,506 compared to 39,310,392 as at 31 December 2022. The increase in the balance of other reserves at 31 December 2023 compared to 31 December 2022 is mainly due to subsidies related to fixed assets belonging to the public domain received for the following investment objectives:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței - 120.248.851;
- Extension of 400 kV Cernavoda station - Phase I, Replacement of compensation coils - 3.973.593;
- Relocation/protection of 220 kV high-voltage electrical networks - 220 kV s.c. Arefu - Bradu OHL at the intersection with Sibiu - Pitesti motorway, section 5: Curtea de Argeș - Pitesti - 1.701.630;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10.028.292;
- Regulation of 400 kV Gutinas-Brasov OHL with Sf. Gheorghe bypass, km 1+100 - 1.843.586;
- Relocation of 220 kV and 400 kV power grids at the intersection with the Bucharest Ring Road - 8,855,689;
- Relocation of 400 kV power grids at the intersection with Bucharest Ring Road: KM 0+00 - KM 100+900, Lot 2: 69+000 - KM 85 +300, related to South Ring Road, 400 kV Domnești - South Bucharest OHL and 400 kV Slatina - South Bucharest OHL - 9.748.473.

### **Reported result**

The retained earnings as at 31 December 2023 amount to 2,430,243,814.

As at 31 December 2023, the Company records a positive retained earnings mainly due to the transfer of revaluation reserves on the depreciation of fixed assets to retained earnings in the amount of 67,056,816.

As at 31 December 2023, the actuarial gain recorded in retained earnings is 5,234,457. This amount resulted from the application of the provisions of IAS 19 - Employee Benefits (Note 16).

The net accounting profit realised as at 31 December 2023 in the amount of 213,611,306, is allocated in full to "**Other reserves**" as follows:

- the amount of 125,636,653, which represents the allocation to reserves of the amount of the profit for which the income tax exemption was granted, as of 1 July 2014, in accordance with the provisions of Article 22 of Law No. 227/2015 on the Tax Code, as amended;
- the amount of 87,974,653, which represents the distribution of the net revenue from the allocation of interconnection capacities achieved in 2023. In accordance with Regulation (EU) No 943/2019 and ANRE Order No 171/2019, the revenue from the allocation of interconnection capacities shall be used to carry out investments in the electricity transmission network to maintain or increase interconnection capacities.



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*Distribution of net profit as at 31 December 2023*

The proposed distribution of the accounting profit remaining after deduction of income tax as at 31 December 2023, amounting to 213,611,306, by legal purpose is as follows:

No.	Destination	Amount (lei)
1	<b>Accounting profit remaining after deduction of income tax as at 31 December 2023</b>	<b>213.611.306</b>
	<i>Allocation of accounting profit to the following destinations:</i>	
a	Legal reserve - cumulative balance has reached 20% of the paid-up share capital	0
b	Other reserves representing tax relief - tax exemption on reinvested profits	125.636.653
c	Other statutory allocations - revenue realised in 2023 from the allocation of interconnection capacity (net of income tax)	87.974.653
2	<b>Profit to be distributed (1-a-b-c)</b>	<b>0</b>
d	Employee profit-sharing	0
e	Dividends due to shareholders from the profit to be distributed	0
f	Other reserves established as own sources of financing	0
g	Retained earnings	0
3	<b>Total allocations (a+b+c+d+e+f+g)</b>	<b>213.611.306</b>

The proposed distribution of the accounting profit remaining after deduction of income tax as at 31 December 2023 complies with the provisions of the legislation in force, namely:

- OG no. 64/2001 - on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;
- OMFP no. 144/2005 - on the approval of the Specifications for the determination of the amounts subject to profit distribution according to OG no. 64/2001 on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;
- OMFP No 128/2005 on certain accounting regulations applicable to economic agents;
- Law no. 227/2015 on the Tax Code, as amended;
- Regulation (EU) No 943/2019 of the European Parliament and of the Council of 5 June 2019 on the internal market in electricity;
- ANRE Order No 171/2019, as amended and supplemented, approving the Methodology for setting tariffs for the electricity transmission service;
- Reference for the approval of the order approving the average tariff for the electricity transmission service, the components of the transmission tariff for feeding electricity into the grid (Tg) and withdrawing electricity from the grid (TI), the tariff for system service and the price for reactive electricity, charged by the National Power Grid Company Transelectrica SA, valid from 1 January 2023, sent by ANRE with address no. 76336/20.04.2022, supplemented by Reference No. 59882/04.04.2023 on the calculation of electricity transmission tariffs, with effect from 1 April 2023;
- Revenues and expenditure budget approved by AGOA Resolution No. 4/28.02.2023.

Thus, the accounting profit for the year 2023 remaining after deduction of income tax is allocated to the following uses:

- ✓ *other reserves representing tax incentives provided by law in the amount of 125,636,653* - represented by the exemption from payment of tax on reinvested profits, in accordance with the provisions of Article 22 of Law No. 227/2015 on the Tax Code, as amended;
- ✓ *other allocations provided for by law in the amount of 87,974,653* - represented by the revenues realized in 2023 from the allocation of interconnection capacity (amounts net of income tax), allocated in accordance with the provisions of Article 1 letter d) of GC no. 64/2001 on the distribution of profits to national companies, national companies and companies wholly or majority owned by the State, as well as autonomous regions, as amended and supplemented, in conjunction with the provisions of Regulation (EU) No 943/2019 and ANRE Order No 171/2019, which provide for the use of revenues from the allocation of interconnection capacity to make investments in the network to maintain or increase interconnection capacity.

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**14. DEFERRED REVENUES**

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

The situation of deferred revenues as at 31 December 2023 is as follows:

	<b>31 December 2023</b>	<b>Of which: current portion at 31.12.2023</b>	<b>31 December 2022</b>	<b>Of which: current portion at 31.12.2022</b>
Deferred revenue - capacity allocation from interconnection	1.054.141	1.054.141	16.226.643	16.226.643
Deferred revenues - European funds	839.038	839.038	1.477.186	1.477.186
Funds from the feed-in tariff	317.656.961	9.061.809	256.399.191	14.761.502
European Funds	194.199.509	4.198.190	181.971.805	2.884.160
Other subsidies	21.471.490	984.158	22.312.819	4.012.947
<b>Total</b>	<b>535.221.139</b>	<b>16.137.336</b>	<b>478.387.644</b>	<b>39.362.438</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Balance at beginning of period	<b>39.362.438</b>	<b>31.581.188</b>
Interconnection capacity prepayments	214.513.794	115.265.573
European funds income	421.852	680.053
Transfer from non-current advance revenues	(7.414.453)	(196.896)
Revenue from the use of interconnection capacity	(229.686.295)	(106.688.196)
Revenue from European funds	(1.060.000)	(1.279.284)
<b>Total</b>	<b>16.137.336</b>	<b>39.362.438</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Balance at beginning of period	<b>439.025.206</b>	<b>443.434.048</b>
Connection subsidies	231.303.420	3.144.808
Non-reimbursable funds	(18.409.505)	(9.585.879)
Non-repayable funds to be repaid	-	-
Transfer to current deferred revenues	(153.503.985)	27.533.794
Resumption of subsidies to revenue	20.668.667	(25.501.565)
<b>Total</b>	<b>519.083.803</b>	<b>439.025.206</b>

**15. BORROWINGS***Non-current borrowings*

As at 31 December 2023 and 31 December 2022, the balance of non-current borrowings from credit institutions is as follows:

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Description	<u>31 December 2023</u>	<u>31 December 2022</u>
EIB 25709 (i)	23.951.778	35.731.223
EIB 25710 (i)	31.941.609	43.712.604
<b>Total non-current borrowings from credit institutions, of which:</b>	<u><b>55.893.387</b></u>	<u><b>79.443.827</b></u>
<b>Less: Current portion of non-current borrowings</b>	<u><b>(23.987.209)</b></u>	<u><b>(23.856.053)</b></u>
<b>Total non-current borrowings, net of current instalments</b>	<u><b>31.906.178</b></u>	<u><b>55.587.774</b></u>

Non-current borrowings as at 31.12.2023:

No. crt.	Loan name	Date of granting	Value of the Loan (currency)	Balance on 31.12.2023 (currency)	Balance on 31.12.2023 (RON)	Interest rate	Maturity according to loan
1	EIB 25709	05.08.2010	32.500.000,0 0 EUR	4.814.814,90 EUR	23.951.778	3,596%	10.09.2025
2	EIB 25710	05.08.2010	32.500.000,0 0 EUR	6.420.940,13 EUR	31.941.609	3.856% and 2.847%	11.04.2028
<b>TOTAL</b>					<u><b>55.893.387</b></u>		

Non-current borrowings are detailed as follows:

**a) and b) Loan from the European Investment Bank (EIB)**

EIB borrowings 25709 and 25710 were granted by the EIB on 5 August 2010 to finance the modernisation and rehabilitation of the Romanian electricity transmission network. The amount of each loan is EUR 32,500,000.

Loan no. 25709 is not guaranteed, while loan no. 25710 is guaranteed by BNP Paribas SA - Bucharest Branch. The repayment period is 15 years with a grace period of 2 years. Repayment is from 2012 to 2025 for EIB loan 25709 (on 10 March and 10 September each year) and from 2013 to 2028 for EIB loan 25710 (on 11 April and 11 October each year). The interest rate is 3.596% for EIB loan 25709 and 3.856% and 2.847% for EIB loan 25710.

The amount due at 31 December 2023 for EIB loan 25709 is EUR 4,814,814.90 and for EIB loan 25710 is EUR 6,420,940.13.

The EIB loan agreement 25709 contains certain financial covenants: (i) the ratio of EBITDA to interest on non-current borrowings disbursed during the year must be at least 4.2; (ii) the ratio of non-current liabilities to equity must not exceed 0.95; (iii) the ratio of total net liabilities to EBITDA must not exceed 3.5.

The EIB loan 25710 is guaranteed by BNP Paribas SA - Bucharest Branch. The guarantee contract was concluded on 20.12.2019 for a period of 3 years, guarantee fee of 0.40% per annum, calculated at 115% on the outstanding loan amount. On 31.10.2022, Amendment No. 2 was signed, which guarantees EIB loan 25710 until 11.11.2028. For this period, the guarantee fee is 0.6% per annum, calculated at 115% of the outstanding loan amount.

As at 31 December 2023, the financial indicators relating to the loan agreements have been met.

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Between 1 and 2 years	12.011.321	23.856.053
Between 2 and 5 years	19.894.857	31.256.010
Over 5 years	-	475.711
<b>Total</b>	<u><b>31.906.178</b></u>	<u><b>55.587.774</b></u>

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The Company has not undertaken hedging activities related to its foreign currency obligations or exposure to interest rate risks.

All non-current borrowings outstanding at 31.12.2023 bear fixed interest.

### Current borrowings

Current borrowings are detailed as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current portion of current borrowings	23.987.209	23.856.053
Current bank borrowings	-	67.617.751
Interest on non-current and current borrowings	541.008	775.220
<b>Total current borrowings</b>	<b><u>24.528.217</u></b>	<b><u>92.249.024</u></b>

- *Borrowings taken for current activity*

On 30.03.2022 Transelectrica concluded a credit agreement no. **C624 with Romanian Commercial Bank** 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 lei, with an interest calculated according to the ROBOR 1M reference rate, plus a margin of 0% and a commission of 0.088%.

The credit line is guaranteed by:

-movable mortgage on the bank account opened with the bank;

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

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

As at 31 December 2023 the line of credit is undrawn.

On 10.03.2022, Transelectrica entered into credit agreement no. **C588 with Transilvania Bank** for a period of 12 months to finance the working capital of the Company, in the amount of 200,000,000 lei 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 lei has the following structure:

RON -175 million - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding obligations, with a drawdown period of 12 months, until 09.03.2023;

-25 million lei in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 and a letter validity of 24 months.

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

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

The credit line is guaranteed by:

-movable mortgage on the bank account opened with the bank;

-movable mortgage on the receivables resulting from the contract for the provision of electricity transmission service and system service concluded with Electrica Furnizare SA.

On 19.04.2023, Transelectrica entered into Addendum No. 3 to credit agreement No. C588 with Banca Transilvania, amending the guarantee agreements.

As at 31 December 2023 the line of credit is undrawn.

## 16. EMPLOYEE BENEFIT OBLIGATIONS

Under the Collective Labour Agreement, applicable in 2023, the Company provides long-term benefits to employees based on seniority and length of service with the Company. Benefits provided to management employees are disclosed in *Note 30 - Company Management Compensation*.

The long-term benefits granted by the Company include, the following:

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- retirement bonus ranging from 1 to 5 gross basic monthly salaries depending on the number of years of service in the Company at the date of retirement;
- retirement bonuses between 1 and 5 gross monthly basic salaries depending on the number of years of service with the Company;
- material aid granted on retirement for electricity representing the equivalent of the electricity quota paid to an employee for 12 months for employees with a minimum of 10 years' continuous service with the Company.

The actuarial calculations relating to post-employment and other long-term benefits were determined by a chartered actuary on the basis of a service contract with Proficariere SRL.

Employee benefit obligations are as follows:

	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Jubilee premiums	48.698.891	41.569.747
Retirement bonuses	24.116.406	28.963.602
Benefits related to the electricity countervalue to be paid to current employees on retirement	2.461.820	-
<b>Total</b>	<b><u>75.277.117</u></b>	<b><u>70.533.349</u></b>

As of December 31, 2023 and December 31, 2022, the Company has a long-term employee benefit obligation of 75,277,117 and 70,533,349, respectively.

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*(All the amounts are provided in LEI, unless otherwise indicated)***16. EMPLOYEE BENEFIT OBLIGATIONS (continued)**

	<b>31 December 2022</b>	<b>Interest cost</b>	<b>Cost of past service</b>	<b>Cost of current service</b>	<b>Payments from provision</b>	<b>Actuarial profit/loss for the period</b>	<b>31 December 2023</b>
Retirement benefits to be granted to current employees	<b>41.569.747</b>	2.935.082	-	6.835.330	(3.361.825)	720.557	<b>48.698.891</b>
Retirement bonus benefits for current employees	<b>28.963.602</b>	1.358.464	-	2.780.526	(1.256.644)	(7.729.542)	<b>24.116.406</b>
Benefits related to the electricity countervalue to be paid to current employees on retirement	-	-	-	884.092	(196.800)	1.774.528	<b>2.461.820</b>
	<b>70.533.349</b>	<b>4.293.546</b>	-	<b>10.499.948</b>	<b>(4.815.269)</b>	<b>(5.234.457)</b>	<b>75.277.117</b>

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### 17. TRADE AND OTHER PAYABLES

At 31 December 2023 and 31 December 2022, trade and other payables are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Energy market suppliers	1.340.921.907	1.956.548.071
Suppliers of fixed assets	177.733.800	138.804.943
Suppliers other activities	90.164.126	55.020.130
Amounts due to employees	11.787.078	9.111.008
Other liabilities	636.709.895	1.235.969.189
<b>Total</b>	<b>2.257.316.806</b>	<b>3.395.453.341</b>

As at 31 December 2023 and 31 December 2022, the outstanding liabilities on the energy market amounting to 1,340,921,907 and 1,956,548,071 respectively, have the following structure:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Electricity market suppliers, of which:		
- suppliers - operational activity	591.455.744	1.336.902.867
- suppliers - balancing market	617.379.222	583.097.756
- suppliers - bonus support scheme for promotion of high-efficiency cogeneration	132.086.941	36.547.448
<b>Total</b>	<b>1.340.921.907</b>	<b>1.956.548.071</b>

The suppliers on the electricity market are mainly represented by OPCOM, MAVIR, IBEX, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, Engie Romania. On 31 December 2023, their share of total energy suppliers is 94.27%.

The decrease in the balance of "liabilities related to operating activities" was mainly due to the payment when due in 2023 of the payment obligations outstanding as at 31 December 2022, 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 Q4 2023 compared to Q4 2022.

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

As of 31 December 2023, there are payment obligations to suppliers (producers) in the amount of 27,120,145 (RAAN - 23,751,179 and CET Govora SA - 3,368,966), representing the monthly cogeneration bonus, pre-supercompensation for 2014 and 2015, the bonus not granted for 2015. The amounts representing the Company's liabilities related to the support scheme towards RAAN and CET Govora were withheld for payment on the basis of art. 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 liabilities 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 receivables and liabilities, 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: *"if the producer has not paid in full to the support scheme administrator the resulting payment obligations in accordance with the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations related to the support scheme, with explicit mention, on the payment document, of the respective amounts"* and withheld from the payment the amounts related to the support scheme due.

the National Power Grid Company 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 (period July

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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 liabilities 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 Ruling 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 were opened for CET Govora. In view of the provisions of Law no. 85/2014 - Insolvency Law, the Company 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, partially quashed the contested judgment and rejected the suspension request filed by CET Govora. 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 liabilities and receivables 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.

The increase in the balance of "**suppliers of fixed assets**" at 31 December 2023 compared to 31 December 2022 was due to the increase in the volume of transactions recorded relating to investments in progress.

Payables to "**suppliers other activities**" are mainly represented by payables related to services provided by third parties that are not yet due, which have increased since 31 December 2022.

As at 31 December 2023, the Company has no outstanding liabilities to suppliers (state budget, local budget or other public institutions).

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Various creditors	312.041.482	389.852.540
Customers - creditors	246.451.202	770.851.018
Dividend payment	192.977	148.332
Liabilities - Current building leases	8.641.987	8.431.424
Liabilities - Non-current building leases	6.481.491	14.754.992
Other liabilities	62.900.756	51.930.883
<b>Total</b>	<b><u>636.709.895</u></b>	<b><u>1.235.969.189</u></b>

- "Sundry creditors", amounting to **312,041,482** as at 31 December 2023, mainly represent:
  - net position of the high efficiency cogeneration support scheme, debt position, in the amount of 294,488,211,  
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
  - 13,796,599 solution study contracts for connection to the RET,
  - 1,644,823 royalty quarter IV 2023 and others.
- "Customer creditors" as at 31 December 2023 total **246,451,202**, of which 245,758.984 represent amounts received in advance on 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 (727,052), MAVIR (42,170,464), OPCOM (71,559,908) and IBEX (131,301,559).
- As at 31 December 2023, dividends due to the Company's shareholders and not paid amount to **192,977**. These amounts are available to shareholders through the paying agent.



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- As at 31 December 2023, the liability for fixed assets related to the rights of use of leased assets - buildings, as per IFRS 16 - Leases, amounts to 15,123,478, of which:
  - current liabilities: 8,641,987
  - non-current liabilities: 6,481,491.
- "Other payables", amounting to **62,900,756**, are mainly represented by guarantees of good payment of contracts on the electricity market concluded by the National Power Grid Company Transelectrica SA in the amount of 38,330,828, VAT not due in the reporting period in the amount of 24,277,391 and others.

### Provisions

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Provisions for disputes	24.601.016	24.677.889
Provisions for mandate contracts	40.490.875	43.338.686
Other provisions	114.100	157.972
<b>TOTAL</b>	<b><u>65.205.991</u></b>	<b><u>68.174.547</u></b>

Provisions for disputes outstanding at 31.12.2023, amounting to 24.601.016, are mainly represented by provisions for the following dispute:

- File No 36755/3/2018 - Plaintiff Conaid Company SRL (17.216.093)* - more details on this file are given in Note 28 - Commitments and Contingencies.
- File No 15561/3/2022 - Plaintiff SMART SA (4.467.108)* - more details on this file are given in Note 28 - Commitments and Contingencies
- File No 3083/3/2020 - Plaintiff NUCLEARELECTRICA SA (1.472.785)*

On 26.06.2020, Nuclearelectrica sued the Company for the payment of 1.290.533 lei representing the negative imbalance and 182.252 lei, 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 lei, 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 amount of 182.252 lei as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, as well as to continue to pay the 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 23.441lei by way of court costs, consisting of the court stamp duty. Dismissed the defendant's claim for costs as groundless. With right of appeal within 30 days of communication (Decision 2698/2020 22.12.2020).

the National Power Grid Company Transelectrica SA has appealed. In the hearing of 25.11.2021, the Bucharest Court of Appeal admits the appeal. Changes in part the civil judgment appealed against, in the sense that: Rejects as groundless the application to sue. Upholds the order of the first instance dismissing as groundless the defendant's claim for costs. Orders the respondent-respondent to pay to the appellant-respondent the sum of 20.591lei by way of costs on appeal. With an appeal within 30 days from the date of communication, the application for appeal to be filed with the Bucharest Court of Appeal - Civil Section VI.

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

**"Provisions for mandate contracts"** in the amount of 40,490,875, as at 31 December 2023, represent:

- the variable component related to the allocated and unused TVSO 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/Directorate, i.e. until 2024.

**"Other provisions"** in the amount of 114,100 represent untaken holiday leave.

**CNTEE Traselectrica SA**

Notes to the financial statements for the year ended 31 December 2023  
(All the amounts are provided in LEI, unless otherwise indicated)

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**18. INCOME TAX**

The income tax for the years 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current and deferred income tax expense	(42.909.432)	(93.212.265)
Deferred income tax revenue	22.219.997	20.399.113
<b>Total</b>	<b><u>(20.689.435)</u></b>	<b><u>(72.813.152)</u></b>

The Company's current and deferred income tax for 2023 and 2022 is determined at a statutory rate of 16%, effective in 2023 and 2022.

Reconciliation of the effective tax rate:

	<u>2023</u>	<u>2022</u>
Corporation tax at the statutory rate of 16%.	40.102.213	95.571.280
Effect of non-deductible expenses	35.080.518	18.320.831
Effect of non-taxable revenues	(17.402.966)	(9.787.696)
Taxable revaluation reserve	9.714.086	12.067.879
Legal reserve	-	(1.388.746)
Exempt income tax	(3.216.298)	(1.936.166)
Other effects	(27.250.026)	(30.099.622)
<b>Total</b>	<b><u>(37.027.527)</u></b>	<b><u>(82.747.760)</u></b>

**CNTEE Tranelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

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

**18. INCOME TAX (continued)**

The movement table for deferred tax liability in 2023 and 2022 is as follows:

Elements	Sold to 1 January 2022	Recognized in profit and loss	Recognized directly in AERG	Sold to 31 December 2022	Recognized in profit and loss	Recognized directly in AERG	Sold to 31 December 2023
Tangible assets - life expectancy	36.305.410	5.169.743	-	41.475.153	668.411	-	42.143.564
Tangible assets - revaluation reserves	103.297.444	(12.284.690)	-	91.012.754	(9.510.576)	193.974.505	275.476.683
Tangible assets financed by grants	(5.070.131)	(788.889)	-	(5.859.020)	(377.487)	-	(6.236.507)
Employee benefit obligations	(9.539.661)	(1.745.675)	-	(11.285.336)	(759.003)	-	(12.044.339)
Estimated interconnection	(424.000)	(1.336.000)	-	(1.760.000)	(4.000.000)	-	(5.760.000)
Provisions for disputes	(4.991.902)	1.043.440	-	(3.948.462)	12.300	-	(3.936.162)
Inventories adjustments	(2.233.820)	7.463	-	(2.226.357)	169.648	-	(2.056.709)
Production suppliers estimates	-	-	-	-	(2.448.372)	-	(2.448.372)
<b>Tax (asset)/liabilities</b>	<b>117.343.340</b>	<b>(9.934.608)</b>	<b>-</b>	<b>107.408.732</b>	<b>(16.245.079)</b>	<b>193.974.505</b>	<b>285.138.158</b>

The deferred tax consists of:

	Activ		Liabilities		Net	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Tangible assets - life expectancy	(4.837.517)	(3.320.074)	46.981.081	44.795.227	42.143.564	41.475.153
Tangible assets - revaluation reserves	(9.603.585)	(12.284.690)	285.080.268	103.297.444	275.476.683	91.012.754
Tangible assets financed by grants	(741.163)	(968.606)	(5.495.344)	(4.890.414)	(6.236.507)	(5.859.020)
Employee benefit obligations	(12.044.339)	(11.285.336)			(12.044.339)	(11.285.336)
Estimated interconnection	(5.760.000)	(1.760.000)	-	-	(5.760.000)	(1.760.000)
Provisions for disputes	(3.936.162)	(3.948.462)	-	-	(3.936.162)	(3.948.462)
Inventories adjustments	(2.056.709)	(2.226.357)	-	-	(2.056.709)	(2.226.357)
Production suppliers estimates	(2.448.372)	-	-	-	(2.448.372)	-
<b>Net tax (asset)/liabilities</b>	<b>(41.427.847)</b>	<b>(35.793.525)</b>	<b>326.566.005</b>	<b>143.202.257</b>	<b>285.138.158</b>	<b>107.408.732</b>

**CNTEE TRANSELECTRICA SA**

Notes to the financial statements for the year ended 31 December 2023

*(All the amounts are provided in LEI, unless otherwise indicated)***19. EARNINGS PER SHARE**

As of December 31, 2023 and December 31, 2022, earnings per share are:

	<u>2023</u>	<u>2022</u>
<b>Result for the financial year</b>	<b>213.611.306</b>	<b>514.572.741</b>
Number of ordinary shares at beginning and end of period	73.303.142	73.303.142
<b>Basic and diluted earnings per share (lei/share)</b>	<b>2,914</b>	<b>7,020</b>

**20. OTHER TAXES AND SOCIAL SECURITY CONTRIBUTIONS**

At 31 December 2023 and 31 December 2022, other taxes and social security liabilities comprise:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Contribution to social security funds	14.531.541	9.906.838
Payroll tax	2.615.461	1.808.335
Other taxes payable	1.360.733	1.003.364
<b>Total</b>	<b>18.507.735</b>	<b>12.718.537</b>

As of December 31, 2023, the Company records liabilities for social security fund contributions, payroll tax and other taxes, which were paid in January 2024.

**21. OPERATING REVENUES**

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

The tariffs approved by ANRE for services provided on the electricity market are as follows:

	<u>Average tariff for transmission service</u>	<u>Tariff for system service</u>
Order No 67/25.05.2023 for the period 01 June - 31 December 2023		6,64 <sup>*)</sup>
Order No 144/21.12.2022 for the period 01 January - 31 May 2023		7,73
Order No 28/29.03.2023 for the period 01 April - 31 December 2023	31,20 <sup>**)</sup>	
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28,10	
Order No 33/23.03.2022 for the period 01 April - 31 December 2022	28,10	9,32
Order No 124/25.11.2021 for the period 01 January - 31 March 2022	23,96	9,32

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

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

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 ( $T_{-L}$ ).

**CNTEE Tranelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

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

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

	<u>2023</u>	<u>2022</u>
Quantity of electricity delivered to consumers (MWh)	50.394.667	52.175.075

The operating revenues realised in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenue from transmission service	1.544.812.538	1.401.102.535
Revenue from the allocation of interconnection capacity	343.178.649	399.206.024
Revenue from reactive energy	8.060.394	890.513
Revenues from Inter TSO Compensation (ITC)	13.162.500	4.062.172
Revenues from OTC transactions	46.812.916	79.647.540
<b>Revenue from transmission service - total</b>	<b>1.956.026.997</b>	<b>1.884.908.784</b>
Revenues from system services	358.896.264	488.187.291
Revenues from unintentional/intentional exchanges FSKAR	-	147.495
Revenues from emergency aid	31.764.961	45.281.028
<b>Revenue from system services - total</b>	<b>390.661.225</b>	<b>533.615.814</b>
<b>Revenue on the balancing market</b>	<b>2.269.419.063</b>	<b>3.478.995.282</b>
Revenues from other services and other operating revenues	88.265.543	50.411.299
Revenues from capitalisation of OTC	13.735.364	338.526.677
<b>Other revenues</b>	<b>102.000.907</b>	<b>388.937.976</b>
<b>Total operating revenues</b>	<b>4.718.108.192</b>	<b>6.286.457.856</b>

*Revenue from transmission service*

Revenues from the transmission service increased in 2023 compared to 2022 by 143,710,003, due to the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), in the context of the decrease in the quantity of electricity delivered to consumers by 3.41%, i.e. by 1,780,408 MWh.

The decrease in the quantity of electricity delivered to consumers was influenced on the one hand by the increase in the price of primary fuels, which was reflected in the final price of electricity, and on the other hand by the average monthly temperatures, which systematically recorded positive anomalies and were generally above climatological norms.

*Revenue from the allocation of interconnection capacity*

Revenue from the allocation of interconnection capacity decreased in 2023 compared to 2022 by 56,027,375, 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 decrease during the period under review was influenced by the supply and demand pricing model. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. Auctions on the Romania-Serbia border, long-term auctions on the borders with Hungary and Bulgaria and daily auctions on the border with Moldova are explicit - only transmission capacity is auctioned, while 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).

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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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 Single Intraday Market Coupling mechanism ensures the seamless matching of bids and offers from market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity is available. Thus, explicit intraday auctions are only on the border with Serbia, while on the borders with Bulgaria and Hungary they are implicit (within the SIDC).

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".

### *Revenues from Inter TSO Compensation (ITC)*

The revenue recorded from the ITC mechanism comes mostly from scheduled electricity exchanges with the countries considered to be perimeter countries of the mechanism, i.e. 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, for the year 2023, the revenue recorded as a result of the ITC mechanism has increased by 9,100,328 compared to 2022, due to:

- 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;
- In February and March 2022 trade with Ukraine was severely reduced due to the outbreak of armed conflict in the region, and trade with Moldova only started in October 2022;
- in June 2023, revenues of EUR 1,031,634 (estimated at RON 5,137,535) were (exceptionally) recorded from monthly settlements, due to electricity flows transited in all countries participating in the mechanism.

### *Revenues from OTC transactions*

Energy trading revenues for OTC 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 OTC and actual OTC achieved on the Balancing Market.

These revenues were lower in 2023 compared to 2022 by 32,834,624, as a large part of the required OTC was purchased on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals.

### *Revenues from system services*

Revenues from system services decreased in 2023 compared to 2022 by 129,291,027, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the periods analysed, presented above) and to the decrease in the quantity of electricity delivered to consumers by 3.41%, i.e. by 1,780,408 MWh.

In accordance with the provisions of the regulatory framework issued by ANRE, the approved tariff for system services was modified during 2023 due to the application of the mechanism for correcting significant deviations from the forecast that was the basis for approving the tariff that came into force on 1 January 2023.

In 2023, system service revenues were lower by 140,288,662 compared to the system service procurement expenses incurred.

### *Revenues from emergency aid*

At the request of neighbouring OTS, during 2023, emergency aid totalling 31,764,961 was granted to Ukraine (May, June, July, August, November, December), the Republic of Moldova (August, December) and Serbia (May) to ensure the energy necessary to cover domestic consumption in these countries, against the background of armed conflicts on the territory of Ukraine, or accidental shutdowns of groups in neighbouring countries, etc.

### *Revenue on the balancing market*

Revenues from the balancing market decreased significantly in 2023 compared to 2022, by 1,209,576,219, mainly due to the following:

- national regulations on the electricity market, namely GEO No 153/2022 *for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy*

## CNTEE Traselectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

and the amendment of GEO No 119/2022 for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy;

- European legislative regulations on the energy market;
- energy market developments at European and regional level;
- the manner of achieving contracting in pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of electricity production and consumption;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of the average price recorded on the balancing market.

### Revenues from capitalisation of own technological consumption (OTC)

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 December 31, 2023, the Company has recorded OTC capitalization revenue in the amount of 13,735,364, representing additional OTC calculated as the difference between the net cost of OTC acquisition and the cost of OTC included in the regulatory tariff, for the period January 1 to December 31, 2023.

## 22. SYSTEM OPERATION AND BALANCING MARKET EXPENSES

The system operation and balancing market expenses incurred in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Expenses on own technological consumption	519.730.609	827.587.588
Congestion expenses	89.903	343.157
Expenses on electricity consumption in RET stations	37.669.282	39.592.130
Expenses on functional system services	-	30.721
Expenses on Inter TSO Compensation (ITC)	82.936.128	34.109.844
<b>Total operational expenses</b>	<b><u>640.425.922</u></b>	<b><u>901.663.440</u></b>
<b>Expenses on system services</b>	<b>499.184.926</b>	<b>466.608.039</b>
<b>Balancing market expenses</b>	<b><u>2.268.980.883</u></b>	<b><u>3.479.716.063</u></b>
<b>Total expenses</b>	<b><u>3.408.591.731</u></b>	<b><u>4.847.987.542</u></b>

### Expenses on own technological consumption

This represents expenses 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.

Expenses on own technology consumption were lower by 307,856,979 in 2023 compared to 2022, taking into account a number of aspects as follows:

- Due to its characteristics, the Own Technological Consumption in the Electricity Transmission Grid 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 interconnection lines with neighbouring power systems, and its value is very little to no controllable in the conditions of an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, the National Power Grid Company Traselectrica SA purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- Measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area, and the increase in the share of wind energy, in the context of an atypically

## CNTEE Tranelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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warm winter, led to a decrease in both the consumption of quantities traded on the short-term markets and the energy prices on these markets. Thus, the average price of energy purchased on the DAM was significantly lower than the price in the same period of 2022.

### *Congestion charges*

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

In 2023 congestion charges of 89,903 were incurred. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered at the Dispatchable Units connected in Tariverde station. Following the adverse weather events reported as Code Orange and Code Red, in the south-eastern area of the SEN, there were numerous incidents in the transmission grid, which made several transmission grid elements unavailable. On several occasions, U1 and U2 Cernavodă NPP remained connected to the grid via a single link between the Dobrogea area and the rest of the SEN, which required a step-by-step reduction of production at U1 (from 680 MW to 450 MW and then to 370 MW), respectively the shutdown of the load at U2 Cernavodă NPP at 350 MW, followed by a reduction of power at both units to about 300 MW, in order to ensure the operational safety of the NPP.

### *Expenses on electricity consumption in RET and RED stations*

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

These expenses decreased by 1,922,848 in 2023 compared to 2022.

### *Expenses on Inter TSO Compensation (ITC)*

ITC charges are the monthly payment obligations/collection charges for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In 2023, this expenses were 48,826,284 higher than in the same period of the previous year.

### *Expenses 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 2023, 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 the Hydroelectric Power Production Company "Hidroelectrica" SA.

The expenses on system services realised in 2023, amounting to 499,184,926, were 32,576,887 higher than the realisation in 2022. The purchase prices of system services on the competitive market in 2023 remained around the values:

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

Also, in 2023 there was a high level of concentration in the secondary reserve system services market.

### *Balancing market expenses*

The balancing market expenses of 2,268,980,883 in 2023 were significantly lower by 1,210,735,180 compared to 2022. These expenses results 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 the contracting in the markets prior to the balancing market is carried out.



## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023  
(All the amounts are provided in LEI, unless otherwise indicated)

### 23. DEPRECIATION

	<b>2023</b>	<b>2022</b>
Depreciation of tangible and intangible assets	258.295.556	249.662.082
Amortisation expense on intangible assets - additional OTC	68.039.687	13.987.373
Depreciation of assets related to rights of use of leased assets	7.952.240	7.952.239
<b>Total</b>	<b>334.287.483</b>	<b>271.601.694</b>

*Depreciation expenses of tangible and intangible assets* in the amount of 258,295,556 represents the depreciation recorded on the commissioning of investment works and the acceptance of assets.

*Depreciation expenses of intangible assets - additional OTC* in the amount of 68,039,687 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 to amend and supplement GEO no. 27/2022 on measures applicable to end customers in the electricity and natural gas market during the period from 1 April 2022 to 31 March 2023, as well as to amend and supplement 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, 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 to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised quarterly and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

*Depreciation expenses of intangible assets recognised under IFRS 16* in the amount of 7,952,240 (the Company operates partly in rented office premises). According to *IFRS 16 - Leasing contracts*, the right of use of the premises rented by the Company in the Platinum office building at 2-4 Olteni Street is recognised as an asset valued at the level of the rent to be paid by the end of the lease contract. The asset recognised under IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "depreciation and amortisation of tangible and intangible assets".

### 24. PERSONNEL EXPENSES

#### *i) Personnel expenses*

	<b>2023</b>	<b>2022</b>
Expenses on personnel salaries	289.410.183	237.345.247
Social expenses	12.122.550	10.999.383
Expenses on employee vouchers	18.827.870	12.331.360
Expenses related to the mandate contract and other committees, commissions	4.348.466	4.185.241
Insurance and social protection expenses	20.769.444	18.471.937
Provisions for salary and similar charges	2.793.634	22.473.018
Other expenses	23.441	583.548
<b>Total</b>	<b>348.295.588</b>	<b>306.389.734</b>

Total personnel expenses in 2023 show an increase of 41,905,854 compared to 2022 mainly due to:

- increase in personnel salary costs, social security costs, increase in costs for employee vouchers, costs related to mandate contracts (Directorate, Supervisory Board), in accordance with the applicable legal provisions;
- update the provisions made for executive and non-executive directors representing compensation under the mandate contracts concluded in 2020 for the period 2020-2024;
- update of the provisions made/release to revenues of part of the provisions made, together with the payment made for the TVSO certificates (TVSO = remuneration of executive and non-executive directors consisting of the variable component relating to the TVSO packages allocated and not used during the period of the mandates executed in the period 2013-2017), payments made on the basis of enforceable court judgments received by the Company;
- updating the provision for employee benefit obligations, as actuarially calculated.

**CNTEE Transelectrica SA**

Notes to the financial statements for the year ended 31 December 2023

*(All the amounts are provided in LEI, unless otherwise indicated)**ii) Number of employees*

On 31 December 2023 and 31 December 2022, the number of employees with individual employment contracts of indefinite duration is as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	2.037	2.042

**25. OTHER OPERATING EXPENSES**

	<u>2023</u>	<u>2022</u>
Other expenses on services provided by third parties	108.832.081	90.674.738
Postage and telecommunications charges	746.048	488.395
Expenses on royalties and rents	6.608.237	5.996.007
Operating (net) expenses related to impairment adjustments current assets	56.046	(2.963.935)
Other expenses, of which:	153.790.987	50.793.625
- losses on receivables and sundry debtors	54.047.014	410.765
	(634.601)	(6.212.510)
- expenses (net) on provisions for other operating expenses		
- expenses (net) on fixed asset impairment adjustments	(1.627.393)	(3.162.363)
- expenses on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes and duties)	24.765.631	18.059.107
- expenses (net) on the revaluation of tangible assets	19.990.103	-
- expenses on mandate contracts cf. court decision	8.111.572	4.226.609
- other operating expenses not deductible for tax purposes	7.900.141	6.060.075
- expenses on international dues	6.996.343	5.846.885
- expenses on goods	6.437.861	2.286.268
- internal and external travel expenses	6.435.375	4.836.805
- expenses on administrative energy consumption	4.766.317	4.775.164
- sponsorship expenses	4.654.900	1.789.436
- other operating expenses	11.947.724	11.877.384
<b>Total</b>	<u><b>270.033.399</b></u>	<u><b>144.988.830</b></u>

In the year 2023, these expenses increased by 125,044,569 compared to the year 2022, mainly due to changes in certain expenses items such as:

- increase in certain items of expenses on services provided by third parties, i.e.: expenses on civil protection and security, expenses on Teletrans maintenance, expenses on the implementation of pan-European codes etc.;
- increase in (net) operating expenses by recording adjustments for impairment of receivables (JOINT ALLOCATION OFFICE SA - 30,004,978, ROMELECTRO SA - 24,045,083, OPCOM SA - 991,830 etc.);
- decrease in (net) operating expenses through the recording of inventory write-downs, with the reversal to revenues of inventory write-downs;
- increase in expenses on taxes, duties and similar charges mainly due to: the recording of expenses on transfers to the state budget following the action to recover unused and unsorted waste from the dismantling of fixed assets belonging to the public domain of the State, as part of the refurbishment of stations; the recording of expenses on non-deductible VAT paid to the state budget, calculated for investments decommissioned and recognised on the operating costs of the Company; the recording of higher expenses on stamp duties related to court costs etc.;
- recording (net) expenses from the revaluation of tangible assets following the revaluation of land, tangible assets, means of transport, recorded in the accounting records, for the purpose of establishing the fair value as well as the revision of the durations related to tangible assets as at 31.12.2023;
- recording of expenses related to FVOs paid on the basis of enforceable court judgments (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- recognition in the Company's operating costs, under other operating expenses not deductible for tax purposes, of two investment projects: "Implementation of an Electronic Filing and Document Management System within the National Power Grid Company Transelectrica SA " and "Consolidation, Modernisation and Extension of the National Power Grid Company Transelectrica SA - Magheru Headquarters", including the reversal to revenues of the adjustment for impairment

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

of the investment objective "Consolidation, Modernisation and Extension of NPG CO. Transelectrica SA - Magheru Headquarters";

- an increase in other items of expenses: expenses on goods (recovery of inventories obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, upgrading, modernisation etc.), royalty expenses, expenses on international dues etc.

### 26. NET FINANCIAL RESULT

	<u>2023</u>	<u>2022</u>
Interest revenues	6.049.004	2.667.640
Revenues from exchange rate differences	27.570.358	59.585.308
Other financial revenues	2.281.342	2.936.930
<b>Total financial revenues</b>	<b><u>35.900.704</u></b>	<b><u>65.189.878</u></b>
Interest expenses	(7.907.195)	(9.530.505)
Exchange rate expenses	(27.483.513)	(62.352.898)
Other financial charges	(242.140)	-
<b>Total financial expenses</b>	<b><u>(35.632.848)</u></b>	<b><u>(71.883.403)</u></b>
<b>Net financial result</b>	<b><u>267.856</u></b>	<b><u>(6.693.525)</u></b>

As at 31 December 2023, the Company recorded a net financial result in the amount of 267,856, on the back of the increase in interest revenues, as well as the evolution of the exchange rate of the national currency against foreign currencies in which the Company has contracted bank loans to finance investment programmes (Euro).

As at 31 December 2023, in the total amount of 7,907,195 (interest expense), the amount of 757,741 represents the interest calculated on fixed assets related to the rights of use of leased assets - buildings, in accordance with *IFRS 16 - Leases*.

The level of foreign exchange revenues and expenses was 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.

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

The exchange rate of the national currency recorded on 31 December 2023 compared to that recorded on 31 December 2022 is as follows:

<b>Currency</b>	<u>31.12.2023</u>	<u>31.12.2022</u>
Lei / Euro	4,9746	4,9474

### 27. LEGISLATIVE AND FISCAL FRAMEWORK

Romania's legislative and fiscal framework and its implementation in practice is frequently changing and is subject to different interpretations by various control bodies. Income tax returns are subject to review and correction by the tax authorities, generally for a period of five years after the date of filing. Management believes that it has properly recorded the tax liability in the financial statements. However, there remains a risk that the tax authorities may take different positions on the interpretation of these matters. Their impact could not be determined at this date.

### 28. COMMITMENTS AND CONTINGENCIES

#### (a) Commitments

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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As at 31 December 2023, the Company had commitments of 1,286,516,663 representing outstanding contracts for investment works relating to the modernisation and upgrading of the transmission network.

### **b) Land used by the Company**

In accordance with Company policy, the financial statements include only the value of land for which title certificates have been obtained at the date of the financial statements.

According to Law no. 99/1999, if the Company obtains the certificate of ownership for a piece of land after privatization, the land will be considered as a contribution in kind of the Romanian State.

The Extraordinary General Meeting of Shareholders approved by Resolution no. 7/28.05.2020 the increase in principle of the share capital of the National Power Grid Company Transelectrica SA with the contribution in kind represented by the value of a number of 17 lands for which the Company has obtained the certificates of attestation of the right of ownership and the submission to the Trade Register Office of the Bucharest Court of Law and the proposal to appoint JPA Audit and Consultancy SRL as ANEVAR authorized appraiser for the valuation under the law of the contribution in kind which is the subject of the increase in share capital.

Following the validation by the ORCTB of the proposal of the General Meeting of Shareholders regarding the appraiser, JPA Audit and Consultancy Ltd. as ANEVAR authorized appraiser prepared and communicated to the Company the *Valuation Report no. 21278/10.05.2019*, updated by the Valuation Report no. 1158/10.01.2022 in which the fair value of the land as of 30.09.2021 is established.

By 31.12.2023 there were different opinions on the *application/interpretation of the relevant legislation, i.e. privatisation legislation and capital market legislation*, and the National Power Grid Company Transelectrica SA is objectively unable to increase the share capital by the value of the 17 land plots for which the Company has obtained certificates of ownership and for which the expert JPA Audit and Consultancy Ltd. has established a fair value.

### **c) Disputes in progress**

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

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

Management regularly reviews the situation of disputes in progress 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 disputes in progress in which the Company is a defendant, except for the following:

- **INDEPENDENT AUTHORITY FOR NUCLEAR ACTIVITIES (RAAN)**

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

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

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

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

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

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The case the case was deferred to 10.02.2022, the summary decision being: 'for the conduct of the proceedings, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. The parties will be summoned by the BPI" and the next hearing is set for 02.06.2022.

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

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

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

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

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

At the hearing of 18.01.2024, the term for the continuation of the proceedings was changed to 08.02.2024, i.e. for the collection of the claims, the valuation of assets and the performance of other liquidation operations.

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023  
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At the hearing of 08.02.2024, a term was granted for the continuation of the proceedings for **06.06.2024**.

### • COURT OF AUDITORS OF ROMANIA

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

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

Transelectrica filed an appeal on 14.06.2019.

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

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

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

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

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

The control action on the above-mentioned topic, started on 25.05.2020 at the executive headquarters of the Company, was suspended by the JRC due to the start of another control on the topic "control of the management of public resources during the state of emergency". The control started on 02.06.2020 and was completed on 26.06.2020.

The control report concluded by the JRC auditors on "Control of the management of public resources during the state of emergency", report registered in the Company under no. 24225/26.06.2020, did not find any deficiencies, therefore no Decision was issued ordering measures.

When the audit on the administration of the state's public and private domains and on the legality of revenues achieved and

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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expenses made in 2017-2019 has been completed on 06.10.2020 Audit Report 40507/06.10.2020 was issued, and on 09.11.2020 Romania's Court of Auditors issued Decision 15 by Department IV, which decision contained 10 measures with completion term on 31.05.2021, but CCR upon Company request extended such term until 31.12.2021.

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

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

On 24 July 2023, the Company was notified of the ruling and on 10.08.2023 it filed an appeal with a term on 07.03.2024.

At the hearing of 07.03.2024, ICCJ rejected the appeal filed by the plaintiff National Electricity Transmission Company "Transelectrica" SA against Decision no. 1889 of 10 December 2021 of the Bucharest Court of Appeal - Ninth Administrative and Fiscal Section, as groundless. Definitive. Delivered today, 7 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 summon, the plaintiff CNTEE Transelectrica SA requested the court to order in its ruling:

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

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

- Compel the defendant OPCOM SA to pay the costs.

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

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

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

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

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

The company appealed. The court dismisses the appeal as groundless. Orders the plaintiff to pay the defendant, the sum of 11,325.21 lei by way of law suit expenses. With appeal within 30 days from the communication of the decision. Decision 1532/12.10.2022. Transelectrica appealed against Civil Decision No 1532/12.10.2022 of the CAB.

Delivered today, 12 October 2022, by making the decision available to the parties through the court registry: Ruling 1532/12.10.2022.

Transelectrica has appealed against the civil ruling no. 1532/12.10.2022 pronounced by the CAB, the case has been submitted to the ICCJ where it was settled by judgment no.1640/19.09.2023: "*Admit the main appeal filed by the recurrent-plaintiff Compania Natională de Transport al Energiei Electrice "TRANSELECTRICA" S.A. and the secondary appeal filed by the recurrent-defendant Operatorul Pietei de Energie Electrică si Gaze Naturale "OPCOM" S.A. against civil decision no. 1532 of*

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12 October 2022, rendered by the Bucharest Court of Appeal - 5th Civil Section, which it reverses and sends the case for a new trial to the same court. Final.

Thus, on 19.09.2023, the appeal was admitted at the ICCJ, the decision 1532/12.10.2022 was annulled and the case was sent for a new trial to the same court. Final.

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

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

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

At the hearing of 07.11.2023, the court's decision is: Qualifies the exception of inadmissibility as a substantive defence. Dismisses the request as groundless. With the right to appeal, within 30 days from the communication to the parties, the appeal to be filed at the seat of the Court of Bucharest, Civil Section VI. Pronounced today, 07.11.2023, pursuant to art. 396 para.2 Civil Procedure Code by making the solution available to the parties at the court registry.

### • CONAID COMPANY SRL

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

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

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

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



## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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

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

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

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

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

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

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

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

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

On 06.12.2023, the Bucharest Court stayed the ruling, postponing the decision to 20.12.2023, then to 03.01.2024 when it ordered the following: Dismisses the request for an increase in the expert's fee, made by exp. Chirilă Adelaida Adriana, as groundless. Admit the exception of limitation of the substantive right of action, invoked in the statement of defence. Dismisses the claim as time-barred. With appeal within 30 days of communication. The appeal is filed with the Bucharest Court, Civil Section VI. Pronounced by making the solution available to the parties by the court registry, today, 03.01.2024.

### • ROMENERGY INDUSTRY

File **2088/107/2016** on the docket of Alba Tribunal pertained to "Bankruptcy & request to be admitted in the creditors' list".

Transelectrica filed request to be recorded in the creditors' list with 16,112,165.18 mill Lei, and the receivable was admitted and registered in the preliminary table.

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

On the 27.01.2020 term the verification was established on 11.05.2020 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables. The judiciary liquidator was to execute and submit to the file: - every 15th day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

On 11.05.2020 judgment was lawfully suspended during the emergency state instituted in Romania.

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

On the 05.10.2020 term the case was deferred; settlement in brief: term was established on 18.01.2021 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

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

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

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

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

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

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

At the hearing of 12.12.2022, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating partner Bica Rosana. On the basis of Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the deletion of the debtor company from the commercial register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. With the right of appeal within 7 days of notification by the BPI.

On 06.04.2023, the Court of Appeal of Alba Iulia Dismisses the appeal filed by Distribuție Energie Electrica România SA against Ruling no. 293/F/2022 delivered by the Court of Alba in case no. 2088/107/2016. Definitive. Pronounced by making the solution available to the parties by the court registry, today 06.04.2023. Document: Decision 134/2023.

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023  
(All the amounts are provided in LEI, unless otherwise indicated)

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- **MUNICIPALITY OF REȘIȚA**

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

- 2,129,765.86 lei, representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 lei, representing the land rent for 2016;
- 2,129,765.86 lei, representing the land rent for 2018;
- 2,129,765.86 lei, representing the land rent for 2019;
- 2,129,765.86 lei, representing the land rent for 2020;
- 2,129,765.86 lei, representing the land rent for 2021;
- Legal penalty interest from due date until actual payment.

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

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

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

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

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

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

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

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

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

At the hearing of 22.02.2024, the court adjourns the case to **14.03.2024**, 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 to be informed on the basis of 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 summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the amount of 4,467,108 lei, representing the value of tax liabilities relating to increased revenues as a result of the increase in the tax base resulting from the adjustment of revenues for 2014, 2015 and 2016 + legal costs.

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

At the hearing of 15.06.2023, a term is set for 09.11.2023 for lack of expert report, the case is adjourned to **04.04.2024**.

- **ANAF**

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

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

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

At the 20.10.2020 term it admitted in part the request with the following settlement in brief: the suspended requests were partly admitted, Ruling 122/13.03.2018 was partly cancelled with respect to settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations; Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers; Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, and the Fiscal Inspection Report F-MC 222 concluded on 30.06.2017, which were used as grounds in issuing the taxation decision, meaning that: - it removed the obligation to pay the profit tax amounting to 18,522,280 Lei, the VAT amounting to 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debits in quantum of 48,436,653 Lei, and the fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the plaintiff's management; - it cancelled the non-deductible nature of 27,001,727 Lei in the calculation of taxable income, which represent system technological services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit, and it compelled payment of the main fiscal liabilities and accessories associated to such amount; - it cancelled the non-deductible nature of 343,629.91 Lei in the calculation of taxable income, representing "services for weeds removal" and it compelled payment of main fiscal receivables and accessories related to such amount; - it cancelled the non-deductible nature of 230,685,491 Lei in the calculation of taxable income, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 46,417.1 Lei associated to 343,629.91 Lei representing "weeds removal services" and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 37,693.88 associated to 230,685.49 Lei, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the mention regarding the obligation of the Transmission Branch Sibiu within CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the verified unit was accepted to be recorded in the creditors' table by such amount, mention regarding the nature of taxable revenue when calculating the profit for

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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576,846.80 in accordance with the provisions of article 19 para 1 from Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with pt. 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003; the chapter regarding the income tax, namely Chapter VII Accounts operation of Order 3055 / 29 October 2009 approving the Accounting Regulations complying with European directives and the payment liability of main fiscal receivables and accessories related to such amount; - in the Minutes it cancelled the ascertainment with respect to "determining the deductible value added tax to a lower value than that registered by the plaintiff, thus resulting a difference in sum of 13,141 Lei" (annex 15), and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the payment liability of delay penalties which have a sanctioning juridical regime, calculated for more than 6 months from the beginning date of fiscal inspection with respect to the main fiscal liabilities maintained by the law court in this ruling, as established by Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations. It maintained the other provisions of Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It denied as groundless the request to grant law court expenses consisting of the stamp judiciary fee. It compelled the defendants to jointly pay the plaintiff the law court expenses amounting to 4,000 Lei, representing fee for the execution of accounting-fiscality expertise, proportional to the request admittance. **Appeal right** granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. **Ruling 382/20.10.2020.**

The parties filed an appeal in March 2022.

On 12.04.2022, the Bucharest Court of Appeal defers 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 hearing of 24.05.2022, CAB rejects as groundless the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in so far as it states that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated to be correct by way of principal and ancillary tax liabilities. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested ruling. Appeal within 15 days of notification.

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

On 13.12.2023, the ICCJ stayed its ruling until 20.12.2023 when, by judgment no. 6169/2023, it ordered the following:

- ✓ Admits the appeals filed by the plaintiff National Electricity Transmission Company "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 Section VIII.

- ✓ Partially quashes the judgment under appeal and, on appeal: Dismisses the application for annulment of the Decision on the resolution of the appeal No 122/13.03.2018 and of the Tax Decision No F-MC 439/30.06.2017 in respect of:

- 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.

- ✓ Sets 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 accounting and tax field.

- ✓ Upholds the other provisions of civil judgment No 382 of 20 October 2020.

- ✓ Admit the appeals brought by the plaintiff National Electricity Transmission Company "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 Section VIII. Partially quashes the civil judgment No 134 of 24 May 2022; and

on remittal:

- ✓ Admits 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 decision No 382 of 20 October 2020 be supplemented with the following entries:

- also cancels the Tax Inspection Report No. F-MC 222/30.06.2017 insofar as the Tax Decision No. F-MC 439/30.06.2017 was cancelled;

- 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;

- annuls 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 corporation tax and ancillary charges annulled in respect of the 349 tax

## CNTEE Transelectrica SA

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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 a Energiei Electrice "Transelectrica" S.A. the amount of 200 lei 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 disputes, in particular for liabilities 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 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 litigation with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between the Company and them. The Company has made provision for these disputes.

### d) Guarantees

At 31 December 2023 and 31 December 2022, the guarantees are as follows:

	<u>2023</u>	<u>2022</u>
<b>Guarantees granted, of which:</b>	<b><u>553.783.587</u></b>	<b><u>624.376.565</u></b>
- letters of guarantee granted - production	160.144.227	152.869.578
- letters of guarantee granted - investments	43.639.360	64.006.987
- other guarantees granted	350.000.000	407.500.000
<b>Guarantees received, of which:</b>	<b><u>854.875.690</u></b>	<b><u>827.377.453</u></b>
- letters of guarantee received - production	395.893.645	388.085.691
- letters of guarantee received - investments	411.182.911	390.981.453
- other guarantees received	47.799.134	48.310.309

### Guarantees granted

The company has the obligation, according to the Operating Licence no. 161/2000 for the provision of electricity transmission services and system balancing services, granted by the Decision of the President of ANRE no. 865/22.12.2000, with subsequent amendments and additions, to establish and maintain a financial guarantee of 1% of the turnover associated with the activities authorised by the licence, relating to the last completed financial year, ensuring the continuity of the activities covered by the licence, taking into account the major risks that may affect these activities and covering any damages claimed under the contractual provisions concluded. In order to comply with this obligation, the Company concluded on 01.02.2022, a credit agreement with Romanian Commercial Bank having as object the granting of a ceiling for the issuance of bank guarantee letters in the amount of 23.268.228 with validity in the period 01.01.2022-31.12.2022.

On 24.11.2022, an Addendum no. 1 to the credit agreement concluded with Romanian Commercial Bank was concluded, the purpose of which was to grant a ceiling for the issuance of bank guarantee letters, increasing the ceiling amount to 37,026,292 and extending its validity until 31.12.2023.

On 18.12.2023, the Addendum no. 2 to the credit agreement concluded with Romanian Commercial Bank was concluded, having as object the granting of a ceiling for the issuance of bank guarantee letters, which increased the ceiling amount to 59.014.281 and extended the validity until 31.12.2024.

The other guarantees granted are mainly bank letters of guarantee issued for the purchase of electricity to cover Own Technological Consumption (OTC) on the centralised markets administered by OPCOM - Central Market for Bilateral Electricity Contracts - the extended auction trading modality and the use of products ensuring trading flexibility (PCCB-LE-flex), the continuous trading mode (PCCB-NC), the centralised market with continuous double trading of bilateral electricity contracts (PC-OTC), the Day-ahead Market (DAM) and the Intra-day Market (IP), as well as commitments/guarantees granted in relation to outstanding loan contracts for investment activity.

Other guarantees granted represent contracts assigned to guarantee credit lines contracted for the cogeneration support scheme and for working capital.

**Guarantees received**

The guarantees received are mainly represented by bank letters of guarantee of good payment related to contracts concluded on the electricity market, letters of guarantee of good performance, letters of guarantee of advance/good performance related to investment contracts and other guarantees received under contracts financed from the feed-in tariff.

***e) Revaluation reserves at 31 December 2023***

As at 31 December 2023, the revaluation reserves (net of tax) amount to 1,634,711,533 (as at 31 December 2022: 703,232,784).

As from 1 May 2009, reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenses on assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be.

Reserves realised are taxable in the future in the event of a change in the purpose of the reserves in any form, in the event of liquidation, merger of the company including its use to cover accounting losses, except for the transfer after 1 May 2009 of the reserves referred to in the previous paragraph.

***f) Tariff for electricity transmission service and system service***

The electricity transmission tariff is set on the basis of a "revenue cap" regulatory methodology. With this, ANRE sets an initial annual target revenue calculated by adding regulated costs and the regulated return on recognised assets. Certain costs included in the regulated cost base are subject to efficiency requirements that limit the level of expenses that can be recovered through the regulated tariff (controllable operating and maintenance costs, own technology consumption). The annual target revenue series calculated for a regulatory period is reprofiled through a linearisation procedure in order to mitigate possible large increases/decreases in revenue from one tariff year to the next. The reprofiled revenue is adjusted annually by the consumer price index.

Certain changes to the charging mechanism may have a significant impact on the recovery of regulated depreciation of fixed assets included in the regulated asset base.

The year 2023 is the fourth in the series of five consecutive years that make up the fourth multiannual tariff regulation period for electricity transmission activity (1 January 2020 - 31 December 2024). The main coordinates of this regulatory period were established by ANRE on the basis of the specific regulatory framework, namely the methodology for setting the tariff for electricity transmission activity. Compared to the previous forms of the methodology on the basis of which tariffs were set in the previous regulatory period (1 July 2014 - 30 June 2019) and in the transition period from the previous regulatory period to the current regulatory period (1 July 2019 - 31 December 2019), the methodology applicable to setting tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements of the regulated revenues and the manner in which it is formed, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the presence and nature of incentives, the collection of regulated revenues), these have remained unchanged, ensuring the continuity and predictability of the regulatory framework. The detailed tariff settings for the entire current multi-year regulatory period were initially set during 2019.

During 2020, in line with the applicable methodology, a review of the previously approved period coordinates took place. This revision was also necessary in view of the change in the tariff configuration in the sense of merging the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merging of the two tariffs has taken place by absorbing into the transmission tariff the tariff for the functional services component of the system service activity. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and approved cost scheduling for the regulatory period horizon to include the assets and costs related to the system functional service activity in the starting settings and multi-year scheduling of the fourth regulatory period. Previously, the cost schedule for system functional services activity was reviewed and set annually when the system functional services tariff was approved, as the previous methodology did not provide for the establishment and approval of a multi-year schedule for these costs.

In addition to the merger of the two tariffs mentioned above, certain items originally approved for transmission activity, such as the investment plan (revised slightly downwards to rectify a technical error in the original scheduling - the schedule values were originally reported in nominal terms), were also included in the process of revising the regulatory period coordinates, for programming purposes it was necessary to adjust the originally reported values by extracting estimated inflation for the regulatory period), the value of the Regulated Asset Base as at 1 January 2020 (revised based on the investments actually made in the second half of 2019), the starting point and efficiency slope imposed for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs incurred in

## CNTEE Tranelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified as uncontrollable costs in the fourth regulatory period, efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation achieved in the second half of 2019).

In the context of the significant increase in electricity prices on wholesale markets from summer 2021 onwards, a series of measures have been implemented in the legislative and regulatory framework to mitigate the significant impact of this development on the costs incurred by public electricity transmission and distribution system operators in purchasing the energy necessary to cover their own technological consumption in the networks from the wholesale market:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that came into force on 1 January 2022, the revenue component included in the tariff to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased from the amount initially set for 2022 in the multiannual cost programming for the 2020-2024 regulatory period;
- In accordance with the legislative framework (GEO no. 27/2022), on 1 April 2022 the electricity transmission tariff was amended upwards compared to the period 1 January - 31 March 2022, with extended applicability to the first quarter of 2023. This tariff increase was intended to ensure the recovery by the Company of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased from the wholesale market to cover its own technological consumption in the transmission network. This measure brought forward the process of recovering the deficit in 2021, which according to ANRE regulations would have been achieved one year later, i.e. in 2023;
- in accordance with the legislative framework (GEO No 119/2022), the measure of capitalisation of additional costs of own technological consumption, i.e. the difference between the realised cost and the cost included in the transmission tariff, has been introduced. Thus, when setting the transmission tariff applicable for the period 1 April 2023 - 31 December 2023, the component relating to additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period 1 April 2022 - 31 March 2023. Recovery through the transmission tariff of this difference is to be phased in over a five-year period. For the difference capitalised in 2022, recovery through the transmission tariff will be achieved over the period 2023-2027.
- By Law no.357/13.12.2022 approving GEO no. 119/2022, the capitalization measure was extended for the period from 1 January 2022 to 31 March 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, in the context of a significant increase in the costs of its own technological consumption amidst the sharp rise in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, implemented on 1 January 2022, 1 April 2022 and 1 April 2023, also helped to reduce the pressure that increased costs put on cash flows.

### • Transmission tariff (transmission service + system functional service)

	Tariff applied from 01 April 2022- 31 March 2023 (lei/MWh), according to ANRE Order no. 33/2022, of which:	Tariff from 01 April 2023-31 December 2023 (lei/MWh), according to ANRE Order no. 28/2023, of which:		
		Main component (lei/MWh)	Component related to additional costs with OTC (lei/MWh)	Applicable tariff
(1)	(2)	(3)	(4)	(5)=(3)+(4)
Average tariff for electricity transmission service	28,10	28,61	2,59	31,20
Transmission Tariff - the feed-in component	2,53	3,35	0,69	4,04
Transmission Tariff - the component of electricity withdrawal from the grid	25,57	25,50	1,94	27,44

### • System service charge

	U.M	Tariff applied from 1 January 2023 - 31 May 2023 (approved by ANRE Order no. 144/2022)	Tariff applied from 1 June 2023- 31 December 2023 (approved by ANRE Order no. 67/2023)

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System service	lei/MWh	7,73	6,64
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### (g) Contingencies

At 31 December 2023, **contingent liabilities amount to 36,761,877 lei**. These relate to disputes concerning claims for additional costs following the increase in the minimum wage in the construction sector for investment contracts.

- *File no. 20780/3/2020 – Plaintiff 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 station.

At the hearing on 24.04.2023, the summary judgment is: "Admit in part the application for the summons brought by the plaintiff ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the plaintiff the amount 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 amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the amount of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the request as groundless. Orders the defendant to pay the plaintiff the amount of 171,104.06 lei as legal costs. With right of appeal within 10 days of communication. The request to appeal shall be submitted with the Bucharest Court, Civil Division VI. Pronounced by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023."

Transelectrica has appealed. Hearing date set for 27.10.2023.

At the term of 27.10.2023: the Bucharest Court of Appeal admits the appeal filed by the defendant-appellant National Power Grid Company Transelectrica S.A. against the sentence no. 1035/24.04.2023, pronounced in the case no.20780/3/2020 by the Bucharest Court - Civil Section VI. Reverses the judgment under appeal in its entirety in so far as it dismisses, as groundless, the claim brought by the plaintiff Electromontaj S.A. against the defendant National Power Grid Company Transelectrica S.A., as stated. Orders the defendant-appellant Electromontaj S.A. to pay to the defendant-appellant National Power Grid Company Transelectrica S.A. the amount of 39,787.82 lei by way of costs of the appeal. Dismisses, as groundless, the appeal brought against the same decision by the appellant-plaintiff Electromontaj S.A. Dismisses, as groundless, the appellant-plaintiff's application for costs on appeal. The appeal is final.

ENERGOMONTAJ SA filed an application for review and an appeal for annulment, and at the trial date is set for 12.01.2024: Dismisses, as groundless, the application for rectification of a material error filed by the appellant-plaintiff Electromontaj SA.

- *File No 25896/3/2020 - Plaintiff Electromontaj București (10.000.000)*

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

Hearing term: 25.08.2022 - submission of expert report.

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

In view of the absence of the expert's report, the case is adjourned.

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

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

After several adjournments at the hearing of 18.01.2024: TMB Dismisses the action as groundless. With right of appeal within 10 days of communication. The request for appeal is filed with the Bucharest Court, Civil Section VI.

- *File No 27001/3/2021 - Plaintiff Romelectro (3.523.710)*

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

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

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

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



## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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At the hearing of 19.01.2024, the summary decision is: Dismiss the application for suspension under Article 242 of the Code of Civil Procedure as groundless. Grant a hearing for the continuation of the trial on 15.03.2024.

- *File No 22368/3/2021 - Plaintiff 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 Focșani West station.

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

Romelectro has filed an appeal.

At the hearing on 29.02.2024, the CAB dismisses the appeal as groundless. Definitive. Definitive. Delivered by making the decision available to the parties by the court registry today, 29.02.2024. Document: Decision 358/2024 29.02.2024.

- *File No 30801/3/2021 - Plaintiff Romelectro (2.271.075)*

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

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

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

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

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

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

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

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

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

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

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

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

After several adjournments of the case, at the hearing of 12.01.2024, the solution in brief is: granting of a hearing on 08.03.2024 to take note of the content of the expert report.

At the hearing on 08.03.2024, the case is adjourned and the hearing is set for **05.04.2024**.

- *File No 37332/3/2021 - Plaintiff Romelectro (4.433.591)*

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

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

- *File No 8193/3/2022 - Plaintiff Tempos Sev (2.437.253)*

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

At the hearing on 10 June 2022, the case is deferred to 14.10.2022. At the hearing on 14.10.2022 the case was deferred to 21.10.2022. Decision of 21.10.2022: Pursuant to Articles 258 and 255 of the Civil Procedure Code, the Court grants both parties leave to produce written evidence and the defendant also grants leave to produce evidence of the applicant's cross-

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examination and of an expert's report. Orders that the expert accountant's report shall have the objectives indicated by the defendant in its statement of defence, to which shall be added the additional objectives indicated by the defendant in the evidence note lodged at the hearing on 14 October 2022 and the objectives indicated by the applicant in the notes for the hearing lodged at the same hearing. The applicant is ordered to produce the documents requested by the defendant in its note for evidence of 14 October 2022. Requests the plaintiff to submit to the file the reply to the interrogatory which was communicated together with the statement of defence, under the signature of the legal representative, under penalty of the application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the court registry." Trial date 05.05.2023.

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

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

At the hearing on 08.12.2023, a trial date is set for 22.03.2024 for the submission of expert evidence.

- *File No 8442/3/2022 - Plaintiff Tempos Sev (1.429.832)*

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

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

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

- *File No 8440/3/2022 - Plaintiff Tempos Sev (2.437.253)*

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

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

At the hearing on 08.11.2022, the case is adjourned.

The case was reinstated and a trial date is set for 12.09.2023.

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

At the hearing 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.

- *File No 527/1285/2021 - Plaintiff ELM Electromontaj Cluj (402.274)*

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

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

The company appealed. The Court dismisses the appeal filed by the appellant C.N.T.C.E.E. T. SA against civil judgment no. 2039 delivered on 22.10.2021 in casefile no. 527/1285/2021 of the Cluj Specialised Court, which it upholds in its entirety. Orders the appellant to pay the respondent E.E.C. SA the amount of 332.74 lei by way of costs on appeal. The decision is final and enforceable. Delivered on 10.10.2022, with the decision being made available to the parties by the registry of the court.

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

- *Control Court of Auditors of Romania*

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As of 04 September 2023, the Court of Auditors, through Department IV, is conducting a compliance audit mission at the National Power Grid Company Transelectrica SA. The scope of the audit being:

- a) contracting and procurement;
- b) salaries and other rights granted to the Company's personnel.

The subject of the compliance audit is "the situation, development and management of public and private state assets, as well as the legality of the realization of revenues and expenditure for the period 2020-2022" at the National Power Grid Company Transelectrica SA. The audit described above has not been completed at the date of preparation of these financial statements.

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

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.

### 29. AFFILIATED PARTIES

#### i) Subsidiaries owned by the Company

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

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

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

- **SMART SA**

The company SMART SA, with registered office at 33 Magheru Boulevard, sector 1, Bucharest, and head office at the working point at 3 Gheorghe Șincai Boulevard, "Formenerg" building, 1st floor, sector 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 Commercial Registry 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 December 2023, the share capital of SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 lei, subscribed and fully paid by the Company.

- **TELETRANS SA**

TELETRANS SA with registered office in B-dul Hristo-Botev, no. 16 - 18, sector 3, Bucharest and with head office at the working point in Stelea Spătarul street no. 12, sector 3, Bucharest, has as main object of activity process and managerial computer maintenance services, specific telecommunication and information technology services in RET, telephony, data transmission and was established by AGM Resolution no. 13/2002.

The share capital on 31 December 2023 is 6,874,430, fully subscribed and paid up.

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### **• ICEMENERG SA**

The subsidiary company Institute for Energy Research and Modernization - ICEMENERG SA with registered office Blvd. Energeticienilor 8, Bucharest 3 has as main business the research and development of physical and natural science, innovation, studies, development strategies, design, urbanism, engineering and other technical services, being established under GD 1065/04.09.2003.

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

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

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

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

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

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

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

### **• OPCOM SA**

OPCOM SA, with registered office at 16-18 Hristo Botev Street, Sector 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 lei through a contribution in kind represented by the value of the land for which the company has obtained the Certificate of Attestation of the 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 appraiser appointed by ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised the powers of the person involved as of the date of the AGEA resolution, 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 December 2023, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-up share capital. The remaining share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own

## CNTEE Transelectrica SA

Notes to the financial statements for the year ended 31 December 2023

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sources and IBRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

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

### • FORMENERG SA

The company FORMENERG SA, with registered office in B-dul Gh.Șincai, nr. 3, sector 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 December 2023 is 1,948,420, fully subscribed and paid up.

### • ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the shares held by the subsidiary "Institutul de Cercetări și Modernizări Energetice - ICEMENERG" - S.A. Bucharest to the subsidiary "ICEMENERG-SERVICE" - S.A. Bucharest to the National Power Transmission Company "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 December 2023 is 493,000, fully subscribed and paid up.

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

On 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 Section VII by civil sentence no.2429 approved the final report of the judicial liquidator, and on the basis of art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Company Filiala "Icemenerg-Service" SA by deleting it from the Bucharest Trade Register.

The company was not notified of the judgment until 31.12.2023.

### (ii) Related parties - main economic and financial indicators achieved by the Company's Subsidiaries as at 31.12.2022

The main economic and financial indicators achieved by the Company's subsidiaries as at 31 December 2022 (the last financial year for which the subsidiaries' financial statements have been approved) are as follows:

Indicators name	SMART	TELETRANS	OPCOM	FORMENERG
Turnover	102.935.156	39.845.755	30.557.529	3.000.226
Gross profit/(loss)	9.122.647	1.554.445	1.682.993	(778.789)
Paid-up share capital	38.528.600	6.874.430	31.366.090	1.948.420
Unpaid share capital	-	-	-	-
Reserves	21.350.120	16.529.557	9.905.099	250.164
Equity - total	95.949.155	29.637.887	47.395.957	2.681.466

### iii) Related parties - transactions with Subsidiaries owned by the Company

As at 31 December 2023 and 31 December 2022 the balances with subsidiaries held by the Company are detailed as follows:

Affiliated entity	Trade receivables		Trade liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
SMART SA	505.575	341.310	26.136.624	18.350.272
TELETRANS SA	163.073	176.323	32.618.057	14.692.419
FORMENERG SA	-	-	-	-

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OPCOM SA	137.025.151	654.372.119	170.043.524	647.260.234
<b>TOTAL</b>	<b>137.693.799</b>	<b>654.889.752</b>	<b>228.798.205</b>	<b>680.302.925</b>

Transactions carried out in 2023 and 2022 with its subsidiaries are detailed as follows:

Affiliated entity	Sales		Purchasing	
	2023	2022	2023	2022
SMART SA	1.018.073	990.223	97.089.025	100.797.374
TELETRANS SA	1.978.904	1.314.770	48.457.207	42.553.251
FORMENERG SA	-	-	84.784	38.926
OPCOM SA	1.443.107.298	6.971.350.943	3.241.882.764	2.069.009.809
<b>TOTAL</b>	<b>1.446.104.275</b>	<b>6.973.655.936</b>	<b>3.387.513.780</b>	<b>2.212.399.360</b>

During 2023, the Company received dividends from OPCOM and TELETRANS subsidiaries in the amount of 1,984,675.

### iv) *Related parties - transactions with other state-owned companies*

The company is a majority state-owned entity.

The value of the Company's transactions with entities controlled by the State or over which the State exercises significant influence represents a significant portion of the sales and purchases recorded in the year ended 31 December 2023.

As described in Note 1 ("Legislative Environment"), the Company's activities are regulated by ANRE. Also, as described in Note 3 (b), under the Concession Contract, an annual fee is paid, calculated as 4/1000 of the value of the gross revenues from electricity transmission and transit operations through the national transmission systems, which are in public ownership of the State.

## 30. COMPANY MANAGEMENT SALARIES

Salaries paid to employees with Individual Employment Contracts (IEC) in managerial positions for services rendered are mainly composed of basic salary, termination and post-employment benefits, as well as fixed and variable components for members of the Directorate and Supervisory Board.

These are detailed as follows:

	2023	2022
<u>Employees with IEC in management positions</u>		
Short-term benefits	25.345.256	26.231.964
Other long-term benefits	104.650	390.074
<u>Members of the Executive and Supervisory Boards</u>		
Fixed component	4.349.585	4.990.141
Variable component	-	-
<b>Total</b>	<b>29.799.491</b>	<b>31.612.179</b>

By Resolution No. 10 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Traselectrica" - S.A. of 15 December 2022, the appointment of the members of the Supervisory Board for a term of 4 months starting from 22 December 2022 was approved, as well as the determination of the remuneration.

By Resolution No. 2 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Traselectrica" - S.A. of 16 February 2023, the appointment of the members of the Supervisory Board for a term of office of 4 months starting from 22 February 2023 was approved, as well as the determination of the remuneration.

By Resolution No. 6 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Traselectrica" - S.A. of 19 June 2023, the appointment of the members of the Supervisory Board with a term of office of 4 months starting from 22 June 2023 was approved, as well as the determination of the remuneration.

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By Resolution no. 9 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Transelectrica" - S.A. of 18 October 2023, the appointment of the members of the Supervisory Board was approved for a term of office of 5 months, starting 22 October 2023 with the possibility of extension, once only, for another 2 months, for justified reasons, as well as the determination of the remuneration.

By Resolution no. 10 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Transelectrica" - S.A. of 28 November 2023, it was approved the appointment of a provisional member of the Supervisory Board with a term of office until 21 March 2024, with the possibility of a one-time extension for a further 2 months, for justified reasons, as well as the determination of the remuneration.

By the Supervisory Board Decision no. 53 of 19.12.2022, the appointment of the members of the Directorate of the Company as of 25.12.2022 for a term of 4 months and the determination of the remuneration was approved.

By the Supervisory Board Decision no. 15 of 19.04.2023, it was approved the extension of the terms of office of the members of the Company's Directorate by 2 months starting from 26.04.2023 until 24.06.2023.

By the Supervisory Board Decision no. 24 of 20.06.2023, it was approved the appointment of the members of the Company's Directorate as of 25.06.2023, for a term of 4 months, with the possibility of extension for good cause, for another 2 months, as well as the determination of the remuneration.

By the Supervisory Board Decision no. 39 of 24.10.2023, the appointment of the members of the Directorate of the Company was approved as of 25.10.2023, for a term of 5 months, with the possibility of extension, once, for another 2 months, for justified reasons as well as the determination of the remuneration.

## 31. FINANCIAL INSTRUMENTS

### *Financial risk management*

The Company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and currency risk), credit risk and liquidity risk. The overall management of the Company focuses on the unpredictability of the financial market and seeks to minimise potential adverse effects on the Company's financial performance. Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Company's earnings or the value of its holdings of financial instruments.

The company has no formal commitments to combat financial risks. However, financial risks are monitored at management level with a focus on the Company's needs to effectively offset opportunities and threats.

This note discloses information about the Company's exposure to the above risks, the objectives, policies and processes related to risk measurement and management, and the Company's capital management.

### *Interest rate risk*

The Company's operating cash flows are affected by changes in interest rates, mainly as a result of non-current foreign currency borrowings from external financing banks. The Company has non-current fixed interest borrowings, which may not expose it to cash flow risk.

At the balance sheet date, the ratio of the Company's fixed to floating interest rate financial instruments is shown below:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Financial instruments with fixed interest rate</b>		
Financial liabilities	56.434.395	80.219.047
<b>Floating rate financial instruments</b>		
Financial liabilities	-	67.617.751

### *Currency risk*

The Company may be exposed to foreign exchange rate fluctuations through cash and cash equivalents, non-current borrowings or trade payables denominated in foreign currencies.

The functional currency of the Company is the Romanian Leu. The Company is exposed to foreign exchange risk on cash and cash equivalents, purchases and borrowings made in a currency other than its functional currency. The currencies exposing the Company to this risk are mainly EUR and USD. Foreign currency borrowings and foreign currency payables are subsequently denominated in lei at the exchange rate on the balance sheet date, as communicated by the National Bank of Romania. The

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resulting differences are included in the profit and loss account but do not affect the cash flow until the debt is settled.

The Company's exposure to currency risk, expressed in RON, was:

<b>31 December 2023</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>Monetary assets</b>				
Cash and cash equivalents	519.358.908	492.888.062	26.442.172	28.674
Other financial assets	-	-	-	-
Receivables	<u>2.115.557.772</u>	<u>1.658.636.638</u>	<u>456.900.126</u>	<u>21.008</u>
<b>Gross exposure</b>	<b><u>2.634.916.680</u></b>	<b><u>2.151.524.700</u></b>	<b><u>483.342.298</u></b>	<b><u>49.682</u></b>
<b>Monetary liabilities</b>				
Suppliers and other obligations	2.275.824.541	1.645.107.151	630.717.390	-
Borrowings	<u>56.434.395</u>	<u>-</u>	<u>56.434.395</u>	<u>-</u>
<b>Gross exposure</b>	<b><u>2.332.258.936</u></b>	<b><u>1.645.107.151</u></b>	<b><u>687.151.785</u></b>	<b><u>-</u></b>
<b>Net exposure in the statement of financial position</b>	<b><u>302.657.744</u></b>	<b><u>506.417.549</u></b>	<b><u>(203.809.487)</u></b>	<b><u>49.682</u></b>
<b>31 December 2022</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>Monetary assets</b>				
Cash and cash equivalents	315.146.396	249.274.083	65.861.283	11.030
Other financial assets	-	-	-	-
Trade and other receivables	<u>3.340.471.542</u>	<u>1.959.994.010</u>	<u>1.380.477.532</u>	<u>-</u>
<b>Gross exposure</b>	<b><u>3.655.617.938</u></b>	<b><u>2.209.268.093</u></b>	<b><u>1.446.338.815</u></b>	<b><u>11.030</u></b>
<b>Monetary liabilities</b>				
Suppliers and other obligations	3.408.171.878	1.928.693.999	1.479.477.879	-
Borrowings	<u>147.836.798</u>	<u>67.617.751</u>	<u>80.219.047</u>	<u>-</u>
<b>Gross exposure</b>	<b><u>3.556.008.676</u></b>	<b><u>1.996.311.750</u></b>	<b><u>1.559.696.926</u></b>	<b><u>-</u></b>
<b>Net exposure in the statement of financial position</b>	<b><u>99.609.262</u></b>	<b><u>212.956.343</u></b>	<b><u>(113.358.111)</u></b>	<b><u>11.030</u></b>

Trade and other receivables, as well as suppliers and other liabilities except suppliers of fixed assets are expressed only in RON.

The following exchange rates have been applied:

	<b>Average exchange rate</b>		<b>Exchange rate on</b>	
	<b>2023</b>	<b>2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
RON/ EURO	4,9520	4,9315	4,9746	4,9474
RON/ USD	4,5700	4,6885	4,4958	4,6346



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A 10% appreciation of the Romanian Leu against the following foreign currencies on 31 December 2023 and 31 December 2022 would be increased gross profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	<b>Profit 2023</b>	<b>Profit 2022</b>
EUR	20.380.948	11.335.811
USD	-	-
<b>Total</b>	<b>20.380.948</b>	<b>11.335.811</b>

A 10% depreciation of the Romanian Leu against the following foreign currencies on 31 December 2023 and 31 December 2022 would have a similar but opposite effect to the above amounts, assuming all other variables remained constant.

	<b>Losing 2023</b>	<b>Losing 2022</b>
EUR	(20.380.948)	(11.335.811)
USD	-	-
<b>Total</b>	<b>(20.380.948)</b>	<b>(11.335.811)</b>

**Credit risk**

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

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

Financial assets that may subject the Company to collection risk are mainly trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with an 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 maximum exposure to collection risk at the reporting date was:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial assets</b>		
Net trade receivables	1.620.132.453	2.261.084.021
Other net receivables and advances to suppliers	280.338.797	787.546.355
VAT to be recovered	215.086.522	291.841.166
Cash and cash equivalents	519.358.908	315.146.396
Other financial assets	-	-
<b>Total</b>	<b>2.634.916.680</b>	<b>3.655.617.938</b>

The ageing of **receivables** at the date of the statement of financial position was:

<b>Gross value 31 December 2022</b>	<b>Provision 31 December 2022</b>	<b>Gross value 31 December 2022</b>	<b>Provision 31 December 2022</b>

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Not yet due	1.531.342.224	330.772	2.171.853.986	439.303
Expiry date between 1 - 30 days	(329.026)	-	120.587	2.770
Expiry between 31 - 90 days	169.704	-	20.541	5.943
Expiry date between 90 - 180 days	200.418	15.266	18.045	6.970
Overdue between 180 - 270 days	30.019.270	30.014.000	428.640	449.742
Due date exceeded between 270 - 365 days	206.356	17.254	186.948	181.868
More than one year	184.044.637	95.143.838	221.292.437	131.750.567
<b>Total</b>	<b>1.745.653.583</b>	<b>125.521.130</b>	<b>2.393.921.184</b>	<b>132.837.163</b>

The ageing of **other receivables** at the date of the statement of financial position was:

	<b>Gross value 31 December 2023</b>	<b>Provision 31 December 2023</b>	<b>Gross value 31 December 2022</b>	<b>Provision 31 December 2022</b>
Not yet due	468.005.322	1.841.664	1.050.760.965	34.980
Expiry date between 1 - 30 days	11.004.350	-	208.379	-
Expiry between 31 - 90 days	16.352.177	347.123	445.076	-
Expiry date between 90 - 180 days	481.065	15.824	2.272.225	242.536
Overdue between 180 - 270 days	142.180	34.948	1.541.395	170.579
Due date exceeded between 270 - 365 days	372.881	1.770.073	9.618.542	9.402.895
More than one year	83.523.474	80.446.498	90.871.784	66.479.855
<b>Total</b>	<b>579.881.449</b>	<b>84.456.130</b>	<b>1.155.718.366</b>	<b>76.330.845</b>

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 outstanding receivables arising from the bonus support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments at 31 December 2023, calculated for trade receivables and related penalties, were recorded for Romelectro SA (37,469,488), JAO (30,004,978), CET Govora (24,974,403), 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, execution of guarantees, court action, registration in the creditor's list, etc.

The evolution of the **customer impairment adjustments** is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance on 1 January</b>	<b>132.837.163</b>	<b>145.107.946</b>
Recognition of impairment adjustments	31.664.485	2.496.173
Reversal of impairment adjustments	38.980.518	14.766.956
<b>Balance at end of period</b>	<b>125.521.130</b>	<b>132.837.163</b>

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

<b>31 December 2023</b>	<b>31 December 2022</b>
<b>76.330.845</b>	<b>66.918.366</b>

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<b>Balance on 1 January</b>		
Recognition of impairment adjustments	25.239.079	11.557.190
Reversal of impairment adjustments	17.113.794	2.144.711
<b>Balance at end of period</b>	<b>84.456.130</b>	<b>76.330.845</b>

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or by transferring another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, availability of funding through adequate credit facilities.

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Assets</b>		
Monetary assets in RON	2.151.524.700	2.209.268.093
Monetary assets in foreign currency	483.391.980	1.446.349.845
	<b>2.634.916.680</b>	<b>3.655.617.938</b>
<b>Liabilities</b>		
Monetary liabilities in RON	(1.645.107.151)	(1.996.311.750)
Monetary liabilities in foreign currency	(687.151.785)	(1.559.696.926)
	<b>(2.332.258.936)</b>	<b>(3.556.008.676)</b>
<b>Net monetary position in RON</b>	<b>506.417.549</b>	<b>212.956.343</b>
<b>Net monetary position in foreign currency</b>	<b>(203.759.805)</b>	<b>(113.347.081)</b>

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The following table shows the contractual maturity of financial liabilities, including interest payments:

<b>31 December 2023</b>	<b>Value net</b>	<b>Value contractual</b>	<b>&lt; 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt; 5 years</b>
<b>Financial liabilities</b>						
Suppliers and other obligations	(2.257.316.806)	(2.257.316.806)	(2.248.494.592)	(8.822.214)	-	-
Other taxes and social security contributions	(18.507.735)	(18.507.735)	(18.507.735)	-	-	-
Borrowings	(56.434.395)	(56.434.395)	(24.528.217)	(12.011.321)	(19.894.857)	-
<b>Total</b>	<b>(2.332.258.936)</b>	<b>(2.332.258.936)</b>	<b>(2.291.530.544)</b>	<b>(20.833.535)</b>	<b>(19.894.857)</b>	<b>-</b>
<b>31 December 2022</b>	<b>Value net</b>	<b>Value contractual</b>	<b>&lt; 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt; 5 years</b>
<b>Financial liabilities</b>						
Suppliers and other obligations	(3.395.453.341)	(3.395.453.341)	(3.344.078.045)	(45.051.728)	(6.323.568)	-
Other taxes and social security contributions	(12.718.537)	(12.718.537)	(12.718.537)	-	-	-
Borrowings	(147,836,798)	(147,836,798)	(92.249.024)	(23.856.053)	(31.256.010)	(475.711)
<b>Total</b>	<b>(3.556.008.676)</b>	<b>(3.556.008.676)</b>	<b>(3.449.045.606)</b>	<b>(68.907.781)</b>	<b>(37.579.578)</b>	<b>(475.711)</b>

**CNTEE Traselectrica SA**

Notes to the separate financial statements as at 31 December 2023

*(All the amounts are provided in LEI, unless otherwise indicated)****Fair value of financial instruments***

Fair value is the amount at which the financial instrument could change in an arm's length transaction between knowledgeable, willing parties in an arm's length transaction, other than in a liquidation or foreclosure sale. Fair values are derived from quoted market prices or cash flow models as appropriate. At December 31, 2023 and December 31, 2022, management believes that the fair values of cash and cash equivalents, trade and other receivables, trade payables, borrowings, and other current liabilities approximate their carrying values. The carrying amount of borrowings is the amortised cost.

<b>31 December 2023</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Net trade receivables	1.620.132.453	1.620.132.453
Other net receivables	280.338.797	280.338.797
VAT to be recovered	215.086.522	215.086.522
Cash and cash equivalents	519.358.908	519.358.908
Other financial assets	-	-
	<b>2.634.916.680</b>	<b>2.634.916.680</b>

<b>31 December 2023</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Non-current financial liabilities</b>		
Borrowings, less bonds	31.906.178	31.906.178
Bonds	-	-
	<b>31.906.178</b>	<b>31.906.178</b>

<b>31 December 2023</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Current financial liabilities</b>		
Suppliers, including suppliers of fixed assets	2.245.529.728	2.245.529.728
Borrowings, less bonds	24.528.217	24.528.217
Amounts due to employees and other liabilities	30.294.813	30.294.813
	<b>2.300.352.758</b>	<b>2.300.352.758</b>

<b>31 December 2022</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Trade receivables	2.261.084.021	2.261.084.021
Other net receivables	787.546.355	787.546.355
Cash and cash equivalents	291.841.166	291.841.166
Other financial assets	315.146.396	315.146.396
	-	-
	<b>3.655.617.938</b>	<b>3.655.617.938</b>

<b>31 December 2022</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Non-current financial liabilities</b>		
Borrowings, less bonds	55.587.774	55.587.774
	<b>55.587.774</b>	<b>55.587.774</b>

**CNTEE Transelectrica SA**

Notes to the separate financial statements as at 31 December 2023

*(All amounts are in LEI, unless otherwise indicated)***31 December 2022**

	<u>Accounting value</u>	<u>Fair value</u>
<b>Current financial liabilities</b>		
Suppliers, including suppliers of fixed assets	3.395.453.341	3.395.453.341
Borrowings, less bonds	92.249.024	92.249.024
Bonds	-	-
Amounts due to employees and other liabilities	21.829.545	21.829.545
	<u><b>3.509.531.910</b></u>	<u><b>3.509.531.910</b></u>

*Categories of financial instruments*

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Financial assets</b>		
Cash holdings	519.358.908	315.146.396
Receivables	2.115.557.772	3.340.471.542
<b>Financial liabilities</b>		
Amortised cost	2.332.258.936	3.234.898.006

*Personnel risk and the payroll system*

On 31 December 2023, the average age of the Company's personnel is high. There is a possibility that in the future, the Company may face a shortage of personnel due to employees leaving due to natural causes.

Another personnel risk is the possibility of highly skilled employees leaving for private companies, which may offer salary packages and compensation above the current level offered by the Company.

*Capital risk management*

The Company's policy is to maintain a strong capital base to maintain investors, lenders and a confident market and also to support the future development of the business.

*Liabilities ratio indicator*

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short- and non-current borrowings	56.434.395	147.836.798
Cash holdings	519.358.908	315.146.396
Other financial assets	-	-
	<u><b>(462.924.513)</b></u>	<u><b>(167.309.598)</b></u>
Equity capital	5.190.146.109	3.868.502.851
Degree of indebtedness	0,63	1,11

**32. FEES CHARGED BY EACH STATUTORY AUDITOR OR AUDIT FIRM**

The fees charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements and the total fees charged by each statutory auditor or audit firm for other assurance services, for tax advisory services and for other non-audit services, as per item 38 of Annex 1 to OMFP no. 2844/2016 as amended, for the financial year 2023, are presented as follows:

- **PKF Finconta SRL** - Contract no. 467/23.12.2021 - "Financial audit services for the period 2021-2023" comprising the following services:

## CNTEE Transelectrica SA

Notes to the separate financial statements as at 31 December 2023

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

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- auditing the stand-alone financial statements prepared in accordance with OMFP No 2844/2016;
- auditing the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union;
- issuing the Report on the conformity of the Annual Report with the stand-alone annual financial statements;
- issuing the Report on the conformity of the Consolidated Annual Report with the consolidated annual financial statements;
- audit services on the fulfilment of the financial conditions specified in the loan contracts concluded/to be concluded with Commercial Banks/International Financial Institutions;
- audit services on the fulfilment of the financial conditions specified in the Prospectus/Bond Programme for the financial years;
- auditing the revenues from the activity of providing telecommunications networks in order to certify the revenues and the consistency with the accounting records for the determination of the monitoring fee by the public regulator in the electronic communications sector (ANCOM) in accordance with the applicable legislation (at the date of drawing up these specifications - Decision No 2892/2007);
- Audit services of the indicators assumed in the Management Plan/Management Component of the Management Plan for the payment of the rights provided for in the Mandate Contracts concluded with the members of the Company's Directorate and the members of the Supervisory Board of the Company, i.e. the issuance of a Report certifying the correctness of the calculations of the financial indicators assumed in the Mandate Contracts concluded by the Company with each member of the Directorate and the Supervisory Board of Transelectrica;
- services relating to the analysis of transactions reported by the Company pursuant to Article 92<sup>3</sup> of Law no. 24/2017 on issuers of financial instruments and market operations and the preparation and delivery to the Company of the reports referred to in Article 92<sup>3</sup>, paragraphs (5) and (6) of Law no. 24/2017 on issuers of financial instruments and market operations;
- Additional reports as required by Art. 94 para. (1) letter b. of Law 24/2017, on issuers of financial instruments and market operations, prepared in accordance with financial auditing standards and the reporting framework defined by international accounting standards and by A.S.F. regulations regarding operations claimed by shareholders representing at least 5% of the total voting rights. The supplementary report prepared by the financial auditor contains all the information relating to the operations claimed by shareholders and is prepared in accordance with Regulation 5/2018 issued by the ASF on issuers of financial instruments and market operations.

The fee charged for financial audit services for the financial year 2022 and paid in 2023 is 363,667 lei plus VAT.

### 33. ENVIRONMENTAL OBJECTIVES

The National Power Grid Company Transelectrica SA has implemented an integrated management system for quality, environment, health and safety at work, through which it efficiently manages the environmental aspects related to the electricity transmission activity, as well as the maintenance and modernization of RET, in order to prevent pollution and increase environmental performance.

The Company's concern for environmental protection is also reflected in the Integrated Quality, Environmental, Occupational Health and Safety Management System Policy Statement.

The fundamental objective of the development strategy is to meet the needs and expectations of its customers and other stakeholders within an Integrated Quality, Environmental, Occupational Health and Safety Management System implemented, certified, maintained and continuously improved in accordance with the requirements of SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2023.

To achieve this strategy and achieve sustainable success, the Company's management is committed to ensuring:

- the operation of the electricity system under the conditions laid down in European and national regulations in primary and secondary legislation to meet the needs and expectations of customers and other stakeholders;
- the organisational framework necessary to establish, analyse and implement the objectives of the Integrated Quality, Environment, Health and Safety Management System;
- Sustainable development and reduction of the negative impact of RET on the environment by:
  - ✓ identification of environmental issues/risks and associated opportunities,
  - ✓ monitoring environmental factors, preventing/combating pollution using the best available technologies,
  - ✓ decontamination, rehabilitation or ecological reconstruction of land and water areas affected by the Company's activities,
  - ✓ prevention and reduction of emissions of fluorinated greenhouse gases (GHG): SF<sub>6</sub>, ozone, freon, etc.,
  - ✓ prevention and reduction of air pollution by keeping the concentration of pollutants emitted into the atmosphere (emissions from power plants and cars) within the permitted limits,
  - ✓ prevention and reduction of water pollution by keeping the concentration of pollutants in water within the permitted limits,
  - ✓ proper waste management,
  - ✓ reducing the risk of collision and electrocution of birds,
  - ✓ preventing forest fires by maintaining the safety corridor,

- ✓ avoidance of alteration of natural habitats, especially protected natural areas.

At the National Power Grid Company Transelectrica SA level, the Integrated Management System Analysis Report is drawn up annually and a programme of measures for the continuous improvement of the IMS (including the SMM) is approved.

### 34. SUBSEQUENT EVENTS

- **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 4 January 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 contact can be found on the Company's website under Investor Relations/Current Reporting.

- **Transelectrica AGM quorum meeting**

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, at which it took note of 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.

- **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 is 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 RET 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 28 February 2024**

The Ordinary General Meeting of Shareholders of the Company held on 28 February 2024 approved the appointment of the members of the Supervisory Board for a period of 4 years for:

- PĂUN Costin-Mihai,
- ATANASIU Teodor,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița,
- DASCĂL Cătălin-Andrei, .
- ORLANDEA Dumitru Virgil,
- RUSU Rareș Stelian,

The four-year term of office began on 1 March 2024 and runs until 29 February 2028.

At the same time, by HAGOA no. 1/28.02.2024 the form of the mandate contract and the remuneration of the members of the Supervisory Board of the Company were approved.

- **Resolution No. 2 of the Ordinary General Meeting of Shareholders of 28 February 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) - Resița**

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 29 February 2024.



## CNTEE Transelectrica SA

Notes to the separate financial statements as at 31 December 2023

(All amounts are in LEI, unless otherwise indicated)

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 energisation of the newly built line marks the end of the execution works by testing the technical functioning of the electrical installation.

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.

Committee on Energy Investment and Security: 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.

The stand-alone financial statements were signed by the Company's management on March 18, 2024:

### DIRECTORATE,

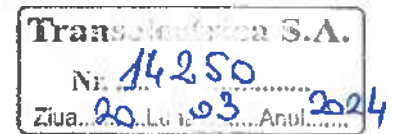
Chairman	Member	Member	Member
Ștefăniță MUNTEANU	Florin-Cristian TĂTARU	Cătălin-Constantin NADOLU	Bogdan TONCESCU

**Economic and Financial Director**  
**Ana-Iuliana DINU**

**Accounting Department Manager**  
**Georgiana-Beatrice ȘTEFAN**

**INDEPENDENT AUDITOR'S REPORT**  
(free translation)

To the shareholders of C.N.T.E.E. – Transelectrica S.A.



**Report on separate financial statements**

**Opinion**

1. We audited the attached separate financial statements of C.N.T.E.E. Transelectrica S.A. (the "Company"), with its registered office at 2-4 Olteni Street, sector 3, Bucharest, Romania identified by the unique tax registration code RO 13328043, which include the separate statement of financial position as at December 31, 2023, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the financial year ended on this date, as well as a summary of significant accounting policies and explanatory notes.
2. The separate financial statements as at December 31, 2023 are identified as follows:
  - Net asset/Total equity: 5.190.146.109 lei
  - Net result for the financial year - profit: 213.611.306 lei
3. In our opinion, the attached separate financial statements provide a true and fair view of the Company's financial position as at December 31, 2023, as well as its financial performance and cash flows for the financial year ended on that date, in accordance with Order of the Minister of Public Finance No. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, as subsequently amended and with the accounting policies described in the notes to the separate financial statements.

**Basis for opinion**

4. We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter referred to as *the "Regulation"*) and Law no. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Separate Financial Statements" section of our report. We are independent of the Company under the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA Code"), ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Highlighting some aspects**

5. As mentioned in Note 10, "Trade receivables and other receivables", on December 31, 2023, the Company presents receivables from the management activity of the support scheme for the promotion of high-efficiency cogeneration in the amount of RON 138,093,021, the significant share being related to customers in financial difficulties, as well as debts in the amount of RON 27,120,145. According to the legislation in force issued by ANRE, the amounts remaining uncollected by the scheme administrator from electricity and heat producers in cogeneration and who accessed the support scheme will be recovered by including them in the cogeneration contribution, according to the methodology issued by ANRE, if the administrator has taken all legal steps to collect them from those who owe. At the date of this report, ANRE did not issue the methodology on how to recover uncollected receivables, respectively to pay unpaid debts. Our audit opinion does not contain a reservation in this respect.

**Key audit issues**

6. Key audit issues are those aspects that, based on our professional judgement, were of the greatest importance for the audit of separate financial statements of the current period. These issues have been addressed in the context of auditing the financial statements as a whole and forming our opinion on them, and we do not provide a separate opinion on these key issues.
  - **Provisions for litigation.**
    - **Description.** The company is party to numerous disputes with business partners, authorities and employees, thus risking future economic losses. Note 28 "Commitments and Contingents" outlines material disputes in which the Company is involved. The decision to file a provision for litigation or to present a contingent liability in separate financial statements depends on professional judgment and certain estimates by the Company's management. We considered that recognizing or not recognizing litigation provisions was material to the audit because it would result in the recognition of overvalued

- profits.
- **Our response.** Our audit procedures to address the risk of material misstatement in relation to the recognition of provisions for litigation, which was considered materially risky, included:
    - reviewing the resolutions of the General Shareholders Meeting, of the Supervisory Board and of the Executive Board,
    - obtaining and evaluating lawyers' answers to auditor's letters, followed by obtaining clarifications on the status of certain disputes. During the audit mission, discussions were also held with management and lawyers (internal and external) on significant disputes,
    - critical assessment of working assumptions and estimates made by the Company with respect to disputes, including the amount of provisions recognised in separate financial statements or contingent liabilities presented.
    - Measurement of the information disclosed in the notes to the separate financial statements with respect to provisions for risks and charges in accordance with the requirements of applicable reporting standards.
  - **Revenue recognition.**
    - **Description.** The revenue recognition policy is outlined in Note 3 "*Accounting policies*". According to International Standards on Auditing, there is an implicit risk in revenue recognition due to the pressure management may feel to achieve budgeted results. The main revenue-generating activities for the Company are: electricity transmission service, system services and balancing market operator activity. The electricity transmission activity is an activity of general interest in the field of electricity, authorized and monitored by a public authority, with a natural monopoly character. The tariffs charged by the Company for transmission and system services are established and approved by ANRE (National Energy Regulatory Authority). The company is an operator of the balancing market, its mode of operation being regulated by order by ANRE, the purpose of the market being to ensure the balancing of the balance of production - electricity consumption in real time, using resources from a competitive environment.
    - **Our response.** Our audit procedures to address the risk of material misstatement in relation to revenue recognition included, among others:
      - understanding how to recognize and register the main categories of income, in accordance with the requirements of applicable reporting standards.
      - Detailed tests on transactions recorded by the Company during the financial year,
      - Test procedures to ensure that earnings are recorded within the correct period,
      - Procedures for confirmations of trade receivables for a representative sample.

#### **Other Issues**

7. This report is addressed exclusively to shareholders of the Company as a whole. Our audit was performed in order to be able to report to the Company's shareholders those aspects that we need to report in a financial audit report and not for other purposes. To the extent permitted by law, we accept and assume responsibility only to the Company and its shareholders as a whole for our audit, for this report.
8. Taxation in Romania is constantly evolving. There is a possibility of different interpretations of legal provisions by the Ministry of Finance and local tax authorities. The Company's management recorded in the submitted accounts various taxes, penalties and fees, based on the best interpretation of the tax provisions in force, an interpretation that can be challenged by a possible fiscal control.

#### **Responsibilities of management and persons responsible for governance for separate financial statements**

9. The Company's management is responsible for preparing separate financial statements that provide a true and fair view in accordance with OMFP 2844/2016 and for that internal control that management considers necessary to allow the preparation of separate financial statements free from material misstatements, caused either by fraud or error.
10. In preparing separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing going concern in the notes to separate financial statements, if any, and for using going concern accounting, unless management either intends to liquidate the Company or cease operations, or has no realistic alternative other than these.
11. The persons responsible for governance are responsible for overseeing the Company's financial reporting process.

#### **Responsibilities of the auditor in an audit of separate financial statements**

12. Our goals are to obtain insurance Reasonable on whether the financial statements, as a whole, are free from

material misstatements, whether caused by fraud or error, and in issuing an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if one exists. Distortions can be caused either by defraud error and are considered material if that can be expected, flax reasonably well, that they, individually or cumulatively, will influence economic decisions of users, taken on the basis of these separate financial statements.

13. As part of an ISA audit, we exercise professional judgement and maintain professional skepticism throughout the audit. Also:
- We identify and assess risks of material misstatement of separate financial statements caused by either fraud or error, design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than not detecting a material misstatement due to error, as fraud can involve collusion, forgery, intentional omissions, misrepresentation and avoidance of internal control.
  - We understand internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - We assess the adequacy of the accounting policies used and the reasonableness of the cantabile estimates and related disclosures made by management.
  - We conclude on the appropriateness of management's use of accounting on a going concern basis and determine, based on audit evidence obtained, whether there is material uncertainty about events or conditions that could raise significant doubts about the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in the auditor's report to related disclosures in separate financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to stop operating on a going concern basis.
  - We evaluate the presentation, structure and content of separate financial statements, including disclosures, and the extent to which separate financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
14. We communicate to those responsible for governance, among other aspects, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, that we identify during the audit.
15. We also provide those responsible for governance with a statement as to our compliance with ethical independence requirements and communicate to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, related safeguards.
16. Among the issues we have communicated to those entrusted with governance, we determine those aspects that were of greater importance in the audit of separate financial statements in the current period and are therefore key audit issues. We describe these matters in our audit report unless legislation or regulation prevents the matter from being made public, or in extremely rare circumstances we believe that something should not be disclosed in our report because the benefits of the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

**Report on the compliance of the management report with the separate financial statements and the non-financial statement**

The administrators (Executive Board and Supervisory Board) are responsible for preparing and submitting, in accordance with the requirements of Articles 15-19 of the Accounting Regulations approved by OMFP 2844/2016, an annual report of the directors that does not contain material misstatements and for that internal control that the management considers necessary to allow the preparation of the annual report of the directors that does not contain material misstatements, due to fraud or error. The annual report of the directors is not part of the separate financial statements of the Company.

Our opinion on separate financial statements does not cover the annual management report and, unless explicitly stated in our report, we do not express any assurance conclusions about it.

In connection with the audit of the separate financial statements for the year ended December 31, 2023, it is our responsibility to read the annual management report and, in doing so, to assess whether it is materially inconsistent with the separate financial statements, or with knowledge we have obtained during the audit, or whether it appears to be materially misstated.

Regarding the annual report of the administrators, we have read and report whether it has been prepared, in all material aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19.

Based solely on the activities to be carried out during the audit of separate financial statements, in our opinion:

- a) The information presented in the annual management report for the financial year for which the separate financial statements have been prepared is consistent in all material respects with the separate financial statements.
- b) The annual report of the administrators was prepared, in all material aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19 and 26-28.

In addition, based on our knowledge and understanding of the Company and its environment acquired during the audit of separate financial statements for the year ended December 31, 2023, we are required to report if we have identified material misstatements in the management report. We have nothing to report on this.

The annual management report does not include the Non-Financial Statement and the Sustainability Report, which will be prepared in accordance with OMFP 2844/2016, paragraphs 39-42 and will be published as required by law, at a later date than the audit report. This has no impact on the audit opinion.

#### **Report on other legal and regulatory provisions**

We were appointed by signing the audit contract dated 20.12.2021 to audit the Company's separate financial statements, for the financial years ended December 31, 2021, 2022 and 2023, respectively. The total uninterrupted duration of our commitment is 3 years, covering the financial years ended December 31, 2021, 2022 and 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Board of Directors, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- Our audit opinion on separate financial statements expressed in this report is consistent with the additional report submitted to the Company's Audit Committee.
- We have not provided for the Company the prohibited non-audit services mentioned in Article 5 (1) of EU Regulation no. 537/2014.

On behalf of: PKF Finconta SRL

St. Jean Louis Calderon, nr. 38, Sector 2, Bucharest

Registered with the Authority for Public Oversight of Statutory Audit under number FA32

Name of audit partner: Florentina Susnea

Registered with the Authority for Public Oversight of Statutory Audit under number AF433

Bucharest, March 20, 2024

# CNTEE TRANSELECTRICA SA

## Consolidated Annual Report

2023



## **The Supervisory Board's report on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards**

The Supervisory Board is based on the principles of corporate governance, which require a responsible, professional and objective attitude of the Company in relation to the stakeholders. Within the Council, the Company's strategy and the premises of the environment in which it operates are analyzed in order to plan its evolution and performances, ensuring a rigorous formulation of the objectives.

The consolidated financial statements related to the year 2023 were presented to the Supervisory Board, the Company's Directorate providing detailed information on the annual results. During the meeting for the verification of the financial statements of 2023, the Audit Committee presented to the Supervisory Board an analysis of the results of the financial year 2023 and recommended to the Supervisory Board the verification of the consolidated financial statements, drawn up in accordance with OMFP no. 2844/2016.

The 2023 Consolidated Annual Report provides a true and fair view of the Group's results for the 2023 financial year.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for monitoring the financial reporting process, management reporting, the internal control system, the audit process, the risk management system and the organizational process for monitoring compliance with laws, regulations and code of conduct.

**Best regards,**

**Supervisory Board represented by**

**President of the Supervisory Board**

## Statement of Responsible Persons

To the best of our knowledge, the consolidated financial statements on the date and for the 12-month period ending on December 31, 2023 were drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 with subsequent amendments and additions, for the approval of the Accounting Regulations in accordance with the International Standards of Financial Reporting and provides a correct and true picture of the Group's financial position and profit and loss account.

The Directorate's Consolidated Annual Report includes correct and compliant information regarding the Group's development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

### Directorate,

**Ștefăniță  
MUNTEANU**

**Directorate  
President**

**Florin-Cristian  
TĂTARU**

**Directorate  
Member**

**Cătălin-Constantin  
NADOLU**

**Directorate  
Member**

**Bogdan  
TONCESCU**

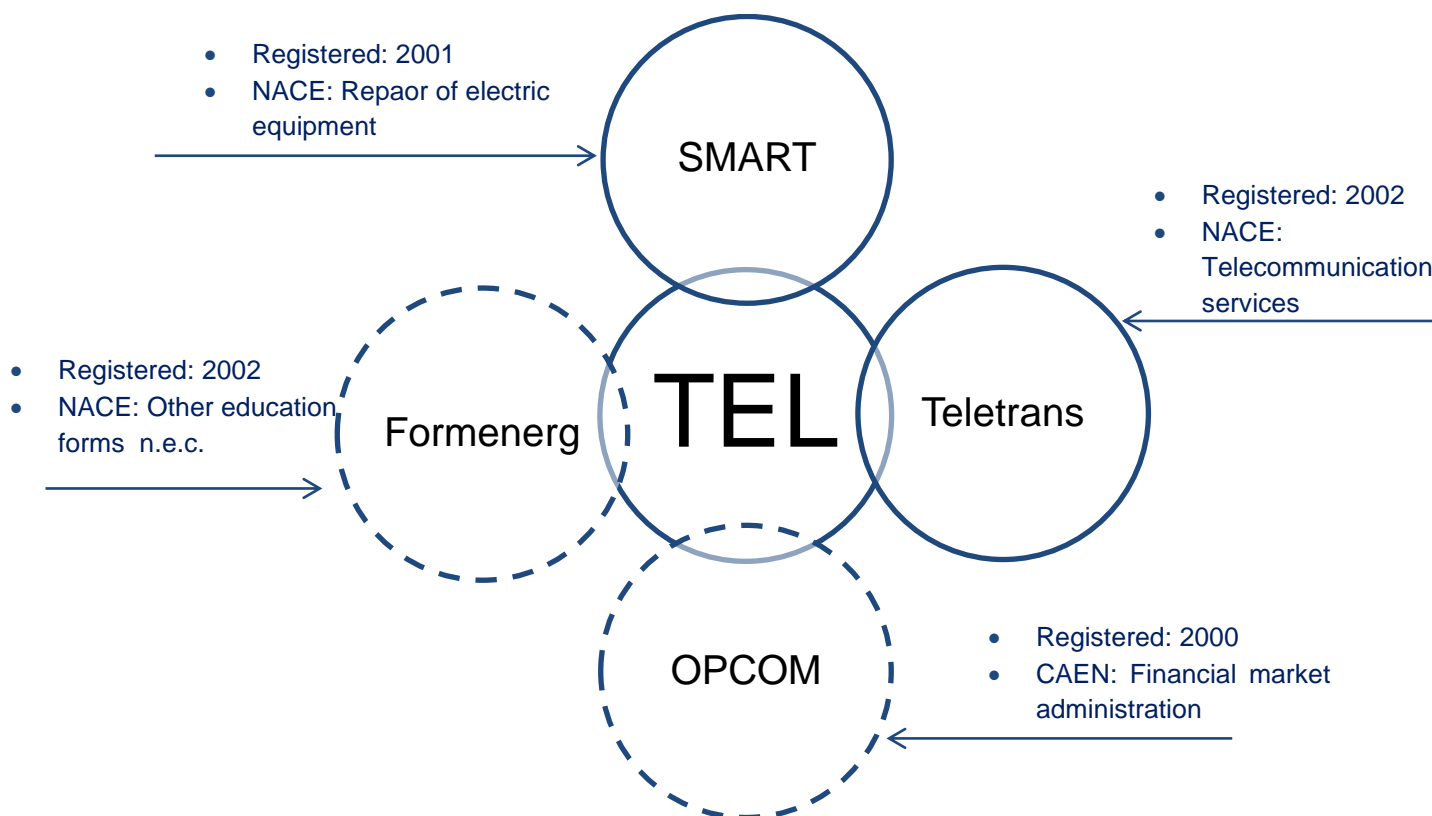
**Directorate  
Member**



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## PRESENTATION OF BRANCHES



As of the date of this report, Transelectrica consists of six subsidiaries, Romanian legal entities, organized as joint-stock companies, of which it is the sole shareholder in the following: Forenerg, Teletrans, Smart, Icemenerg Service (subsidiary which at the date of this report is deregistered from the Trade Register National Office), Icemenerg SA (Institutul de Cercetări și Modernizări Energetice ICEMENERG SA - subsidiary which, as of the present date, is deregistered from Trade Register National Office).

Among the Company's subsidiaries, the Smart and Teletrans subsidiaries are included in the scope of the Group's financial consolidation.

The following were not taken into account when preparing the consolidated financial statements:

- the Forenerg subsidiary since, according to the applicable accounting legislation, the impact of its activity is considered insignificant for the purpose of consolidation,
- the OPCOM subsidiary, since the administration is carried out according to the regulations established by ANRE, and Transelectrica does not exercise effective direct control over its decision-making mechanisms.

### SMART



The subsidiary Societatea Comercială pentru Servicii de Mentenanță a Rețelei Electrice de Transport „SMART” SA was established in 2001, by GD no. 710/19.07.2001 through the reorganization of some activities within Transelectrica.

The main activity of the subsidiary is to carry out revisions and repairs to equipment and primary equipment in the power grids (so that the RET installations operate in safe conditions at the performance level required by the license), the remedy of incidents at electrical installations, providing services in the energy field, energy services for the energy system and microproduction of electrical equipment. The company has 8 branches without legal personality.

The mission for which SMART SA was established was and still remains that of ensuring the preventive maintenance works, special works and corrective maintenance of the Transmission Power Grid (RET)

starting from the primary objective of Transelectrica: that of ensuring the transmission of electricity in the national transmission grid under safe and stable conditions.

The branch offers professional services at a high performance level, respectively, maintenance, repairs, expertise, consultancy for:

- Low, medium, high and very high voltage apparatus and equipment - up to 750kV inclusive,
- Protection equipment and circuits, automation, measurement, command - control,
- Transformers and autotransformers of all powers and voltages,
- Aerial and cable power lines of all voltage levels.

The subscribed and paid-up capital on 31.12.2023 is of 38,529 thousand RON, Transelectrica being the sole shareholder. The results of the subsidiary SMART are consolidated with the financial results of the Company.

SMART shares are 100% owned by Transelectrica.

## TELETRANS



The TELETRANS SA subsidiary was established by the Resolution of the General Meeting of Shareholders no. 13/04.12.2002 of Transelectrica, based on Law no. 31/1990 and the Orders of the Ministry of Industry and Commerce no. 3098 and no. 3101 of 23.10.2002 and is the provider of specific telecommunications and information technology services for the operational and administration management of Transelectrica, having as main object of activity the provision of specific telecommunication services. At the same time, the Subsidiary has the opportunity to market specialized services on the liberalized Romanian communication market.

The subsidiary has a high level of competence in fields with a profound uniqueness regarding the management of systems and processes in the energy industry.

Based on the Statute and the applicable normative acts, Teletrans holds the ANCOM certificate of provider of networks or electronic communications services from the year 2002 (Emergency Governmental Ordinance no. 679/2002), by which it benefits from the right to provide the following electronic communication services:

- Public electronic communication networks (starting from 11.11.2004);
- Electronic communication services intended for the public: (i) Leased line services and (ii) Electronic communication services, other than telephony and leased lines (starting from 01.07.2003);
- Private electronic communication networks and services (starting from 15.01.2003).
- Also, TELETRANS staff benefit from relevant certifications in the operation and management of IT&C systems dedicated to critical infrastructures.

TELETRANS uses a fiber optic network built in reliable OPGW technology, with access points in 110 locations, as well as cross-border links with Hungary, Bulgaria and Serbia, and provides EMS/SCADA system integration services for renewable energy producers and the new command-control systems in refurbished stations.

The services provided by Teletrans were mainly IT/Tc services to Transelectrica, maintenance services of the local metering system at the level of the Company's power plants and telecommunication services through the sale of the existing capacity surplus in the fiber optic communication infrastructure.

The subscribed and paid-up capital on 31.12.2023 is of 6,874 thousand RON, Transelectrica being the sole shareholder. The results of the Teletrans subsidiary are consolidated with the financial results of the Company.

TELETRANS shares are 100% owned by Transelectrica.

## FORMENERG



The FORMENERG SA company was established as a result of Decision number 33/19.11.2001 of the General Meeting of Shareholders - "Transelectrica" S.A., by outsourcing the activity of the Energy Sector Personnel Training and Development Branch. FORMENERG started its activity on March 21, 2002.

The FORMENERG subsidiary is a company which main object of activity is the initial and continuous professional training, in all fields of activity, of personnel with

attributions in the energy field from all sectors of the national economy and other beneficiaries, as well as hotel service activities, rental services and event management services.

FORMENERG SA is based on an old professional training center in Romania, with a vast experience in the field of professional training, currently offering a varied range of courses, both in technical fields (construction, energy, installations, etc.) and of general interest (project management, sales, trainer, etc.) having a portfolio of over 200 courses. Courses authorized and approved by institutions such as ANRE or the Ministry of Labor and Social Solidarity are held by professional lecturers and trainers with extensive experience.

The Branch is also a professional training provider authorized by the National Qualifications Authority (ANC).

FORMENERG's competences are structured in the following main directions:

- training/professional training services,
- hotel accommodation services,
- rental services (property, classrooms).

The share capital on 31.12.2023 is of 1,948 thousand RON, paid in full, represented by 194,842 shares with a nominal value of 10 RON each.

FORMENERG shares are 100% owned by Transelectrica.

### **ICEMENERG – SERVICE**

The company ICEMENERG SERVICE – SA was focused on the design, production and distribution of measuring, management and control devices intended for the energy system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE certificate.

On 09.06.2017, the Bucharest Court, VIIth Civil Section, ordered the bankruptcy by simplified procedure of the debtor Subsidiary Company ICEMENERG SERVICE – SA, appointing Solvendi SPRL as provisional trustee in bankruptcy.

On 27.04.2021 by address no. 18759, the Special Administrator of the ICEMENERG Service SA Subsidiary informed that on 23.04.2021, following the tender that took place, the assets of the ICEMENERG Service SA Subsidiary, both movable and immovable, were capitalized en bloc, the buyer being Portland Trust Developements Five SRL.

In file no. 18051/3/2017, according to the Insolvency Procedures Report no. 9152/26.05.2022, the Bucharest Court - VIIth Civil Section by civil sentence no. 2429 approved the final report of the trustee in bankruptcy, and based on art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency procedures, closed the insolvency procedure against the debtor Company Subsidiary "Icemenerg-Service" SA by deregistrating it from the Bucharest Trade Register.

### **OPCOM**



OPCOM SA was established based on GD no. 627/2000 regarding the reorganization of Compania Nationala de Electricitate SA, as a subsidiary which sole shareholder was Transelectrica

According to the provisions of the primary and secondary legislation in force, the Operator of the Electric Energy and Natural Gas Market "OPCOM" S.A. fulfills the role of administrator of the electricity market, providing an organized, viable and efficient framework for carrying out commercial transactions in the wholesale electricity market and carries out centralized market administration activities in the natural gas sector, under conditions of consistency, fairness, objectivity, independence, equality, transparency and non-discrimination. The main activities carried out by OPCOM according to the provisions of the primary and secondary legislation in force:

- Exercising the activity of organization and administration of centralized electricity markets;
- Exercising the function of organizer and administrator of the green certificates market;
- Exercising the activity of administration of centralized markets in the natural gas sector;
- Exercising the role of sole purchaser within the Centralized Electricity Purchase Mechanism.
- For the delivery period prior to October 2023, the establishment of payment obligations/rights of collection for the transactions carried out by participants in the Balancing Market and for OTS, the

calculation of single final prices, final deficit prices and final surplus prices as well as determining the quantitative and value imbalances of the Parties Responsible for Balancing, as a delegated operator for the settlement of the balancing energy, as well as the imbalances of the parties responsible for balancing;

- The activity of supervising the operation of the administered markets;
- Collecting and publishing statistical data about the market, according to the provisions of the Energy Law;
- Registered Reporting Mechanism (RRM);
- Administration and development of IT platforms that serve the energy markets;
- Active participant in the European energy market.

OPCOM is in collaboration with the Bucharest Stock Exchange to identify projects through which the two entities will propose the trading of derivative products for managing the risk of energy price relativity and carrying out clearing and settlement operations through a national Clearing House (Central Counterparty in Romania -CCP.RO). In 2021, OPCOM and CCP.RO negotiated the Contract regarding the framework related to the compensation and settlement of transactions concluded on the Centralized Market of Bilateral Electricity Contracts - the method of trading through Continuous Negotiation (PCCB-NC) administered within OPCOM. This project is necessary for the energy market and the capital market, contributing to the increase of liquidity and the fluidity of payments by increasing the security of transactions and reducing the expenses related to compensated transactions, thus following the good European practices in the field of capital markets together with energy markets.

At the same time, OPCOM was qualified by ACER as a Registered Reporting Mechanism, in order to report the bids and transactions established by the participants in the wholesale energy market in Romania.

From the perspective of its field of activity and its responsibilities, OPCOM is a member of the International Association of Power Exchanges (APEX, Association of Power Exchanges), the Association of European Energy Exchanges (EUROPEX, Association of European Energy Exchanges), other committees and national associations.

At the same time, within the flow-based coupling project of the region, on June 8, 2022, the 16 Transmission and System Operators (TSOs) from the Core Capacity Calculation Region (Core CCR), together with 10 appointed Operators of The Electric Energy Markets (OPEED), initiated day-ahead market coupling based on flows. Also, as part of the Core FB MC project, the market coupling between Croatia and Hungary & Slovenia and Hungary was implemented, contributing to a more complete and better functioning European market coupling.

OPCOM is directly involved in all the European efforts dedicated to the creation of the single electricity price, being fully integrated and engaged in a suite of European and regional cooperations corresponding to its profile, being strongly anchored in the European efforts dedicated to this objective.

Transelectrica does not exercise effective direct control over the decision-making mechanisms of OPCOM, which administration is conducted according to the regulations established by ANRE.

The subscribed and paid-up capital of the OPCOM company on 31.12.2023 is of 31,366 thousand RON, Transelectrica participating on that date in the capital as the majority shareholder. The shareholder structure is as follows:

- CNTEE Transelectrica SA – 97.84%
- The Romanian State through the General Secretariat of the Government – 2.16%.

## IDENTIFICATION DATA

### SMART

Registered office	Bucharest, Bd. Gen. Gh. Magheru nr. 33, sector 1
Work point	Bucharest, Bd. Gheorghe Sincai nr. 3, Cladirea "Formenerg", et.1, sector 4
Registration number in the trade register	J40/8613/2001
Sole Registration Number	14232728
Share capital	38,529 thousand RON, divided into 3,852,860 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	GD no. 710/2001 regarding the establishment of the subsidiary Societatea Comercială pentru Servicii de Mentenanța a Rețelei Electrice de Transport "SMART" SA by reorganizing some activities within Transelectrica

### TELETRANS

Registered office	Bucharest, Bd. Hristo Botev nr. 16-18, sector 3
Work point	Bucharest, Str. Stelea Spătarul nr. 12, sector 3
Registration number in the trade register	J40/12511/2002
Sole Registration Number	15061510
Share capital	6,874 thousand RON, divided into 687,443 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	Decision of the General Meeting of Shareholders of CNTEE Transelectrica no. 13 of 20.03.2002 and orders of the Minister of Industry and Resources no. 3098, 3101/23.10.2002

### FORMENERG

Registered office	Bucharest, Bd. Gheorghe Șincai, nr. 3, sector 4
Registration number in the trade register	J40/ 2265/ 2002
Sole Registration Number	14529126
Share capital	1,948 thousand RON, divided into 194,842 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	The decision of the General Meeting of Shareholders of Transelectrica No. 33 on 19.11.2001

### OPCOM

Registered office	Bucharest, Bd. Hristo Botev nr. 16-18, sector 3
Registration number in the trade register	J40/7542/2000
Sole Registration Number	13278352
Share capital	31,366 thousand RON divided into 3,136,609 registered shares with a nominal value of 10 RON each
Shareholders	Transelectrica – 97,84% Romanian State – 2,16%
Stting up document	Government Decision No. 627/13.07.2000

## MANAGEMENT STRUCTURES

The executive management of the Subsidiaries on the date of this report is provided by the following persons:

### SMART:

Gheorghe BOLINTINEANU	General Manager
Mihai Liviu NEGOESCU	Economic Manager

### TELETRANS:

Decebal BĂESCU	General Manager
Florin Nicolae MÂRZA	Economic Manager

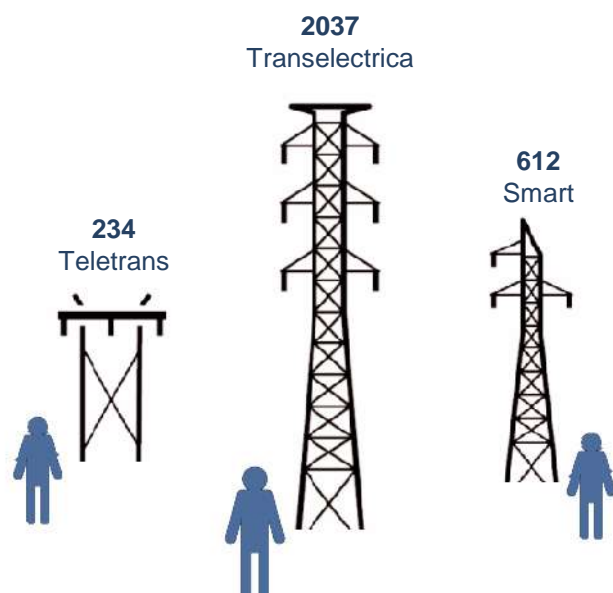
### FORMENERG:

Lucian BICA	General Manager
Marcel Niculescu	Financial Manager

### OPCOM:

Victor IONESCU	General Manager
Silvia FEDIUC	Economic Manager

## Number of employees in 2023



## CONSOLIDATION RESULTS 2023-2021

The financial results of the Group's activity were as follows:

<i>Thousand RON</i>	2023	2022	2021		23/22
Operating revenues	4,724,837	6,307,383	3,784,002	▼	(25%)
Operating expenses*	(4,143,342)	(5,422,330)	(3,488,722)	▼	(24%)
<b>EBITDA</b>	<b>581,495</b>	<b>885,053</b>	<b>295,280</b>	▼	(34%)
Depreciation and amortization	(340,445)	(281,217)	(283,791)	▲	21%
<b>EBIT</b>	<b>241,049</b>	<b>603,836</b>	<b>11,489</b>	▼	(60%)
Net finance result	(2,358)	(8,213)	(9,229)	▼	(71%)
<b>EBT</b>	<b>238,691</b>	<b>595,623</b>	<b>2,260</b>	▼	(60%)
Income tax	(21,245)	(73,990)	(956)	▼	(71%)
<b>NET RESULT</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>	▼	(58%)

\*Operational expenses excluding depreciation

<i>Thousand RON</i>	2023	2022	2021		23/22
<b>Non-current assets</b>	5,896,242	4,466,199	3,957,875	▲	32%
<b>Current assets</b>	2,705,335	3,733,729	3,320,342	▼	(28%)
<b>TOTAL ASSETS</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>	▲	5%
<b>Shareholders' equity</b>	5,295,134	3,904,692	3,384,861	▲	36%
<b>Non-controlling interests</b>	-	-	-	-	-
<b>Non-current liabilities</b>	952,326	707,516	743,747	▲	35%
<b>Current liabilities</b>	2,354,117	3,587,720	3,149,609	▼	(34%)
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>	▲	5%

<i>Thousand RON</i>	2023	2022	2021		23/22
Cash flows from operational activities	698,971	485,887	199,319	▲	144%
Net cash used in the investment activity	(311,612)	(451,758)	(399,465)	▲	13%
Net cash used in financing activities	(154,209)	34,897	(105,045)	▼	(133%)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>193,219</b>	<b>69,026</b>	<b>(305,191)</b>	▼	(123%)
Cash and cash equivalents as at January 1 <sup>st</sup>	333,681	264,656	569,847	▼	(54%)
<b>Cash and cash equivalents at the end of the period</b>	<b>526,900</b>	<b>333,681</b>	<b>264,656</b>	▲	26%

In 2023, the Group's results recorded a decrease compared to 2022, but an increase compared to 2021. Compared to the previous year, the financial result improved, and total operating expenses (including depreciation) decreased by 21%.

On December 31, 2023, the Group recorded the result of the revaluation report in the accounting records. The assets subject to evaluation were:

- the lands and tangible assets classified in group 1 – Constructions and in Group 2 – Technical installations, means of transport registered in the private patrimony of the Company;

- the goods belonging to the public domain of the state and concessioned to the Company based on the Concession Agreement no. 1/2004.



At the same time, in order to finance three essential investment projects for the efficiency and modernization of the electric transmission grid, the Company obtained 56.2 million EUR through the REPowerEU component of the PNRR, approved by the Council of the European Union, two of them being intended for SMART SA and Teletrans SA subsidiaries.

The REPowerEU plan sets out a series of measures to rapidly reduce dependence on fossil fuels from Russia and accelerate 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 capacities and to increase grid resilience, while strengthening cyber security through better capacity response to cyber attacks.

Regarding the **Re PowerEU Plan**, Investment I6 was approved - digitization, efficiency and modernization of the national electricity transmission grid (allocation 56,237,200 EUR), as follows:

- Investment 6.a – Installation of photovoltaic power plants (CEF) and electricity storage facilities intended to supply internal services installed in C.N.T.E.E. stations. Transelectrica S.A. (allocation 29,557,000 EUR);
- Investment 6.b – SMART SA Retechnology – C.N.T.E.E. Transelectrica S.A subsidiary (allocation 18,240,000 EUR);
- Investment 6.c – Optimizing the communication network and creating a data center – Teletrans SA, subsidiary of C.N.T.E.E. Transelectrica S.A. (allocation 8,440,200 EUR).

In this context, in the first quarter of 2024, a non-reimbursable financing agreement is to be signed with the General Secretariat of the Government.

## ACTIVITIES OF SUBSIDIARIES

In 2023, the two Subsidiaries included in consolidation carried out activities in accordance with their main fields of activity, as follows:

- **TELETRANS**



The Society for Telecommunications Services and Information Technology in Electric Transmission Grid "TELETRANS" is the provider of telecommunication solutions and services, information technology and process informatics/SCADA for the Company and an important portfolio of clients from the public and private environment.

### 1. Process Informatics / SCADA

- Integration services in the EMS/SCADA system for energy producers from renewable sources and the new command-control systems from refurbished stations.
- Preventive or corrective maintenance services for the main critical IT systems that ensure the functions of the system operator, transmission and balancing market.
- Services for the management of process IT systems - administration and updating of databases, saving schemes and archives, back-up.

### 2. IT & C

#### Fiber optic data transport services:

- Provision of STM1/STM4 and Ethernet over SDH/DWDM capabilities;
- Data transport services at STM16/STM64, 1Gb, 10Gb, Lambda level;
- n x Mb, n x 1Gb, 10 Gb type services on IP/MPLS equipment;
- Specialized technical assistance.

#### IP Communication Services:

- Internet provided in over 100 points of the national fiber optic network;
- Secure VPN networks on IP/MPLS network;
- Metropolitan / national interconnection of clients through exchange centers;
- IT outsourcing;
- Managerial informatics.

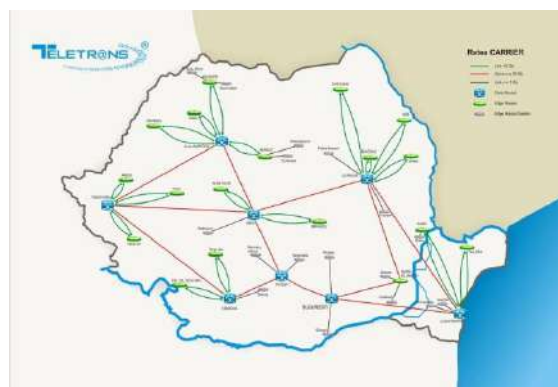
### 3. Colocation

- Colocation centers in Bucharest (RoNIX node) and Timișoara
- Territorial presence points in 35 county capitals
- 400 kV and 220 kV power stations of the Transelectrica Company.

### Infrastructure

- backbone of approximately 5000 km, with national coverage, in a redundant topology with 9 rings, which provides DWDM/SDH/PDH and Ethernet telecommunications services;
- DWDM&IP/MPLS backbone of approximately 4,000 km, with national coverage, in a redundant 4-ring topology.

The optical fiber network on which the two backbones are made is built in reliable OPGW technology and provides access points in 110 localities as well as cross-border connections with Hungary, Bulgaria and Serbia (in the future also with Ukraine, Moldova and Turkey).



Teletrans holds the certifications of the Quality Management System in accordance with the requirements of the ISO 9001 standard, the Environmental Management System in accordance with the requirements of the ISO 14001 standard, the Occupational Health and Safety Management System in accordance with the requirements of the ISO 45001 standard and the Information Security Management System at Executive level, in accordance with the requirements of the ISO/IEC 27001:2013 standard.

### Affiliations

The branch is a member of several professional organizations in the field of IT&C and energy

- at national level:
  - The Romanian National Committee of the World Energy Council
  - National Association of Internet Service Providers from Romania
  - Society of Energy Engineers from Romania
  - National Association for the Security of Computer Systems
- at the international level:
  - International Council on Large Electric Systems
  - European Utilities Telecom Council
  - Réseaux Internet Protocol Européens.

### • SMART



The main activity carried out by the company is the revision and repair of primary equipment in power grids, the remediation of incidents at electrical installations, the provision of services in the energy field, micro-production of electrical equipment.

Smart S.A. was established with the aim of providing maintenance and repair services for CNTEE Transelectrica S.A. installations and must ensure, as a priority, the necessary resources for the maintenance activity of the RET, according to the mission established upon establishment.

Complementarily, the company can carry out other related activities to support the main object of activity, in accordance with the legislation in force and with its own statute, under the conditions of the safe operation of the National Electric Power System.

The Society for Maintenance Services of the Electric Transmission Grid "Smart" S.A. has designed, documented and implemented an Integrated Management System for quality, environment, occupational safety and health in accordance with the requirements of the following reference standards:

- ISO 9001:2015 "Quality management systems. Requirements." - for quality;
- ISO 14001:2015 "Environmental management systems. Specifications and user guide" - for the environment;
- ISO 45001:2018 "Occupational health and safety management systems" - for occupational safety.

The Quality-Environment-Safety and Occupational Health Integrated Management System is certified by SRAC and IQNet having certificates no. 1111/11.01.2021 for ISO 9001:2015, no. 112/11.01.2021 for ISO 14001:2015 and no. 139/11.01.2021 for ISO 45001:2018, with annual inspections. Through the integrated management system, the company guarantees to customers that the services provided are at least in accordance with the specified requirements. Also, Smart S.A. obtained the authorization, from CNCAN, for the quality management system in the nuclear field.

Smart S.A. is certified by the National Energy Regulatory Authority for the following types of works:

- **A3** - tests of electrical equipment and installations in order to certify the technical conformity of power plants in relation to the applicable technical norms: Certificate no. 15264/4.11.2019 valid indefinitely with strict approvals
- **D1** - design of overhead and underground power lines with any standardized nominal voltages: Certificate no. 15265/4.11.2019 valid indefinitely with strict approvals.

- **D2** - execution of overhead and underground power lines with any standardized nominal voltages: Certificate no. 15266/4.11.2019 valid indefinitely with strict approvals.
- **E1**- design of transformer substations, electrical stations and installations belonging to the electrical part of power plants with any standardized nominal voltages: Certificate no. 15267/4.11.2019 valid indefinitely with strict approvals.
- **E2** - execution of transformer substations, electrical stations and works on the electrical part of power plants with any standardized nominal voltages: Certificate no. 15268/4.11.2019 valid indefinitely with strict approvals.

The branch has a multi-site Testing Laboratory (one laboratory in each branch) which is accredited by RENAR with accreditation certificate no. LI 1339 R3, valid until 16.04.2026, with annual inspections. A number of 78 electrical tests and physical-chemical tests of electrical insulating materials are accredited.

Smart also holds authorizations issued by MAI-IGSU for the following activities:

- Installation and maintenance of systems and installations for limiting and extinguishing fires, except for those containing certain fluorinated gases with a greenhouse effect, authorization no. 5501/08.02.2016 granted for an indefinite period.
- Installation and maintenance of signaling, alarming and alerting systems and installations in case of fire, authorization no. 5502/08.02.2016 with indefinite validity.
- Design of systems and installations for signaling, alarming and alerting in case of fire, authorization no. 6599/10.01.2017 with indefinite validity.
- Design of systems and installations for limiting and extinguishing fires, authorization no. 7087/08.06.2017 granted for an indefinite period.

Smart S.A. is certified for logging activity by the Ministry of Environment, Water and Forests with certificate no. 1313/28.07.2022 valid until 31.07.2024.

The company performs the following activities:

- as a maintenance service provider:
  - Reviews and inspections
  - Repairs of electrical equipment and installations
  - Interventions in accidental events
  - Expertises, diagnoses and technical analyses
  - Configurations, adjustments and parameterization of command-control systems
- as a provider of reengineering and modernization services:
  - Electric stations
  - Overhead power lines
- as a service provider of special technologies:
  - Working under voltage - LST
  - Rehabilitation of transformer insulation Design
- as a consultancy and design provider:
  - Design
  - Consulting and assistance.



Smart's national and international affiliations are as follows

- ✓ A – LST – R (Association for Work under Voltage from Romania – Founding Member)
- ✓ CIGRE (International Council of Large High Voltage Power Grids)
- ✓ CNR – CIGRE (Association of the Romanian National Committee CIGRE)
- ✓ CNR – CME (Romanian National Committee of the World Energy Council)
- ✓ SIER (Society of Energy Engineers from Romania)
- ✓ ASRO (Romanian Standardization Association).

**SITUATION OF THE FINANCIAL POSITION**

The consolidated financial position is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Non-current assets</b>			
Tangible assets	5,558,143	4,063,849	3,881,441
Assets representing rights of use under a lease - buildings	15,048	23,689	32,690
Intangible assets	282,378	337,941	7,404
Financial assets	40,673	40,720	36,340
<b>Total non-current assets</b>	<b>5,896,242</b>	<b>4,466,199</b>	<b>3,957,875</b>
<b>Current assets</b>			
Inventories	61,975	53,068	48,681
Trade and other receivables	2,116,460	3,342,852	2,985,893
Profit tax recoverable	-	4,128	21,112
Cash and cash equivalents	526,900	333,681	264,656
<b>Total current assets</b>	<b>2,705,335</b>	<b>3,733,729</b>	<b>3,320,342</b>
<b>Total assets</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>
<b>Shareholders' equity</b>			
Share capital	733,031	733,031	733,031
Share premium	49,843	49,843	49,843
Legal reserve	146,606	146,606	137,927
Revaluation reserve	1,738,703	734,233	801,800
Other reserves	195,751	39,351	31,186
Retained earnings	2,431,200	2,201,628	1,631,074
<b>Total shareholders' equities attributable to Group owners</b>	<b>5,295,134</b>	<b>3,904,692</b>	<b>3,384,861</b>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>5,295,134</b>	<b>3,904,692</b>	<b>3,384,861</b>
<b>Non-current liabilities</b>			
Long term deferred revenues	519,116	439,028	443,437
Long term Borrowings	31,906	55,588	79,455
Other loans and assimilated debts - Non-current building lease liabilities	7,073	15,949	24,656
Deferred tax liabilities	296,343	110,070	120,927
Employee benefits obligations	97,888	86,881	75,272
<b>Total non-current liabilities</b>	<b>952,326</b>	<b>707,516</b>	<b>743,747</b>
<b>Current liabilities</b>			
Trade and other liabilities	2,200,950	3,352,175	3,007,137
Other loans and assimilated debts - Current building lease liabilities	9,253	9,141	8,966
Other tax and social security liabilities	26,047	17,377	20,527
Current Borrowings	31,600	97,950	27,579
Provisions	67,191	71,557	53,662
Short term deferred revenues	16,138	39,520	31,738
Income tax payable	2,938	-	-
<b>Total current liabilities</b>	<b>2,354,117</b>	<b>3,587,720</b>	<b>3,149,609</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>

**PROFIT AND LOSS ACCOUNT**

The situation of the profit and loss account, at Group level, is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Operating revenues</b>			
Transmission revenues	1,956,027	1,884,909	1,252,286
System service revenues	390,661	533,616	623,720
Balancing market revenues	2,269,419	3,478,995	1,822,564
Other revenues	108,730	409,863	85,432
<b>Total operating revenues</b>	<b>4,724,837</b>	<b>6,307,383</b>	<b>3,784,002</b>
<b>Operating expenses</b>			
System Operating Expenses	(640,426)	(901,663)	(576,409)
Balancing market expenses	(2,268,981)	(3,479,716)	(1,809,588)
Technological system services expenses	(499,185)	(466,608)	(609,608)
Depreciation and amortization	(340,445)	(281,217)	(283,791)
Personnel expenses	(447,429)	(385,954)	(317,510)
Repairs and maintenance expenses	(55,445)	(51,380)	(60,288)
Materials and consumables	(21,172)	(40,372)	(31,316)
Other operational expenses	(210,705)	(96,637)	(84,003)
<b>Total operating expenses</b>	<b>(4,483,788)</b>	<b>(5,703,547)</b>	<b>(3,772,513)</b>
<b>Operating result</b>	<b>241,049</b>	<b>603,836</b>	<b>11,489</b>
Financial revenues	35,896	65,058	6,669
Financial expenses	(38,254)	(73,271)	(15,898)
<b>Net finance result</b>	<b>(2,358)</b>	<b>(8,213)</b>	<b>(9,229)</b>
<b>Profit before income tax</b>	<b>238,691</b>	<b>595,623</b>	<b>2,260</b>
Income tax	(21,245)	(73,990)	(956)
<b>Result for the year from continuing operations</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>
<b>Profit of the period</b>			
Attributable to:			
Owners of the Group	217,446	521,633	1,304
Non-controlling interests	-	-	-
<b>Basic and diluted earnings per share (lei/share)</b>	<b>2.97</b>	<b>7.12</b>	<b>0.02</b>

## CASH FLOWS

The situation of treasury flows, at Group level, is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Cash flows from operational activities</b>			
<b>Profit of the period</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>
<b>Cash flows before changes to working capital</b>	<b>641,438</b>	<b>558,304</b>	<b>260,089</b>
<b>Changes in:</b>			
Inventories	(8,448)	(5,211)	186
Clients and assimilated accounts	1,171,127	(354,120)	(2,176,952)
Trade payables and other liabilities	(1,209,775)	360,748	2,134,476
Other taxes and social insurance liabilities	8,669	(3,150)	(4,525)
Deferred revenues	95,960	1,956	14,904
<b>Cash flows from operational activities</b>	<b>698,971</b>	<b>558,527</b>	<b>228,178</b>
Paid interests	(3,815)	(8,090)	(4,978)
Paid income tax	(36,116)	(64,551)	(23,881)
<b>Net cash generated from operational activities</b>	<b>659,040</b>	<b>485,886</b>	<b>199,319</b>
<b>Cash flows used in investment activity</b>			
Acquisition of tangible and intangible assets	(439,270)	(465,944)	(495,323)
Participation titles held in SELENE CC Societe Anonyme	242	-	-
Proceeds from EC non-reimbursable financing	117,145	9,583	93,151
Received Interests	6,482	3,055	2,684
Proceeds from sale of tangible assets	1,801	13	-
Dividends received	1,988	1,535	23
Other financial assets	-	-	-
<b>Net cash used in investment activity</b>	<b>(311,612)</b>	<b>(451,758)</b>	<b>(399,465)</b>
<b>Cash flows used in financing activity</b>			
Repayments of non-current borrowings	(23,850)	(23,753)	(23,726)
Use of working capital credit line	-	67,618	-
Use of Smart credit line	1,371	2,994	-
Repayments of current borrowings-variation	(67,618)	-	(6,157)
Building lease payments	(11,331)	(11,322)	(11,490)
Dividends paid	(52,781)	(640)	(63,672)
<b>Net cash used in financing activity</b>	<b>(154,209)</b>	<b>34,897</b>	<b>(105,045)</b>
<b>Cash and cash equivalents on January 1<sup>st</sup></b>	<b>333,681</b>	<b>264,656</b>	<b>569,847</b>
Net increase/decrease in cash and cash equivalents	<b>193,219</b>	<b>69,025</b>	<b>(305,191)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>526,900</b>	<b>333,681</b>	<b>264,656</b>

## LITIGATION

- **RAAN**

On the dockets of the Mehedinți Court – Second Civil Section, of Administrative and Fiscal Litigation, file no. 3616/101/2014, having as object "claims in the amount of 1,091, counter value of invoice no. 1300215/31.12.2013", file in which the Company is the defendant, the plaintiff being the Autonomous Directorate for Nuclear Activities - RAAN.

By civil sentence no. 127 pronounced on 10.10.2014, the Mehedinți Court ordered the admission of the request made by the Plaintiff RAAN and obliging the Company to pay the amount of 1,091, equivalent to invoice no. 1300215/31.12.2013.

The company filed an appeal by which it requested the Court that, by the decision it will pronounce, to order the admission of the appeal as it was formulated, to cancel the contested decision and sentences and send the case to the territorially competent court for trial, acknowledging that the requirements of art. 1616-1617 of the Civil Code were met, which is why it is requested to establish the intervention of the legal compensation of the mutual debts and their extinguishment until reaching the lowest amount among them, in this case the total amount requested by the plaintiff through the summons, the obligation of the respondent - plaintiffs to pay the expenses incurred with this appeal.

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

By decision no. 124/2017, the Craiova Court of Appeal admitted the appeal declared by Transelectrica and cancelled the sentence no. 127/2014 pronounced by the Mehedinți Court, and the case was sent for retrial to the Bucharest Court - VI Civil Section. On the dockets of the Bucharest Court, the case was registered under no. 40444/3/2017, which by civil sentence no. 4406/04.12.2017 ordered the admission of the request made by RAAN and obliged Transelectrica to pay the amount of 1,091. The sentence was appealed.

During 2014-2015. The company withheld the bonus due to RAAN on the support scheme, based on the provisions of the ANRE regulations, respectively art. 17 paragraph 5 of the ANRE President's Order no. 116/2013.

Under these conditions, RAAN calculated penalties for the non-payment on time of the due cogeneration bonus, in the amount of 3,497, withheld from payment by the Company on account of unpaid receivables. The amount of 3,497 was refused for payment by the Company and was not recorded as a debt under the support scheme.

The subject of file number 9089/101/2013/a152 is an appeal against the Additional Table of Claims against the debtor RAAN, the amount in dispute being 89,361.

Transelectrica SA was entered in the RAAN debtor's table with the amount of 11,265, in the category of claims resulting from the continuation of the debtor's activity, but the amount requested by the Company is of 89,361. The amount of 78,096 was not entered in the preliminary table of receivables, on the grounds that "this does not appear as owed in the accounting records of RAAN." Moreover, the judicial liquidator considered that the request to enter the amount of 78,096 in the table is formulated late, being related to the period 2011 - 2013, which is why the debt statement had to be formulated at the time of the opening of the insolvency procedure, respectively on 18.09.2013.

An appeal was submitted within the legal term to the additional table of claims, the Mehedinți court approving the evidence with the accounting expertise.

At the trial date on 14.06.2018, the trial of the case is suspended until the resolution of file no. 3014/2/2014 pending before ÎCCJ, and on 14.02.2019, the Mehedinți Court ordered the connection of file no. 9089/101/2013/a152 to file no. 9089/101/2013/a140 (having as object claims - payment request). Thus, the trial of the file was postponed, as the court considered that the presentation of Civil Decision



no. 2969/26.09.2018, pronounced by the High Court of Cassation and Justice in file no. 3014/2/2014, having as object the cancellation of ANRE President decision no. 743/2014.

The solution of the Mehedinți Court by Decision 163/ 20.06.2019 is: Admit the exception of forfeiture. Admits in part the main action as well as the related appeal. Obliges the defendant to pay to the plaintiff the amount of 16,950 receivables created during the procedure, ordering its entry in the table of creditors established against the debtor RAAN with this amount. Reject the rest of the related requests. Pursuant to art. 453 para. 2 C. Fr. civil. Obliges the defendant to pay the plaintiff 1 thousand RON as trial expenses. With appeal. Pronounced in public session. Document Decision 163/20.06.2019.

Transelectrica filed an appeal within the legal term. At the trial date on 06.11.2019, the Craiova Court of Appeal ordered the rejection of Transelectrica's appeal, as unfounded. Final decision. Decision 846/06.11.2019.

Transelectrica has filed a request for review for contrary decisions, registered under file number 1711/54/2019 with a trial date on 26.03.2020 at the Craiova Court of Appeal, which will send the file to the High Court of Cassation and Justice for competent settlement.

On 21.05.2020, the case was removed from the list with the following solution: the exception of material incompetence of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Section. Decision 140/21.05.2020.

At the trial date on 03.02.2021, the ÎCCJ admitted the exception of the lateness of the revision request and did not rule on its inadmissibility.

In the bankruptcy file of RAAN registered under no. 9089/101/2013, the Mehedinți Court postponed the case to the terms of 08.10.2020 and 04.02.2021. The solution in short: a deadline was granted for the continuation of the liquidation procedures, the representation of the debtor's interests in the litigation pending before the courts, the consolidation of the trust, the continuation of measures for the recovery of debts, the continuation of public tenders with the objective of capitalizing on the debtor's assets.

At the trial of 06.10.2022, a deadline was granted for the continuation of the procedure, respectively for the capitalization of the goods, the collection of debts and the fulfillment of the other liquidation operations, and the following trial dates are established for 09.02.2023, 15.06.2023, 05.10.2023, 18.01.2024, 08.02. 2024 rescheduled for 06.06.2024.

Also, between RAAN and Transelectrica, there are 5 other cases in different stages of trial.

- **COURT OF AUDIT**

As a result of an audit carried out in 2013, the Court of Audit ordered certain measures to be implemented by the Company as a result of deficiencies found during that audit. The decision and the conclusion issued by the Court of Audit were appealed to the Bucharest Court of Appeal, being file no. 1658/2/2014, which has as its object "cancellation of control documents" - Conclusion no. 7/20.02.2014 issued by Court of Audit.

On 13.06.2018, the plaintiff's action is admitted in part. Partially cancels conclusion no. 7/20.02.2014, decision no. 37/9.12.2013 and control report no. 35521/6.11.2012 issued by the defendant regarding the measures ordered by the decision indicated above 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 from point II.13 in the sense of removing the phrase "including those found in the case of invoices issued by FLOREA ADMINSTRARE IMOBILIARĂ SRL". Rejects the rest, the plaintiff's action as unfounded. Approves the electrical energy technical expertise report drawn up in the case by expert Toaxen Vasile. It obliges the defendant to pay the plaintiff the amount of 121 trial expenses (partly the expert's fee and court stamp duty). Decision document 2771/13.06.2018.

Transelectrica declared an appeal on 14.06.2019.

In the public hearing on 21.10.2020, the appeals declared by the plaintiff and the defendant against sentence no. 2771 of June 13, 2018 of the CAB - Section VIII administrative and fiscal litigation, as unfounded. Definitive.

During the audit carried out in 2017, the Court of Audit ordered certain measures to be implemented by the Company as a result of deficiencies found during this audit. The company filed several appeals against the measures ordered by the Court of Audit of Romania (CCR) by Decision no. 8/27.06.2017, requesting their cancellation, as well as Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively of Control Report no. 19211/26.05.2017. The appeals were filed before the Bucharest Court of Appeal, among which file no. 6581/2/2017 regarding the cancellation of the findings from point 6 as well as the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes from 29.03.2023, file no. 6581/2/2017 was versioned within panel 12 Merits of the VIIIth Administrative and Fiscal Litigation Section under no. 6581/2/2017\* The solution in short: To give the parties the opportunity to submit written conclusions and to deliberate, postpone the pronouncement to the following trial dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the trial date of 26.05.2023, the sue petition was admitted. Conclusion no. 77/03.08.2017 was partially cancelled, regarding the rejection of point 6 of Appeal no. 26140/17.07.2017, Decision no. 8/27.06.2017 regarding the findings from point 6 and the measure ordered at point 11.9, as well as Control Report no. 19211/26.05.2017 regarding the findings from point 3.2. It obliges the defendant to pay the plaintiff court costs in the total amount of 10, representing the judicial stamp duty and the judicial expert's fee. With appeal within 15 days of communication. Decision 920/26.05.2023.

The rest of the files were settled definitively, by rejecting the application for annulment by the Bucharest Court of Appeal and the rejection of the appeals by the High Court of Cassation and Justice (file no. 6574/2/2017 regarding the annulment of the findings from point 5.2 as well as the ordered measure at point II.8, file no. 6576/2/2017 regarding the annulment of findings from points 7.1, 7.2 and 8, as well as the measure ordered at point II.10, which became new file no. 2985/1/2021 to which on 24.11.2022 the ICCJ finds the nullity of the appeal filed by the Company, definitively, file no. 6577/2/2017 regarding the annulment of the findings from point 13 as well as the measure ordered at point II.13, which became file no. 1614/1/ 2020, file no. 6578/2/2017, regarding the cancellation of the findings from point 9 as well as the measure ordered at point II.11, file no. 6580/2/2017 regarding the cancellation of the findings from point 10 as well as the measure ordered at point II.12, file no. 6582/2/2017 regarding the annulment of the findings from point 11 as well as the measure ordered at point I.5 and file no. 6583/2/2017 regarding the annulment of the findings from point 5.1 as well as the measure arranged in point II.7 and II.8).

In the period January-July 2020, the Court of Audit of Romania carried out a control action at all Territorial Transmission Units of CNTEE Transelectrica, and in the period 25.05-27.08.2020, the verification action continued at the executive headquarters of the Company. The theme of the CCR's control action was "the control of the situation, the evolution and the way of administration of the public and private patrimony of the state, as well as the legality of the realization of revenues and the execution of expenses for the period 2017-2019" at CNTEE Transelectrica SA".

The control action with the theme stated above, started on 25.05.2020 at the executive headquarters of the Company, was suspended by the CCR due to the start of another control with the theme "control of the way of managing public resources during the state of emergency" . The control started on 06/02/2020 and was completed on 06/26/2020.

Through the Control Report concluded by the CCR auditors on the subject of "control of the way of managing public resources during the state of emergency", report registered in the Company with no. 24225/26.06.2020, no deficiencies were found, as a result no Decision was issued ordering measures.

After the completion of the control regarding the way of administration of the public and private patrimony of the state, as well as the legality of the realization of income and the execution of expenses for the period 2017-2019, control completed on 06.10.2020, the Control Report with no. 40507 /06.10.2020 was issued and on 09.11.2020, the Court of Audit of Romania, through Department IV, issued Decision no. 15 which contains 10 measures, with a deadline 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 Appeal no. 50090/26.11.2020 registered with the Court of Audit with no. 139775/26.11.2020, requesting the cancellation of the measures. As a result of the examination

and analysis by the CCR auditors of the Appeal submitted by the Company, by the Conclusion no. 2 of 10.03.2021, the cancellation of one of the 10 measures ordered was admitted.

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

At the trial date of 10.12.2021, the CAB rejects the sue petition filed by the Company, as unfounded.

Transelectrica declared the appeal rejected as unfounded on 03/07/2024. Final decision no. 1319/2024.

- **OPCOM**

On the dockets of the Bucharest Court, file no. 22567/3/2019, with the object of "claims", file in which the Company is the plaintiff, the defendant being OPCOM SA.

Through the sue petition, the plaintiff CNTEE Transelectrica SA requested the court that, by the judgment it will pronounce, to order:

- obliging the defendant OPCOM SA to pay the amount of 4,517 thousand, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the value of the VAT related to the contribution brought by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement no. 7181RO/2003, commitment for the financing of the "Electricity Market Project" investment project;

- obliging the defendant OPCOM SA to pay the amount of 1,294 related to 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.

- obliging the defendant OPCOM SA to pay trial expenses.

At the deadline of 03.07.2020, the court discussed the request of the parties to suspend the trial of file no. 22567/3/2019, formulated by OPCOM remaining in pronouncement.

At the trial date of 17.07.2020, the court pronounced the following solution in short: Suspend the trial of the case until the final resolution of file no. 31001/3/2017, having as its object an action to annul the decision of the Opcom AGM (in which Transelectrica is not a party and in which on 01.02.2021 it was decided to reject the declared appeals, the solution being final).

After the final settlement of file no. 31001/3/2017, CNTEE Transelectrica SA filed a request to reinstate file no. 22567/3/2019, as the reason for suspending the case no longer existed. The Bucharest Court put the case back on the docket, setting a trial date of 05.11.2021.

At this term, after the appeal made in the case, the court gave the floor to the parties on the "exception of the prescription of the material right to action". After the oral conclusions presented by the parties on this exception, the court remained in ruling on it, postponing the ruling to 03.12.2021.

On 03.12.2021, the Bucharest Court pronounced the following solution in short: "Admits the exception of the prescription of the material right to action. Dismiss the action as time-barred. Document: Decision 3021/2021 03.12.2021".

The company declared appeal. The court rejects the appeal as unfounded. It obliges the appellant to pay the respondent the amount of 11 as court costs. With appeal within 30 days from the communication of the decision. Decision 1532/12.10.2022. Transelectrica filed an appeal against Civil Decision no. 1532/12.10.2022 issued by the CAB.

On 19.09.2023, the appeal was admitted to ICCJ, decision 1532/12.10.2022 was cancelled and the case was sent for a new trial to the same court. Definitive. Decision 1640/19.09.2023.

Before the Bucharest Court, file no. 24242/3/2021, in which the plaintiff is OPCOM SA, and CNTEE Transelectrica SA is the defendant.

The purpose of this file is to establish the nullity of the act - contribution in kind, materialized through intangible assets, the trading platform - the Commercial Exchange and the Regional Electricity Exchange, financed from loans contracted by CNTEE Transelectrica SA from IBRD, based on loan agreement no. 7181RO/17.07.2003, as well as from CNTEE Transelectrica SA's own sources, which were made on the basis of service contracts and deliverables no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Decision no. 6/15.06.2016 and, subsequently, AGOA Decision no. 2/25.05.2017 and AGOA Decision no. 7/24/05/2018.

At the court date of 11.04.2022, the court discussed the exceptions invoked by CNTEE Transelectrica SA, by response. Also, at this term, the proposed evidence to be administered in this case was discussed. The court postponed the trial of the case to the fixed term of 22.11.2022, in order to administer the evidence with the financial-accounting expertise to be carried out in this file. After several postponements, the next deadline is set for 27.06.2023 due to the lack of an expert report. At the deadline of 27.06.2023, based on the decision of the General Assembly of Bucharest Court Judges no. 4/20.06.2023, orders the postponement of the case.

On 07.11.2023 TMB Solution in short: the exception of inadmissibility was qualified as a substantive defense. The request for summons was rejected as unfounded. With the right to file an appeal, within 30 days of communication to the parties, Decision 2600/07.11.2023.

- **CONAID COMPANY SRL**

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensation for the expenses incurred up to that time in the amount of 17,420 and unrealized profits for the period 2013-2033 in the amount of EUR 722.76 million. Until this moment, the Company has not concluded an addendum to the connection contract because the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by March 11, 2014, the date on which the technical approval for connection expired. File no. 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Litigation Section, having as its object the obligation to issue an administrative act, the procedural stage – appeal, the trial term being 09.12.2015. At this term, the High Court of Cassation and Justice admitted, in principle, the appeals and set a deadline for the trial, on the merits, of the appeals on April 8, 2016. Complete 4, with the citation of the parties.

The trial of the case was postponed to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it issued Decision no. 2148/2016, by which it ordered the following: "Rejects the exceptions invoked by the appellant-plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the appellant-defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admits the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the decision of the meeting of February 18, 2014 and the civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Cancels the contested conclusion and the sentence in part and sends the case to the Bucharest Court – Civil Section VI for the settlement of the plaintiff's action against Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Maintains the other provisions of the sentence regarding the plaintiff's action against the National Energy Regulatory Authority. It rejects the appeals declared by the plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Rejects the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the conclusion of the meeting of March 25, 2014, issued by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Definitive. Pronounced in public session, on June 29, 2016.

On the dockets of the Bucharest Court - VI Civil Section, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception of inadmissibility and rejects the request as inadmissible. It also rejects the request for intervention in the interest of the plaintiff. With appeal within 30 days of communication. The appeal was submitted to the Bucharest Court, Civil Section VI and available to the parties through the registry, on 23.11.2017.

On 02.11.2018, before the Bucharest Court - VI Civil Section - a new sue petition was registered by Conaid Company SRL, in file no. 36755/3/2018, by which the plaintiff requested the court to order the obligation of Transelectrica SA to "repair the damage caused to the plaintiff, as a result of the defendant's culpable failure to fulfill its obligations, in the amount of 17,216, consisting of the actual damage suffered and the un-obtained benefit, estimated provisionally at 100 thousand EUR. Considering the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract no.C154/27.04.2012, and in the situation where the court will consider that, from a formal point of view, it cannot be considered fulfilled by the plaintiff the obligation regarding the suspensive conditions, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfillment of the conditions".

At the trial date of 15.10.2019, it rejects as unfounded the exceptions of the lack of active procedural quality and the lack of interest. It unites with the fund except for the prescription. With appeal together with the merits. Pronounced by making the solution available to the parties through the mediation of the court clerk office.

Grants a deadline for the continuation of the investigation of the process on 26.11.2019, with the summoning of the parties. With appeal together with the merits. Pronounced by making the solution available to the parties through the mediation of the court clerk office.

It is postponed for the submission of evidence with expertise and a trial date is established on 21.01.2020.

On 21.01.2020, the case is postponed to carry out the expertise and the next trial date is established on 31.03.2020.

At the trial date of 31.03.2020, the short solution was the following: Suspended by law based on art. 42 paragraph 6 of the Decree of the President of Romania 195/2020 regarding the establishment of the state of emergency on the territory of Romania, for the entire period of the state of emergency.

At the trial date of 03.01.2024, TMB admits the exception of the limitation of the substantive right to action, invoked by statement of defence. Rejects the petition as time-barred. With appeal within 30 days of communication. Decision 4/2024.

- **ROMENERGY INDUSTRY**

File no. 2088/107/2016 on the dockets of Alba Court, has as its object "Bankruptcy - Application for registration in the statement of affairs". Transelectrica submitted an application for registration in the statement of affairs with the amount of 16,112, and the claim was admitted and entered in the preliminary Table.

The solution in short: It is established a trial date for 14.10.2019, for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts. The judicial liquidator will draw up and submit to the file: - every 15th of the month, for the previous month, the monthly activity reports provided for in paragraph 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the summary report at 120 days, provided by the final part of paragraph 3 of art. 59 Law 85/2014.

On 11.05.2020, the trial was suspended by right, for the duration of the state of emergency, established on the territory of Romania.

At the trial date on 22.06.2020, the case was postponed. The solution in short: the report on the funds obtained from the liquidation of the debtor's assets and the distribution plan dated 06.03.2020 were approved.

The case was postponed at the trial date on 18.01.2021. The solution in short: Report no. 1334 on the funds obtained from the liquidation of the debtor's assets and Plan no. 1335 distribution of funds.

At the trial date on 16.05.2022, it is established a trial date on 19.09.2022 for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the trial date on 19.09.2022, it is established a trial date on 12.12.2022 for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the trial date on 12.12.2022, the court approves the final report drawn up by the trustee in bankruptcy New Insolvency SPRL, coordinating associate Bica Rosana. Based on art. 175 paragraph 2 of Law no. 85/2014, closes the bankruptcy procedure concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the debtor company to be deleted from the trade register. In accordance with the provisions of art. 180 of the law, the syndic judge and the trustee in bankruptcy are relieved of any duties or responsibilities regarding the procedure, the debtor and its assets, creditors and associates. With right of appeal within 7 days of communication through BPI. Procedure for settling appeals against the closing decision.

At the trial date on 04.06.2023, the appeal against Sentence no. 293/F/2022 pronounced by the Alba Court in file no. 2088/107/2016 was rejected. Definitive. Decision no. 134/06.04.2023.

- **REȘIȚA Municipality**

File no. 2494/115/2018\*- file no. 2494/115/2018\*\*, registered at the Caraș Severin Court, has as its object the sue petition, by which the plaintiff Reșița Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts:

- 2,130, representing the rent for the temporarily occupied land area from the forestry real estate related to 2015;
- 2,130, representing land rent for the year 2016;
- 2,130, representing land rent for the year 2018;
- 2,130, representing land rent for the year 2019;
- 2,130, representing land rent for the year 2020;
- penalizing legal interest from the due date until actual payment.

The short solution: Accept the exception of territorial non-jurisdiction of the Caraș-Severin Court. It declines the competence to settle the request made by the plaintiff Reșița Municipality - through the mayor, in opposition to the defendant Compania Nationala de Transport a Energiei Electrice "Transelectrica" SA, in favor of the Bucharest Court. No appeal, according to art. 132 paragraph 3 of the Code of Civil Procedure. Pronounced in public meeting. Decision 313/11.03.2019.

At the trial date on 25.10.2019, the exception of the territorial incompetence of the Bucharest Court is accepted. It declines the competence to settle the case in favor of the Caraș-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caraș-Severin Court. Suspend the case and forward the file to the High Court of Cassation and Justice, in order to settle the negative conflict of jurisdiction. No appeal. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the trial date on 16.07.2020 by decision no. 1578 established the competence to settle the case in favor of the Caraș Severin Court – Civil Section I.

File 2494/115/2018\*\*. Trial date: 22.03.2021 at the Caraș Severin Court. Solution: Suspend the trial of the sue petition made by the plaintiff Reșița Municipality, through the Mayor, in opposition to the defendant Transelectrica SA, having as its object claims, based on art. 413 paragraph (1) point 1 of the Civil Code With appeal, as long the suspension of the course of trial of the trial last, to the hierarchically superior court.

The suspension of the trial of the case was ordered until the final settlement of file no. 3154/115/2018\* of the Caraș Severin Court.

At the trial date on 19.01.2023, the solution in short is: Reject the exception of the non-stamping of the application considering that the defendant does not have the necessary capacity to invoke the method of establishing the stamp duty. It rejects the exception of the lateness of the formulation of the amending sue petition. Prolongs the discussion on the exception of the positive effect of res judicata authority until the trial date when the decision of the High Court of Cassation and Justice will be submitted in its entirety in file no. 3154/115/2018\*\*. Prolongs the ruling on the probation requests consisting of the evidence with the defendant's interrogation and the accounting expertise. Postpones the trial of the case and establishes a trial date on 02.03.2023.

At the trial date on 02.03.2023, the solution in short is: "suspends the trial of the suepetition filed by the plaintiff Reșița Municipality, in opposition to the defendant Compania National de Transport al Energiei Electrice "Transelectrica" SA, having as its object claims. With the right of appeal throughout the suspension of the trial."

At the trial date on 22.02.2024, the court postpones the trial of the case to 14.03.2024, in order to return file no. 2494/115/2018\*\*, appealed at the Timișoara Court of Appeal, for when the parties have a trial date based on art. 229 Code of civil procedure. through the presence of conventional representatives.

- **ANAF**

In 2017, the general fiscal inspection started at the headquarters of Transelectrica SA on 14.12.2011 was completed, which covered the period December 2005 - December 2010. The general fiscal inspection began on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA.

As a result of the completion of the control, ANAF - DGAMC established additional fiscal obligations to be paid by the Company, namely profit tax and VAT, as well as additional fiscal obligations (interests/late

increases and delay penalties) related to the technological system services (STS) invoiced by energy suppliers, considered non-deductible following the fiscal inspection.

According to the Taxation Decision no. F-MC 439/30.06.2017 in the total amount of 99,013, ANAF – DGAMC established additional tax obligations to be paid by the Company, in the amount of 35,105, as well as additional tax obligations (interest/late increases and delay penalties), in the amount of 63,908.

Mainly, the Fiscal Inspection Report of ANAF recorded the following additional payment obligations: profit tax in the amount of 13,729, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out at night of June 26-27, 2009, at the workplace in the Millenium Business Center building in str. Armand Călinescu nr. 2-4,, sector 2, where the Company carried out its activity), documents with special regime.

These invoices were the subject of a dispute with ANAF, which issued a fiscal inspection report on September 20, 2011, which estimated the VAT collected for a number of unused invoices identified as missing.

The company appealed within the legal term, according to the Governmental Ordinance no. 92/2003 regarding the Fiscal Procedure Code, Taxation Decision no. F-MC 439/30.06.2017.

ANAF issued enforcement title no. 13540/22.08.2017 on the basis of which there were executed the additional payment obligations established by the Taxation Decision no. F-MC 439/30.06.2017.

The company requested the cancellation of enforcement title no. 13540/22.08.2017 at the Court of Appeal - file no. 7141/2/2017. The solution in short: Admits the exception of material incompetence of the Bucharest Court of Appeal - SCAF. It declines in favor of the Bucharest Court of Sector 1 the material competence to settle the case. No appeal. Pronounced in public session on 08.02.2018. Document: Decision 478/2018 on 08.02.2018.

Following the denial of jurisdiction, it was registered on the dockets of the Court of Sector 1 the case file no. 8993/299/2018, by which the Company challenged the enforced execution started pursuant to enforcement title no. 13540/22.08.2017, which is based on Taxation Decision no. F-MC 439/30.06.2017.

After the Company challenged the fiscal administrative document Decision no. F-MC 439/30.06.2017, ANAF communicated to the Company the Decision no. 122/13.03.2018 rejecting as unmotivated the appeal filed by CNTEE Transelectrica SA, the decision being received on 16.03.2018, after the submission of the sue petition which is the subject of file no. 1802/2/2018.

The solution in short: Admits the request for suspension of the judgment formulated by the appellant. Based on art. 413 para. (1) point 1 of the civil procedure code, it suspends the trial until the final settlement of file no. 1802/2/2018, pending at the Bucharest Court of Appeal, Section VIII administrative and fiscal litigation. With appeal for the entire duration of the suspension, the request for appeal will be submitted to the Sector 1 Court of Bucharest. Document: Termination - Suspension 17.04.2018.

The Court of Appeal has file no. 1802/2/2018 by which the Company challenged the fiscal administrative document Decision no. F-MC 439/30.06.2017.

At the trial date on 06.11.2018, the submission of evidence was admitted with the expertise in accounting - taxation specialization.

At the CAB trial date on 21.07.2020, the ruling was postponed. On 30.07.2020, the case was put back on the docket, for additional clarifications.

At the trial date on 20.10.2020, the request was partially admitted with the following solution on short: the pending requests were partially admitted.

It was partially cancelled the Decision no. 122/13.03.2018, regarding the settlement of the appeal against Taxation Decision no. F-MC 439/30.06.2017, issued by the National Fiscal Administration Agency - General Directorate for the Resolution of Appeals, Taxation 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, Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – DGAMC and Fiscal Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, in the sense that:

- removes the obligation to pay profit tax in the amount of 18,522, VAT in the amount of 5,695 and the fiscal accessories related to these main fiscal debits, in the amount of 48,437, fiscal obligations established for the 349 fiscal invoices with special regime found missing from the management of the plaintiff.

- removes the non-deductible nature of the taxable profit calculation of the amount of 27,002, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the fiscal inspection and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible nature of the taxable profit calculation of the amount of 344. representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible nature of the taxable profit calculation of the amount of 230,685, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible character of VAT in the amount of 46, related to the amount of 344, representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible character of VAT in the amount of 38 related to the amount of 231, representing expenses with promotional and protocol products and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- • remove the mention regarding the obligation of the Sibiu Transmission Branch within CNTEE Transelectrica S.A to register the amount of 577 as taxable income, at the latest on 30.06.2010, the date on which the registration of the unit verified in the statement of affairs with this amount was accepted, the mention regarding the character of taxable income when calculating the profit of the amount of 577 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d from GD 44/2004 including the methodological norms for the application of Law no. 571/2003, the chapter relating to profit tax, respectively chapter VII the function of accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European directives and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes from the Minutes the finding made regarding "the determination of the deductible value added tax lower than that recorded by the plaintiff, thus resulting in a difference in the amount of 13" (appendix no. 15) and the obligation to pay the main tax debts and accessories in relation to this amount.
- removes the obligation to pay delay penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection, regarding the main fiscal obligations that were maintained by the court through this decision, as established by the Taxation Decision no.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF – DGAMC, Taxation Decision no.F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, issued by ANAF - General Directorate for Resolution of Appeals.

Maintains the other provisions contained in Decision no. 122/13.03.2018, regarding the resolution of the appeal against Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – General Directorate for the Resolution of Appeals, Taxation Decision no. F -MC 439/30.06.2017, issued on 12.07.2017, by ANAF – DGAMC, Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – DGAMC. Rejects the rest of the *lis pendens* requests as unfounded.

Rejects as unfounded the request for court costs consisting of the judicial stamp duty. It obliges the defendants, jointly and severally, to pay to the plaintiff the court costs in the amount of 4, representing the fee for carrying out the expertise in the accounting-tax specialty, proportional to the admission of the request. With the right of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal. Decision 382/20.10.2020.

The parties appealed in March 2022.

At the meeting on 24.05.2022, the CAB rejects as unfounded the request for clarification and completion of the device. Accepts the request to correct the material error in the sense that the sums of money as main and accessory tax obligations, related to the 349 tax invoices, as they appear in the disputed taxation decision, will be mentioned as correct. Orders the correction of the material error in the sense of



removing the wrong name of the plaintiff from the content of the appealed sentence. With appeal within 15 days of communication.

The parties have appealed. The case is in the filter procedure at the ICCJ. Deadline 13.12.2023.

On 13.12.2023 the ICCJ reserved judgment, on 20.12.2023 the court admitted the appeals declared by the plaintiff Transelectrica, the defendant the General Directorate for the Administration of Large Taxpayers and the defendant the National Agency for Fiscal Administration against the civil sentence no. 382 of 20 October 2020, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Partially annulled the appealed sentence and, rejudging: rejected the request to annul the Decision regarding the settlement of appeal no. 122/13.03.2018 and the imposition Decision no. F-MC 439/30.06.2017 regarding: - withholding the non-deductibility of expenses in the amount of 343,629.91 RON, representing "weed removal services" and the related VAT; - withholding the non-deductibility of expenses in the amount of 230,685, representing the counter value of promotional and protocol goods and the related VAT; - the obligation to pay delay penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection. It determined the amount of court costs to which the defendants, jointly and severally, were bound, at the amount of 6,000 RON, representing the fee for carrying out the expertise in the accounting-tax specialty. It maintained the other provisions of the civil sentence no. 382 of October 20, 2020. Admitted the appeals declared by the plaintiff Transelectrica and the defendant the General Directorate for the Administration of Large Taxpayers against civil sentence no. 134 of May 24, 2022, pronounced by the Bucharest Court of Appeal – Section VIII administrative and fiscal litigation. Partially cancelled civil sentence no. 134 of May 24, 2022 and, rejudging: partially admitted the request for clarification and completion of the provision of civil sentence no. 382 of October 20, 2020, formulated by the plaintiff Transelectrica. Ordered the completion of the provision of the civil sentence no. 382 of October 20, 2020 with the following mentions: - also canceled the fiscal inspection report no. F-MC 222/30.06.2017 to the extent that the Taxation Decision no. F-MC 439/30.06.2017 was cancelled; - canceled the main fiscal obligations established for the year 2005 and related accessories, as the right of the fiscal body to establish such obligations has been prescribed; - annulled the fiscal administrative documents regarding the non-deductibility of the expenses with the benefit share of SMART. It removed the mentions of the amounts representing canceled profit tax and accessories, related to the 349 tax invoices, both from the sentence correcting the material error and from the main sentence. It maintained the other provisions of the civil sentence no. 134 of May 24, 2022. It obliged the appellants - defendants to pay to the appellant - plaintiff Transelectrica the amount of 200 RON, representing court costs in the appeal. Definitive. Decision 6169/20.12.2023.

The company is involved in adversarial litigation with SMART and Teletrans Branches as follows:

#### I. Disputes with the SMART SA Branch

##### • **File no. 48509/3/2017, re-numbered to CAB 8860/2/0222 - Bucharest Court / Bucharest Court of Appeal**

Object of the file: CNTEE Transelectrica SA requests by action the obligation of SMART SA to:

- the restitution to Transelectrica of the amount of 7,652, to which VAT is added, as damage suffered by the Company as a result of the unjust enrichment of the defendant, mainly, and as unpaid payment, secondarily;
- obliging the defendant to pay the un-obtained benefits related to the amount paid as unjust enrichment, mainly, and as an unpaid payment, secondarily, calculated from the date the undersigned made the unpaid payments to the defendant and until the date of referral to the court in the amount of 2,773, as well as obliging the defendant to pay, in the future, the un-obtained benefits, until the date of effective restitution by the defendant of the amount representing the main debit.

**Case stage:** Rejects the sue petition as unfounded. With the right of appeal within 30 days from the communication, the appeal request to be submitted to the Bucharest Court - Civil Section VI. Pronounced by making the solution available to the parties through the court clerk office. Document: Decision 741/12.04.2022. Transelectrica declared an appeal, which was reclassified as an appeal and the file received number 8860/2/2022. CAB solution: rejected the appeal, as unfounded. Definitive. Decision 194/16.05.2023.

**Observations regarding the circumstances of the initiation of the action:**

In the period 16.01.2017 - 26.05.2017, the Company was subjected to a control by the Court of Audit of Romania, carried out by a team of external public auditors from Department IV of the Court of Audit. Following this control, the Control Report registered with the Company under no. 19211 dated 26.05.2017 was concluded, which was contested by the Company, subsequently being issued by the CCR Decision no. 8/27/06/2017

On pages 116-117 of the Control Report, point 9, the Control Team of the Court of Audit notes the fact that, in 2014, based on contract C57/31.01.2012, the Transmission Branches: Bucharest, Pitești, Sibiu and Constanța of CNTEE Transelectrica SA, based on the orders regarding replacement works of 220kv, 110kv and 245kv circuit breakers, accepted for payment invoices (with attached payment statements certified by the Transmission Branches and Smart Branches) and work statements drawn up by the Smart Branches, in which, in the materials category, switches purchased at overvalued prices were included, to which indirect expenses of 30% and profit of 5% were added, which led to the inefficient use of funds in the estimated amount of 7,652.

- **File nr. 40958/3/2016 – Bucharest Court**

**File object:**

Transelectrica, as the plaintiff, requests the obligation of SMART SA to pay the amount of 2,797, including VAT + 1,212, representing accessories.

**File status:**

TMB's solution: The exception of the limitation of the right to action, invoked by the defendant, was admitted. The action was dismissed as time-barred. The plaintiff's request to oblige the defendant to pay court costs was rejected as unfounded. With appeal within 30 days of communication. Document: Decision 2667/2021 29.10.2021.

CAB Solution 10.05.2022: Rejects the appeal as unfounded.

Transelectrica declared an appeal on 16.06.2022, which was accepted in principle and has a deadline of 01.11.2023. ICCJ solution: rejected as unfounded the appeal declared by the appellant-plaintiff Company against civil decision no. 743/A/10.05.2022, pronounced by the Bucharest Court of Appeal – Fifth Civil Section. Definitive.

- **File No. 24360/3/2020 – Bucharest Court**

**File Object:**

- SMART SA requested the obligation of Transelectrica to pay the amount of 14.75 thousand EUR + VAT, the counter-value of 38 concrete foundations, 98.28 thousand EUR + VAT, the counter-value of additional canal construction works, 112 + VAT, cval. Mecano type interest, legal interest.

**File stage:**

The TMB solution: the exception of the extinguishing prescription was admitted. The exception of inadmissibility was qualified as substantive defense. The action was dismissed as time-barred, the material right to action. With the right to file an appeal, within 30 days from the communication to the parties. The appeal is to be filed at the headquarters of the Bucharest Court, the 6th Civil Section. Pronounced on May 10, 2021 in public session. Document: Decision 1263/2021; SMART declared appeal.

CAB solution in short: The appeal was accepted. The appealed sentence was annulled and, referring to the merits, the exception of the extinguishing prescription of the material right to action was admitted. The action was dismissed as time-barred. The appellant's request to oblige the respondent to pay court costs was rejected. With appeal within 30 days of communication. The appeal is submitted to the CAB - the 6th Civil Section. Pronounced in public session on 11.02.2022. Document: Decision 247/2022;

SMART SA has appealed to the ICCJ. Solution on 11.10.2022: The appeal declared by the appellant-plaintiff SMART SA against civil decision no. 247 A of February 11, 2022, pronounced by the Bucharest Court of Appeal – Civil Section VI. Definitive.

**File No. 51633/299/2021 – Bucharest Court**

**File object:**

SMART SA requested the obligation of Transelectrica to pay the amount of 118 thousand + VAT, representing "expenses with assistance services, engaged on the account of the Company as well as the payment of un-obtained benefits (legal interest).

**File stage:**

Solution of the Court of Sector 3 Bucharest: Rejects, as unfounded, the request. With right of appeal within 30 days of communication. Document: Decision 6134/2022 21.06.2022.

On 02.11.2022 SMART SA filed an appeal against the Civil Sentence no. 6134/21.06.2022 pronounced by the Bucharest Court of Sector 3. The file was registered on the dockets of the Bucharest Court. Trial date: 11.09.2024

• **File no. 15561/3/2022 - Bucharest Court**

**File object:**

SMART SA requested the obligation of Transelectrica to pay the amount of 4.47 million regarding the execution of an administrative contract.

**File stage:**

Trial date: 04.04.2024.

**II. contradictory litigations with TELETRANS SA Branch**

• **File no. 16216/3/2017 registered at the Bucharest Court – VI Civil Section**

The file received a new number 153/2/2021 at the CAB - Litigation and fiscal Section

**File object:**

Through the sue petition, Teletrans S.A. asks the court

- To acknowledge as entirely fulfilled the services representing the object of contract 03/2007, as it was amended
- Subsidiarily, to acknowledge that the services that are the object of the 03/2007 contract, as it was amended, have been provided and partially accepted;
- To oblige Transelectrica to pay the amount of 4,649, to which is added VAT in the amount of 883, representing the counter value of invoices no. 115/2017, no. 123/2017 up to no. 143/2017;
- To oblige Transelectrica to pay the amount of 214 thousand EUR to which VAT is added, at the exchange rate from the date of issuing the invoices, representing the value of the services provided and partially accepted for the contractual period May 2014 - November 2016, "subsidiarily if the head of claim II is accepted and not the head of claim I";

**File stage:**

The solution in short: Accepts the exception of the prescription of the material right to action regarding the fiscal invoices related to the months of February - March 2014. Rejects the request related to invoices no. 115/01.03.2015 and no. 123/01.03.2017 as prescribed. Rejects the rest of the action as unfounded. With appeal within 30 days of communication. The appeal is submitted to the Bucharest Court - VI Civil Section. Pronounced in public session today, 22.04.2019. Document: Decision 1064/2019 22.04.2019.

Teletrans declared an appeal. CAB's solution: the exception of the nullity of the appeal was admitted. Declares the appeal null and void. The appellant's request to oblige the respondent to pay court costs was rejected. Definitive. Document: Decision 431/17.11.2023.

**Observations regarding the circumstances of the initiation of the dispute:**

Following the control carried out between January and March 2017 at Teletrans, the Court of Audit found that Teletrans did not recover and collect from Transelectrica the amount of money requested through the action described above.

Contact C03/2007 conditions the issuance and acceptance for payment of the confirmation invoices by the representatives of our Company, at branch and executive level, of the services mentioned in each minutes issued by the plaintiff.

As a result of the inadequate fulfillment by Teletrans SA of the services contracted on the basis of C03/2007, the local Minutes of service taking-over were not endorsed by the majority of the Transmission

Branches, which is why the Managing Directors of the C03/2007 contract did not approve either Monthly centralizing reception minutes.

➤ **Others**

The company is involved in significant litigation, especially for the recovery of receivables (e.g.: Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activitate Nucleară, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galati and others).

The Company recorded adjustments for value losses 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 Directorate and the Supervisory Board, regarding the mandate contracts concluded between the Company and them. For these disputes, the company has created a provision.

➤ **Branch control**

• **SMART SA**

**Control ANAF-DGAMC**

On 19.10.2022, the partial tax inspection began, with the objectives - checking the legality and compliance of tax statements and/or operations relevant to the tax inspection, the correctness and accuracy of the fulfillment of obligations in relation to the establishment of tax bases and main tax obligations regarding:

-Value added tax in the period 01/01/2017-12/31/2021

-Profit tax in the period 01/01/2017-12/31/2021

-Verification of compliance with the provisions of fiscal and accounting legislation

-Verification of other aspects relevant for taxation, if they are of interest for the application of fiscal accounting legislation.

As a result of this control, on 19.06.2023, the following were issued: fiscal inspection report F-MC\_107, taxation decision F-MC\_177 by which fiscal payment obligations were established in the form of an additional taxable base in the amount of 29,268 and related profit tax in the amount of 4,683, as well as the decision on not changing the tax base F-MC-178.

**Ministry of Finances – DGIEF**

On 05.07.2023, the Ministry of Finance through the General Directorate of Economic-Financial Inspection carried out a control at the SMART branch to verify the issues notified by the Government of Romania through the Prime Minister's Control Body according to address 2736/05.08.2020. The control was carried out on the basis of GEO 94/2011, Decision 101/2012, the controlled period being 01.01.2018 – 2023.



# **NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**

**Company managed by two-tier system**

**Consolidated Financial Statements  
as at and for the financial year ended on  
31 December 2023**

**Prepared in accordance with the Order of the  
Minister of Public Finances no. 2844/2016  
with subsequent amendments and additions  
for the approval of the Accounting Regulations  
compliant with International Financial Reporting Standards**

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Note	31 December 2023	31 December 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	5	5,558,143	4,063,849
Assets representing rights of use under a lease - buildings	6	15,048	23,689
Intangible assets	7	282,378	337,941
Financial assets	8	40,673	40,720
<b>Total non-current assets</b>		<b>5,896,242</b>	<b>4,466,199</b>
<b>Current assets</b>			
Inventories	9	61,975	53,068
Trade and other receivables	10	2,116,460	3,342,852
Profit tax recoverable		-	4,128
Other financial assets	12	-	-
Cash and cash equivalents	11	526,900	333,681
<b>Total current assets</b>		<b>2,705,335</b>	<b>3,733,729</b>
<b>Total assets</b>		<b>8,601,577</b>	<b>8,199,928</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		733,031	733,031
Share premium		49,843	49,843
Legal reserves		146,606	146,606
Revaluation reserves		1,738,703	734,233
Other reserves		195,751	39,351
Retained earnings		2,431,200	2,201,628
<b>Total shareholders' equities attributable to Group owners</b>	13	<b>5,295,134</b>	<b>3,904,692</b>
Non-controlling interests	32	-	-
<b>Total equity</b>		<b>5,295,134</b>	<b>3,904,692</b>
<b>Non-current liabilities</b>			
Long term deferred revenues	14	519,116	439,028
Long term Borrowings	15	31,906	55,588
Other loans and assimilated debts - Non-current lease liabilities - buildings	17	7,073	15,949
Deferred tax liabilities	19	296,343	110,070
Employee benefits obligations	16	97,888	86,881
<b>Total non-current liabilities</b>		<b>952,326</b>	<b>707,516</b>

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Note	31 December 2023	31 December 2022
<b>Current liabilities</b>			
Trade and other liabilities	17	2,200,950	3,352,175
Other loans and assimilated debts - Current lease liabilities - buildings	17	9,253	9,141
Other tax and social security liabilities	21	26,047	17,377
Current Borrowings	15	31,600	97,950
Provisions	18	67,191	71,557
Short term deferred revenues	14	16,138	39,520
Income tax payable		2,938	-
<b>Total current liabilities</b>		<b>2,354,117</b>	<b>3,587,720</b>
<b>Total liabilities</b>		<b>3,306,443</b>	<b>4,295,236</b>
<b>Total shareholders' equity and liabilities</b>		<b>8,601,577</b>	<b>8,199,928</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directorate,

**Ștefăniță  
MUNTEANU**

Directorate  
President

**Florin-Cristian  
TĂTARU**

Directorate  
Member

**Cătălin-Constantin  
NADOLU**

Directorate  
Member

**Bogdan  
TONCESCU**

Directorate  
Member

**Ana-Iuliana DINU**  
Economic and Financial Director

**Cristiana Zîrnovan**  
Budget and Management Reporting Department  
Manager



**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF INCOME AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Note	31 December 2023	31 December 2022
<b>Operating revenues</b>			
Transmission revenues		1,956,027	1,884,909
System service revenues		390,661	533,616
Balancing market revenues		2,269,419	3,478,995
Other revenues		108,730	409,863
<b>Total operating revenues</b>	<b>22</b>	<b>4,724,837</b>	<b>6,307,383</b>
<b>Operating expenses</b>			
System Operating Expenses	23	(640,426)	(901,663)
Balancing market expenses	23	(2,268,981)	(3,479,716)
Technological system services expenses	23	(499,185)	(466,608)
Depreciation and amortization	24	(340,445)	(281,217)
Personnel expenses	25	(447,429)	(385,954)
Repairs and maintenance expenses		(55,445)	(51,380)
Materials and consumables		(21,172)	(40,372)
Other operational expenses	26	(210,705)	(96,637)
<b>Total operating expenses</b>		<b>(4,483,788)</b>	<b>(5,703,547)</b>
<b>Operating result</b>		<b>241,049</b>	<b>603,836</b>
Financial revenues		35,896	65,058
Financial expenses		(38,254)	(73,271)
<b>Net financial result</b>	<b>27</b>	<b>(2,358)</b>	<b>(8,213)</b>
<b>Profit before income tax</b>		<b>238,691</b>	<b>595,623</b>
Income tax		(21,245)	(73,990)
<b>Result of the year from continuing operations</b>		<b>217,446</b>	<b>521,633</b>
<b>TIME INTERVAL RESULT</b>			
Attributable:			
Owners of the Group		217,446	521,633
Non-controlling interests		-	-
<b>Basic and diluted earnings per share (lei/share)</b>	<b>20</b>	<b>2.97</b>	<b>7.12</b>

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF INCOME AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Note	31 December 2023	31 December 2022
<b>Result of the time interval</b>			
<b>Other comprehensive income</b>			
Elements which will not be reclassified in the profit and loss account, out of which:			
- Effect of taxation on revaluation reserve	5	(203,451)	-
- Surplus from the revaluation of tangible assets	19	1,275,560	-
- Actuarial losses on defined benefit plans	16	905	(10,575)
<b>Other comprehensive income (OCI)</b>		<b>1,073,014</b>	<b>(10,575)</b>
<b>Total comprehensive income for the year</b>		<b>1,290,460</b>	<b>511,058</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directorate,

**Ștefăniță  
MUNTEANU**

Directorate  
President

**Florin-Cristian  
TĂTARU**

Directorate  
Member

**Cătălin-Constantin  
NADOLU**

Directorate  
Member

**Bogdan  
TONCESCU**

Directorate  
Member

**Ana-Iuliana DINU**  
Economic and Financial Director

**Cristiana Zîrnovan**  
Budget and Management Reporting  
Department Manager

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Share Capital	Share premium	Legal Reserve	Revaluation reserves	Other reserves	Reported result	Attributable to the group	Minority interests	Total
<b>Balance on 1 January 2023</b>	<b>733,031</b>	<b>49,843</b>	<b>146,606</b>	<b>734,233</b>	<b>39,351</b>	<b>2,201,628</b>	<b>3,904,692</b>	-	<b>3,904,692</b>
<b>Comprehensive result of the period</b>	-	-	-	-	-	-	-	-	-
Result of the period	-	-	-	-	-	217,446	217,446	-	217,446
<b>Other comprehensive revenue items</b>	-	-	-	-	-	-	-	-	-
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	905	905	-	905
Surplus from revaluation of tangible assets	-	-	-	1,275,560	-	-	1,275,560	-	1,275,560
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	(203,451)	-	-	(203,451)	-	(203,451)
<b>Total other comprehensive revenue items</b>	-	-	-	<b>1,072,109</b>	-	<b>905</b>	<b>1,073,014</b>	-	<b>1,073,014</b>
<b>Total comprehensive result of the period</b>	-	-	-	<b>1,072,109</b>	-	<b>218,351</b>	<b>1,290,460</b>	-	<b>1,290,460</b>
Legal reserve indexation	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(67,638)	-	67,638	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(4,372)	(4,372)	-	(4,372)
<b>Total other items</b>	-	-	-	<b>(67,638)</b>	-	<b>63,267</b>	<b>(4,372)</b>	-	<b>(4,372)</b>
Derecognition of assets like public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	156,400	-	156,400	-	156,400
Other reserves	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	(52,045)	(52,045)	-	(52,045)
<b>Total transactions with owners</b>	-	-	-	-	<b>156,400</b>	<b>(52,045)</b>	<b>104,355</b>	-	<b>104,355</b>
<b>Balance at 31 December 2023</b>	<b>733,031</b>	<b>49,843</b>	<b>146,606</b>	<b>1,738,703</b>	<b>195,751</b>	<b>2,431,200</b>	<b>5,295,134</b>	-	<b>5,295,134</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

<b>Ștefăniță MUNTEANU</b> Directorate President	<b>Florin-Cristian TĂTARU</b> Directorate Member	Directorate, <b>Cătălin-Constantin NADOLU</b> Directorate Member	<b>Bogdan TONCESCU</b> Directorate Member
<b>Ana-Iuliana DINU</b> Economic and Financial Director		<b>Cristiana Zîrnovan</b> Budget and Management Reporting Department Manager	

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Share Capital	Share premium	Legal Reserve	Revaluation reserves	Other reserves	Reported result	Attributable to the group	Minority interests	Total
<b>Balance on 1 January 2022</b>	<b>733,031</b>	<b>49,843</b>	<b>137,927</b>	<b>801,800</b>	<b>31,186</b>	<b>1,631,074</b>	<b>3,384,861</b>	-	<b>3,384,861</b>
<b>Comprehensive result of the period</b>									
Result of the period	-	-	-	-	-	521,633	521,633	-	<b>521,633</b>
<b>Other comprehensive revenue items</b>	-	-	-	-	-	-	-	-	-
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	(10,575)	(10,575)	-	<b>(10,575)</b>
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-	-	-
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive revenue items</b>	-	-	-	-	-	(10,575)	(10,575)	-	<b>(10,575)</b>
<b>Total comprehensive result of the period</b>	-	-	-	-	-	<b>511,058</b>	<b>511,058</b>	-	<b>511,058</b>
Legal reserve indexation	-	-	8,679	-	-	(8,679)	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(67,567)	-	67,567	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	1,162	1,162	-	<b>1,162</b>
<b>Total other items</b>	-	-	<b>8,679</b>	<b>(67,567)</b>	-	<b>60,050</b>	<b>1,162</b>	-	<b>1,162</b>
Derecognition of assets like public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	8,165	-	8,165	-	<b>8,165</b>
Other reserves	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	(554)	(554)	-	<b>(554)</b>
<b>Total transactions with owners</b>	-	-	-	-	<b>8,165</b>	<b>(554)</b>	<b>7,611</b>	-	<b>7,611</b>
<b>Balance at 31 December 2022</b>	<b>733,031</b>	<b>49,843</b>	<b>146,606</b>	<b>734,233</b>	<b>39,351</b>	<b>2,201,628</b>	<b>3,904,692</b>	-	<b>3,904,692</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directory,

**Stefanie  
MUNTEANU**  
Directorate President

**Florin-Cristian  
TĂTARU**  
Directorate Member

**Cătălin-Constantin  
NADOLU**  
Directorate Member

**Bogdan  
TONCESCU**  
Directorate Member

**Ana-Iuliana DINU**  
Economic and Financial Director

**Cristiana Zîrnovan**  
Manager Budget and Management Reporting Department

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Cash flows from operating activities</b>		
<b>Result of the period</b>	<b>217,446</b>	<b>521,633</b>
<b>Adjustments for:</b>		
Income tax expense	21,245	73,990
Amortisement expense (including additional OTC)	340,445	281,217
Grid losses anticipatory tariff income	(13,735)	(338,527)
Expenses with adjustments for trade receivables impairment	38,761	2,744
Revenues from reversal of adjustments for trade receivables impairment	(47,116)	(14,767)
Losses from various debtors	54,752	464
Net revenues with adjustments for various debtors impairment	8,682	9,068
Net expenditures with adjustments for inventories impairment	(1,262)	806
Net profit/ loss on sale of tangible assets	437	725
Net expenditures on adjustments of value regarding tangible assets	18,363	(2,961)
Expenses/Revenues regarding provisions for risks and expenses, net	651	17,810
Interest expense, interest revenue and unrealised exchange rate gains	2,769	6,102
<b>Cash flows before changes to working capital</b>	<b>641,438</b>	<b>558,304</b>
<b>Changes in:</b>		
Inventories	(8,448)	(5,211)
Clients and assimilated accounts	1,171,127	(354,120)
Trade payables and other liabilities	(1,209,775)	360,748
Other taxes and social insurance liabilities	8,669	(3,150)
Deferred revenues	95,960	1,956
<b>Cash flows from operating activities</b>	<b>698,971</b>	<b>558,527</b>
Paid interests	(3,815)	(8,090)
Paid income tax	(36,116)	(64,551)
<b>Net cash generated from operational activities</b>	<b>659,040</b>	<b>485,886</b>
<b>Cash flows used in investment activity</b>		
Acquisition of tangible and intangible assets	(439,270)	(465,944)
Participation titles held in SELENE CC Societe Anonyme	242	-
Proceeds from EC non-reimbursable financing	117,145	9,583
Received Interests	6,482	3,055
Proceeds from sale of tangible assets	1,801	13
Dividends received/paid	1,988	1,535
<b>Net cash used in investment activity</b>	<b>(311,612)</b>	<b>(451,758)</b>

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Cash flows used in financing activities</b>		
Repayments of non-current borrowings	(23,850)	(23,753)
Use of working capital credit line	-	67,618
Use of credit line Smart	1,371	2,994
Repayments of current borrowings-variation	(67,618)	-
Building lease payments	(11,331)	(11,322)
Dividends paid	(52,781)	(640)
<b>Net cash used in financing activity</b>	<b>(154,209)</b>	<b>34,897</b>
Cash and cash equivalents at 1 January	333,681	264,656
<b>Net increase/decrease in cash and cash equivalents</b>	<b>193,219</b>	<b>69,025</b>
<b>Cash and cash equivalents at end of period</b>	<b>526,900</b>	<b>333,681</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directorate,

**Ștefăniță  
MUNTEANU**

Directorate  
President

**Florin-Cristian  
TĂTARU**

Directorate  
Member

**Cătălin-Constantin  
NADOLU**

Directorate  
Member

**Bogdan  
TONCESCU**

Directorate  
Member

**Ana-Iuliana DINU**  
Economic and Financial Director

**Cristiana Zîrnovan**  
Budget and Management Reporting  
Department Manager

## **1. ACTIVITY DESCRIPTION AND GENERAL INFORMATION**

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

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

The consolidated financial statements as at 31 December 2023 of the Group prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as amended, are available at the Company's registered office located at 2-4 Olteni Street, Sector 3, Bucharest.

Since 2006, the Company's shares are traded on the Bucharest Stock Exchange under the symbol TEL.

In accordance with the Resolution of the Extraordinary General Meeting of Shareholders of 18 July 2012, the Company has changed from the unitary management system to the two-tier management system in order to achieve a clear separation of management activity from control activity. Thus, the Company is managed by a Directorate under the supervision of a Supervisory Board.

### *Establishment of the Company*

Pursuant to Government Decision ("GD") no. 627 on the reorganisation of the National Electricity Company - SA ("Predecessor Entity"), issued on 31 July 2000 by the Romanian Government, it was divided into four newly created entities ("Successor Entities"). The sole shareholder of the Successor Entities was the Romanian State, through the Ministry of Economy ("ME"). Following this reorganisation, the National Power Grid Company Transelectrica SA was established as a joint-stock company with the main activity of electricity transmission, dispatching, organisation and management of the electricity market.

As presented in Note 13, the shareholders of the National Power Grid Company Transelectrica SA as at 31 December 2023 are: the Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), NN Group NV with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,231,423 shares (22.14%) and other Natural Persons shareholders with 5,290,155 shares (7.21%).

Pursuant to the Government Emergency Ordinance (GEO) no. 68/2019 for the establishment of certain measures at the level of central public administration and for the amendment and completion of certain normative acts, published in the Official Gazette no. 898/06.11.2019, as of 6 November 2019, the exercise of rights and the fulfilment of obligations arising from the State's shareholder status in the National Power Grid Company Transelectrica SA 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 the National Power Grid Company 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.

These Consolidated Financial Statements, prepared as at and for the year ended 31 December 2023, comprise the financial statements of the Parent Company and its subsidiaries Smart SA and Teletrans SA, together referred to as the "Group".

## **GROUP STRUCTURE**

The Group's subsidiaries included in the scope of consolidation and the percentage of shares held by the

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

Company are shown below:

<b>The entity</b>	<b>Country of origin</b>	<b>31 December 2023 % of shares</b>	<b>31 December 2022 % of shares</b>
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100

### **SMART SA**

The subsidiary Societatea Comercială pentru Servicii de Mentenanță a Rețelei Electrice de Transport (Commercial Company for Transmission Grid Maintenance Services) "SMART" SA was established in 2001, by GD no.710/19.07.2001 through the reorganization of certain activities within Transelectrica.

The address of the registered office is in B-dul Magheru nr. 33 sector 1 Bucharest and the head office is at the business place B-dul Gheorghe Șincai nr. 3, building "Formenerg", et.1, sector 4 Bucharest.

The main activities of the subsidiary are the overhaul and repair of primary apparatus and equipment in electrical networks (so that RET installations operate safely at the level of performance required by the licence), the repair of incidents in electrical installations, the provision of energy services, energy services for the energy system and micro-production of electrical equipment. The company has 8 branches without legal personality.

The mission for which SMART SA was established was and still is to ensure preventive maintenance, special works and corrective maintenance of the Transmission Grid (RET), based on Transelectrica's primary objective: to ensure the safe and stable transmission of electricity in the national transmission grid.

The branch offers professional services at a high level of performance, i.e. maintenance, repairs, expertise, consultancy for:

- Low, medium, high and extra high voltage switchgear and equipment - up to and including 750kV,
- Equipment and circuits for protection, automation, measurement, command - control,
- Transformers and autotransformers of all powers and voltages,
- Overhead and cable power lines of all voltage levels.

The subscribed and paid-up share capital as at 31.12.2023 is 38,529, Transelectrica being the sole shareholder. The results of the SMART subsidiary are consolidated with the financial results of the Company. SMART shares are 100% owned by Transelectrica.

### **TELETRANS SA**

The subsidiary TELETRANS SA was established by the GMS Resolution no. 13/04.12.2002 of Transelectrica, based on the Law no. 31/1990 and the Orders of the Ministry of Industry and Commerce no. 3098 and no. 3101 dated 23.10.2002 and is the provider of specific telecommunications and information technology services for the operational and management of Transelectrica, having as its main activity the provision of specific telecommunications services. At the same time, the Subsidiary has the possibility to market specific services on the liberalised communications market in Romania.

The address of the registered office is at 16 - 18 Hristo-Botev Street, sector 3, Bucharest and the head office is at the working point at 12 Stelea Spătarul Street, sector 3, Bucharest.

The subsidiary has a high level of expertise in areas of profound uniqueness in systems and process management in the energy industry.

On the basis of the Articles of Association and the applicable regulations, Teletrans holds the ANCOM certificate of provider of electronic communications networks or services since 2002 (G.E.O. no. 679/2002), which entitles it to provide the following electronic communications services:

- Public electronic communications networks (from 11.11.2004);

The accompanying notes form an integral part of these Consolidated Financial Statements.



- Electronic communications services to the public: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (from 01.07.2003);
- Private electronic communications networks and services (from 15.01.2003).
- TELETRANS personnel also have certifications relevant to the operation and administration of IT&C systems dedicated to critical infrastructures.

TELETRANS uses a fibre optic network built in reliable OPGW technology with access points in 110 localities as well as cross-border links with Hungary, Bulgaria and Serbia and provides EMS/SCADA system integration services for renewable energy producers and new control systems in upgraded stations.

The services provided by Teletrans were mainly IT/Tc services to Transelectrica, maintenance services of the local metering system at the level of the Company's electricity stations, maintenance services of the telecontribution system related to the wholesale electricity market and telecommunication services through the marketing of the surplus capacity existing in the fibre optic communication infrastructure.

The subscribed and paid-up share capital as at 31.12.2023 is 6,874, Transelectrica being the sole shareholder. The results of the subsidiary Teletrans are consolidated with the financial results of the Company. TELETRANS shares are 100% owned by Transelectrica.

### **The Group's mission**

The Group's mission is to ensure the safe and secure operation of the National Energy System (NES), in compliance with the standards and performance required by the technical regulations in force, and to provide a public service to all users of the electricity transmission networks, in conditions of transparency, non-discrimination and fairness for all market participants.

### **Other information about the Group's activity**

The participation of European Transmission System Operators (TSOs) in ENTSO-E is regulated by the European legislation in force (Regulation 943/2019 on the internal electricity market (recast of Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity): *"All transmission system operators shall cooperate at Community level through ENTSO-E for Electricity in order to promote the completion and functioning of the internal market in electricity and cross-zonal trade, and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network."*

Membership in ENTSO-E is an essential condition for access to the decision-making process on European strategy and legislation in the field and for defending and supporting the interests of the Company in the activities/projects carried out at the level of the association and the European Commission.

ENTSO-E was created in 2009, as a non-profit association based in Brussels, by unifying the associations of European TSOs organised according to synchronously interconnected regions (UCTE, ETSO, BALTSO, NORDEL, UKTSOA, ATSOI). Since October 2004, Transelectrica has become a partner of electricity transmission companies throughout Europe, as a member of UCTE, ETSO and since 2009 is a member of ENTSO-E, the Romanian electricity system being part of the Continental Europe Regional Group.

Transelectrica SA is an affiliated member of the following international bodies:

- ENTSO - E - European Network of Transmission System Operators for Electricity;
- CIGRE - International Council of Large High Voltage Electricity Systems;
- LWA - International Live Work Association;
- WEC - World Energy Council.

The National Power Grid Company Transelectrica SA is responsible for the safe, reliable and efficient operation of the SEN, complying with the provisions of EU Directive 54/2003, art. 9.

On 29 November 2023, the credit rating agency Moody's Investors Service published its updated credit opinion assessing the Company's current and future ability to meet its payment obligations to creditors, assigning a Baa3 stable rating (reconfirmation of the previous year's rating). Transelectrica is for the third consecutive year in the investment-grade Baa3 (moderate investment risk) category, given the strategic

importance of the Company, the continuous improvement of the regulatory framework, and the benefit of government support in case of financial difficulties.

Achieving a Baa3 rating with a stable outlook reinforces a favourable position on the Company's ability to meet its current and future financial obligations, showing that Transelectrica operates in an improved regulatory environment, with a strong financial profile, low liabilities levels and strong, stable and predictable financial values.

### **Legislative environment**

Activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution, which has as its object of activity: the elaboration, approval and monitoring of the application of the set of mandatory regulations at national level necessary for the functioning of the electricity, heat and natural gas sector and market in conditions of efficiency, competition, transparency and consumer protection.

ANRE has the following main tasks and powers in the electricity and thermal energy produced in cogeneration sector: grants, suspends or withdraws authorisations and licences, draws up and approves the methodologies for calculating regulated tariffs and prices, approves regulated tariffs and prices, establishes framework contracts, approves technical and commercial regulations, etc.

ANRE sets tariffs for electricity transmission and system services. Therefore, decisions taken by ANRE can have significant effects on the Company's activity.

The operational activity of the Company is carried out on the basis of license no. 161/2000 for the transmission of electricity and the provision of system service issued by ANRE, valid until 2025, updated by ANRE Decision no.1450/14.06.2023 and the General Conditions associated with the license approved by ANRE Order no. 104/2014, as amended.

Given that the Company's activity and revenues are regulated by ANRE, the most important risks related to this aspect are the following:

- The regulatory framework is subject to constant change, which can affect the Company's performance;
- ANRE's decisions on the adoption of future tariffs may affect the Company's activities;

### *Final certification of Transelectrica as TSO of the NES according to the ownership unbundling model*

In accordance with the provisions of the Law on Electricity and Natural Gas no. 123/2012, as amended, the National Energy Regulatory Authority (ANRE) approved by Order no. 164/07.12.2015 the certification of the Company as transmission and system operator of the National Electricity System according to the ownership *unbundling* model.

The ownership unbundling model became available to the Company under the Electricity and Natural Gas Law No 123/2012 transposing Directive 2009/72/EC.

The ANRE Order No 164/07.12.2015 accompanied by the European Commission Opinion No C (2015) 7053 final/12.10.2015, as an integral part of the Order, was published in the Official Gazette No 908/08.12.2015 and together with its Approval Reference is communicated by ANRE to the European Commission.

This order implements the provisions of European Union and national legislation on transmission system operator certification.

The certification notification was sent to the European Union, which published it in the EU Journal on 08.01.2016, in accordance with Art.10 para. (2) of Directive 2009/72/EC.

### **Tariffs for electricity transmission service and system service**

Electricity transmission is an activity of general interest in the field of electricity, authorised and monitored by a public authority (public service), with the character of a natural monopoly. The tariffs charged by the Company for transmission and system services are set and approved by ANRE (see Note 22).

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

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The year 2023 is the fourth in the series of five consecutive years which comprise the fourth multiannual tariff regulation period for electricity transmission activity (1 January 2020 - 31 December 2024). The main coordinates of this regulatory period were established by ANRE on the basis of the specific regulatory framework, namely the methodology for setting the tariff for electricity transmission activity. Compared to the previous forms of the methodology on the basis of which tariffs were set in the previous regulatory period (1 July 2014 - 30 June 2019) and in the transition period from the previous regulatory period to the current regulatory period, the methodology applicable to setting tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements of the regulated revenue and its formation, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the nature of the incentive elements, the collection of regulated revenues), these have remained unchanged, ensuring the continuity and predictability of the regulatory framework. The detailed tariff settings for the entire current multi-year regulatory period were initially set during 2019.

During 2020, in line with the applicable methodology, a review of the previously approved period coordinates took place. This revision was also necessary in view of the change in the tariff configuration in the sense of merging the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merging of the two tariffs was achieved by absorbing the tariff for the functional services component of the system service activity into the transmission tariff. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and approved cost scheduling for the regulatory period horizon to include the assets and costs related to the system functional service activity in the starting settings and multi-year scheduling of the fourth regulatory period. Previously, the cost schedule for system functional services activity was reviewed and set annually when the system functional services tariff was approved, as the previous methodology did not provide for the establishment and approval of a multi-year schedule for these costs.

In addition to the merger of the two tariffs mentioned above, certain items originally approved for transmission activity, such as the investment plan (revised slightly downwards to rectify a technical error in the original scheduling - the schedule values were originally reported in nominal terms), were also included in the process of revising the regulatory period coordinates, for programming purposes it was necessary to adjust the originally reported values by extracting the estimated inflation for the regulatory period), the value of the Regulated Asset Base as at 1 January 2020 (revised based on investments actually made in the second half of 2019), the starting point and efficiency slope imposed for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs incurred in the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified as uncontrollable costs in the fourth regulatory period, efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation achieved in the second half of 2019).

In the context of the significant increase in electricity prices on wholesale markets from summer 2021 onwards, a series of measures have been implemented in the legislative and regulatory framework to mitigate the significant impact of this development on the costs incurred by public electricity transmission and distribution system operators in purchasing energy from the wholesale market to cover their own technological consumption in the networks:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that came into force on 1 January 2022, the revenue component included in the tariff to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased compared to the amount initially set for 2022 in the multiannual cost programming for the regulatory period 2020-2024;
- In accordance with the legislative framework (GEO no. 27/2022), on 1 April 2022 the electricity transmission tariff was amended upwards compared to the period 1 January - 31 March 2022, with extended applicability to the first quarter of 2023. This tariff increase was intended to ensure the recovery by the Company of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased from the wholesale market to cover its own

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technological consumption in the transmission network. This measure brought forward the process of recovering the deficit in 2021, which according to ANRE regulations would have been achieved one year later, i.e. in 2023;

- in accordance with the legislative framework (GEO No 119/2022), the measure of capitalisation of additional costs of own technological consumption, i.e. the difference between the realised cost and the cost included in the transmission tariff, has been introduced. Thus, when setting the transmission tariff applicable for the period 1 April 2023 - 31 December 2023, the component relating to additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period 1 April 2022 - 31 March 2023. Recovery through the transmission tariff of this difference is to be phased in over a five-year period. For the difference capitalised in 2022, recovery through the transmission tariff will be achieved over the period 2023-2027.
- By Law no.357/13.12.2022 approving GEO no. 119/2022 , the capitalization measure was extended for the period from 1 January 2022 to 31 March 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, in the context of a significant increase in the costs of its own technological consumption amidst the sharp rise in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, implemented on 1 January 2022, 1 April 2022 and 1 April 2023, also helped to reduce the pressure that increased costs put on cash flows.

### **Regulated Asset Base ("RAB")**

The determination of the transmission tariff is based, inter alia, on the basis of the regulated assets. The regulated asset base includes the net value of tangible and intangible assets corresponding to the Company's private assets and the net value of assets belonging to the State's public domain financed entirely from its own sources, recognised by ANRE and used to provide the electricity transmission service.

In 2022, the regulated rate of return on assets for the electricity transmission business, expressed in real pre-tax terms, was as follows:

- 6.39% value established in ANRE regulations and applied in the period from 1 January 2023 to 31 December 2023.

In addition to the 6.39%, ANRE regulations also established an incentive for new investments in the electricity transmission network in the form of a supplement to the regulated rate of return of one percentage point and an incentive of two percentage points above the approved regulated rate of return for fixed assets related to network investments put into operation as of 1 February 2021 and financed from own funds within the framework of projects co-financed by non-reimbursable European funds. Thus, new investments made in the electricity transmission network from 2021 onwards are remunerated at a regulated rate of return totalling 7.39%.

At the beginning of 2023, the RAB value of the electricity transmission activity, established by ANRE on the basis of the investments made by the National Power Grid Company Transelectrica SA in the third regulatory period, on the basis of the investments made in the transitional tariff period - the second half of 2019 and on the basis of the investments made in the next three years (2020, 2021 and 2022) of the fourth regulatory period - is approx. 2,508 million lei. Realized investments means completed investments, i.e. objectives put into operation and recorded as fixed assets in the Company's accounting records.

The total investment volume approved for the fourth regulatory period is approx. 1,587 million lei. Of this total volume, it has been forecast that a portion of approx. 644 million lei representing approx. 40% of the total approved investment volume will be financed from non-reimbursable European funds and from the revenues obtained by Transelectrica from the allocation of cross-border interconnection capacity. Thus, in the programming of the Regulated Assets Base for the fourth regulatory period, a volume of 943 million lei representing approx. 60% of the total approved investment volume, i.e. the part of the total approved investment volume that is not expected to be financed from the above mentioned non-reimbursable sources.

### **Transelectrica's inclusion in local and international stock market indices**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Since 29.08.2006, the shares issued by Transelectrica are traded on the regulated market, administered by the BVB, in category I, under the symbol TEL. Transelectrica's shares are part of the BET index, which reflects the evolution of the 20 most traded companies on the Regulated Market of the BVB, excluding financial investment companies (SIFs).

Transelectrica is also included in the BET-XT, BETPlus, BET-NG, BET-TR, BET-XT-TR, BET-TRN, BET-XT-TRN, BET-BK, ROTX local stock indices.

As of 5 January 2015, the Company is listed in the Premium category of the regulated market administered by the BVB.

Internationally, according to the MSCI announcement of August 2023, TEL shares have been promoted within the MSCI Frontier and MSCI Romania indices.

### **Group revenues**

The Group's main revenue-generating activities are the provision of the following services:

- Electricity transmission service;
- Balancing market operator.

### **Electricity transmission service**

Transmission service is the efficient and secure transmission of electricity between two or more points on the electricity transmission network ("TSO") in accordance with the performance standards in force.

The company ensures non-discriminatory and regulated access for all electricity market participants. The transmission activity is carried out through eight territorial transmission units based in Bucharest, Bacau, Cluj, Craiova, Constanta, Pitesti, Sibiu and Timisoara.

The electricity transmission activity carried out by the Company consists of ensuring the technical conditions and maintaining the parameters of the RET at the time of introduction/withdrawal of energy to/from the RET.

### **System services**

The company is responsible for maintaining the operation of the national energy system in safe conditions at all times and in compliance with the quality standards laid down in the technical code of the electricity transmission network. To this end, the Company purchases system services from electricity producers.

*System services* are purchased on the basis of a competitive procedure regulated by ANRE, from producers, at the request of the Company, in order to maintain the level of safety in the operation of the NES and the quality of the energy transmitted at the parameters required by the legislation in force. The Company passes on the full value of the system services purchased from generators (with the exception of the active energy component to cover losses in the RET) to the electricity suppliers licensed by ANRE who ultimately benefit from these services.

### **Balancing market operator**

The manner in which the balancing market operates is stipulated in:

- Regulation (EU) 2195/2017 laying down guidelines for balancing the electricity system, hereinafter referred to as "Regulation (EU) 2195/2017".
- Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system;
- Order of the President of ANRE no. 61/31.03.2020 for the approval of the Regulation on the scheduling of dispatchable production units, dispatchable consumers and dispatchable storage facilities, the Regulation on the operation and settlement of the balancing market and the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing, with subsequent amendments and additions;
- Regulation for the calculation and settlement of imbalances of the balancing parties - single imbalance price and for the amendment of certain orders of the President of the National Energy

The accompanying notes form an integral part of these Consolidated Financial Statements.

Regulatory Authority approved by Order of the President of ANRE No 213 of 25 November 2020, published in the Official Gazette No 1201 of 9 December 2020, as amended;

- Electricity and Natural Gas Law No 123/2012, as amended.

The Balancing Market allows balancing the production-consumption balance in real time, using resources provided in a competitive system. The balancing market also guarantees that the contractual obligations undertaken by energy market participants are fully met.

The purpose of the balancing market is to balance electricity generation and consumption and to improve the accuracy of forecasts made for this purpose by all market participants. This is achieved through the trading of over-contracted or uncontracted energy consumed by market participants. Transelectrica, based on procedures and regulations approved by ANRE, must approve all participants in the balancing market, collect, verify, process all bids and carry out settlement procedures.

The most important contribution to the functioning of the balancing market is made by the National Energy Dispatcher. The National Energy Dispatcher is responsible for overseeing the proper and safe operation of the NES, ensuring at all times the balancing of the production-consumption balance.

The balancing market is used by Transelectrica to ensure real-time balancing of consumption with generation, to guarantee the safe and stable operation of the NES and to manage any constraints within the NES.

The contracts concluded by Transelectrica with all participants in the balancing market are based on two agreements: the framework agreement for the assumption of balancing responsibility (concluded with electricity producers and suppliers as balancing parties) and the framework agreement for participation in the balancing market (concluded, as a rule, with electricity producers holding UD/CD).

Taking into account the current organisation of the balancing market, OPCOM as ODPE (Balancing Market Settlement Operator) has been responsible for setting the closing quantities and prices on the balancing market until September 2023, Transelectrica being involved in the balancing activity as follows:

- The National Energy Dispatcher contracts the electricity needed to balance the production-consumption balance on the balancing market;
- The OMEPA measurement directorate is responsible for measuring the actual quantities.
- ODPE from October 2023.

In accordance with the provisions of ANRE President's Orders no. 61/31.03.2020 and no. 213/25.11.2020, in order to ensure the functioning of the Electricity Market, the TSO - Transelectrica respectively

**collects:**

✓ the amounts owed by the Balancing Parties (PRE) for:

- the amount of PRE's payment obligations for negative imbalances produced during the contract month, determined for that month according to the Monthly PRE Imbalance Settlement Information Notice or Monthly Settlement Notice issued by the ODPE;
- the amount of the PRE's payment obligations for the provision of services corresponding to the value in the module for positive imbalances produced in the contract month shown with a negative sign, in the Information Note for the monthly settlement of PRE imbalances or in the Monthly Adjustment Note, issued by the ODPE;
- the additional costs of balancing the system.

✓ the amounts owed by the PPEs (Balancing Market Participants) for:

- the PPE's payment obligations for the amounts of balancing energy actually delivered at curtailment in the final transactions for the delivery of balancing energy, established according to the Monthly PRE Settlement Information Notice or Monthly Balancing Notice issued by the ODPE;

The accompanying notes form an integral part of these Consolidated Financial Statements.

- PPE 's payment obligations for the provision of services, corresponding to the value in the module for the amount of balancing energy actually delivered at the power increase shown with a negative sign in the Monthly PRE Settlement Information Note or Monthly Settlement Note issued by the ODPE;
- penalties for partial delivery of balancing energy.

**and pays**

✓ PRE for:

- the amount of the collection entitlements for positive imbalances produced during the contract month, determined for that month according to the Information Notice for the monthly settlement of the PRE imbalances or the Monthly Settlement Notice issued by the ODPE;
- the amount of the collection rights for the provision of services corresponding to the value in the module for negative imbalances produced during the contract month, shown with a negative sign, in the Information Note for the monthly settlement of the ERP imbalances or in the Monthly Adjustment Note issued by the ODPE.
- additional revenue from balancing the system.

✓ PPE (manufacturers balancing the system on order of the dispatcher) for:

- the PPE's collection rights for the amounts of balancing energy actually delivered to the power increase in the final transactions for the delivery of balancing energy, established in accordance with the Information Notice for monthly settlement on the PRE or the Monthly Settlement Notice issued by the ODPE;
- the PPE's collection rights for the values of service provision, corresponding to the value in the module for the quantity of balancing energy actually delivered at curtailment, shown with a negative sign, in the Information Note for the monthly settlement on the PRE or in the Monthly Settlement Note, issued by the ODPE.

***Intentional energy exchanges and common settlement rules for unintentional energy exchanges (FSKAR calculation methodology)***

Following the application of Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system and Regulation (EU) No 2195/2017 laying down guidelines for balancing the electricity system, common settlement rules for intentional exchanges of energy and common settlement rules for unintentional exchanges of energy have been developed and approved at ENTSO-E level by the Transmission System Operators. Please note that the new set of common settlement rules for intentional energy exchanges and unintentional energy exchanges provides for a financial settlement between the Transmission System Operators and the System Operators, thus eliminating the in-kind compensation determined according to the ENTSO-E methodology by the Settlement Centres in Brauweiler (Germany) and Laufenburg (Switzerland), which the National Power Grid Company Transelectrica SA traded on the Day-Ahead Market and recorded separately in the Budget for Revenues and Expenses with the Party Responsible for Balancing Unplanned Exchanges as a result of energy trading on the Day-Ahead Market.

The FSKAR calculation methodology, called *Accounting and Financial Settlement of kΔf, ACE and Ramping period*, came into force on 1 June 2021. The Settlement Centres in Brauweiler (Germany) and Laufenburg (Switzerland) transmit the results to each Transmission Operator and System Operator in the form of daily files containing the intended and unintended exchanges (quantities - prices) calculated for the respective Transmission Operator and System Operator for each settlement interval. The established price is the weighted average of the prices from trading on the Day-Ahead Markets in all ENTSO-E Member States, prices are expressed in Euro/MWh.

The costs and revenues highlighted in the invoice received from the JAO regarding the settlement of energy related to unintentional exchanges will be included in the settlement calculation of the Balancing Market, in accordance with the provisions of ANRE Order No. 33/2021, on the amendment and completion of the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing - single

The accompanying notes form an integral part of these Consolidated Financial Statements.

imbalance price approved by the Order of the President of the National Energy Regulatory Authority No. 213/2020.

***Imbalance netting process between all Transmission System Operators - IN Platform (Imbalance Netting)***

As of 01.01.2021, the European platform, International Grid Control Cooperation (IGCC) or IN (Imbalance Netting) Platform for the imbalance netting process between all TSOs, which performs the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, entered into operation.

It should be noted that the International Grid Control Cooperation (IGCC) is the project that was chosen in 2016 by ENTSO-E to become the future European platform for the imbalance compensation process, as defined in Commission Regulation (EU) No 2017/1485 of 2 August 2017 laying down guidelines for the operation of the electricity transmission system (Article 22). The IGCC initiative was started in 2010 by operators in Germany and has subsequently been extended to the central European systems, representing a way to optimise secondary frequency regulation - exchange power by reducing the counteracting actions of member operators' regulators, resulting in an optimised use of the system reserve "Frequency Restoration Reserve with automatic activation" of the FRR, on an aggregate level.

**High efficiency cogeneration**

Since 1 April 2011, the Company is the administrator of the support scheme for the promotion of high efficiency cogeneration. The objective of this support scheme is to promote high-efficiency cogeneration power generation systems with the advantage of producing energy with low pollutant emissions. The aim is to facilitate market access for high-efficiency cogeneration systems by granting a cogeneration bonus, as the costs of producing electricity and heat in cogeneration plants are higher than the market prices for both forms of energy. The scheme is intended for electricity and heat producers who own or commercially operate high-efficiency cogeneration plants, with the aim of stimulating new investments in cogeneration systems and the upgrading of existing plants. The support scheme was effectively implemented in Romania on 1 April 2011, following the adoption by the National Energy Authority (ANRE) of the regulatory framework necessary to implement the scheme.

The support scheme for the promotion of high-efficiency cogeneration is one of the mechanisms developed at European Union (EU) level to help each Member State meet its greenhouse gas emission reduction targets (by reducing the amount of primary energy needed to generate the same amount of processed energy - electricity and heat - compared to separate production).

The bonus support scheme was established in Romania by GD no. 219/2007 on the promotion of cogeneration based on useful heat energy (transposition of EC Directive no. 8/2004) and implemented by GD no. 1215/2009 on the establishment of the criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat energy demand, for producers with installed electrical capacity greater than 1 MW.

The support mechanism was authorised by the European Commission Decision C(2009)7085, as amended by Decision C(2016)7522 final. According to these decisions, the state aid is operating aid to cover the difference between the costs and revenues of electricity and heat production in high-efficiency cogeneration, ensuring a maximum return of 9%.

The bonus support scheme is thus designed to support and promote high-efficiency combined heat and power systems, thus encouraging new investments in combined heat and power technology and the replacement/rehabilitation of existing installations.

The scheme applies to cogeneration electricity and heat producers who have applied to ANRE for the bonus for high efficiency cogeneration electricity delivered to the NES for cogeneration capacities registered in the list of high efficiency cogeneration electricity and heat producers by 31 December 2016. Producers benefit from the support scheme for a maximum of 11 consecutive years, not exceeding 2023, the year in which the scheme ends. The bonus, granted on request, represents the amount (in RON) received by producers for each MWh produced in high efficiency cogeneration and delivered to the NES networks, is



set annually by ANRE and is calculated as the difference between the total production costs of an equivalent cogeneration plant with high efficiency electricity production and the revenues that can be obtained from it using the electricity market price, i.e. the resulting unit cost of thermal energy for an equivalent thermal power plant, the difference being related to the electricity delivered to the NES by the cogeneration plant.

Government Decision No 1215/2009 establishes the legal framework, in accordance with European Union regulations, for the implementation of the bonus support scheme for the promotion of high-efficiency cogeneration, based on the demand for useful heat energy, in order to cover the difference between the cost of producing high-efficiency cogeneration energy and its selling price. ANRE has approved the amounts of the reference bonuses, per MWh of electricity produced and delivered to the grid from high efficiency cogeneration plants. The beneficiaries of the scheme are producers who meet certain criteria set by ANRE.

In accordance with the provisions of Article 14 of Government Decision No 1215/2009, the National Power Grid Company Transelectrica SA is designated as responsible for administering the support scheme. The Company's main tasks as administrator of the support scheme are the collection of the contribution from the suppliers of electricity consumers in a bank account separate from the basic activity and the payment of the bonus to the producers of electricity and heat in high efficiency cogeneration; the conclusion of contracts with the suppliers for the collection of the contribution and with the producers who will be beneficiaries of the scheme; verifying the amount of the contribution collected; issuing invoices to suppliers; returning the contribution for high-efficiency cogeneration to suppliers introducing into Romania electricity produced in high-efficiency cogeneration in other EU Member States; monitoring and reporting to ANRE on the administration of the support scheme.

The company acts as an agent of the State in the monthly collection of the cogeneration contribution and the monthly payment of the bonus and under these conditions, the operations related to the support scheme do not influence the revenues and expenditure accounts, with the exception of the own administration expenses recognized by ANRE for the operation of the support scheme and which are self-invoiced.

On 08.12.2016, by Government Decision no. 925, amendments and additions to GD no.1215/2009 were adopted regarding the establishment of the criteria and conditions necessary for the implementation of the support scheme for the promotion of high-efficiency cogeneration based on useful heat demand. The main amendments relate to the following aspects:

- ✓ in order to receive the bonus, producers are required not to be in debt to the support scheme administrator or to have concluded liabilities and receivables offsetting agreements;
- ✓ overcompensation is recovered in accordance with national and EU state aid legislation;
- ✓ the overcompensation/undue bonus not paid by the producers, for which all legal steps have been taken, will be recovered by including the amount in the cogeneration contribution, according to the methodology issued by ANRE;
- ✓ ANRE decisions on the amount of overcompensation and/or undue bonus are binding on producers and are implemented for recovery by a decision issued by the scheme administrator in accordance with State aid law;
- ✓ The financial closure of the support scheme is in the first half of 2024, according to the regulatory framework developed by ANRE.

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

Following the issuance of GD no 409/2022, ANRE updated the applicable regulatory framework by issuing:

- ✓ Order of the President of ANRE no. 34/2022 on the amendment of the Methodology for setting and adjusting the prices for electricity and heat produced and delivered from cogeneration plants benefiting from the support scheme, namely the bonus for high efficiency cogeneration, approved by Order of the President of the National Energy Regulatory Authority no. 15/2015;

The accompanying notes form an integral part of these Consolidated Financial Statements.

- ✓ Order of the President of ANRE no. 35/2022 amending and supplementing the Procedure for the approval of new or refurbishment projects of cogeneration plants, approved by Order of the President of the National Energy Regulatory Authority no. 115/2013.

Producers who until 31 March 2022 have benefited from the support scheme for 11 years and who meet the conditions for accessing the extension of the support scheme mentioned above, may benefit, on the basis of a decision approved by the President of ANRE, from the extension of state aid from 1 April 2022.

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

### **Price coupling mechanism for electricity markets**

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 DAM (Day Ahead Market) electricity markets in Romania, Hungary, Czech Republic and Slovakia, entered the operational phase.

On 17 June 2021, the Interim Coupling Project (ICP) was launched, which is the coupling of day-ahead markets in the 4MMC countries with those in Poland, Austria and Germany.

On 27 October 2021 the integration of the Bulgaria-Romania border into the Single Day-Ahead Coupling (SDAC) was also achieved.

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

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).

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.

From the point of view of the internal regulatory framework, the roles and responsibilities of the operators involved in the Company and SC OPCOM SA, as well as the operations to be carried out within the framework of the market coupling, are set out in the Regulation on the organization and operation of the day-ahead electricity market in compliance with the price coupling mechanism of the markets and the amendment of certain regulatory acts governing the day-ahead electricity market, approved by ANRE Order No 82/2014 (Regulation).

The target model for the day-ahead market, based on the principle of Price Coupling of Regions (PCR), uses a unique bid matching and pricing algorithm.

Where coupling is not possible, the TSOs in the countries concerned apply fallback procedures, whereby cross-border capacity is allocated.

Article 138 of the Regulation states that in the post-coupling process, Transmission System Operators (TSOs) act as transfer agents of the electricity resulting from the coupling algorithm as transferred between two adjacent bidding zones.

Under the day-ahead market price coupling mechanism, the power exchanges match, on an auction basis, day-ahead electricity transactions according to the interconnection capacity made available by the TSOs through which the default allocation is made.

The company, as an TSO, transfers electricity, both physically and commercially, to neighbouring TSOs (MAVIR - Hungary and IBEX - Bulgaria) and manages congestion revenues on the respective interconnection related to the DAM (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA is an Implicit Participant in the Day-ahead and Intraday Market (IDM).

As Transfer Agent and Implicit Participant, the National Power Grid Company Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, MAVIR and IBEX.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Thus, within the framework of the price coupling mechanism of regional markets, the National Power Grid Company Transelectrica SA :

- acts as a default participant on the DAM and IDM and is a transfer agent;
- provides interconnection capacity for the physical delivery of electricity traded on the DAM and IDM, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

Congestion revenues are shared monthly between transmission system operators and system operators, and exchange rate differences are retained or provided for, as appropriate, by the TSOs.

At Company level, it was approved that transactions related to the regional markets price coupling mechanism do not affect the revenues and expense accounts, except for congestion management revenues on interconnection lines, foreign exchange revenues/expenses and bank commission expenses resulting from the settlement of transactions carried out by the Company as transfer agent.

### **Energy delivered to support balancing of neighbouring TSOs in emergency situations ("breakdown assistance")**

Taking into account European directives and regulations, national legislation and ENTSO-E rules, one of the obligations of the Transmission System Operator (TSO) is the coordination of actions and mutual assistance between neighbouring TSOs in order to ensure the provision of electricity to restore normal operation of the power systems in case of emergency situations.

Within the interconnected operation of the European energy system, an operational means of mutual support of the TSOs is the delivery of balancing energy to interconnected (neighbouring) systems in emergency situations defined by a lack of sufficient reserves and/or sources to cover consumption, as defined in the corresponding general provisions of *Regulation (EU) 2017/1485 laying down guidelines for the operation of the electricity transmission system and Regulation (EU) 2017/2195 laying down guidelines for balancing the electricity system*.

The implementation of this possibility is based on the Synchronous Area Framework Agreement for Regional Group Continental Europe (SAFA), which details the provisions of the Regulations, namely paragraphs e), f) and g) and Art. B-12 of this operational agreement. Thus, the Company has signed bilateral agreements for the purpose of emergency power supply with neighboring TSOs in Hungary, Bulgaria and Serbia during 2017 - 2019 and with neighboring TSOs in Ukraine and the Republic of Moldova during 2022 (bilateral contracts with TSOs in Ukraine and the Republic of Moldova were signed on an emergency basis, against the background of the conflict situation in Ukraine and the synchronization of the two systems to the Continental European Power System - 16.03.2022).

On the basis of bilateral contracts with neighbouring TSOs, electricity can be supplied to each other in the event of major breakdowns in the generation structure or in the transmission network (referred to in the contract as "Emergency Energy"), on a commercial basis. Emergency Energy may also be provided from the Romanian power system to the Ukrainian/Moldovan power system to ensure (respect) the scheduled energy exchanges from the Ukraine - Republic of Moldova Control Block to the Continental Europe Synchronous Area, in case of activation of measures foreseen by the decision of the ENTSO-E Regional Continental Europe Group (RG EC) aimed at reducing the physical flow of electricity or ceasing the synchronous operation of the Ukraine - Republic of Moldova Control Block with the Continental Europe Synchronous Area.

## **2. THE BASICS OF DRAFTING**

### **Declaration of conformity**

These consolidated financial statements ("financial statements") have been prepared in accordance with the Order of the Minister of Public Finance No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards ("OMFP No. 2844/2016") as amended. Within the meaning of Order No 2844/2016, International Financial Reporting Standards are standards adopted in accordance with the procedure laid down in European Commission Regulation No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ("EU IFRS").

The Group applies the International Financial Reporting Standards adopted by the European Union in the preparation of the consolidated financial statements for the year 2023 in accordance with OMFP No 881/2012 as amended.

The accounting records of the subsidiaries (Smart and Teletrans) are kept in lei, in accordance with OMFP 1802. These accounts have been restated to reflect the differences between the accounts under CFR and IFRS. Accordingly, the accounts have been adjusted, where necessary, to bring these financial statements into line, in all material respects, with IFRS as adopted by the European Union.

### **Basics of evaluation**

The consolidated financial statements are prepared at historical cost, except for tangible assets other than tangible assets in progress, which are measured at revalued amount, while liabilities related to cash-settled share-based payment arrangements are measured at fair value.

### **Functional and presentation currency**

The consolidated financial statements are presented in Romanian LEI ("LEI" or "RON") in accordance with applicable accounting regulations, which is also the Group's functional currency.

### **Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with EU IFRS requires management to use professional judgements, estimates and assumptions that affect the application of accounting policies and the recognised amount of assets, liabilities, revenues and expenses, fair value assumptions (see Note 4), accruals and contingent liabilities (see Note 29), on the recognition of non-repayable funds receivable (see Note 14 - Deferred revenues), on adjustments for impairment of receivables (see Note 10), on liabilities relating to cash-settled share-based payment transactions (Note 31) and on obligations relating to defined benefit plans (Note 16).

Actual results may differ from estimated values. Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

Information on assumptions and estimates involving significant uncertainties is included in the following notes:

- Note 13 - the Group's management's estimate that there is reasonable assurance that the conditions attached to the grant funds will be met and that the funds will be received;
- Note 16 - valuation of defined benefit plan liabilities;
- Note 29 - recognition and measurement of provisions, commitments and contingencies; key assumptions about the likelihood and extent of an outflow of resources;

Information on the accounting policy rationale for service concession arrangements is set out in the following paragraphs.

The Company (Concessionaire) entered into a 49-year concession contract with the Ministry of Economy (Grantor) in 2004 under which the Company has the right to use public assets including the electricity transmission network and the land on which it is located in exchange for the provision of the electricity transmission service (see Note 3 (b)).

As the majority of the Company's shares are held by the State, the Company's management considers that the Company is a public company and therefore does not fall under IFRIC 12 "Service Concession Arrangements". As there is no other International Financial Reporting Standard specific to service concession arrangements, the Company has considered whether to apply IFRIC 12 anyway, based on the hierarchy set out in SIC 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which requires that the provisions of other IFRSs dealing with similar issues should be considered first.

In considering the application of IFRIC 12, the Group has considered whether the following characteristics of public-private service concession arrangements are applicable to the concession contract with ME at the date IFRIC 12 is to be adopted:

- the Grantor controls or regulates the type of services the concessionaire must provide within the infrastructure, to whom it must provide them and at what price;
- the Grantor controls - through ownership, beneficial ownership or otherwise - any significant residual interest in the infrastructure at the end of the agreement term: 49 years;
- contractual provisions would include the same provisions if the agreement had been concluded with a private company.

An analysis of the characteristics of public-private service concession agreements shows the following:

The accompanying notes form an integral part of these Consolidated Financial Statements.

- the services provided by the Group are regulated by ANRE, therefore the Grantor - the Ministry of Economy - does not control and does not regulate the type of services that the Group must provide;
- At the end of the contract period, the residual interest in the infrastructure is approximately zero, with most of the assets belonging to the state's public domain fully depreciated;
- There are currently no similar contracts, as the Group has a monopoly position for electricity transmission.

The Company has concluded that an accounting of the concession contract in accordance with IFRIC 12 will not reflect the economic substance of the transaction because the Company pays an annual fee in the form of a royalty for the use of the assets referred to in the concession contract amounting to 4/1000 of the value of the gross revenues from electricity transmission and transit operations through the national transmission systems owned by the State, which is significantly lower than the depreciation that the Company would have recorded on those assets if the concession contract had not been signed.

As a result, IFRIC 12 is not applicable and the Company has applied the accounting policies as described in Note 3 (a) and (b).

### 3. ACCOUNTING POLICIES

The accounting policies detailed below have been consistently applied for all periods presented in these consolidated financial statements and have been consistently applied by the Group entities, except as disclosed in note 3 let.(y) which discloses changes in accounting policies.

#### (a) Basics of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group has control of an entity when it is exposed to, or entitled to, variable earnings arising from its involvement with the entity and has the ability to affect those earnings through power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the time control commences until it ceases.

At the date of this report Transelectrica has six subsidiaries, Romanian legal entities, organized as joint-stock companies, of which it is the sole shareholder in the following: Formenerg, Teletrans, Smart, Icemenerg Service (subsidiary which at the date of this report is deregistered with the ONRC), Icemenerg SA (Institutul de Cercetări e Modernizări Energetice ICEMENERG SA - subsidiary which at the date of this report is deregistered with the ONRC).

Among the Company's subsidiaries, the Smart and Teletrans subsidiaries are included in the Group's financial consolidation perimeter.

They have not been taken into account in the preparation of the consolidated financial statements:

- the Formenerg subsidiary as according to the applicable accounting legislation, the impact of its activity is considered immaterial for consolidation purposes,
- the OPCOM subsidiary as the management is carried out according to the regulations set by ANRE and Transelectrica does not exercise effective direct control over its decision-making mechanisms.

**The FORMENERG subsidiary** is a company whose main activity is the initial and continuous professional training, in all fields of activity, of personnel working in the energy sector in all sectors of the national economy and other beneficiaries, as well as hotel services, rental services and event organisation services.

FORMENERG SA was established as a result of the Decision number 33/19.11.2001 of the General Meeting of Shareholders - "Transelectrica" S.A., by outsourcing the activity of the Branch for Training and Development of Energy Sector Personnel. The share capital on 31.12.2023 is 1,948 thousand lei, fully paid up, represented by 194,842 shares with a nominal value of 10 lei each. FORMENERG shares are 100% owned by Transelectrica.

**The ICEMENERG SERVICE - SA subsidiary** was focused on the design, production and distribution of measuring, control and management devices for the energy system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE certified. On 09.06.2017, the Bucharest Court, Civil Section VII,

ordered the entry into bankruptcy by simplified procedure of the debtor ICEMENERG SERVICE - SA, appointing Solvendi SPRL as provisional liquidator.

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

In the case no.18051/3/2017, according to the Insolvency Proceedings Bulletin no.9152/26.05.2022, the Bucharest Court - Civil Division 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 deleting it from the Bucharest Trade Register. The company was not notified of the judgment until 31.12.2023.

**The OPCOM SA subsidiary** was set up on the basis of GD no. 627/2000 on the reorganisation of the National Electricity Company SA, as a subsidiary whose sole shareholder was Transelectrica.

In accordance with the provisions of the primary and secondary legislation in force, the Operator of the Electricity and Natural Gas Market "OPCOM" S.A. performs the role of administrator of the electricity market, providing an organized, viable and efficient framework for the conduct of commercial transactions in the wholesale electricity market and carries out the administration of centralized markets in the natural gas sector, in conditions of consistency, fairness, objectivity, independence, impartiality, transparency and non-discrimination.

The subscribed and paid-up share capital of OPCOM as at 31.12.2023 is 31,366 thousand lei, Transelectrica being the majority shareholder at that date. The shareholder structure is as follows:

- National Power Grid Company Transelectrica SA - 97.84% - NPG CO
- The Romanian State through the General Secretariat of the Government - 2.16%.

Transelectrica does not exercise effective direct control over the decision-making mechanisms of OPCOM, whose management is conducted in accordance with the regulations established by ANRE. We specify below the elements provided for by IFRS 10, which must be taken into account in determining the exercise of control. Thus according to IFRS 10 - an investor controls an entity if and only if the investor holds all of the following:

- a. power over the entity in which it has the investment
- b. exposure or rights to variable returns from its involvement with the invested entity
- c. the ability to use its power over the invested entity to affect the value of the investor's return.

### **Loss of control**

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity attributable to the subsidiary. Any surplus or deficit resulting from loss of control is recognised in the income statement. If the Group retains any interest in the former subsidiary, then that interest is measured at fair value at the date when control is lost. Subsequently this interest is accounted for using the equity method or as an available-for-sale financial asset depending on the degree of influence retained.

#### **(ii) Transactions eliminated on consolidation**

Balances and transactions within the Group and any unrealised revenues or expenses arising from transactions within the Group are eliminated in the preparation of the consolidated financial statements. Unrealised profits on transactions with associates accounted for using the equity method are eliminated against the investment in the associate to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

#### **(b) Tangible assets**

##### *Own assets*

Tangible assets, with the exception of tangible assets under construction, are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Tangible assets under construction

The accompanying notes form an integral part of these Consolidated Financial Statements.

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

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are stated at cost. The cost of self-constructed assets includes the cost of materials, direct salaries, initial estimates, where applicable, of dismantling and removal costs and site restoration, and a share of indirect costs.

*Recognition*

Tangible assets are initially valued at cost.

The cost includes expenditure directly attributable to the acquisition of the asset. The cost of assets constructed by the entity includes:

- cost of materials and direct personnel costs;
- other costs directly attributable to bringing the assets to the necessary location and condition/status for their intended use; and
- capitalised borrowing costs.

Impairment adjustments are recorded for unused or used tangible assets.

*Subsequent expenses*

The Group recognises in the carrying amount of an item of tangible assets the cost of replacing part of an item of tangible assets if at the time the cost is incurred it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs are recognised in the income statement when they occur.

*Depreciation*

Tangible assets are depreciated using the straight-line method over their useful lives as follows:

	<b>Normal service life (years)</b>
Buildings and special installations	40 - 60
Machinery and equipment	15 - 40
Measuring and control apparatus	7 - 12
Vehicles	5 - 8
Other tangible assets	3 - 5

Land does not depreciate. Where items of tangible assets have different useful lives, they are recorded as separate items (major components) of an asset. Asset depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

*Revaluation*

The Group has opted to present tangible assets at revalued amount, except for advances and tangible assets in progress which are presented at historical cost.

Revaluations shall be carried out by independent valuers with sufficient regularity so that the carrying amount does not differ significantly from the amount that can be determined on the basis of fair value at the reporting date.

**(c) Public Assets**

In accordance with the provisions of Law no. 123/2012, as subsequently amended and supplemented, the electricity transmission network on the territory of Romania is the public property of the state.

Government Decision no. 627/2000 sets out in Annex no. 8 the inventory of real estate assets that make up the public domain of the State, taken into administration by the Company since 1 August 2000 and which are inventoried and updated whenever necessary by legislative act (GD).

In accordance with the provisions of Law No. 213/1998 and Law No. 219/1998, the Ministry of Economy has granted a concession on behalf of the State to the Company for the transmission network (high voltage lines and power stations) and the land on which it is located. Thus, on 29 June 2004, concession contract No 1 was concluded between the Ministry of the Economy and the Company for all the tangible assets in the public assets in balance on 31 December 2003 for a period of 49 years.

Following the signing of the concession contract with the Ministry of Economy on behalf of the Romanian State on 29 June 2004, the nature of the relationship between the Romanian State and the Company changed and therefore the Company proceeded to derecognize the public assets, including the public assets reserve within the shareholders' equity. Subsequent to the conclusion of the concession agreement,

The accompanying notes form an integral part of these Consolidated Financial Statements.

the Company treats the assets over which it has the right of use as operating leases. Payments under the concession contract (royalty) are recognised as expenses in the income statement by the Company during the year.

The concession contract No 1/2004 was published in the Official Gazette of Romania No 298 bis of 30 April 2015. During the years 2005-2013, seven Addenda were concluded to the concession contract.

Taking into account the provisions of Government Decision no. 1009/2012 and Government Decision no. 984/2012 which approved the amendment of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of the state public domain assets under concession to the Company, as a result of the inventory of the assets belonging to the state public domain in 2012 and the revaluation/valuation of these assets, on 14.02.2013 was concluded with the Ministry of Economy the Addendum no. 7 to the Concession Contract no. 1/29.06.2004.

By Government Decision no. 1032 of 11 December 2013, published in the Official Gazette no. 22 of 13 January 2014, the amendments and additions to Annex no. 7 to Government Decision no. 1705/2006 approving the centralized inventory of goods in the public domain of the State were approved, following the inventory of goods belonging to the public domain of the State in 2012.

By Government Decision no. 615 of 05 September 2019, published in the Official Gazette no. 730 bis 2019, it was approved the amendment and completion of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of goods in the public domain of the State, as a result of the inventory of goods belonging to the public domain of the State in 2017 for the period 2013-2017, but so far no Act no. 8 to the Concession Contract no. 1/2004 has been concluded.

The main terms of the concession contract are as follows:

- The Ministry of Economy has title to the assets covered by the contract;
- The Group has the right to use these assets for a period of 49 years, from 1 June 2004 to 31 May 2053;
- The annual fee paid by the Group in the form of a royalty for the use of these assets is set by the Ministry of Economy and represents 1/1000 of the revenue from the electricity transmission activity, for the quantity actually transmitted;
- The assets will come into the possession of the ME upon termination or expiry of the contract; the contract may be terminated unilaterally by either party;
- The Group has the obligation to use the assets in accordance with the provisions of the concession contract and the operating licence.

As of 12 November 2020, the Electricity Law No 123/2012 has been amended and supplemented, which in Art. 19 para. (1<sup>^</sup>1) states: *"the annual fee for the concession in the field of electricity transmission is 0.4% of the value of the gross revenue from electricity transmission and transit operations and is paid by the transmission and system operator as concessionaire"*.

The fee paid by the Company under the concession contract and the Electricity Law No. 123/2012, as amended, for the period from 1 January to 31 December 2023 is significantly lower than the depreciation that the Group would have recorded for the assets in question if this contract had not existed. However, the Group has not recorded any amount in the financial statements relating to this possible benefit as it is unable to estimate the amount paid for the use of these assets by a third party in an objectively priced transaction.

Investments made by the Company from its own financing sources in the assets covered by the concession contract are capitalised and depreciated over the remaining life of the assets. After recovery of investment depreciation, they will be included in the inventory of assets in the public domain of the State.

In the case of completed fixed assets, made from own sources of financing, they will be included in the inventory of assets in the public domain of the State after recovery of the depreciation of the investment, respectively at the end of the normal period of use, of the concession or lease contract, according to the legal provisions in force, on the basis of a normative act adopted for this purpose.

#### **(d) Intangible assets**

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses on intangible assets. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. The majority of the intangible assets recorded by the Group are intangible assets in progress and dedicated software. These are depreciated on a straight-line basis over a period of 3 years.

The accompanying notes form an integral part of these Consolidated Financial Statements.



Asset depreciation methods and useful lives are reviewed at each reporting date and adjusted if necessary.

*Subsequent expenses*

Subsequent expenses are capitalised only if it is probable that future economic benefits associated with the subsequent expenses will be generated for the Group.

**(e) Transactions in foreign currency**

Transactions in foreign currency are expressed in LEI by applying the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency at year-end are expressed in LEI at the exchange rate on that date. Realised and unrealised foreign exchange gains and losses are taken to the profit and loss account for the year. The exchange rates at 31 December 2023 and 31 December 2022 are as follows:

<b>Currency</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
1 EUR	4,9746	4,9474
1 USD	4,4958	4,6346

Non-monetary assets and liabilities denominated in a foreign currency are measured at fair value at the exchange rate prevailing at the date of the transaction.

**(f) Receivables**

Trade receivables are initially recorded at fair value and subsequently measured using the effective interest method less impairment losses. Impairment losses are recognised when there is clear evidence that the Group will not be able to collect the receivables when due. Significant financial difficulties of the debtor, the likelihood of bankruptcy or financial reorganisation, late payments (more than 180 days) are considered as indications that these receivables may require an impairment loss.

An impairment loss relating to an asset is the difference between its carrying amount and the present value of expected future cash flows discounted using the asset's original effective interest rate. The carrying amount is reduced using an impairment account and the loss is recognised in the income statement under the heading 'Other operating expenses'.

**(g) Inventories**

Inventories are made up of:

- raw materials, materials, spare parts that do not meet the definition of tangible assets and other consumables to be used in the Group's core business;
- safety and intervention inventories intended for the rapid repair of faults occurring in the RET installations in order to ensure the safe operation of the NES. These materials are recorded as inventories at the time of purchase and are expensed when consumed or capitalised as appropriate.

Inventories are valued at the lower of cost and net realisable value. The cost of stocks consumed is determined using the FIFO method and includes purchase costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, if any, and selling expenses.

The Group's policy is to record a 100% impairment for inventories older than 365 days and which will not be used in the future, with the exception of security and intervention inventories.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash, current accounts and bank deposits with an original maturity of up to 3 months that are subject to an insignificant risk of change in fair value.

**(i) Revaluation reserves**

After recognition as an asset, an item of tangible assets whose fair value can be measured reliably is carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase is recorded directly in equity under revaluation reserves. However, the increase is recognised in profit or loss to the extent that it offsets a decrease from a revaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an item of tangible assets is reduced as a result of a revaluation, this reduction is recognised in the profit or loss account. However, the write-down is made by reducing the revaluation reserves to the extent that there is a credit balance in the revaluation surplus for that item of tangible assets.

The revaluation reserve included in equity relating to an item of tangible assets is transferred directly to retained earnings as the revalued tangible assets is depreciated and when the asset is derecognised.

As from 1 May 2009, reserves from the revaluation of tangible assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profits by means of tax depreciation or expenditure on assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be.

The Group has recorded deferred tax on the liability relating to reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004.

Reserves from the revaluation of tangible assets, including land, carried out up to 31 December 2003, as well as the portion of the revaluation carried out after 1 January 2004 and relating to the period up to 30 April 2009 will not be taxed when transferred to retained earnings.

The Group has not recorded deferred tax on the liability relating to reserves from the revaluation of fixed assets, including land, carried out up to 31 December 2003.

Reserves from the revaluation of tangible assets are taxable in the future if the purpose of the reserves is changed in any form, in the event of liquidation, merger of the Group, including when used to cover accounting losses, except for the transfer, after 1 May 2009, of reserves relating to valuations carried out after 1 January 2004 to retained earnings, which are taxed at the same time as tax depreciation is deducted.

#### **(j) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is evidence of impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of value in use and fair value less costs to sell. In determining value in use, expected future cash flows are discounted to determine present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

For impairment testing, assets that cannot be tested individually are grouped at the level of the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows generated by other assets or groups of assets ('cash-generating units').

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit (group of cash-generating units), if any, and then pro rata to reduce the carrying amount of the other assets within the cash-generating unit (group of cash-generating units).

A goodwill impairment loss is not reversed. For other assets the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised.

#### **(k) Share capital**

Ordinary shares are classified as part of equity. Additional costs directly attributable to the issue of ordinary shares and share options are recognised as a reduction of equity net of tax effects.

#### **(l) Dividend**

Dividends are recognised as a liability when the shareholder's right to receive payment is established.

#### **(m) Trade and other payables**

Trade and other payables are stated at amortised cost and include the value of invoices issued by suppliers of products, work performed and services rendered.

The accompanying notes form an integral part of these Consolidated Financial Statements.

**(n) Interest-bearing borrowings**

Borrowings are initially recognised at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost with any difference between cost and repayment value recognised in the income statement over the period of the loan on an effective interest rate basis.

**(o) Recognition and derecognition of non-derivative financial instruments**

*Non-derivative financial assets*

The Group initially recognises receivables at the date on which they are incurred. All other financial assets are initially recognised at trade date, when the Group becomes party to the contractual terms of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when the rights to receive the contractual cash flows of the financial asset are transferred in a transaction whereby the risks and rewards of ownership of the financial asset are transferred significantly. Any interest in the transferred financial asset that is created or retained by the Group is recognised separately as an asset or liability.

Financial assets and financial liabilities are offset and the statement of financial position shows the net amount only when the Group has the legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial assets consist mainly of trade and other receivables and cash and cash equivalents.

*Non-derivative financial liabilities*

The Group initially recognises debt instruments issued and subordinated debt at the date they are initiated. All other liabilities (including liabilities designated at fair value through profit or loss) is initially recognised at trade date when the Group becomes party to the contractual terms of the instrument.

The Group derecognises a financial liability when contractual obligations are discharged or are cancelled or expire.

The Group classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other non-derivative financial liabilities comprise borrowings, trade and other liabilities.

**(p) Income tax**

Income tax expense includes current tax and deferred tax. Current tax and deferred tax are recognised in the income statement unless they relate to business combinations or items recognised directly in equity or other comprehensive income.

*(i) Current tax*

Current tax is the tax expected to be paid or received on the taxable profit or loss realised in the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment for income tax liabilities relating to previous years.

*(ii) Deferred tax*

Deferred tax is recognised for temporary differences arising between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used for tax computation.

Deferred tax is not recognized for:

- temporary differences arising on initial recognition of assets and liabilities from transactions that are not business combinations and that do not affect accounting or taxable profit or loss;
- temporary differences arising from investments in subsidiaries or jointly controlled entities to the extent that they are not likely to be reversed in the foreseeable future; and
- temporary differences arising on initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequence that would arise from the way in which the

Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is calculated on the basis of the tax rates expected to apply to temporary differences on their resumption under legislation enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax assets and liabilities and if they relate to taxes levied by the same tax authority on the same taxable entity or on different taxable entities but which intend to settle current tax assets and liabilities on a net basis or whose tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the tax loss can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*(iii) Income tax exposure*

The Group considers the impact of the tax position uncertain and whether additional tax and interest may be due, when determining the amount of current and deferred tax. This assessment is based on estimates and assumptions and may involve a number of professional judgements about future events. New information may become available that may cause the Group to change its professional judgments regarding the adequacy of existing tax liabilities; such changes in tax liabilities may impact income tax expense in the period in which such determination occurs.

**(q) Employee benefits**

**Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have earned in return for services rendered in the current and prior periods. This benefit is discounted to determine its fair value and the fair value of any related asset is deducted. These benefits are estimated using the projected credit factor method. Any actuarial gains or losses are recognised in other comprehensive income in the period in which they arise. Other long-term employee benefits are retirement bonuses.

**Cash-settled share-based payment transactions**

The fair value of the liability to employees in respect of share appreciation rights that are settled in cash is recognised as an expense in correspondence with an increase in the liability over the period in which the employees obtain the unconditional right to payment. Until the liability is settled, the Group is required to remeasure the fair value of the debt at each reporting date and at the settlement date, with any changes in fair value recognised in the income statement for the period.

The group recognises the services received and a liability to pay for those services as employees perform the services. Certain share appreciation rights vest immediately and therefore employees are not required to complete a specified period of service to be entitled to cash payment. In such cases, the Group recognises the full amount of the award as an expense at the date of grant.

**Short-term employee benefits**

Short-term benefit obligations measured on an undiscounted basis are recognised as expenses as the services are rendered. A provision is recognised at the amount expected to be paid for short-term benefits in the form of bonuses or employee profit-sharing only if the Group has a present legal or constructive obligation to pay this amount for past services rendered by employees and this obligation can be estimated. Short-term employee benefits are mainly salaries.

In the normal course of business, the Group makes payments on behalf of its employees to the pension fund. All the Group's employees are members of the Romanian State pension plan. These payments are expensed as employees render services.

**(r) Revenues**

Revenue is recognised when the significant risks and rewards have been transferred to the buyer, it is probable that the economic benefits will flow to the buyer and the associated costs can be measured reliably. Revenue consists mainly of transmission service, system service and balancing market revenue calculated on the basis of the volume of energy delivered to customers. Transmission and system service

tariffs are regulated by ANRE. Revenues also include the value of transactions carried out on the balancing market, as described in Note 1.

The Romanian State, through ANRE, regulates the tariffs charged by the Group for the electricity transmission service and for the system operator service. The Romanian State fulfils several roles in addition to that of majority shareholder and as a result may have more comprehensive objectives and goals than an investor whose main interest is return on investment.

As mentioned in Note 1, the Company is also the administrator of the bonus support scheme for the promotion of high efficiency cogeneration. The Company acts as an agent as it is involved in the collection and distribution of the money.

The Company and OPCOM SA are also involved in the price coupling mechanism of the regional markets under ANRE Order no.82/2014 (see Note 1).

Thus, within the framework of the price coupling mechanism of regional markets, the National Power Grid Company Transelectrica SA :

- acts as a default participant on the DAM and IDM and is a transfer agent;
- provides interconnection capacity for the physical delivery of electricity traded on the DAM and PI, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

### **Connection tariffs**

IFRIC 18 Transfers of Assets from Customers applies to contracts with customers in which the Company receives cash from a customer when that cash is to be used solely for the construction or acquisition of an item of tangible assets and the Company must then use that tangible assets to connect customers to the network.

The Electricity and Natural Gas Law No 123/2012, as amended, provides in Article 25 para. (1): "...*Connection to electricity networks of public interest and access to electricity networks of public interest are mandatory services, under regulated conditions, which must be performed by the transmission and system operator, as well as the distribution operator, including the energy communities of citizens who manage the distribution networks.*"

The connection tariff is a regulated tariff that represents the cost incurred by a network operator for the work of connecting a user's consumption and/or production site to the electricity network.

Where a customer's connection to the electricity transmission system is not a separate component of the connection contract, connection charges are recognised in profit or loss on a systematic basis over the useful life of the asset.

The Company recognises cash received from the connection fee to the credit of the "Deferred revenues" account in the statement of financial position and subsequently recognises the revenues under "Other revenues" in the income statement on a systematic basis over the useful life of the asset.

### **(s) Net financing costs**

Net financing costs include interest on borrowings calculated using the effective interest rate method, less borrowing costs capitalised as part of the cost of long-cycle assets, dividend revenues, favourable and unfavourable exchange rate differences, fees and risk commissions.

In accordance with the revised SIC 23 "Borrowing Costs" and invoking the optional exception from retrospective application under IFRS 1 "First-time Adoption of IFRS", the Group capitalizes borrowing costs related to assets that require a long period of time to be placed in service or sold for which financing was obtained after January 1, 2011, the date of transition to IFRS.

Interest revenues is recognised in the income statement in the year in which it arises using the effective interest method. Dividend revenues is recognised in the income statement at the date on which the Group's right to receive dividends is recognised.

### **(t) Grants**

Grants related to assets are initially recognised as 'deferred revenues' at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions attached to the grants, and then the grants are recognised in the income statement as other operating revenues over the useful

life of the asset to which they relate. Grants are recognised as assets when there is reasonable assurance that they will be received by meeting the related conditions.

**(u) Provisions**

A provision is recognised when, and only when, the following conditions are met:

- The group has a present obligation (legal or constructive) as a result of a past event;
- it is likely (i.e. more likely than not) that an outflow of resources representing economic benefits will be required to settle the obligation;
- when a correct estimate can be made as to the amount of the obligation.

Where the effect of the time value of money is significant, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(v) Earnings per share**

In accordance with SIC 33 'Earnings per share', earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares for the period.

The weighted average number of shares outstanding during the year is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months the shares were outstanding during the year.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, or that ordinary shares are issued after certain specified conditions are met. The purpose of diluted earnings per share is similar to that of basic earnings per share, namely to measure the interest of each ordinary share in the performance of an entity.

**(w) Contingencies**

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed when an outflow of resources embodying economic benefits is possible rather than probable.

A contingent asset is not recognised in the accompanying financial statements but is disclosed when an inflow of economic benefits is probable.

**(x) Operational segments**

An operating segment is a component of an entity:

- which engages in activities from which it can earn income and incur expenses (including revenues and expenses related to transactions with other parts of the same entity);
- whose results of operations are reviewed periodically by the entity's chief decision maker in order to make decisions about the allocation of resources to the segment and to assess its performance; and
- for which separate financial information is available.

The group operates from several locations in Romania, which are engaged in both transmission and dispatch activities. The Group's management considers the operations as a whole as "one segment".

The operating segments are presented in a manner consistent with the internal reporting provided by the entity's chief operating decision maker for the purpose of making decisions on the allocation of resources to segments and assessing its performance.

**(y) Implications of the new International Financial Reporting Standards (EU IFRS)**

The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

<b>Norm/Interpretation</b> <i>[IAS 8.31 (a), 8.31(c)]</i>	<b>Nature of the impending change in accounting policy</b> <i>[IAS 8.31 (b)]</i>	<b>Possible impact on the financial statements</b> <i>[IAS 8.31 (e)]</i>
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates issued by the IASB on 12 February 2021.	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a	The adoption of the amendments had no impact on the individual financial statements.

The accompanying notes form an integral part of these Consolidated Financial Statements.

**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

<b>Norm/Interpretation</b> <i>[IAS 8.31 (a), 8.31(c)]</i>	<b>Nature of the impending change in accounting policy</b> <i>[IAS 8.31 (b)]</i>	<b>Possible impact on the financial statements</b> <i>[IAS 8.31 (e)]</i>
	change in accounting estimates has been deleted.	
Amendments to IAS 12 "Income Taxes" - Deferred tax relating to receivables and payables arising from a single transaction issued by the IASB on 6 May 2021.	Under the amendments, the exemption from initial recognition does not apply to transactions in which temporary differences arise that are both deductible and taxable on initial recognition and result in the recognition of equal deferred tax assets and liabilities.	The amendments did not lead to significant changes in the financial statements
Amendments to IAS 12 "Income Taxes" - International Tax Reform - Pillar 2 Model Rules published by the OECD, issued by the IASB on 23 May 2023.	The amendments introduce a temporary exception to the accounting for deferred taxes arising in Pillar 2 jurisdictions.	The amendments did not lead to significant changes in the financial statements
Amendments to IAS 1 Presentation of Financial Statements - Presentation of Accounting Policies, issued by the IASB on 12 February 2021.	The amendments require entities to disclose significant accounting policies rather than material accounting policies and provide guidance and examples to help preparers decide which accounting policies to disclose in financial statements.  The amendments replace the term 'significant accounting policies' with 'significant accounting policy information'. Accounting policy information is material if, taken together with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions of users of financial statements.  The IASB has also developed guidance and examples to explain and demonstrate the application of the "four-step significance process" described in IFRS Practice Statement 2.	The amendments did not result in significant changes to the financial statements.

The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) that are not yet effective for the annual financial reporting period ending 31 December 2023 and have not had an impact or have not been applied in the preparation of these financial statements: [IAS 8.31(a)]

<b>Norm/Interpretation</b> <i>[IAS 8.31 (a), 8.31(c)]</i>	<b>Nature of the impending change in accounting policy</b> <i>[IAS 8.31 (b)]</i>	<b>Possible impact on the financial statements</b> <i>[IAS 8.31 (e)]</i>
Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities into Current Liabilities and Non-current Liabilities issued by the IASB on 23 January 2020 and Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Financial Indicators issued by the IASB on 31 October 2022.	The amendments issued in January 2020 provide a more general approach to IAS 1 liabilities classification based on contractual arrangements existing at the reporting date. The amendments issued in October 2022 clarify how the conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.	The adoption of these amendments will not have a significant impact on the financial statements in the future.

The Group anticipates that the adoption of these standards and amendments to existing standards will not have a significant impact on the Group's financial statements in the period of initial application.

The accompanying notes form an integral part of these Consolidated Financial Statements.

#### **4. DETERMINATION OF THE FAIR VALUE**

Certain of the Group's accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. In determining the fair values of assets and liabilities, the Group uses observable market values wherever possible. Fair values are categorised into several levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) from active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3: inputs for assets and liabilities that are not based on observable market data.

Fair values have been determined for valuation and/or disclosure purposes based on the methods described below:

##### ***(i) Tangible assets***

The fair value of items of tangible assets is mainly based on the revaluation model taking into account the particularities of tangible assets held by the Group, except for assets in progress, which are accounted for in accordance with the cost-based model.



**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
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**5. TANGIBLE ASSETS**

Between 1 January 2022 and 31 December 2023, tangible assets changed as follows:

	Land and land planning	Buildings and special installations	Plant and equipment	Metering and control devices	Vehicles	Other tangible fixed assets	Tangible assets in progress	Total
<b>COST</b>								
<b>Balance on 1 January 2022</b>	<b>89,076</b>	<b>1,483,479</b>	<b>1,843,655</b>	<b>196,442</b>	<b>55,552</b>	<b>295,491</b>	<b>894,011</b>	<b>4,857,705</b>
Inflows	-	-	605	828	1,912	69	436,051	439,465
Transfers from tangible assets in progress	144	75,353	173,321	37,899	15	97	(286,804)	24
Reclass between assets accounts	-	-	-	-	-	-	(2,302)	(2,302)
Outflows	-	(1,771)	2,185	(373)	(1,350)	(6,260)	(173)	(7,742)
Impact of revaluation	-	-	-	-	-	-	-	-
<b>Balance on 31 December 2022</b>	<b>89,220</b>	<b>1,557,060</b>	<b>2,019,765</b>	<b>234,796</b>	<b>56,129</b>	<b>289,397</b>	<b>1,040,783</b>	<b>5,287,151</b>
<b>Balance on 1 January 2023</b>	<b>89,220</b>	<b>1,557,060</b>	<b>2,019,765</b>	<b>234,796</b>	<b>56,129</b>	<b>289,397</b>	<b>1,040,783</b>	<b>5,287,151</b>
Inflows	-	4,085	293	733	158	314	500,008	505,590
Increase/decrease in revaluation reserve	81,192	377,883	740,642	37,233	16,784	-	-	1,253,735
Transfers from tangible assets in progress	592	398,847	137,382	12,760	4,685	232	(554,026)	473
Reclass between assets accounts	-	13	(13)	-	-	-	-	-
Outflows	-	(2,467)	(2,361)	(280)	(312)	(9,003)	14,657	234
Impact of revaluation (reversal of accumulated depreciation)	-	(390,367)	(627,860)	(141,106)	(52,379)	-	-	(1,211,711)
<b>Balance on 31 December 2023</b>	<b>171,005</b>	<b>1,945,054</b>	<b>2,267,849</b>	<b>144,137</b>	<b>25,065</b>	<b>280,939</b>	<b>1,001,422</b>	<b>5,835,471</b>
<b>Balance on 1 January 2022</b>	<b>138</b>	<b>224,416</b>	<b>323,949</b>	<b>81,096</b>	<b>45,451</b>	<b>270,630</b>	-	<b>945,679</b>
Depreciation expense	-	69,444	149,643	27,314	3,462	7,167	-	257,030
Accumulated depreciation of outflows	-	(1,148)	2,295	(367)	(1,350)	(6,260)	-	(6,830)
Impact of revaluation	-	-	-	-	-	-	-	-
<b>Balance on 31 December 2022</b>	<b>138</b>	<b>292,711</b>	<b>475,886</b>	<b>108,044</b>	<b>47,562</b>	<b>271,538</b>	-	<b>1,195,879</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

	Land and land planning	Buildings and special installations	Plant and equipment	Metering and control devices	Vehicles	Other tangible fixed assets	Tangible assets in progress	Total
<b>Balance on 1 January 2023</b>	<b>138</b>	<b>292,711</b>	<b>475,886</b>	<b>108,044</b>	<b>47,562</b>	<b>271,538</b>	-	<b>1,195,879</b>
Depreciation expense	-	70,758	154,083	27,845	2,723	6,769	-	262,178
Accumulated depreciation of outflows	-	(2,010)	(906)	(187)	(121)	(12,715)	-	(15,939)
Impact of revaluation (reversal of accumulated depreciation)	-	(361,459)	(629,063)	(135,702)	(50,164)	-	-	(1,176,388)
<b>Balance on 31 December 2023</b>	<b>138</b>	-	-	-	-	<b>265,591</b>	-	<b>265,729</b>
<b>Impairment adjustments</b>								
<b>Balance on 1 January 2022</b>	-	<b>14,068</b>	<b>(4)</b>	-	-	-	<b>16,522</b>	<b>30,585</b>
Expenditures with impairment adjustments	-	-	-	-	-	-	(3,162)	(3,162)
<b>Balance on 31 December 2022</b>	-	<b>14,068</b>	<b>(4)</b>	-	-	-	<b>13,360</b>	<b>27,422</b>
<b>Balance on 1 January 2023</b>	-	<b>14,068</b>	<b>(4)</b>	-	-	-	<b>13,360</b>	<b>27,422</b>
Expenditures with impairment adjustments	-	(14,068)	4	-	-	-	(1,761)	(15,825)
<b>Balance on 31 December 2023</b>	-	-	-	-	-	-	<b>11,599</b>	<b>11,598</b>
<b>Net accounting value</b>								
<b>Balance on 31 December 2022</b>	<b>89,082</b>	<b>1,250,281</b>	<b>1,543,883</b>	<b>126,753</b>	<b>8,567</b>	<b>17,859</b>	<b>1,027,423</b>	<b>4,063,849</b>
<b>Balance on 31 December 2023</b>	<b>170,867</b>	<b>1,945,054</b>	<b>2,267,849</b>	<b>144,137</b>	<b>25,065</b>	<b>15,348</b>	<b>989,823</b>	<b>5,558,143</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

Total net tangible assets is positive at December 31, 2023 compared to December 31, 2022, due to the increase in the total value of tangible assets in progress concurrent with the recording of depreciation of tangible assets and the result of the revaluation of assets recorded in the Company's private assets.

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

- Upgrade of the 220/110/20 kV Arefu Station – 94,164;
- 400 kV d.c. Gutinaș - Smârdan OHL – 90,268;
- Connection of the 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections to South Medgidia Station – 61,491;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad - Phase I - 400/220/110 kV Resita Station – 55,846;
- Refurbishment of 220/110/20kV Baru Mare Station – 39,148;
- Refurbishment of 220/110 kV Filești Station – 38,609;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița OHL – 38,159;
- Upgrade of the 220/110 kV Dumbrava Station – 23,054;
- Refurbishment of 400/110 kV Pelicanu Transformer Station – 22,801;
- Metering and data management system for electricity metering on the wholesale market -16,989;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele – 16,201;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines – 13,859;
- Relocation of 220 Kv and 400kV networks for the construction of the Braila-Galati expressway – 10,149;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 – 10,029;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Road, section 4 – 9,245;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA nr. 17/2007) – 7,597;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL – 6,780;
- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței – 6,676;
- 400 kV Isaccea Station Upgrade - Phase II – 6,135;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL - 4.949;
- Connection to the RET of the production site CEF Dănești, located in the area of Frăsinet, jud. Călărași, managed by the National Power Grid Company Transelectrica SA - 4,657;
- Refurbishment of 400/110/20 kV Smârdan Station – 4,144;
- 220 kV Ampoi - Alba Iulia area OHL diversion – 4,075;
- Motor vehicles – 4,006;
- Purchase and installation of 21 monitoring systems for transformer units in the National Power Grid Company Transelectrica SA stations - 2,960;
- Connection of 400 kV Isaccea - Varna and Isaccea - Dobrudja OHL to 400 kV Medgidia South Station – 2,743;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței OHL – 2,622;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the the control system of 400/220/110/6 kV Iernut Station – 2,510;
- VRF/VRV type air conditioning installations for the office premises of UNO DEN located at 16-18 Hristo Botev Boulevard – 2,500;

The accompanying notes form an integral part of these Consolidated Financial Statements.

- Replacement of HV and Trafo in electrical stations - Stage 2, phase 2 - LOT 1 - LOT 2 – 2,059;
- Increasing the operational reliability of the Argeş-Vâlcea grid area, building the 400 kV Arefu Station and installing a 400 MVA, 400/220 kV HV – 2,043;
- Relocation/protection of 220 kV high-voltage electrical networks - 220 kV s.c. Arefu - Bradu OHL at the intersection with Sibiu - Pitesti motorway, section 5: Curtea de Argeş - Pitesti – 1,702;
- Computing - Hardware and Software - Laptop PC – 1,180;
- Connection to public interest electrical installations managed by the National Power Grid Company Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County – 1,652;
- Relocation/protection of high voltage networks 400 kV s.c. Mintia - Arad OHL for the rehabilitation of the railway Border - Curtici - Simeria line, part of the Pan European Corridor IV for the circulation of trains with a maximum speed of 160 km/h – 1,644;
- Regulation of 400 kV Gutinaş - Brasov OHL with Sf. Gheorghe bypass, km 1+100 – 1,291;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş, Suceava and Roşiori - 690 stations;
- Relocation/protection of 220 kV high voltage networks - 220 kV d.c. Reşiţa - Timişoara OHL, 220 kV Timişoara - Arad/Timişoara - Săcălaz OHL and 220 kV d.c Mintia - Timişoara OHL at the intersection with the Timişoara South Bypass - 664;
- Coexistence between the 220 kV single circuit Cluj Floreşti - Alba Iulia OHL and the Sebeş - Turda Motorway, Lot 2 km 17+000 - km 41+250 - 553;
- Professional air conditioners for the electrical supply rooms, telecommunication rooms and control rooms in Bacau, Cluj, Craiova and Timisoara DET- urile - 513.

In 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **554,026 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiţei Station – 353,677;
- Upgrade of the 400/220/110/20 kV Munteni Station – 47,514;
- Upgrade of the 220/110/20 kV Arefu Station – 39,675;
- Refurbishment of 220/110/20 kV Ungheni Station – 31,761;
- Upgrade of the 220/110 kV Dumbrava Station – 20,978;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines – 12,501;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 – 10,029;
- Extension of 400 kV Gura Ialomiţei Station with two cells: 400 kV Cernavodă 2 and 3 OHL – 6,792;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA nr. 17/2007) – 4,210;
- Intervention poles (11 pieces) – 4,085;
- Motor vehicles – 4,006;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the control system of 400/220/110/6 kV Iernut Station – 3,279;
- VRF/VRV type air conditioning installations for the office premises of UNO DEN located at 16-18 Hristo Botev Boulevard – 2,500;
- Connection to the RET of the production site CEF Dăneşti, located in the area of Frăsinet, jud. Călăraşi, managed by THE NATIONAL POWER GRID COMPANY Transelectrica SA - 2,355;
- 110 kV, 220 kV and 400 kV mobile switchgear – 1,991;
- Metering and data management system for electricity metering on the wholesale market – 1,813;

The accompanying notes form an integral part of these Consolidated Financial Statements.

- Relocation/protection of 220 kV high-voltage electrical networks - LEA 220 kV s.c. Arefu - Bradu at the intersection with the highway – 1,702;
- Replacement of circuit breakers in electrical stations - Phase II - 1,358;
- 400 kV Gutinaş-Braşov OHL regulation with Sf. Gheorghe bypass, km 1+100 – 1,291;
- Computing - Hardware and Software - Laptop PC – 1,180;
- Upgrade of the 220/110/20 kV Vetis Station - primary equipment - 564;
- Coexistence between the 220 kV single circuit Cluj Floreşti - Alba Iulia OHL and the Sebeş - Turda Motorway, Lot 2 km 17+000 - km 41+250 - 553;
- Professional air conditioners for power supply rooms, telecommunications rooms and control rooms in DET-urile Bacău, Cluj, Craiova and Timișoara - 513;
- Ensuring fiber optic communications between 400/110 kV Pelicanu Station and 110 kV Silcotub Calarasi Station of SC - 435;
- Completion of the communications infrastructure required to operate the Company's private cloud hardware structure to ensure the implementation and operation of the new Balancing Market Platform - DAMAS - 415;
- Replacement of batteries 1 and 2 - 220 V DC 600 AH in the 400/220 kV Brazi West Station - 406;
- Remedy accidental event on the 400 kV Constanta North - Tariverde OHL, terminal 81 by installing a PAS-U 400 - 277 pole;
- Air conditioners in the electro supply room of UnO DEN located at 16-18 Hristo Botev Boulevard - 242;
- 220 V accumulator battery for 220/110/20 kV Floreşti Station - 212;
- Relocation of 400 KV high voltage electrical network related to the investment for widening to 4 lanes of the Bucharest-South ring road between A2 KM 23+600 and A1 KM 55+520-Lot 1 - CB-DN 4 (Oltenița) KM 29+500-KM 33+190 - 199;
- 220 V accumulator battery for 220/110 kV Tihău Station - 197;
- Purchase and installation of air-conditioning units in UTT Sibiu facilities - 194;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station - 183;
- CEF Danubiu CETVOLT SRL - 181;
- Guard cabins 10 pcs - 138;
- Communication network separation equipment - 135.

In 2023, there was an **outflow from tangible assets in progress** through the recognition on the Company's operating costs for the project "Consolidation, modernisation and extension of THE NATIONAL POWER GRID COMPANY Transelectrica SA - Magheru headquarters" in the amount of 1,627.

The balance of **tangible assets in progress** as at 31 December 2023, amounting to **989,823 lei**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaş - Smârdan OHL – 216,710;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița OHL – 153,740;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad - Phase I - 400/220/110 kV Resita Station – 76,463;
- Connection of 400 kV Isaccea - Varna OHL and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV d.c. OHL Connections to South Medgidia Station – 63,788;
- Refurbishment of 220/110/20kV Baru Mare Station – 59,923;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca Station – 46,885;
- Refurbishment of 220/110 kV Filești Station -43,562;

The accompanying notes form an integral part of these Consolidated Financial Statements.

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- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL – 32,593;
- Refurbishment of 400/110/20 kV Smârdan Station -32,146;
- Upgrade of the 220/110/20 kV Arefu Station – 31,083;
- Refurbishment of 400/110 kV Pelicanu Transformer Station – 24,736;
- Metering and data management system for electricity metering on the wholesale market – 15,265;
- Refurbishment of 110 kV Medgidia South Station – 13,764;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV Cernavodă 2 and 3 OHL – 12,532;
- Purchase and installation of 21 monitoring systems for transformer units in the National Power Grid Company Transelectrica SA stations - 10,763;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati expressway – 10,149;
- 400 kV Stâlpu station – 9,421;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9,290;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Road, section 4 – 9,245;
- Refurbishment of the 110 kV Timisoara Station and the Switching to 400 kV of the Porțile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis, stage II: 400 kV Timisoara – 8,905;
- 400 kV Gădălin - Suceava OHL, including interconnection to NES (H.CA no. 7 / 08.07.2010) – 8,524;
- 220 kV Ampoi - Alba Iulia area OHL diversion – 7,505;
- Refurbishment of Isaccea 400 kV Station - Phase II – 6,575;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the the control system of 400/220/110/6 kV Iernut Station – 6,151;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL – 4,949;
- 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 the National Power Grid Company Transelectrica SA – 4,911;
- 220 kV double circuit Ostrovu Mare - RET OHL (H.CA nr. 17/2007) – 4,882;
- Integrated security system at power stations, stage IV – 4,817;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4,513;
- 400 kV Suceava - Balti OHL, for the project portion on the territory of Romania – 4,439;
- Connection of 400 kV Isaccea - Varna OHL and Isaccea - Dobrudja OHL to 400 kV Medgidia South Station – 4,021;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis, phase II, 400 kV d.c. Resita - Timisoara - Sacălaz OHL – 3,490;
- Extension with new functionalities of the computerized access control and record system in the National Power Grid Company Transelectrica SA objectives – 3,201;
- Connection to the national grid of CEE 136 MW Platonești, jud. Ialomița, by building a 110 kV cell in the 400/110 kV Gura Ialomiței station – 2,889;
- Integrated security system at power stations, stage III (H.CA no. 2/2008) – 2,798;
- Pilot Project - Upgrading of the 220/110/20 kV Alba Iulia station to a digital station concept – 2,625;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței OHL – 2,622;
- 110 kV Cetate 1 and 2 OHL diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station – 2,578;
- 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 -2,546 power station;

The accompanying notes form an integral part of these Consolidated Financial Statements.

- Increasing the operational reliability of the Argeş-Vâlcea network area, building the 400 kV Arefu Station and installing a 400 MVA, 400/220 kV HV – 2,423;
- Replacement of AT and Trafo in electrical stations - Phase II, phase 2 - LOT 1 - LOT 2 – 2,053;
- Connection to public interest electrical installations managed by the National Power Grid Company Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County – 1,652;
- Relocation/protection of high voltage networks 400 kV s.c. Mintia - Arad OHL for the rehabilitation of the railway Border - Curtici - Simeria line, part of the Pan European Corridor IV for trains with a maximum speed of 160 km/h – 1,644;
- Centre for research and development of live working technologies (LST) and rapid intervention in NES - phase II – 1,534;
- Provisional works for the 220kV Lacu Sărat-Fileşti OHL, in order to ensure the conditions for the execution of the relocation of utilities, by clearing the site and achieving coexistence conditions between "Suspension Bridge over the Danube in the area of Braila – 1,528;
- Integrated security system at the new (400) 220/110 kV Bank -1,133;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş, Suceava and Roşiori stations - 853;
- 400 kV d.c. (1 d.c.) Constanţa Nord-Medgidia Sud OHL - 813;
- Installation of two modern means of reactive power compensation in 400/220/110/20kV Sibiu South and Bradu - 775 stations;
- Upgrading to 400 kV of the 220 kV Brazi Vest - Teleajen - Stâlpu OHL, including the purchase of 400 MVA 400/220/20 kV HV, extension works of the 400kV and 220kV related stations, in the 400/220/110kV Brazi Vest - 720 Station;
- Refurbishment of 400 kV Isaccea Station - Phase I - Replacement of compensation coils, related cells and 400 kV Stupina cell - 715;
- Switching to 400 kV voltage of the Porţile de Fier - Anina - Reşiţa - Timișoara - Săcălaz - Arad axis. 400 kV Timișoara – Arad OHL (stage III) - 671;
- Relocation/protection of 220 kV high voltage networks - 220 kV d.c. Reşiţa - Timișoara OHL, 220 kV Timișoara - Arad/Timișoara - Săcălaz OHL and 220 kV d.c. Mintia - Timișoara OHL at the intersection with the Timișoara South Bypass - 664;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 580.

In accordance with the provisions of Article 46 of ANRE Order no. 59/2013, with subsequent amendments and additions, approving the Regulation on the connection of users to the public interest electricity networks, the acceptance of the installations resulting from the works for the construction of the connection installations and their commissioning is carried out in accordance with the legal provisions in force.

For the project financed from the connection tariff *"Connection to the National Transmission Grid of 56 MW Bogdăneşti, 112,5 MW Deleni, 20,8 MW Viișoara Nord 1, 52,8 MW Viișoara Nord 1, 47,5 MW Viișoara Sud, in the area of certain localities in Vaslui County, through the new 400/220/110 kV Banca Power Station"* - the work is completed, has the Minutes of Completion no. 34759/14.11.2013, but the technical conditions for the implementation of the Minutes of Commissioning have not been met. The connection contract no. C304/19.04.2011 is in force on 31.12.2023, the total value of the ongoing investment - 48.018.

As at 31 December 2023, the Group has recorded in its accounting records the result of the revaluation report carried out by Appraisal&Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorised by the National Association of Authorised Appraisers of Romania (ANEVAR).

The assets subject to valuation are:

- land and tangible assets classified in Group 1 - *Buildings* and Group 2 - *Technical installations, means of transport* registered in the Company's private assets;
- assets belonging to the public domain of the State and concessioned to the Company under Concession Contract No 1/2004.

The land was revalued at 31 December 2023 using the direct comparison method. The Group recognised a net surplus on revaluation of 81,192 on account:

- increase of 82,208
- decrease in the reserve in the amount of (909)
- the transfer to costs in the amount of (174) and
- the reversal of revenues in the amount of 66

The previous revaluation of land took place on 31.12.2019.

The buildings were revalued at 31 December 2023 at fair value using the following approaches:

- the market approach - direct comparison method, in the case of residential buildings such as apartments;
- the cost approach, in the case of non-residential buildings such as offices, sheds, workshops, garages, cabins.

The Group recognised a net surplus from the revaluation of buildings of 377,883 on account of:

- increase of 445,121
- decrease in the reserve in the amount of (44,743)
- the transfer to costs in the amount of (27,172) and
- the reversal of revenues in the amount of 4,678.

The last building revaluation took place on 31.12.2018.

The technical installations and means of transport have been revalued at 31 December 2023 as follows:

- the cost approach for specialised and ultra-specialised goods;
- the market-based approach for motor vehicles.

Special installations mainly consist of transformer stations and high-voltage power lines. The plant and equipment consists mainly of transformers and switchgear for 110 kV, 220 kV, 400 kV and 750 kV NES.

The Group recognised a net surplus from the revaluation of special plant, machinery and equipment, measuring and control apparatus and vehicles amounting to 794,660 on account:

- increase of 814,846
- decrease of the reserve in the amount of (20,963)
- the transfer to costs in the amount of (4,467) and
- the reversal of revenues in the amount of 5,244

The last revaluation took place on 31.12.2019.

Assets belonging to the public domain of the State and concessioned to the Company representing completed tangible assets, carried out from own financing sources, will be included in the inventory of assets belonging to the public domain of the State after recovery of own financing sources, at the time of approval, by Government Decision, of the inventory of assets belonging to the public domain of the State.

As at 31 December 2023 and 31 December 2022, the Company has no pledged or mortgaged assets.

#### **Fair value of tangible assets**

The Company's tangible assets, other than tangible assets in progress, are stated in the financial statements at revalued amount, which represents fair value at the measurement date less accumulated depreciation and impairment adjustments.



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The fair value of the Company's land was determined using the direct comparison method.

This method is recommended for properties when there is sufficient and reliable data on transactions or offers for sale with similar properties in the area. Analysis of the transaction prices or asking or offering prices of comparable properties is followed by adjustments to their prices to quantify the differences between the prices paid, asked or offered due to differences in the specific characteristics of individual properties, called comparables.

The fair value of buildings, equipment and measuring instruments was determined using the cost approach.

This method assumes that the maximum value of an asset to an informed buyer is the amount that is required to buy or build a new asset of equivalent utility. When the asset is not new, all forms of depreciation attributable to it up to the valuation date must be deducted from the gross current cost.

Fair value hierarchy information as at 31 December 2023 and 31 December 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at 31 December 2023</b>
Land and land planning	-	170,867	-	170,867
Buildings and special installations	-	-	1,945,054	1,945,054
Plant and equipment	-	-	2,267,849	2,267,849
Metering and control devices	-	-	144,137	144,137
Vehicles	-	-	25,065	25,065
Other tangible fixed assets	-	-	15,348	15,348
<b>Total</b>	<b>-</b>	<b>170,867</b>	<b>4,397,453</b>	<b>4,568,321</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at 31 December 2022</b>
Land and land planning	-	89,082	-	89,082
Buildings and special installations	-	-	1,250,281	1,250,281
Plant and equipment	-	-	1,543,883	1,543,883
Metering and control devices	-	-	126,753	126,753
Vehicles	-	-	8,567	8,567
Other tangible fixed assets	-	-	17,859	17,859
<b>Total</b>	<b>-</b>	<b>89,082</b>	<b>2,947,343</b>	<b>3,036,425</b>

During both 2023 and 2022 there were no transfers between fair value levels.

The cost value of items of tangible assets is represented by their fair value less the amount of the revaluation reserve as at 31 December 2023 and 31 December 2022 and is shown below:

	<b>Cost value 31 December 2023</b>	<b>Cost value 31 December 2022</b>
Land and land planning	33,996	24,231
Buildings and special installations	14,962	835,819
Plant and equipment	1,262,176	1,200,075
Metering and control devices	1,314,985	119,511
Vehicles	98,459	11,902
Other tangible fixed assets	6,893	17,854
<b>TOTAL</b>	<b>2,731,471</b>	<b>2,209,393</b>

## 6. ASSETS RELATING TO RIGHTS OF USE OF LEASED ASSETS - BUILDINGS

As at 31 December 2023 and 31 December 2022, fixed assets related to rights of use of leased assets are as follows:

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	<b>Assets related to rights of use of leased assets (buildings)</b>
<b>Cost</b>	
<b>Balance on 1 January 2022</b>	<b>43,224</b>
Inflows	-
Outflows	-
<b>Balance on 31 December 2022</b>	<b>43,224</b>
<b>Balance on 1 January 2023</b>	<b>43,224</b>
Inflows	-
Outflows	-
<b>Balance on 31 December 2023</b>	<b>43,224</b>
<b>Accumulated depreciation</b>	
<b>Balance on 1 January 2022</b>	<b>10,533</b>
Depreciation expense	9,001
Accumulated depreciation of outflows	-
<b>Balance on 31 December 2022</b>	<b>19,535</b>
<b>Balance on 1 January 2023</b>	<b>19,535</b>
Depreciation expense	8,641
Accumulated depreciation of outflows	-
<b>Balance on 31 December 2023</b>	<b>28,176</b>
<b>Impairment adjustments</b>	
<b>Balance on 1 January 2022</b>	-
Expenditures with impairment adjustments	-
<b>Balance on 31 December 2022</b>	-
<b>Impairment adjustments</b>	
<b>Balance on 1 January 2023</b>	-
Expenditures with impairment adjustments	-
<b>Balance on 31 December 2023</b>	-
<b>NET ACCOUNTING VALUE</b>	
<b>Balance on 31 December 2022</b>	<b>23,689</b>
<b>Balance on 31 December 2023</b>	<b>15,048</b>

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 EUR 9,000,000 (excluding VAT).

As at 31 December 2023, the accounting value of the right of use of the spaces leased by the Company in the Platinum office building is 13,916,419 lei.

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

Smart SA has concluded a lease contract for the rental of an office building, 449.75 sqm, in the Formenerg building in Gheorghe Șincai Boulevard no.3, with a value of 53,970 euro/year in the amount of 10 euro/sqm representing 4,497.5 euro/month.

Teletrans SA has concluded a lease agreement consisting of the rental of a building, land and yard, with an estimated rentable area of 1080 sqm and a yard in exclusive use of 196 sqm located at 12 Stelea Spătaru Street, representing 8.600 euro/month.

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As at 31 December 2023, the net value of the right of use of the spaces leased by the subsidiaries in the respective office buildings is 1,132.

**7. INTANGIBLE ASSETS**

*i) Intangible assets*

As at 31 December 2023 and 31 December 2022, the balance of intangible assets (including capitalisation of additional OTC) is as follows:

	Licences and software	Additional OTC	Intangible assets in progress	Total
<b>Cost</b>				
<b>Balance on 1 January 2022</b>	<b>66,687</b>	-	<b>5,457</b>	<b>72,144</b>
Inflows	87	338,527	4,965	343,578
Transfers from intangible assets in progress	281	-	(281)	-
Transfers form tangible assets in progress	2,295	-	-	2,295
Outflows	(1,073)	-	(93)	(1,165)
<b>Balance at 31 December 2022</b>	<b>68,277</b>	<b>338,527</b>	<b>10,048</b>	<b>416,852</b>
<b>Balance on 1 January 2023</b>	<b>68,277</b>	<b>338,527</b>	<b>10,048</b>	<b>416,852</b>
Inflows	34	13,735	5,780	19,549
Transfers from intangible assets in progress	277	-	(277)	-
Transfers form tangible assets in progress	-	-	-	-
Outflows	(4,205)	-	(5,474)	(9,680)
<b>Balance at 31 December 2023</b>	<b>64,383</b>	<b>352,262</b>	<b>10,076</b>	<b>426,721</b>
<b>Accumulated depreciation</b>				
<b>Balance on 1 January 2022</b>	<b>64,668</b>	-	<b>72</b>	<b>64,740</b>
Depreciation expense	1,347	13,987	2	15,336
Accumulated depreciation of outflows	(1,073)	-	(93)	(1,165)
<b>Balance at 31 December 2022</b>	<b>64,942</b>	<b>13,987</b>	<b>(19)</b>	<b>78,911</b>
<b>Balance on 1 January 2023</b>	<b>64,942</b>	<b>13,987</b>	<b>(19)</b>	<b>78,911</b>
Depreciation expense	1,594	68,040	3	69,637
Accumulated depreciation of outflows	(4,205)	-	-	(4,205)
<b>Balance at 31 December 2023</b>	<b>62,331</b>	<b>82,027</b>	<b>(16)</b>	<b>144,343</b>
<b>Impairment adjustments</b>				
<b>Balance on 1 January 2022</b>	<b>2</b>	-	<b>(2)</b>	-
Expenditures with impairment adjustments	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>2</b>	-	<b>(2)</b>	-

The accompanying notes form an integral part of these Consolidated Financial Statements.

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	Licences and software	Additional OTC	Intangible assets in progress	Total
<b>Impairment adjustments</b>				
<b>Balance on 1 January 2023</b>	2	-	(2)	-
Expenditures with impairment adjustments	-	-	-	-
<b>Balance at 31 December 2023</b>	2	-	(2)	-
<b>NET ACCOUNTING VALUE</b>				
<b>Balance at 31 December 2022</b>	3,333	324,539	10,069	337,941
<b>Balance at 31 December 2023</b>	2,050	270,235	10,094	282,378

**a) Intangible assets in progress**

For intangible assets in progress, the largest entries in 2023 were:

- Replacement of hardware components, update 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 - 4.981;
- MARI platform development - 1.435.

The balance of **intangible assets in progress** as at 31 December 2023, amounting to **10,094 lei**, is represented by projects in progress, the most significant of which are listed below:

- Replacement of hardware components, update 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;
- MARI platform development - 1.998;
- PICASSO platform development - 550;
- Metering and data management system for electricity metering on the wholesale market - 31.

The largest transfers from intangible assets in progress to intangible assets realised in 2023 are:

- GE License - Software module for performing capacity calculations based on energy flows - 247;
- UTP License - 30.

In 2023, there was **an outflow from intangible assets in progress** through recognition on the Company's operating budgets for the project "Implementation of an Electronic Archiving and Document Management System within THE NATIONAL POWER GRID COMPANY Transelectrica SA" in the amount of 5,474 lei.

**b) Intangible assets - Additional OTC**

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

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

- 338,527 - for the year 2022,
- 13,735 - for the year 2023.

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At 31 December 2023, depreciation of 82,027 is calculated on these capitalisations. Thus, the accounting value of the intangible assets resulting from the capitalisation of the additional OTC is 270,235.

Please note that this revenue is of a non-monetary nature, its collection will be made by the Company in instalments through the transmission tariff over the next five years (2023-2027) in accordance with the relevant legislative provisions.

## 8. FINANCIAL ASSETS

The decrease in the value of financial fixed assets as at 31 December 2023 compared to 31 December 2022 is mainly due to the sale of shares held by the Company in SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME, together with the receipt of the consideration of 242.

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

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

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

The balance of financial fixed assets at 31 December 2023, amounting to **40,673**, is mainly represented by:

- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(1)(a) and (b). (1), par. (2) and par. (5) of Law no. 46/2008 on the Forest Code, for the implementation of the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,199.5;

- the net value of shares held on 31 December 2023, as follows:

Shares held in FORMENERG	1,948
Shares held in ICEMENERG	-
Shares held at OPCOM	30,687
Shares held in ICEMENERG SERVICE	-
Shares held in BRM	26
Shares held in TSC NET	2,207
Shares held in Joint Allocation Office SA	1,232
<b>Total shares held in affiliated and associated entities</b>	<b>36,101</b>

## 9. INVENTORIES

At 31 December 2023 and 31 December 2022, inventories (net) are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Spare parts	30,460	32,497
Consumables and other materials	24,894	14,465
Auxiliary materials	3,856	4,054
Other inventories	2,765	2,052
<b>Total</b>	<u><b>61,975</b></u>	<u><b>53,068</b></u>

As at 31 December 2023 and 31 December 2022, the inventory impairment adjustments are as follows:

The accompanying notes form an integral part of these Consolidated Financial Statements.

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	<u>31 December 2023</u>	<u>31 December 2022</u>
Adjustments for impairment of consumables	7,228	8,931
Adjustments for impairment of other materials	6,412	5,968
Adjustments for impairment of packaging	218	220
<b>Total</b>	<b>13,857</b>	<b>15,119</b>

As at 31 December 2023 and 31 December 2022, the movement in inventory impairment adjustments is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance on 1 January</b>	<b>15,119</b>	<b>16,476</b>
Inventories impairment adjustments	1,366	1,579
Reversal of inventories impairment adjustments	(2,627)	(2,936)
<b>Balance at end of period</b>	<b>13,857</b>	<b>15,119</b>

During the year 2023, expenses on the consumption of materials and spare parts are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Expenditures on spare parts	11,920	29,922
Expenditures on consumables	4,526	3,923
Expenditures on other materials	1,535	2,951
Expenditures on auxiliary materials	156	236
Expenditures on fuel	3,035	3,340
<b>Total</b>	<b>21,172</b>	<b>40,372</b>

## 10. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables	1,748,668	2,397,945
Other receivables	215,758	170,993
Down payments to suppliers	151,660	697,081
VAT to recover	215,466	292,265
Adjustments for impairment of uncertain trade receivables	(130,158)	(138,513)
Adjustments for impairment of other uncertain receivables	(84,934)	(76,919)
<b>Total</b>	<b>2,116,460</b>	<b>3,342,852</b>

The structure of trade receivables is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Clients on the electricity market, of which:	1,742,444	2,392,071
- Clients - operational activities	1,004,535	1,696,470
- Clients - balancing market	594,069	564,107
- Clients - bonus type support scheme to promote high efficiency cogeneration	143,840	131,493
Clients from other activities	6,224	5,874
<b>Total trade receivables</b>	<b>1,748,668</b>	<b>2,397,945</b>

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- the National Power Grid Company 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 December 2023, outstanding customers from operating activities show a decrease compared to 31 December 2022 mainly due to lower energy consumption in the fourth quarter of 2023 compared to the same period of 2022.

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

The main customers in total trade receivables are represented by IBEX, Ciga Energy SA, Cinta Energy SA, Electrica Furnizare SA, OPCOM, MAVIR, Hidroelectrica, RAAN, JAO, PPC Energie SA.

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

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

Customers in the bonus-type support scheme for the promotion of high-efficiency cogeneration are experiencing an increase in receivables on 31 December 2023, mainly due to the increase in the amount invoiced for the collection of the monthly contribution.

As at 31 December 2023, the Company records receivables amounting to 143,839, 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, respectively from RAAN - 63,467 and CET Govora SA - 13,235;
- undue bonus for 2014 in the amount of 3,915, respectively from RAAN - 1,981, CET Govora - 1,933;
- undue bonus for 2015 in the amount of 564, respectively from CET Govora - 534, Interagro - 29;
- undue bonus for 2020 in the amount of 522 from Donau Chem;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 21,232, respectively from: Transenergo Com - 5,882, Petprod - 4,391, Romenergy Industry - 2,681, RAAN - 2,386, UGM Energy - 1,504, CET Govora - 901, KDF Energy - 681 and others.

Up to the date of this financial report, the Company has collected all the receivables related to the overcompensation of the activity regarding the support scheme for the year 2022 (amount of 34,134) from CET Govora (13,717) and Electrocentrale București (20,417), as well as the amount of 1,817 of the undue bonus established by ANRE Decisions for the year 2022, from the following producers: Bepco SRL, CET Govora, CET Grivița, COMPA SA, Electrocentrale București, Electrouilaj SA and Soceram SA.

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

The accompanying notes form an integral part of these Consolidated Financial Statements.

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

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

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

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

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

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

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

Once submitting the receivable statement under RAAN's bankruptcy procedure Transelectrica SA can resort to the provisions of article 52 from Law 85/2006, applicable to RAAN's bankruptcy procedure, provisions resumed in article 90 of Law 85/2014 on the creditor's right to invoke compensation for its receivables with its debtors to it, whenever the law-provided conditions for legal compensation are complied with on the procedure opening date. Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity. The actual amount the Company requested was 89,361 Lei, but 78,096 Lei were not registered in the preliminary receivable table because "such sum was not recorded as owed liability in RAAN's accounting records". Moreover, the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 - 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013.

Since only a part of the total amount requested by Transelectrica in quantum of 89,361 Lei was registered and according to letter 4162/03.10.2016 whereby the judiciary liquidator notified us only 11,265 Lei were recorded in the additional table in the receivables column resulting from the debtor's continued activity, and 78,096 Lei were denied. We filed contestation to the Additional receivable table within the legal term.

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

Settlement of Mehedinti Tribunal: "It admits the exception of decline. It partly admits the main issue and associated contestation. It compels defendant RAAN to pay to Plaintiff Transelectrica the amount of 16,950,117.14 Lei as liability accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated requests are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the



Plaintiff. Appeal right is granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/2019 / 20.06.2019.

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

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

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

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

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

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

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

The case is adjourned to 10.02.2022, the summary decision being: for the conduct of the procedure, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next hearing is set for 02.06.2022.

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

At the hearing of 15.10.2023, the case was postponed again and a new term was set for **18.01.2024** and then 08.02.2024.

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

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

In accordance with such Agreement the Company's receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 of ANRE President's Order 116/2013 and the Agreement provisions, in the amount of 40,508 .

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

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

establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for electricity generated by high efficiency cogeneration and paid monthly the cogeneration bonus to CET Govora.

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

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116/ 2013 for mutual receivables and liabilities occurred after the insolvency procedure, namely withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company. Transelectrica was registered in the Preliminary and final receivables table with total amount of 28,200 lei, of which 25,557 relate to the support scheme. Mention should be made this receivable amounting to 21,962 Lei representing principal and penalties related to invoice 8116/08.04.2016, was registered under the suspensive condition of pronouncement of a final juridical ruling in favour of ANRE under file 2428/2/2014 on the docket of the Bucharest Court of Appeal, pertaining to cancelling ANRE decision 738/28.03.2014.

On 18.07.2018 Valcea Tribunal pronounced the following settlement:

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

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

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

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

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

- The amount of 22,188 represents receivable to be cashed from CET Govora under the support scheme amounting to 25,557, corrected with the bonus of 3,369 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President.

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

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

### **Other receivables**

As at 31 December 2023, other receivables in the amount of 215,758 mainly include:

➤ sundry debtors (**112,264**), of which:

- late payment penalties calculated on defaulting customers and penalties for non-fulfilment of contracts amounting to 90,070 (of which 35,158 are penalties related to the support scheme). The highest penalties were recorded by the partners Romelectro (36,965), RAAN (16,901), CET Govora (9,607),

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Electrocentrale București (9,409), OPCOM (3,291), Total Electric Oltenia (3,289), Multiservice G&G (2,771) and the other partners (2,971.162), Petprod (1,894), ISPE Proiectare și Consultanță SA (1,035), ICPE Electrocond Technologies (1,004). For penalties calculated, impairment adjustments were recorded in accordance with applicable accounting policies;

- compensation owed by suppliers for non-delivery of electricity: Arelco Power (988), Enol Grup (2,541) and Next Energy Partners (8,395). Impairment adjustments have been recorded for compensation due from suppliers in the operational activity;
  - receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the capital of the subsidiary in the amount of 4,517.
- amounts received in the form of grants (**49,103**), of which 49,034 related to contracts for connection to the RET and 69 from European funds;
- deferred expenses of **10,206** mainly represented by: domestic and international dues (7,498,819), insurance policies (874,957), rent and maintenance of office building (745,380), miscellaneous services (222,358) and others;
- other social receivables amounting to **2,716** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

#### **Down payments to suppliers**

As at 31 December 2023, advances paid to suppliers are represented by suppliers debtors for services rendered in the amount of **151,660** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (117,201 - for ICP and SDAC and 32,765,853- for SIDC).

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 DAM (Day Ahead 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 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. the National Power Grid Company 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, is the Implicit Participant in the Day-Ahead Market.

As Transfer Agent and Implicit Participant, the National Power Grid Company 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) solution was launched, with the first deliveries on 20 November. Seven countries - Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, the Netherlands, Norway, Portugal, Spain and Sweden, which have already been operating in a coupled mode 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 is available.

As Transfer Agent, the National Power Grid Company 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 the 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 the National Power Grid Company Transelectrica SA. The aim of the SDAC is to create a single pan-European cross-

border day-ahead energy market. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

As transfer agent for Romania's bidding zone, the National Power Grid Company 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 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 CCP, the Company has the task of transferring the financial flows generated by the electricity flows, following the coupling process.

#### **VAT to be recovered**

VAT to be recovered (215,466) - mainly related to VAT receivables for the period September - December 2023 and October 2020. As of the date of this report, the amount of 90,398 has been collected from the State, representing VAT claimed for refund for the months of September and October 2023.

#### **Adjustments for impairment of uncertain trade receivables and of other uncertain receivables**

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

The highest impairment adjustments at 31 December 2023, calculated for trade receivables and related penalties, were recorded for Romelectro SA (37,469), JAO (30,005), CET Govora (24,974), Arelco Power (14,788), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), Elsaco Energy (9,276), RAAN (8,517), Next Energy Partners (8,395), OPCOM (8,150).

The Group has taken all legal steps to recover the impairment-adjusted receivables: initial notification, execution of guarantees, legal action, registration of the receivables, etc.

## **11. 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.

At 31 December 2023 and 31 December 2022 cash and cash equivalents are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Current bank accounts and deposits of which:</b>	<b>526,748</b>	<b>333,515</b>
<i>a) current accounts at banks and deposits current activity</i>	90,081	180,843
<i>b) current accounts at banks and restricted deposits, of which</i>	436,667	152,673
- cash and deposits from high efficiency cogeneration	295,063	96,436
- cash of revenues from the allocation of interconnection capacities used for network investments	47,393	444
- cash from the connection fee	57,387	21,724

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	<b>31 December 2023</b>	<b>31 December 2022</b>
- European funds	87	25
- other restricted accounts (energy market guarantees and dividends)	36,737	34,043
<b>Cash desk</b>	<b>151</b>	<b>166</b>
<b>Other cash equivalents</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>526,900</b>	<b>333,681</b>

## 12. OTHER FINANCIAL ASSETS

Other financial assets include bank deposits with an original maturity of more than 90 days. As at 31 December 2023, no bank deposits with an original maturity of more than 90 days are held.

## 13. SHAREHOLDERS' EQUITY

### *Share capital*

In accordance with the provisions of GEO no. 86/2014 on the establishment of certain reorganization measures at the level of central public administration and for the modification and completion of certain 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 certain reorganization measures at the level of central public administration and for the modification of certain 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 certain measures at the level of central public administration and for the amendment and completion of certain 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 Power Grid 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 the National Power Grid Company 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 December 2023, the shareholders of the National Power Grid Company Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government, which holds 43,020,309 shares (58.69%), NN Group NV with 4,007 shares.688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,231,423 shares (22.14%) and other shareholders physical entities with 5,290,155 shares (7.21%).

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

The shareholding structure as at 31 December 2023 and 31 December 2022 is as follows:

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Shareholder	31 December 2023		31 December 2022	
	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State by MECRMA	43,020,309	58.69%	43,020,309	58.69%
Other legal entity shareholders	16,231,423	22.14%	16,006,932	21.83%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other individual shareholders	5,290,155	7.21%	5,514,646	7.52%
<b>Total</b>	<b>73,303,142</b>	<b>100.00%</b>	<b>73,303,142</b>	<b>100.00%</b>

The company recognizes changes in the share capital under the conditions provided for by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration at the Trade Register Office.

As at 31 December 2023 and 31 December 2022, the share capital is as follows:

	31 December 2023	31 December 2022
Share capital (nominal value)	733,031	733,031
<b>Share capital balance</b>	<b>733,031</b>	<b>733,031</b>

Shareholders are entitled to dividends and each share confers one vote at meetings of the Company. The amount of dividends due to shareholders, distributed from the profit of 2022, according to the AGM Resolution no. 7/19.06.2023, is 52,045, and their payment was made through the Central Depository and payment agent, BRD - Groupe Societe Generale, as of 27 July 2023.

#### **Share premium**

All the shares issued in the context of the share capital increase that took place through the initial public offering in 2006 were subscribed and fully paid at the issue price. The share premium amounting to 49,843, i.e. the difference between the issue price of the shares and their nominal value, was recorded in the Company's reserve account.

#### **Legal reserves**

The legal reserves amounting to 146,606 as at 31 December 2023 and 31 December 2022 represent legal reserves established in accordance with the applicable legislation in force and cannot be distributed.

The company transfers to the legal reserve at least 5% of the annual accounting profit (GEO no. 64/2001, Law no. 227/2015 and Law no. 31/1991) until the cumulative balance reaches 20% of the paid-up share capital.

During 2023, the Company did not set up a legal reserve, as at 31 December 2022, the cumulative legal reserve balance reached one-fifth of the paid-up share capital.

#### **Revaluation reserves**

Revaluation reserves amount to 1,738,703 at 31 December 2023 and to 734,233 at 31 December 2022.

The last revaluation of the tangible assets classified in Group 1 - *Buildings* and Group 2 - *Technical installations, means of transport* registered in the private assets of the Company was carried out on 31 December 2023 by the company Appraisal & Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorized by the National Association of Authorized Appraisers of Romania.

#### **Other reserves**

As at 31 December 2023, other reserves amounted to 195,751 compared to 39,351 as at 31 December 2022. The increase in the balance of other reserves as at 31 December 2023 compared to 31 December 2022 is mainly due to subsidies belonging to the public domain received for the following investment objectives:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței - 120.249;
- Extension of 400 kV Cernavoda station - Phase I, Replacement of compensation coils - 3.974;

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- Relocation/protection of 220 kV high-voltage electrical networks - 220 kV s.c. Arefu - Bradu OHL at the intersection with Sibiu - Pitesti motorway, section 5: Curtea de Argeş - Pitesti - 1.702;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10.028;
- Regulation of 400 kV Gutinas-Brasov OHL with Sf. Gheorghe bypass, km 1+100 - 1.844;
- Relocation of 220 kV and 400 kV power grids at the intersection with Bucharest Ring Road - 8.856;
- Relocation of 400 kV power grids at the intersection with Bucharest Ring Road: KM 0+00 - KM 100+900, Lot 2: 69+000 - KM 85 +300, related to South Ring Road, 400 kV Domneşti - South Bucharest OHL and 400 kV Slatina - South Bucharest OHL - 9.748.

**Reported result**

The retained earnings as at 31 December 2023 amount to 2,431,200.

As at 31 December 2023, the Group records a positive retained earnings mainly due to the transfer of revaluation reserves on the depreciation of fixed assets to retained earnings in the amount of 67,638.

As at 31 December 2023, the actuarial gain relating to the Group is recorded in retained earnings in the amount of 905. This amount resulted from the application of the provisions of IAS 19 - Employee Benefits (Note 16).

Also the retained earnings were affected by the amount of 4,683 representing income tax according to the tax decision issued on 19.06.2023, following the conclusion of the ANAF DGAMC control at the SMART subsidiary.

The net accounting profit of the Company realised as at 31 December 2023 in the amount of 213,611, is allocated in full to "**Other reserves**" as follows:

- the amount of 125,637, which represents the allocation to reserves of the amount of the profit for which the income tax exemption was granted, as of 1 July 2014, in accordance with the provisions of Article 22 of Law No. 227/2015 on the Tax Code, as amended;
- the amount of 87,975, which represents the distribution of the net revenue from the allocation of interconnection capacities achieved in 2023. In accordance with Regulation (EU) No 943/2019 and ANRE Order No 171/2019, the revenues from the allocation of interconnection capacities shall be used to carry out investments in the electricity transmission network to maintain or increase interconnection capacities.

*Distribution of net profit as at 31 December 2023*

The proposed distribution of the accounting profit remaining after deduction of income tax as at 31 December 2023, amounting to 213,611, to the legal purposes is as follows:

No.	Destination	Amount (lei)
1	<b>Transelectrica accounting profit remaining after deduction of corporate income tax as of 31 December 2023</b>	<b>213,611</b>
	<i>Allocation of accounting profit to the following destinations:</i>	
a	Legal reserve - cumulative balance has reached 20% of the paid-up share capital	-
b	Other reserves representing tax relief - tax exemption on reinvested profits	125,637
c	Other statutory allocations - revenue realised in 2023 from the allocation of interconnection capacity (net of corporate income tax)	87,975
2	<b>Profit to be distributed (1-a-b-c)</b>	-
d	Employee profit-sharing	-
e	Dividends due to shareholders from the profit to be distributed	-
f	Other reserves established as own sources of financing	-
g	Retained earnings	-
3	<b>Total allocations (a+b+c+d+e+f+g)</b>	<b>213,611</b>

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The proposed distribution of the accounting profit remaining after deduction of corporate income tax as at 31 December 2023 complies with the provisions of the legislation in force, namely:

- GO no. 64/2001 - on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;
- OMFP no. 144/2005 - on the approval of the Specifications for the determination of the amounts subject to profit distribution according to OG no. 64/2001 on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;
- OMFP No 128/2005 on certain accounting regulations applicable to economic agents;
- Law no. 227/2015 on the Tax Code, as amended;
- Regulation (EU) No 943/2019 of the European Parliament and of the Council of 5 June 2019 on the internal market in electricity;
- ANRE Order No 171/2019, as amended and supplemented, approving the Methodology for setting tariffs for the electricity transmission service;
- Reference for the approval of the order approving the average tariff for the electricity transmission service, the components of the transmission tariff for feeding electricity into the grid (Tg) and withdrawing electricity from the grid (TI), the tariff for system service and the price for reactive electricity, charged by the National Power Grid Company Transelectrica SA , valid from 1 January 2023, sent by ANRE with address no. 76336/20.04.2022, supplemented by Reference No. 59882/04.04.2023 on the calculation of electricity transmission tariffs, with effect from 1 April 2023;
- Revenue and expenditure budget approved by OGMS Resolution No. 4/28.02.2023.

Thus, the accounting profit for the year 2023 remaining after deduction of corporate income tax is allocated to the following uses:

- other reserves representing tax incentives provided by law in the amount of 125,637 - represented by the exemption from payment of tax on reinvested profits, in accordance with the provisions of Article 22 of Law No. 227/2015 on the Tax Code, as amended;
- other allocations provided for by law in the amount of 87,975 - represented by the revenues realized in 2023 from the allocation of interconnection capacity (amounts net of income tax), allocated in accordance with the provisions of Article 1 letter d) of GC no. 64/2001 on the distribution of profits to national companies, national companies and companies wholly or majority owned by the state, as well as autonomous regions, as amended and supplemented, in conjunction with the provisions of Regulation (EU) No 943/2019 and ANRE Order No 171/2019, which provide for the use of revenues from the allocation of interconnection capacity to make investments in the network to maintain or increase interconnection capacity.

#### 14. DEFERRED REVENUES

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

The situation of deferred revenues as at 31 December 2023 is as follows:

	<b>31 December 2023</b>	<b>Of which current portion at 30 December 2023</b>	<b>31 December 2022</b>	<b>Of which current portion at 31 December 2022</b>
Deferred revenues – allocation of the interconnection capacity	1,054	1,054	16,227	16,227
Deferred revenues – European funds	839	839	1,477	1,477
Connection fee funds	317,657	9,062	256,399	14,762
European funds	194,200	4,198	181,972	2,884
Other subsidies	21,504	985	22,472	4,170
<b>Total</b>	<b>535,254</b>	<b>16,138</b>	<b>478,547</b>	<b>39,520</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.



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The evolution of **current deferred revenues** during 2023 is presented as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance on 1 January</b>	<b>39,520</b>	<b>31,738</b>
Cash in advance related to interconnection capacity	214,514	115,266
Proceeds from European funds	422	680
Transfer of long-term deferred revenues (connection tariff)	(7,414)	(197)
Revenues from the use of interconnection capacities	(229,686)	(106,688)
Revenues from European funds	(1,217)	(1,279)
<b>Balance at end of period</b>	<b>16,138</b>	<b>39,520</b>

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance on 1 January</b>	<b>439,028</b>	<b>443,437</b>
Connection subsidies	231,303	3,145
Non-reimbursable funds	(18,410)	(9,586)
Non-refundable funds to be repaid	-	-
Transfer from short term deferred revenues	(153,505)	27,535
Subsidies wich resumed into revenues	20,698	(25,503)
<b>Balance at end of period</b>	<b>519,116</b>	<b>439,028</b>

## 15. BOROWINGS

### Non-current borrowings

As at 31 December 2023 and 31 December 2022, the balance of non-current borrowings from credit institutions is as follows:

Description	<u>31 December 2023</u>	<u>31 December 2021</u>
EIB 25709 (i)	23,952	35,731
EIB 25710 (i)	31,942	43,713
<b>Total non-current loans from credit institutions, of which:</b>	<b>55,893</b>	<b>79,444</b>
<b>Less: Current portion of non-current borrowings</b>	<b>(23,987)</b>	<b>(23,856)</b>
<b>Total non-current loans net of current instalments</b>	<b>31,906</b>	<b>55,588</b>

Non-current borrowings as at 31.12.2023:

No.	Borrowing name	Date of granting	Value of the Loan (currency)	Balance on 31.12.2023 (currency)	Balance on 31.12.2023 (RON)	Interest rate	Maturity according to borrowing
1	EIB 25709	05.08.2010	32,500,000.00 EUR	4,814,814.90 EUR	23,952	3.596%	10.09.2025
2	EIB 25710	05.08.2010	32,500,000.00 EUR	6,420,940.13 EUR	31,942	3.856% and 2.847%	11.04.2028
	<b>TOTAL</b>				<b>55,893</b>		

Non-current borrowings are detailed as follows:

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a) and b) Loan from the European Investment Bank (EIB)

EIB borrowings 25709 and 25710 were granted by the EIB on 5 August 2010 to finance the modernisation and rehabilitation of the Romanian electricity transmission network. The amount of each loan is EUR 32,500,000.

Loan no. 25709 is not guaranteed, while loan no. 25710 is guaranteed by BNP Paribas SA - Bucharest Branch. The repayment period is 15 years with a grace period of 2 years. Repayment is from 2012 to 2025 for EIB loan 25709 (on 10 March and 10 September each year) and from 2013 to 2028 for EIB loan 25710 (on 11 April and 11 October each year). The interest rate is 3.596% for EIB loan 25709 and 3.856% and 2.847% for EIB loan 25710.

The amount due at 31 December 2023 for EIB loan 25709 is EUR 4,814,814.90 and for EIB loan 25710 is EUR 6,420,940.13.

The EIB loan agreement 25709 contains certain financial covenants: (i) the ratio of EBITDA to interest on non-current borrowings disbursed during the year must be at least 4.2; (ii) the ratio of non-current liabilities to equity must not exceed 0.95; (iii) the ratio of total net liability to EBITDA must not exceed 3.5.

The EIB loan 25710 is guaranteed by BNP Paribas SA - Bucharest Branch. The guarantee contract was concluded on 20.12.2019 for a period of 3 years, guarantee fee of 0.40% per annum, calculated at 115% on the outstanding loan amount. On 31.10.2022, Amendment No. 2 was signed, which guarantees EIB loan 25710 until 11.11.2028. For this period, the guarantee fee is 0.6% per annum, calculated at 115% of the outstanding loan amount.

As at 31 December 2023, the financial indicators relating to the loan agreements have been met.

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
From 1 to 2 years	12,011	23,856
From 2 to 5 years	19,895	31,256
More than 5 years	-	476
<b>Total</b>	<b><u>31,906</u></b>	<b><u>55,588</u></b>

The Group has not hedged its foreign currency obligations or interest rate exposures.

All non-current borrowings outstanding at 31.12.2023 bear fixed interest.

**Current borrowings**

Current borrowings are detailed as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current portion of non-current borrowings	23,987	23,856
Short-term bank loans	-	67,618
SMART credit lines	7,072	5,701
Interest related to the non-current and current loans	541	775
<b>Total current borrowings</b>	<b><u>31,600</u></b>	<b><u>97,950</u></b>

*Borrowings taken for current activity*

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On 30.03.2022 Transelectrica concluded a credit agreement no. **C624 with Romanian Commercial Bank** 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, with an interest calculated according to the ROBOR 1M reference rate, plus a margin of 0% and a commission of 0.088%.

The credit line is guaranteed by:

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

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

As at 31 December 2023 the line of credit is undrawn.

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 with an interest calculated based on the ROBOR 1M reference rate, plus a margin of 0.05%.

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

RON -175 million - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding obligations, with a drawdown period of 12 months, until 09.03.2023;

-25 million lei in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 and a letter validity of 24 months.

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

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

The credit line is guaranteed by:

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

On 19.04.2023, Transelectrica entered into the Addendum No. 3 to the credit agreement No. C588 concluded with Banca Transilvania, regarding the amendment of the guarantee contracts. As at 31 December 2023 the credit line is not drawn.

In November 2021, SMART SA contracted a new revolving credit line facility from Banca Românească in the amount of RON 12 million to finance the current activity and refinance the credit line held with Libra Internet Bank for a period of 12 months maturing on 23 November 2022.

On 22 November 2022, the Branch increased the ceiling of the credit line by 3 million lei up to a total amount of 15 million lei and extended its maturity by 12 months, the next maturity being on 22.11.2023.

As at 31 December 2023, 7,072 were drawn on the credit line.

Currently the Subsidiary has a credit for multi-product ceiling - single-company with a ceiling of 21 million lei contracted on January 9, 2024, through which it took over and extended the credit line with a revolving ceiling

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of 15 million lei valid until November 22, 2024, to which was added a non-cash ceiling of 6 million lei for the issuance of bank guarantee letters valid until November 20, 2026.

## **16. EMPLOYEE BENEFIT OBLIGATIONS**

Under the Collective Labour Agreement, applicable in 2023, the Group provides long-term benefits to employees based on seniority and length of service with the Company. The benefits granted to management employees are disclosed in *Note 30 - Company Management Compensation*.

The long-term benefits granted by the Group include the following:

- retirement bonus ranging from 1 to 5 gross monthly basic salaries depending on the number of years of service with the Company at the date of retirement;
- retirement bonuses between 1 and 5 gross monthly basic salaries depending on the number of years of service with the Company;
- material aid granted on retirement for electricity representing the equivalent of the electricity quota paid to an employee for 12 months for employees with at least 10 years' continuous service with the Company.

The actuarial calculations relating to post-employment and other long-term benefits were determined by a chartered actuary on the basis of a service contract with Proficariere SRL.

Employee benefit obligations are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Jubilee premiums	55,221	46,370
Retirement premiums	31,159	32,424
Free electricity for current and retired employees	11,508	8,087
<b>Total</b>	<b>97,888</b>	<b>86,881</b>

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**EMPLOYEE BENEFIT OBLIGATIONS**

	<b>31 December 2022</b>	<b>Interest cost</b>	<b>Cost of current service</b>	<b>Payments from the provision</b>	<b>Actuarial loss for the period</b>	<b>31 December 2023</b>
Benefits pertaining to jubilees premiums to be granted to current employees	<b>46,370</b>	3,328	7,984	(4,609)	2,147	<b>55,221</b>
Benefits pertaining to retiree premiums of current employees	<b>32,424</b>	1,748	3,706	(1,701)	(5,019)	<b>31,159</b>
Benefits pertaining to the counter value of electricity to be paid to current employees after retirement	<b>1,878</b>	113	1,581	(200)	2,432	<b>5,804</b>
Benefits pertaining to the counter value of electricity paid to current retirees	<b>6,208</b>	374	-	(413)	(465)	<b>5,705</b>
<b>Total</b>	<b>86,881</b>	<b>5,563</b>	<b>13,271</b>	<b>(6,924)</b>	<b>(905)</b>	<b>97,888</b>

At 31 December 2023 and 31 December 2022, the Group has a long-term employee benefit obligation of 97,888 and 86,881 respectively.

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**17. a. TRADE AND OTHER PAYABLES**

At 31 December 2023 and 31 December 2022, trade and other payables are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Providers - electricity market	1,340,922	1,956,548
Asset providers	177,264	134,881
Providers of other activities	43,799	34,554
Amounts due to employees	14,809	11,220
Other liabilities	624,156	1,214,971
<b>Total</b>	<b>2,200,950</b>	<b>3,352,175</b>

As at 31 December 2023 and 31 December 2022, the outstanding liabilities on the energy market amounting to 1,340,922 and 1,956,548 respectively, have the following structure:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Providers - electricity market, of wich:		
-providers - operational activity	591,456	1,336,903
-providers - balancing market	617,379	583,098
-providers- bonus type support scheme to promote high efficiency cogeneration	132,087	36,547
<b>Total</b>	<b>1,340,922</b>	<b>1,956,548</b>

The suppliers on the electricity market are mainly represented by OPCOM, MAVIR, IBEX, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, Engie Romania.

The decrease in the balance of "liabilities related to operating activities" was mainly due to the payment when due in 2023 of the payment obligations outstanding as at 31 December 2022, 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 Q4 2023 compared to Q4 2022.

The increase in "support scheme liabilities" to suppliers (producers) was due to the increase in the monthly bonus amount for high-efficiency CHP from December 2023 to December 2022.

As of 31 December 2023, there are payment obligations to suppliers (producers) in the amount of 27,120 (RAAN - 23,751 and CET Govora SA - 3,369), representing the monthly cogeneration bonus, pre-overcompensation for 2014 and 2015, the bonus not granted for 2015. The amounts representing the Company's liabilities related to the support scheme towards RAAN and CET Govora were withheld for payment on the basis of art. 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 liabilities 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 receivables and liabilities, 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: *"if the producer has not paid in full to the support scheme administrator the resulting payment obligations in accordance with the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations related to the support scheme,*

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with explicit mention, on the payment document, of the respective amounts" and withheld from the payment the amounts related to the support scheme due.

the National Power Grid Company 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 (period 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 liabilities 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 40,508.

Following the suspension in court, by Civil Ruling 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 were opened for CET Govora. In view of the provisions of Law no. 85/2014 - Insolvency Law, the Company 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, partially quashed the contested judgment and rejected the suspension request filed by CET Govora. 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 liabilities and receivables 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.

The increase in the balance of "**suppliers of fixed assets**" at 31 December 2023 compared to 31 December 2022 was due to the increase in the volume of transactions recorded relating to investments in progress.

Payables to "**suppliers other activities**" are mainly represented by payables related to services provided by third parties that are not yet due, which have increased since 31 December 2022.

As at 31 December 2023, the Company has no outstanding liabilities to suppliers (state budget, local budget or other public institutions).

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Various creditors	312,095	389,853
Clients-creditors	247,531	770,851
Dividend to pay	193	148
Other liabilities	64,337	54,119
<b>Total</b>	<u><b>624,156</b></u>	<u><b>1,214,971</b></u>

➤ "Various creditors", amounting to 312,095 at 31 December 2023, mainly represent:

- net position of the high efficiency cogeneration support scheme, liability position, in the amount of 294,488,

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

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- 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
  - 13,797 solution study contracts for connection to the RET,
  - 1.645 royalty quarter IV 2023 and others.
- "Customer creditors", as at 31 December 2023, total 247,531, of which 245,759 represent amounts received in advance in transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from JAO (727.), MAVIR (42,170), OPCOM (71,560) and IBEX (131,302).
- As at 31 December 2023, the unpaid dividends due to the Company's shareholders amount to 193. These amounts are available to shareholders through the paying agent.
- "Other payables", amounting to 64,337, are mainly represented by guarantees of good payment of contracts on the electricity market concluded by the National Power Grid Company Transelectrica SA in the amount of 38,331, VAT not due during the reporting period in the amount of 40,992 and others.

**17.b LIABILITIES LEASING - BUILDINGS**

As at 31 December 2023 and 31 December 2022, the **liability for fixed assets related to rights of use of leased assets**, as required by IFRS 16 - Leases, is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Liabilities - leasing buildings, short term	9,253	9,141
Liabilities - leasing buildings, long term	7,073	15,949
<b>Total</b>	<b><u>16,326</u></b>	<b><u>25,090</u></b>

**18. PROVISIONS**

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Provisions for litigations	25,983	26,060
Provisions for mandate contracts	40,491	43,339
Other provisions	717	2,158
<b>Total</b>	<b><u>67,191</u></b>	<b><u>71,557</u></b>

Provisions for litigations outstanding at 31.12.2023, amounting to 25,983, are mainly represented by provisions for the following dispute:

- *File No 36755/3/2018 - Plaintiff Conaid Company SRL (17.216)* - more details on this file are given in Note 29 - Commitments and Contingencies.
- *File No 15561/3/2022 - Plaintiff SMART SA (4.467)* - more details on this file are given in Note 29 - Commitments and Contingencies
- *File No 3083/3/2020 - Plaintiff NUCLEARELECTRICA SA (1.473)*

On 26.06.2020, Nuclearelectrica sued the Company for the payment of 1,290 lei representing the negative imbalance and 182 lei, 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 lei, as compensatory damages, and to update this amount with the inflation rate as of 27.12.2020.09.2018 until the date of actual payment, to pay the amount of 182 lei as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, as well as to continue to pay the 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 lei by way of court costs, consisting of the court stamp duty. Dismissed the defendant's claim for costs as groundless. With right of appeal within 30 days of communication (Decision 2698/2020 22.12.2020).

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the National Power Grid Company Transelectrica SA has appealed. In the hearing of 25.11.2021, the Bucharest Court of Appeal admits the appeal. Changes in part the civil judgment appealed against, in the sense that: Rejects as groundless the application to sue. Upholds the order of the first instance dismissing as groundless the defendant's claim for costs. Orders the respondent-respondent to pay to the appellant-respondent the sum of EUR 21 by way of costs on appeal. With an appeal within 30 days from the date of communication, the application for appeal to be filed with the Bucharest Court of Appeal - Civil Section VI.

Nuclearelectrica has lodged an appeal, which is in the filter procedure.

**"Provisions for mandate contracts"** in the amount of 40,491, as at 31 December 2023, represent:

- the variable component related to the TVSO packages allocated and not used during the terms of office 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 term of office for the dismissed members of the Supervisory Board/Directorate, i.e. until 2024.

**"Other provisions"** in the amount of 717 mainly represent provision for untaken leave.

## 19. INCOME TAX

The income tax for the years 2023 and 2022 is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Expenses with current and deferred income tax	(44,401)	(95,256)
Income from deferred income tax	23,156	21,266
<b>Total</b>	<b>21,245)</b>	<b>(73,990)</b>

The Group's current and deferred income tax for 2023 and 2022 is determined at a statutory rate of 16% and is effective in 2022 and 2021.

Reconciliation of the effective tax rate, current income tax:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Income tax at the statutory rate of 16%.</b>	<b>41,611</b>	<b>97,262</b>
Effect of non-deductible expenses	41,412	26,491
Effect of non-taxable revenues	(20,370)	(11,006)
Taxable revaluation reserve	10,709	12,068
Legal reserve	-	(1,389)
Exempted income tax	(3,216)	(1,936)
Other effects	(31,629)	(36,700)
<b>Total</b>	<b>(38,516)</b>	<b>(84,791)</b>

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**DEFERRED INCOME TAX**

The movement table for deferred tax liability in 2023 and 2022 is as follows:

<b>Elements</b>	<b>Balance at 31 December 2021</b>	<b>Recognised in profit and loss</b>	<b>Recognised directly in the OCI</b>	<b>Balance at 31 December 2022</b>	<b>Recognised in profit and loss</b>	<b>Recognised directly in the OCI</b>	<b>Balance at 31 December 2023</b>
Property, plant and equipment – useful life	36,306	5,170	-	41,475	668	-	42,144
Property, plant and equipment – revaluation reserves	109,515	(12,561)	-	96,953	(9,612)	203,502	290,843
Property, plant and equipment financed by subsidies	(5,070)	(789)	-	(5,859)	(377)	-	(6,237)
Obligations regarding employee benefits	(12,044)	(1,911)	-	(13,955)	(1,761)	-	(15,716)
Interconnection estimate	(424)	(1,336)	-	(1,760)	(4,000)	-	(5,760)
Provisions for litigations	(5,040)	648	-	(4,392)	138	-	(4,254)
Inventory adjustments	(2,301)	(78)	-	(2,379)	162	-	(2,217)
Other elements	(14)	1	-	(13)	2	-	(11)
Production suppliers estimates	-	-	-	-	(2,448)	-	(2,448)
<b>Tax (assets)/liabilities</b>	<b>120,927</b>	<b>(10,857)</b>	<b>-</b>	<b>110,070</b>	<b>(17,228)</b>	<b>203,502</b>	<b>296,343</b>

	<b>Asset</b>		<b>Liability</b>		<b>Net</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Property, plant and equipment – useful life	(4,838)	(3,320)	46,981	44,795	42,144	41,475
Property, plant and equipment – revaluation reserves	(9,612)	(12,561)	300,455	109,515	290,843	96,953
Property, plant and equipment financed by subsidies	(741)	(969)	(5,495)	(4,890)	(6,237)	(5,859)
Obligations regarding employee benefits	(15,716)	(13,955)	-	-	(15,716)	(13,955)
Interconnection estimate	(5,760)	(1,760)	-	-	(5,760)	(1,760)
Provisions for litigations	(4,254)	(4,392)	-	-	(4,254)	(4,392)
Inventory adjustments	(2,217)	(2,379)	-	-	(2,217)	(2,379)
Other elements	(11)	(13)	-	-	(11)	(13)
Production suppliers estimates	(2,448)	-	-	-	(2,448)	-
<b>Net tax (assets)/liabilities</b>	<b>(45,597)</b>	<b>(39,349)</b>	<b>341,941</b>	<b>149,419</b>	<b>296,343</b>	<b>110,070</b>

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## 20. EARNINGS PER SHARE

As of December 31, 2023 and December 31, 2022, earnings per share are:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Result of the exercise from continuing operations</b>	<b>217,446</b>	<b>521,633</b>
Number of ordinary shares at beginning and end of period	73,303,142	73,303,142
<b>Basic and diluted earnings per share (lei/share)</b>	<b>2.97</b>	<b>7.12</b>

## 21. OTHER TAXES AND SOCIAL SECURITY CONTRIBUTIONS

At 31 December 2023 and 31 December 2022, other taxes and social security liabilities comprise:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Contribution to the social security funds	19,202	12,849
Payable VAT	1,991	1,105
Salary tax	3,463	2,355
Other tax payable	1,391	1,069
<b>Total</b>	<b>26,047</b>	<b>17,377</b>

As at 31 December 2023, the Group has liabilities for social security contributions, payroll tax and other taxes, which were paid in January 2024.

## 22. OPERATING REVENUES

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

The tariffs approved by ANRE for services provided on the electricity market are as follows:

	<u>Average tariff for transmission service</u>	<u>Tariff for system service</u>
Order No 67/25.05.2023 for the period 01 June - 31 December 2023		6.64 <sup>*)</sup>
Order No 144/21.12.2022 for the period 01 January - 31 May 2023		7.73
Order No 28/29.03.2023 for the period 01 April - 31 December 2023	31.20 <sup>**)</sup>	
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28.10	
Order No 33/23.03.2022 for the period 01 April - 31 December 2022	28.10	9.32
Order No 124/25.11.2021 for the period 01 January - 31 March 2022	23.96	9.32

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

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

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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 ( $T_L$ ).

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

	<u>2023</u>	<u>2022</u>
Quantity of electricity delivered to consumers (MWh)	50,394,667	52,175,075

The operating revenues realised in 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Transmission revenues	1,544,813	1,401,103
Revenues from the allocation of interconnection capacities	343,179	399,206
Revenues from reactive energy	8,060	891
Inter TSO Compensation (ITC) revenues	13,163	4,062
Revenues from transactions with own technological consumption	46,813	79,648
<b>Revenue from transmission service - total</b>	<b><u>1,956,027</u></b>	<b><u>1,884,909</u></b>
Revenues from system services	358,896	488,187
Revenues from unintentional/intentional exchanges FSKAR	-	147
Emergency energy assistance to neighboring	31,765	45,281
<b>Revenue from system services - total</b>	<b><u>390,661</u></b>	<b><u>533,616</u></b>
<b>Balancing market revenue</b>	<b><u>2,269,419</u></b>	<b><u>3,478,995</u></b>
Income from other benefits and other operating income	94,995	71,336
Grid losses anticipatory tariff income	13,735	338,527
<b>Other revenues</b>	<b><u>108,730</u></b>	<b><u>409,863</u></b>
<b>Total revenues</b>	<b><u>4,724,837</u></b>	<b><u>6,307,383</u></b>

*Revenue from transmission service*

Revenues from the transmission service increased in 2023 compared to 2022 by 143,710, due to the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), in the context of the decrease in the quantity of electricity delivered to consumers by 3.41%, i.e. by 1,780 MWh.

The decrease in the quantity of electricity delivered to consumers was influenced on the one hand by the increase in the price of primary fuels, which was reflected in the final price of electricity, and on the other hand by the average monthly temperatures, which systematically recorded positive anomalies and were generally above climatological norms.

*Revenue from the allocation of interconnection capacity*

Revenue from the allocation of interconnection capacity decreased in 2023 compared to 2022 by 56,027, corresponding to the level of utilisation of available interconnection capacity by traders in the electricity market.

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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 decrease during the period under review was influenced by the supply and demand pricing model. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. Auctions on the Romania-Serbia border, long-term auctions on the borders with Hungary and Bulgaria and daily auctions on the border with Moldova are explicit - only transmission capacity is auctioned, while 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).

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

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

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".

#### *Revenues from Inter TSO Compensation (ITC)*

The revenue recorded from the ITC mechanism comes mostly from scheduled electricity exchanges with the countries considered to be perimeter countries of the mechanism, i.e. 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, for the year 2023, the revenue recorded as a result of the ITC mechanism has increased by 9,100 compared to 2022, 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;
- In February and March 2022 trade with Ukraine was severely reduced due to the outbreak of armed conflict in the region, and trade with Moldova only started in October 2022;
- in June 2023, revenues of EUR 1,031,634 (estimated at RON 5,138) were (exceptionally) recorded from the monthly settlement, due to electricity flows transited in all countries participating in the mechanism.

#### *Revenues from OTC transactions*

Energy trading revenues for OTC 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

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administered by OPCOM and from the difference between forecast OTC and actual OTC achieved on the Balancing Market.

These revenues were lower in 2023 compared to 2022 by 32,835, as a large part of the required OTC was purchased on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals.

*Revenues from system services*

Revenues from system services decreased in 2023 compared to 2022 by 129,291, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the periods analysed, presented above) and to the decrease in the quantity of electricity delivered to consumers by 3.41%, i.e. by 1,780,408 MWh.

In accordance with the provisions of the regulatory framework issued by ANRE, the approved tariff for system services was modified during 2023 due to the application of the mechanism for correcting significant deviations from the forecast that was the basis for approving the tariff that came into force on 1 January 2023.

In 2023, system service revenues were lower by 140,289 compared to the system service purchase expenses realized.

*Revenues from emergency aid*

At the request of neighbouring TSO, during 2023, emergency aid totalling 31,765 was granted to Ukraine (May, June, July, August, November, December), the Republic of Moldova (August, December) and Serbia (May), to ensure the energy necessary to cover domestic consumption in these countries, against the background of armed conflicts on the territory of Ukraine, or accidental group shutdowns in neighbouring countries, etc.

*Revenue on the balancing market*

Revenues from the balancing market decreased significantly in 2023 compared to 2022, by 1,209,576, mainly due to the following:

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

*Revenues from capitalisation of own technological consumption (OTC)*

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.

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Thus, as of December 31, 2023, the Company has recorded OTC capitalization revenue in the amount of 13,735, representing additional OTC calculated as the difference between the net OTC acquisition cost and the OTC cost included in the regulatory tariff, for the period January 1 to December 31, 2023.

**23. SYSTEM OPERATION AND BALANCING MARKET EXPENSES**

The system operation and balancing market expenses incurred in 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Expenses on own technological consumption	519,731	827,588
Congestion expenses	90	343
Expenses for the electricity consumption in RET substations	37,669	39,592
Expenses regarding functional system services	-	31
ITC expenses (Inter TSO Compensation)	82,936	34,110
<b>Total expenses for operating the system</b>	<b>640,426</b>	<b>901,663</b>
Expenses regarding system services	499,185	466,608
Balancing market expenses	2,268,981	3,479,716
<b>Total</b>	<b>3,408,592</b>	<b>4,847,988</b>

*Expenses 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 307,857 in 2023 compared to 2022 due to a number of issues as follows:

- Due to its characteristics, the Own Technological Consumption in the Electricity Transmission Grid 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 interconnection lines with neighbouring power systems, and its value is very little to no controllable in the conditions of an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, the National Power Grid Company Transelectrica SA purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- Measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area, and the increase in the share of wind energy, in the context of an atypically warm winter, led to a decrease in both the consumption of quantities traded on the short-term markets and the energy prices on these markets. Thus, the average price of energy purchased on the DAM was significantly lower than the price in the same period of 2022.

*Congestion charges*

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

In the year 2023, congestion charges of 89,903 lei were recorded. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered at the Dispatchable Units connected in Tariverde station. Following the adverse weather events reported as Code Orange and Code Red, in the south-eastern area of the SEN, there were numerous incidents in the transmission grid, which made several transmission grid elements unavailable. On several occasions U1 and U2 Cernavodă NPP remained connected to the grid via a single link between the Dobrogea area and the rest of the SEN, which required a step-by-step reduction of production at U1 (from 680 MW to 450 MW and then to 370 MW), respectively the shutdown of U2 Cernavodă NPP load at 350 MW, followed by power reduction at both units to about 300 MW to ensure the operational safety of the NPP.

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*Expenses on electricity consumption in RET and RED stations*

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

These expenditures have decreased by 1,923 in 2023 compared to 2022.

*Expenses on Inter TSO Compensation (ITC)*

ITC charges are the monthly payment obligations/collection charges for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In 2023, this expenditure was 48,826 higher than in the same period of the previous year.

*Expenses 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 2023, 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 the Hydroelectric Power Production Company "Hidroelectrica" SA.

System services expenditure realised in 2023 of 499,185 was 32,577 higher than realised in 2022. The purchase prices of system services on the competitive market in 2023 remained around the values:

- the average purchase price of the secondary regulation reserve at 79.86 lei/MWh;
- the average purchase price of the fast tertiary regulation reserve, at increasing power, at the value of 37.84 lei/MWh;
- the average purchase price of the fast tertiary regulation reserve, at power reduction, at the value of 16.11 lei/MWh.

Also, in 2023 there was a high level of concentration in the secondary reserve system services market.

*Balancing market expenses*

The balancing market expenditure of 2,268,981 in 2023 was significantly lower by 1,210,735 compared to 2022. This expenditure results from the notifications/realisations of the participants in this market and is 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 the contracting in the markets prior to the balancing market is carried out.

**24. DEPRECIATION**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Expenses with the depreciation of the tangible and intangible fixed assets	263,765	258,228
Expenses with the depreciation of the intangible fixed assets – additional OTC	68,040	13,987
Expenses with the depreciation of the assets related to the rights of use of the leased assets	8,641	9,001
<b>Total</b>	<b>340,445</b>	<b>281,217</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.



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*Depreciation expenses of tangible and intangible assets* in the amount of 263,765 represents the depreciation recorded on the commissioning of investment works and the acceptance of assets.

*Depreciation expenses of intangible assets - additional OTC* in the amount of 68,040 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 on measures applicable to end customers in the electricity and natural gas market during 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, 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 to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised quarterly and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

*Depreciation expenses of intangible assets recognised under IFRS 16* in the amount of 8,641 (the Group operates partly in rented office premises). According to *IFRS 16 - Leases*, the right to use the premises rented by the Company in the Platinum office building at 2-4 Olteni Street and the two leases of the Subsidiaries is recognised 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 level of the monthly rent and is recorded under the indicator "depreciation and amortisation of tangible and intangible assets".

## 25. PERSONNEL COSTS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Personnel expenses	447,429	385,954
- of which expenses for employees' salaries	375,070	307,477

Total personnel expenditure in 2023 shows an increase compared to 2022, mainly due to:

- increase in personnel salary costs, social security costs, increase in costs for employee vouchers, costs related to mandate contracts (Directorate, Supervisory Board), in accordance with the applicable legal provisions;
- update the provisions made for executive and non-executive directors representing compensation under the mandate contracts concluded in 2020 for the period 2020-2024;
- update of the provisions made/release to income of part of the provisions made, together with the payment made for the TVSO certificates (TVSO = remuneration of executive and non-executive directors consisting of the variable component relating to the TVSO packages allocated and not used during the period of the mandates executed in the period 2013-2017), payments made on the basis of enforceable court judgments received by the Company;
- updating the provision for employee benefit obligations, as actuarially calculated.

### *ii) Number of employees*

On 31 December 2023 and 31 December 2022, the number of employees with individual employment contracts of indefinite duration is as follows:

<b>Number of employees</b>	<u>31 December 2023</u>	<u>31 December 2022</u>
Transelectrica SA	2,037	2,042
Smart SA	612	605
Teletrans SA	234	225

The accompanying notes form an integral part of these Consolidated Financial Statements.

**26. OTHER OPERATING EXPENSES**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Other expenses with services provided by third parties	128,417	59,495
Postal and telecommunication expenses	1,036	783
Expenses on rents	6,732	6,500
(Revenues)/ Expense net for impairment adjustments for current assets	105	(4,303)
Other expenses	74,415	34,163
<b>Total</b>	<b><u>210,705</u></b>	<b><u>96,637</u></b>

In the year 2023, this expenditure increased by 114,069 compared to the year 2022, mainly due to changes in certain expenditure items such as:

- increase in certain items of expenditure on services provided by third parties, i.e.: expenditure on civil protection and security, expenditure on Teletrans maintenance, expenditure on the implementation of pan-European codes, etc.;
- increase in (net) operating expenses by recording adjustments for impairment of receivables (JOINT ALLOCATION OFFICE SA - 30,005, ROMELECTRO SA - 24,045, OPCOM SA - 992, etc.);
- decrease in (net) operating expenses through the recording of inventory write-downs, with the reversal to revenues of inventory write-downs;
- increase in expenses with higher expenses with taxes, duties and similar payments mainly due to: the recording of expenses with transfers to the state budget following the action of recovery of unused and unsorted waste from dismantling of fixed assets belonging to the public domain of the State, within the framework of the refurbishment works of the stations; the recording of expenses with non-deductible VAT transferred to the state budget, calculated for the declassified investments and recognized on the operational costs of the Company; the recording of higher expenses with stamp duties related to court costs, etc.;
- recording (net) expenses from the revaluation of tangible assets following the revaluation of land, tangible assets, means of transport, recorded in the accounting records, for the purpose of establishing the fair value as well as the revision of the durations related to tangible assets as at 31.12.2023;
- recording of expenses related to TVSOs paid on the basis of enforceable court judgments (performance bonus related to TVSO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- recognition in the Company's operating costs, under other operating expenses not deductible for tax purposes, of two investment projects: "Implementation of an Electronic Filing and Document Management System within the National Power Grid Company Transelectrica SA " and "Consolidation, Modernisation and Extension of the the National Power Grid Company Transelectrica SA - Magheru Headquarters", including the reversal to revenues of the adjustment for impairment of the investment objective "Consolidation, Modernisation and Extension of the the National Power Grid Company Transelectrica SA - Magheru Headquarters";
- an increase in other items of expenditure: expenditure on goods (recovery of stocks obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, upgrading, modernisation, etc.), royalty expenditure, expenditure on international dues, etc.

The accompanying notes form an integral part of these Consolidated Financial Statements.

## 27. NET FINANCIAL RESULT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Interest revenues	6,479	3,058
Revenues from exchange rate differences	27,901	59,603
Other financial revenues	1,516	2,398
<b>Total financial revenues</b>	<b>35,896</b>	<b>65,058</b>
Interest expenses	(9,940)	(10,879)
Expenses from exchange rate differences	(27,910)	(62,371)
Other financial expenses	(404)	(21)
<b>Total financial expenses</b>	<b>(38,254)</b>	<b>(73,271)</b>
<b>Net financial result</b>	<b>(2,358)</b>	<b>(8,213)</b>

As at 31 December 2023, the Group recorded a net negative financial result in the amount of 2,358, due to the increase in interest expenses and the evolution of the exchange rate of the national currency against foreign currencies in which the Company has contracted bank loans to finance investment programmes (Euro).

As at 31 December 2023, in the total amount of 9,940 (interest expense), the amount of 796 represents interest calculated on fixed assets related to the rights of use of leased assets - buildings, in accordance with *IFRS 16 - Leases*.

The level of foreign exchange revenues and expenses was 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.

Other financial revenues/other financial expenses mainly represent the recording of Transelectrica's exit from the shareholding of SELENE CC, according to the sale-purchase agreement of shares issued by SELENE CC. On 08.02.2023, the amount mentioned in the contract was received in full by Transelectrica from the buyers under the contract, by bank transfer. Dividends were also received from the subsidiary OPCOM SA during the period under review in the total amount of 1,204.

The exchange rate of the national currency recorded on 31 December 2023 compared to that recorded on 31 December 2022 is as follows:

<b>Currency</b>	<u>31 December 2023</u>	<u>31 December 2022</u>
Lei / Euro	4.9746	4.9474

## 28. TAX FRAMEWORK

Romania's legislative and fiscal framework and its implementation in practice is frequently changing and is subject to different interpretations by various control bodies. Income tax returns are subject to review and correction by the tax authorities, generally for a period of five years after the date of their completion. Management believes that it has properly recorded the tax liability in the financial statements. However, there remains a risk that the tax authorities may take different positions on the interpretation of these matters. Their impact could not be determined at this date

## 29. COMMITMENTS AND CONTINGENCIES

### ➤ **Commitments**

As at 31 December 2023, the Company had commitments of 1,286,517 representing outstanding contracts for investment works relating to the modernisation and upgrading of the transmission network.

### ➤ **Land used by the Group**

In accordance with Company policy, the financial statements include only the value of land for which title certificates have been obtained at the date of the financial statements.

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According to Law no. 99/1999, if the Company obtains the certificate of ownership for a piece of land after privatization, the land will be considered as a contribution in kind of the Romanian State.

The Extraordinary General Meeting of Shareholders approved by Resolution no. 7/28.05.2020 the increase in principle of the share capital of the National Power Grid Company Transelectrica SA with the contribution in kind represented by the value of a number of 17 lands for which the Company has obtained the certificates of attestation of the right of ownership and the submission to the Trade Register Office of the Bucharest Court of Law and the proposal to appoint JPA Audit and Consultancy SRL as ANEVAR authorized appraiser for the valuation under the law of the contribution in kind which is the subject of the increase in share capital.

Following the validation by the ORCTB of the proposal of the General Meeting of Shareholders regarding the appraiser, JPA Audit and Consultancy Ltd. as ANEVAR authorized appraiser prepared and communicated to the Company the *Valuation Report no. 21278/10.05.2019*, updated by the Valuation Report no. 1158/10.01.2022 in which the fair value of the land as of 30.09.2021 is established.

By 31.12.2023 there were different opinions on the **application/interpretation of the relevant legislation, i.e. privatisation legislation and capital market legislation**, and the National Power Grid Company Transelectrica SA is objectively unable to increase the share capital by the value of the 17 land plots for which the Company has obtained certificates of ownership and for which the expert JPA Audit and Consultancy Ltd. has established a fair value.

➤ **Disputes in progress**

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

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

• **INDEPENDENT AUTHORITY FOR NUCLEAR ACTIVITIES (RAAN)**

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file no. **3616/101/2014** was recorded, involving the "claims in the amount of 1,091, value of invoice no. 1300215/31.12.2013", a file in which the Company is defendant and defendant being the Independent Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10 October 2014 by Mehedinti Tribunal admitted the request filed by defendant RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,091 Lei, the value of invoice 1300215/31.12.2013.

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

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

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

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

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Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,496,914, withheld from the payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,497 and did not register it as liability in the support scheme.

File **9089/101/2013/a152** pertains to contesting the additional Receivables Table against debtor RAAN, the litigated amount being 89,361 Lei.

Transelectrica SA was recorded in the table of debtor RAAN with only 11,265 Lei, under receivables resulting from continued activities of such debtor but the amount the Company requested was 89,361 Lei. The sum of 78,096 Lei was not registered in the preliminary receivables table because "it did not appear as owed amount in the accounting records of RAAN". Moreover, the judiciary liquidator considered the request to register the sum of 78,096 Lei in the table has been executed late as it pertained to 2011 – 2013, for which reason the receivable statement should have been made when the insolvency procedure had been instituted, namely on 18.09.2013. Contestation of the preliminary Receivables Table was submitted within the legal term and Mehedinti Tribunal admitted the accounting expertise evidence.

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

The settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019 was: It admitted the exception of decline. It partly admitted the main issue and associated contestation. It compelled defendant RAAN to pay to Plaintiff Transelectrica the amount of 16,950,117.14 Lei accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1 thousand Lei law court expenses to the Plaintiff. Appeal right was granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/20.06.2019.

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

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

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

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

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

At the 06.10.2022 hearing, 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 completion of the other liquidation operations and the following terms 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 four more files between RAAN and Transelectrica found under various stages of the proceedings.

• **COURT OF AUDITORS**

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

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

Transelectrica filed an appeal on 14.06.2019.

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

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

At the hearing on 26.05.2023, the request was allowed. Annulled in part Decision No 77/03.08.2017 in so far as it rejected point 6 of the Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point 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 Plaintiff’s costs in the total amount of 10, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Decision 920/26.05.2023.

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

In January-July 2020 Romania’s Court of Auditors was in control in all Territorial Transmission Units of CNTEE Transelectrica, and in 25.05-27.08.2020 such audit continued in the Company’s executive branch.

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CCR's audited issue was "control on the circumstances, development and administration of the state's public and private domains, and the legality of revenues achieved and expenses made in 2017-2019" in CNTEE Transelectrica SA.

The control action on the above-mentioned topic, started on 25.05.2020 at the executive headquarters of the Company, was suspended by the Court of Auditors due to the start of another control on the topic "control of the management of public resources during the state of emergency". The control started on 02.06.2020 and was completed on 26.06.2020.

The control report concluded by the CCR auditors on "Control of the management of public resources during the state of emergency", report registered in the Company under no. 24225/26.06.2020, did not find any deficiencies, therefore no Decision was issued ordering measures.

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

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

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

On the 10.12.2021 hearing, the CAB rejects the summon filed by the Company as groundless.

On 24 July 2023, the Company was notified of the decision, and on 10.08.2023 it filed an appeal with a term on **07.03.2024**, on which date it was dismissed as groundless by final decision no.1319/2024.

• **OPCOM**

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

By its application, the plaintiff the National Power Grid Company Transelectrica SA requested the court to order in its judgment:

- Order the defendant OPCOM SA to pay the amount of 4,517 thousand, relating to invoice number TEL 16 AAA no. 19533/29.07.2016, representing the equivalent of the VAT on the contribution made by the National Power Grid Company Transelectrica SA to the share capital of OPCOM SA, issued under 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 1,294 in respect of 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 invoice TEL 16 AAA No 19533/29.07.2016.

- order the defendant OPCOM SA to pay the costs.

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 deadline of 17.07.2020, the court issued the following summary decision: suspends the case until the final resolution of the case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final).

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

The accompanying notes form an integral part of these Consolidated Financial Statements.

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At that time, after the appeal, the court gave the parties the floor on the "plea of limitation of the substantive right of action". After the oral submissions of the parties on this objection, the court stayed the ruling on it and adjourned the hearing until 3 December 2021.

On 03.12.2021, the Bucharest Court of Justice rendered the following summary decision: "Admit the exception of the limitation of the substantive right of action. Dismisses the action as time-barred. Document: Decision 3021/2021 03.12.2021".

The company appealed. The court dismisses the appeal as groundless. Orders the appellant to pay the respondent the sum of 11 in respect of costs. With appeal within 30 days from the communication of the decision 1532/12.10.2022. Transelectrica appealed against Civil Decision No 1532/12.10.2022 of the CAB.

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

Thus, on 19.09.2023, the appeal was admitted at the ICCJ, the decision 1532/12.10.2022 was annulled and the case was sent for a new trial to the same court. Final.

The Bucharest Court of Justice is hearing case no. **24242/3/2021**, in which OPCOM SA is the plaintiff and the National Power Grid Company 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 the National Power Grid Company Transelectrica SA from the IBRD, based on loan contract no. 7181RO/17.07.2003, and from the National Power Grid Company Transelectrica SA's own sources, which were carried out on the basis of service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by EGMS Resolution no. 6/15.06.2016 and, subsequently, AGOA Resolution no. 2/25.05.2017 and AGOA Resolution no. 7/24.05.2018.

At the trial date of 11.04.2022, the court put to the parties the objections raised by the National Power Grid Company Transelectrica SA in its statement of defence. The evidence proposed to be taken in this case was also discussed at this hearing. The Court adjourned the case to the deadline set for 22.11.2022, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several adjournments, the next deadline is set for 27.06.2023 for the missing expert report. At the deadline 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.

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

- **CONAID COMPANY SRL**

In 2013 Conaid Company SRL sued CNTEE for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensations for the expenses incurred up to that date amounting to 17,420 Lei and for unrealised profits in 2013-2033 amounting to 722,76 mil EUR. To date the Company has not concluded an addendum to the connection contract because the suspensive terms included in the contract were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File **5302/2/2013** was found on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, and pertained to an obligation to issue an administrative deed; law court stage – appeal and hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and set a hearing term of such appeals, for the main issue, on 08 April 2016. Panel 4 was entrusted to summon the parties.

The accompanying notes form an integral part of these Consolidated Financial Statements.



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

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

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

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

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

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

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

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

After several deferrals, at the hearing of **03.01.2024** the TMB admits the exception of the limitation of the material right to action, invoked by the statement of defence. Dismisses the claim as time-barred. With appeal within 30 days from the communication. Decision 4/2024.

• **ROMENERGY INDUSTRY**

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

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

On 11.05.2020 judgment was lawfully suspended during the emergency state instituted in Romania.

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

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

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

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

At the hearing of 12.12.2022, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating partner Bica Rosana. On the basis of Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the deletion of the debtor company from the commercial register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. With the right of appeal within 7 days of notification by the BPI.

On 06.04.2023, the appeal against Decision No. 293/F/2022 of the Alba Court in case No. 2088/107/2016 was dismissed. Definitive. Decision no. 134/06.04.2023.

• **MUNICIPALITY OF REȘIȚA**

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

- 2,130, representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,130, representing the land rent for 2016;
- 2,130, representing the land rent for 2018;
- 2,130, representing the land rent for 2019;
- 2,130, representing the land rent for 2020;
- 2,130, representing the land rent for 2021;
- Legal penalty interest from due date until actual payment.

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

On the hearing term of 25.10.2019 the exception is admitted of territorial incompetence of Bucharest Tribunal. It declined the settlement competence of this case in favour of Caras-Severin Tribunal. It ascertains the occurrence of a negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspended the case and referred the file to the High Court of Cassation and Justice, in order to settle the negative competence conflict. No appeal was granted. Ruling 2376/25.10.2019.

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

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File **2494/115/2018\*\***. Hearing: 22.03.2021 at the Court of Caras Severin. Settlement: Suspends the judgment of the summons filed by Plaintiff Resita City through the Mayor in contradiction with the defendant National Power Grid Company Transelectrica SA pertaining to claims, according to article 413 para (1) pt. 1 Civil Procedural Code. Appeal granted during the entire judgment suspension, to the higher instance.

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

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

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

At the hearing of 22.02.2024, the court adjourns the case to **14.03.2024**, 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 notice under art. 229 of the Civil Procedure Code, in the presence of their representatives.

- **ANAF**

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

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

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

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

ANAF's Tax inspection report mainly records the following additional payment liabilities: corporate tax amounting to 13,727 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office in the Millennium Business Centre from 2-4, Armand Calinescu Street, Bucharest 2, where the company carried out its activity), documents under special regime.

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

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

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

The Company requested cancellation of the enforcement title 13540/22.08.2017 from the Appeal Court, under file **7141/2/2017**. Settlement in brief: it admitted the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declined the material competence of case settlement in favour of Law Court of

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Bucharest 1; no appeal granted. It was pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

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

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

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

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

On the 06.11.2018 session term the court admitted the administration of the expertise evidence, in the accounting - fiscal specific domain.

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

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

At the 20.10.2020 term it admitted in part the request with the following settlement in brief: the suspended requests were partly admitted, Ruling 122/13.03.2018 was partly cancelled with respect to settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations; Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers; Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, and the Fiscal Inspection Report F-MC 222 concluded on 30.06.2017, which were used as grounds in issuing the taxation decision, meaning that:

- it removed the obligation to pay the profit tax amounting to 18,522, the VAT amounting to 5,695 and fiscal accessories pertaining to such main fiscal debits in quantum of 48,437, and the fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the Plaintiff's management;
- it cancelled the non-deductible nature of 27,002 in the calculation of taxable income, which represent system technological services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit, and it compelled payment of the main fiscal liabilities and accessories associated to such amount;
- it cancelled the non-deductible nature of 344 in the calculation of taxable income, representing "services for weeds removal" and it compelled payment of main fiscal receivables and accessories related to such amount;
- it cancelled the non-deductible nature of 230,685 in the calculation of taxable income, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables related to such amount;
- it cancelled the non-deductible nature of VAT in quantum of 46 associated to 344 representing "weeds removal services" and the payment liability of main fiscal receivables related to such amount;
- it cancelled the non-deductible nature of VAT in quantum of 38 associated to 231, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables and accessories related to such amount;
- it cancelled the mention regarding the obligation of the Transmission Branch Sibiu within CNTEE Transelectrica SA to register 577 as taxable revenue on 30.06.2010 at the latest, date when the

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verified unit was accepted to be recorded in the creditors' table by such amount, mention regarding the nature of taxable revenue when calculating the profit for 577 in accordance with the provisions of article 19 para 1 from Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with pt. 23 let. d of GD 44/2004 including the Methodological Norms to apply Law 571/2003; the chapter regarding the income tax, namely Chapter VII Accounts operation of Order 3055 / 29 October 2009 approving the Accounting Regulations complying with European directives and the payment liability of main fiscal receivables and accessories related to such amount;

- in the Minutes it cancelled the ascertainment with respect to "determining the deductible value added tax to a lower value than that registered by the Plaintiff, thus resulting a difference in sum of 13" (annex 15), and the payment liability of main fiscal receivables and accessories related to such amount;
- it cancelled the payment liability of delay penalties which have a sanctioning juridical regime, calculated for more than 6 months from the beginning date of fiscal inspection with respect to the main fiscal liabilities maintained by the law court in this ruling, as established by Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations.

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

The parties filed an appeal in March 2022.

On 12.04.2022, the Bucharest Court of Appeal defers 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 hearing of 24.05.2022, CAB rejects as groundless the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in so far as it states that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated to be correct by way of principal and ancillary tax liabilities. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested ruling. Appeal within 15 days of notification.

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

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 quashed 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

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severally liable at the sum of 6,000 lei, representing the fee for the expert's report in the field of accounting and taxation. Maintained the other provisions of civil judgment no. 382 of 20 October 2020. Maintained the appeals filed by the plaintiff Transelectrica and the defendant Direcția Generală de Administrare a Marilor Contribuabili 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 it annulled the Tax Decision no. F-MC 439/30.06.2017; - annulled the main tax obligations established for 2005 and the related accessory ones, 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. Maintained 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 as costs of the appeal. Definitive. Ruling 6169/20.12.2023.

*The company is involved in dispute against SMART and Teletrans subsidiaries as follows:*

**I. disputes against SMART SA subsidiary**

- **Case no. 48509/3/2017, renumbered on CAB 8860/2/0222 - Bucharest Tribunal / Bucharest Court of Appeal**

**Re:** the National Power Grid Company Transelectrica SA requests by action that SMART SA be ordered regarding:

- the repayment to Transelectrica of the sum of 7,652, plus VAT, by way of damages suffered by the Company as a result of the unjust enrichment of the defendant, primarily as a result of unjust enrichment, and as an undue payment, secondarily;
- order the defendant to pay the unrealised benefits in respect of the amount paid by way of unjust enrichment, principally, and as an undue payment, secondarily, calculated from the date on which the undersigned made the undue payments to the defendant until the date on which the matter was brought before the court, in the amount of 2 773, and order the defendant to continue to pay the unrealised benefits until the date on which the defendant actually repays the principal sum.

**Status of the case:** dismiss the application as groundless. With right of appeal within 30 days from communication, the appeal request to be filed at the Bucharest Court - Civil Section VI. Pronounced by making the decision available to the parties through the court registry. Document: Decision 741/12.04.2022. Transelectrica filed an appeal, which was reclassified as an appeal and the case was given the number 8860/2/2022. CAB decision: dismissed the appeal as groundless. Definitive. Ruling 194/16.05.2023.

**Observations on the circumstances of the initiation of the action:**

From 16.01.2017 to 26.05.2017, the Company was subject to an audit by the Court of Accounts of Romania, carried out by a team of external public auditors from Department IV of the Court of Auditors. Following this audit, the audit report registered at the Company under no.19211 dated 26.05.2017 was concluded, which was contested by the Company, and subsequently the Court of Auditors issued Decision no. 8/27.06.2017.

On pages 116-117 of the Audit Report, item 9, the Court of Auditors' Audit Team notes that in 2014, under contract C57/31.01.2012, Transmission Branches: Bucharest, Pitești, Sibiu and Constanța of the National Power Grid Company Transelectrica SA, on the basis of orders for replacement works of 220kv, 110kv and 245 kv circuit breakers, accepted for payment invoices (with attached payment statements certified by the Transmission Branches and Smart Branches) and statements of works drawn up by the Smart Branches, in which, under the category of materials, the switches purchased at overvalued prices were included, to which were added indirect expenses of 30% and profit of 5%, which led to the inefficient use of funds in the estimated amount of 7.652.

- **Case no. 40958/3/2016 - Bucharest Court**

**Subject matter:**

Transelectrica, as Plaintiff, requests that SMART SA be ordered to pay the amount of 2,797, including VAT + 1,212, as accessories.

**Status of the case:**

Ruling of TMB: The exception of invoking the statute of limitation of the right of action raised by the defendant was maintained. The action was dismissed as time-barred. The Plaintiff's claim that the defendant should pay the costs was dismissed as groundless. Appeal within 30 days of service. Document: Decision 2667/2021 of 29.10.2021.

Decision of CAB 10.05.2022 : Dismiss the appeal as groundless.

Transelectrica filed an appeal on 16.06.2022, which was admitted in principle and has a hearing on 01.11.2023. ICCJ decision: dismissed as groundless the appeal filed by the appellant-Plaintiff Company against civil decision no. 743/A/10.05.2022, rendered by the Bucharest Court of Appeal - Fifth Civil Section. Final.

- **Case no. 24360/3/2020 - Bucharest Court**

**Subject matter:**

SMART SA requested that Transelectrica be ordered to pay the sum of 14.75 thousand euros + VAT, cval. 38 concrete foundations, 98,28 thousand euro + VAT, additional works for the execution of canals, 112 + VAT, Mecano type gratings, legal interest.

**Status of the case:**

Ruling of TMB: the exception of limitation of action was admitted. The objection of inadmissibility was qualified as a substantive defence. The action was dismissed as time-barred, substantive right of action. With a right to appeal within 30 days of communication to the parties. The appeal is to be filed at the seat of the Bucharest Court, Civil Division VI. Delivered on 10 May 2021 in open court. Document: Decision 1263/2021; SMART has filed an appeal.

Decision of CAB in brief: The appeal was allowed. The judgment under appeal was annulled and, evoking the merits, the exception of limitation of action of the substantive right of action was admitted. The action was dismissed as time-barred. The appellant's application that the defendant be ordered to pay the costs was dismissed. With appeal within 30 days of communication. The appeal shall be filed with the CAB - Sixth Civil Division. Delivered in open court on 11.02.2022. Document: Decision 247/2022;

SMART SA appealed to the ICCJ. Solution on 11.10.2022: The appeal filed by the appellant-Plaintiff SMART SA against civil decision no. 247 A of 11 February 2022, rendered by the Bucharest Court of Appeal - Civil Section VI was annulled. Definitive.

- **Case no.51633/299/2021 - Bucharest Court**

**Subject matter:**

SMART SA requested that Transelectrica be ordered to pay the sum of 118 thousand + VAT, representing "expenses for assistance services, incurred on behalf of the Company as well as the payment of unrealised benefits (legal interest).

**Status of the case:**

Ruling of the Court of Sector 3 Bucharest: Dismisses the claim as groundless. With right of appeal within 30 days of communication. Document: Decision 6134/2022 21.06.2022.

On 02.11.2022 SMART SA filed an appeal against the civil judgment no.6134/21.06.2022 pronounced by the Bucharest Sector 3 Court. The case was registered with the Bucharest Court. **Trial date: 11.09.2024**

- **Case no.15561/3/2022 - Bucharest Court**

The accompanying notes form an integral part of these Consolidated Financial Statements.

**Subject matter:**

SMART SA requested that Transelectrica be ordered to pay the sum of EUR 4.47 million for the performance of an administrative contract.

**Status of the case:**

Trial date for judgment: **04.04.2024.**

**II. Disputes against the subsidiary TELETRANS SA**

- **Case no. 16216/3/2017 registered at the Bucharest Court - Civil Section VI**

**The case was given a new number 153/2/2021 at the CAB - Administrative and Fiscal Court**

**Subject matter:**

By its writ of summons, Teletrans S.A. claims that the Court should

- Declare that the services covered by contract 03/2007, as amended, have been fully performed;
- In the alternative, find that the services covered by contract 03/2007, as amended, were provided and accepted in part;
- Order Transelectrica to pay the sum of 4 649, plus VAT of 883, representing the value of invoices No 115/2017, No 123/2017 to No 143/2017;
- Order Transelectrica to pay the sum of EUR 214 000 plus VAT, at the exchange rate on the date of issue of the invoices, representing the value of the services provided and accepted in part for the contractual period May 2014 to November 2016, 'in the alternative if head II of the application is upheld and not head I of the application';

**Status of the case:**

Decision in brief: The exception invoking the statute of limitation relating to the tax invoices for February to March 2014 is granted. The claim relating to invoices No 115/01.03.2015 and No 123/01.03.2017 is dismissed as time-barred. Dismisses the remainder of the action as groundless. Appeal within 30 days of notification. The appeal is filed with the Bucharest Court - Civil Section VI. Delivered in public hearing today, 22.04.2019. Document: Ruling 1064/2019 22.04.2019.

Teletrans has filed an appeal. CAB solution: the objection to the invalidity of the appeal was admitted. The appeal is declared null and void. The appellant's application for an order that the respondent pay the costs was dismissed. Definitive. Document: Ruling 431/17.11.2023.

**Observations on the circumstances of the initiation of the dispute:**

Following the audit carried out in January-March 2017 at Teletrans, the Court of Auditors found that Teletrans has not recovered and collected from Transelectrica the amount of money requested by the action described above.

Contact C03/2007 makes the issuance and acceptance for payment of invoices conditional upon confirmation by our Company's representatives, at branch and executive level, of the services referred to in each report issued by the complainant.

As a result of Teletrans SA's inadequate performance of the services contracted under C03/2007, the local minutes of receipt of services were not endorsed by most of the Transmission Branches, which is why the Directorates implementing contract C03/2007 did not approve the monthly centralised minutes of receipt either.

➤ **OTHERS**

The company is involved in significant dispute, in particular for liability 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).



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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 dispute with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between the Company and them. The Company has made provision for these disputes.

➤ **Subsidiary Control**

**SMART SA**

**ANAF-DGAMC control**

On 19.10.2022, the partial tax inspection started, with the objectives - verification of the legality and conformity of tax returns and/or transactions relevant for the tax inspection, of the correctness and accuracy of the fulfilment of obligations in relation to the establishment of tax bases and main tax obligations concerning:

- Value added tax in the period 01/01/2017-31/12/2021
- Income tax for the period 01/01/2017-31/12/2021
- Verifying compliance with tax and accounting legislation
- Verifying other tax-relevant issues, if relevant to the application of accounting tax law.

As a result of this control on 19.06.2023 were issued: tax inspection report F-MC\_107, tax assessment decision F-MC\_177 which established tax liabilities in the form of additional taxable base in the amount of 29,268 and related corporate income tax in the amount of 4,683 as well as the decision on the unchanged tax base F-MC-178.

**Ministry of Finance - DGIEF**

On 05.07.2023, the Ministry of Finance, through the General Directorate for Economic and Financial Inspection, carried out an inspection at the SMART subsidiary to verify the issues raised by the Romanian Government through the Prime Minister's Inspection Corps, according to address 2736/05.08.2020. The inspection was carried out on the basis of GEO 94/2011, Decision 101/2012, the period inspected being 01.01.2018 - 2023.

➤ **Guarantees**

At 31 December 2023 and 31 December 2022 the guarantees are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Guarantees granted, of which:	<b>553,784</b>	<b>624,377</b>
- letters of guarantee granted - production	160,144	152,870
- letters of guarantee granted - investments	43,639	64,007
- other guarantees granted	350,000	407,500
Guarantees received, of which:	<b>854,876</b>	<b>827,377</b>
- letters of guarantee received - production	395,894	388,086
- letters of guarantee received - investments	411,183	390,981
- other guarantees received	47,799	48,310

**Guarantees granted**

The company has the obligation, according to the Operating Licence no. 161/2000 for the provision of electricity transmission services and system balancing services, granted by the Decision of the President of ANRE no. 865/22.12.2000, with subsequent amendments and additions, to establish and maintain a financial guarantee of 1% of the turnover associated with the activities authorised by the licence, relating to the last completed financial year, ensuring the continuity of the activities covered by the licence, taking into account the major risks that may affect these activities and covering any damages claimed under the

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contractual provisions concluded. In order to comply with this obligation. The Company has concluded on 01.02.2022 a credit agreement with the Romanian Commercial Bank having as object the granting of a ceiling for the issuance of bank guarantee letters in the amount of 23,268 with validity in the period 01.01.2022-31.12.2022.

On 24.11.2022, the Addendum no. 1 to the credit agreement concluded with Romanian Commercial Bank was concluded, the purpose of which was to grant a ceiling for the issuance of bank guarantee letters, increasing the ceiling amount to 37,026 and extending its validity until 31.12.2023.

On 18.12.2023, the Addendum no. 2 to the credit agreement concluded with the Romanian Commercial Bank was concluded, having as object the granting of a ceiling for the issuance of bank guarantee letters, by which the ceiling amount was increased to 59,014 and the validity was extended until 31.12.2024.

The other guarantees granted are mainly bank letters of guarantee issued for the purchase of electricity to cover Own Technological Consumption (OTC) on the centralised markets administered by OPCOM - Central Market for Bilateral Electricity Contracts - the extended auction trading modality and the use of products ensuring trading flexibility (PCCB-LE-flex), the continuous trading mode (PCCB-NC), the centralised market with continuous double trading of bilateral electricity contracts (PC-OTC), the Day-ahead Market (DAM) and the Intra-day Market (IDM), as well as commitments/guarantees granted in relation to outstanding loan contracts for investment activity.

Other guarantees granted represent contracts assigned to guarantee credit lines contracted for the cogeneration support scheme and for working capital.

#### **Guarantees received**

The guarantees received are mainly represented by bank letters of guarantee of good payment relating to contracts concluded on the electricity market, letters of guarantee of good performance, letters of guarantee of advance/good performance relating to investment contracts and other guarantees received under contracts financed from the feed-in tariff.

#### **e) Revaluation reserves at 31 December 2023**

As at 31 December 2023, the revaluation reserves, net of tax, amount to 1,738,703 (31 December 2022: 734,233).

As from 1 May 2009, reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenditure on assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be.

Reserves realised are taxable in the future in the event of a change in the purpose of the reserves in any form, in the event of liquidation, merger of the company including its use to cover accounting losses, except for the transfer after 1 May 2009 of the reserves mentioned in the previous paragraph.

#### **f) Tariff for electricity transmission service and system service**

The electricity transmission tariff is set on the basis of a "revenue cap" regulatory methodology. Through this, ANRE sets an initial annual target revenue calculated by adding regulated costs and the regulated return on recognised assets. Certain costs included in the regulated cost base are subject to efficiency requirements that limit the level of expenditure that can be recovered through the regulated tariff (controllable operating and maintenance costs, own technology consumption). The annual target revenue series calculated for a regulatory period is reprofiled through a linearisation procedure in order to mitigate possible large increases/decreases in revenue from one tariff year to the next. The reprofiled revenue is adjusted annually by the consumer price index.

Certain changes to the charging mechanism may have a significant impact on the recovery of regulated depreciation of fixed assets included in the regulated asset base.

The year 2023 is the fourth in the series of five consecutive years that comprise the fourth multiannual tariff regulation period for electricity transmission activity (1 January 2020 - 31 December 2024). The main

coordinates of this regulatory period were established by ANRE on the basis of the specific regulatory framework, namely the methodology for setting the tariff for electricity transmission activity. Compared to the previous forms of the methodology on the basis of which tariffs were set in the previous regulatory period (1 July 2014 - 30 June 2019) and in the transition period from the previous regulatory period to the current regulatory period (1 July 2019 - 31 December 2019), the methodology applicable to setting tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements of the regulated income and the manner in which it is formed, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the presence and nature of incentives, the collection of regulated revenues), these have remained unchanged, ensuring the continuity and predictability of the regulatory framework. The detailed tariff settings for the entire current multi-year regulatory period were initially set during 2019.

During 2020, in line with the applicable methodology, a review of the previously approved period coordinates took place. This revision was also necessary in view of the change in the tariff configuration in the sense of merging the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merging of the two tariffs has taken place by absorbing into the transmission tariff the tariff for the functional services component of the system service activity. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and approved cost scheduling for the regulatory period horizon to include the assets and costs related to the system functional service activity in the starting settings and multi-year scheduling of the fourth regulatory period. Previously, the cost schedule for system functional services activity was reviewed and set annually when the system functional services tariff was approved, as the previous methodology did not provide for the establishment and approval of a multi-year schedule for these costs.

In addition to the merger of the two tariffs mentioned above, certain items originally approved for transmission activity, such as the investment plan (revised slightly downwards to rectify a technical error in the original scheduling - the schedule values were originally reported in nominal terms), were also included in the process of revising the regulatory period coordinates, for programming purposes it was necessary to adjust the originally reported values by extracting the estimated inflation for the regulatory period), the value of the Regulated Asset Base as at 1 January 2020 (revised based on investments actually made in the second half of 2019), the starting point and efficiency slope imposed for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs incurred in the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified as uncontrollable costs in the fourth regulatory period, efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation achieved in the second half of 2019).

In the context of the significant increase in electricity prices on wholesale markets from the summer of 2021, a series of measures have been implemented in the legislative and regulatory framework aimed at mitigating the significant impact of this development on the costs incurred by public electricity transmission and distribution network operators with the purchase from the wholesale market of the energy needed to cover their own technological consumption in the networks:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that came into force on 1 January 2022, the revenue component included in the tariff to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased from the amount initially set for 2022 in the multiannual cost programming for the 2020-2024 regulatory period;
- In accordance with the legislative framework (GEO no. 27/2022), on 1 April 2022 the electricity transmission tariff was amended upwards compared to the period 1 January - 31 March 2022, with extended applicability to the first quarter of 2023. This tariff increase was intended to ensure the recovery by the Company of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased from the wholesale market to cover its own technological consumption in the transmission network. This measure brought forward the process of recovering

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the deficit in 2021, which according to ANRE regulations would have been achieved one year later, i.e. in 2023;

- in accordance with the legislative framework (GEO No 119/2022), the measure of capitalisation of additional costs of own technological consumption, i.e. the difference between the realised cost and the cost included in the transmission tariff, has been introduced. Thus, when setting the transmission tariff applicable for the period 1 April 2023 - 31 December 2023, the component relating to additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period 1 April 2022 - 31 March 2023. Recovery through the transmission tariff of this difference is to be phased in over a five-year period. For the difference capitalised in 2022, recovery through the transmission tariff will be achieved over the period 2023-2027.
- By Law no.357/13.12.2022 on the approval of GEO no. 119/2022, the capitalization measure was extended for the period 1 January 2022 - 31 March 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, in the context of a significant increase in the costs of its own technological consumption amidst the sharp rise in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, implemented on 1 January 2022, 1 April 2022 and 1 April 2023, also helped to reduce the pressure that increased costs put on cash flows.

• **Transmission tariff (transmission service + system functional service)**

	Tariff applied for 01 April 2022- 31 March 2023 (lei/MWh), according to ANRE Order no. 33/2022, of which:	Tariff from 01 April 2023-31 December 2023 (lei/MWh), according to ANRE Order no. 28/2023, of which:		
		Main component (lei/MWh)	Component related to additional costs with OTC (lei/MWh)	Applicable tariff
(1)	(2)	(3)	(4)	(5)=(3)+(4)
Average tariff for electricity transmission service	<b>28.10</b>	28.61	2.59	<b>31.20</b>
<i>Transmission Tariff - the feed-in component</i>	<b>2.53</b>	3.35	0.69	<b>4.04</b>
<i>Transmission Tariff - the component of electricity withdrawal from the grid</i>	<b>25.57</b>	25.50	1.94	<b>27.44</b>

• **System service charge**

	U.M	Tariff applied for 1 January 2023 - 31 May 2023 (approved by ANRE Order no. 144/2022)	Tariff applied 1 June 2023- 31 December 2023 (approved by ANRE Order no. 67/2023)
System service	lei/MWh	7.73	6.64

**(g) Contingencies**

At 31 December 2023, **contingent liabilities amount to 36,762 lei**. These relate to disputes concerning claims for additional costs following the increase in the minimum wage in the construction sector for investment contracts.

- *File no. 20780/3/2020 – Plaintiff ENERGOMONTAJ SA (7.092)*

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

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

At the hearing on 24.04.2023, the summary judgment is: "Admit in part the application for the summons brought by the claimant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the claimant the amount of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the amount of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the request as groundless. Orders the defendant to pay the claimant the amount of 171,104.06 lei as legal costs. With right of appeal within 10 days of communication. The request to appeal shall be submitted with the Bucharest Court, Civil Division VI. Pronounced by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023."

Transelectrica has appealed. Hearing date set for 27.10.2023.

At the term of 27.10.2023: the Bucharest Court of Appeal admits the appeal filed by the defendant-appellant National Power Grid Company Transelectrica S.A. against the sentence no. 1035/24.04.2023, pronounced in the case no.20780/3/2020 by the Bucharest Court - Civil Section VI. Reverses the judgment under appeal in its entirety in so far as it dismisses, as groundless, the claim brought by the plaintiff Electromontaj S.A. against the defendant National Power Grid Company Transelectrica S.A., as stated. Orders the defendant-appellant Electromontaj S.A. to pay to the defendant-appellant National Power Grid Company Transelectrica S.A. the amount of 39,787.82 lei by way of costs of the appeal. Dismisses, as groundless, the appeal brought against the same decision by the appellant-plaintiff Electromontaj S.A. Dismisses, as groundless, the appellant-plaintiff's application for costs on appeal. The appeal is final.

ENERGOMONTAJ SA filed an application for review and an appeal for annulment, and at the trial date is set for 12.01.2024: Dismisses, as groundless, the application for rectification of a material error filed by the appellant-plaintiff Electromontaj SA.

- *File No 25896/3/2020 - Plaintiff Electromontaj București (10.000)*

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

Hearing term: 25.08.2022 - submission of expert report.

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

In view of the absence of the expert's report, the case is adjourned.

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

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

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After several adjournments at the hearing of 18.01.2024: TMB Dismisses the action as groundless. With right of appeal within 10 days of communication. The request for appeal is filed with the Bucharest Court, Civil Section VI.

- *Case No 27001/3/2021 - Plaintiff Romelectro (3.524)*

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

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

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

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

At the hearing of 19.01.2024, the summary decision is: Dismiss the application for suspension under Article 242 of the Code of Civil Procedure as groundless. Grant a hearing for the continuation of the trial on **15.03.2024**.

- *File No 22368/3/2021 - Plaintiff Romelectro (2.276)*

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 Focșani West station.

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

Romelectro has filed an appeal.

At the hearing on 29.02.2024, the CAB dismisses the appeal as groundless. Definitive. Definitive. Delivered by making the decision available to the parties by the court registry today, 29.02.2024. Document: Decision 358/2024 29.02.2024.

- *File No 30801/3/2021 - Plaintiff Romelectro (2.271)*

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

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

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

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

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

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

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

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

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

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

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

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

After several adjournments of the case, at the hearing of 12.01.2024, the solution in brief is: granting of a hearing on 08.03.2024 to take note of the content of the expert report.

At the hearing on 08.03.2024, the case is adjourned and the hearing is set for **05.04.2024**.

- *Case No 37332/3/2021 - Plaintiff Romelectro (4.434)*

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

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

- *File No 8193/3/2022 - Plaintiff Tempos Sev (2.437)*

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

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

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

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

At the hearing on 08.12.2023, a trial date is set for **22.03.2024** for the submission of expert evidence..

- *File No 8442/3/2022 - Plaintiff Tempos Sev (1.430)*

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

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

- *Case No 8440/3/2022 - Plaintiff Tempos Sev (2.437)*

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

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

At the hearing on 08.11.2022, the case is adjourned.

The case was reinstated and a trial date is set for 12.09.2023.

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

At the hearing 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 - Plaintiff ELM Electromontaj Cluj (402)*

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

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

The company appealed. The Court dismisses the appeal filed by the appellant C.N.T.C.E.E. T. SA against civil judgment no. 2039 delivered on 22.10.2021 in casefile no. 527/1285/2021 of the Cluj Specialised Court, which it upholds in its entirety. Orders the appellant to pay the respondent E.E.C. SA the amount of 332.74 lei by way of costs on appeal. The decision is final and enforceable. Delivered on 10.10.2022, with the decision being made available to the parties by the registry of the court.

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



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- *Control of the Court of Auditors of Romania*

As of 04 September 2023, the Court of Auditors, through Department IV, is conducting a compliance audit mission at the National Power Grid Company Transelectrica SA . The scope of the audit being:

- contracting and procurement;
- salaries and other rights granted to the Company's personnel.

The subject of the compliance audit is *"the situation, development and management of public and private state assets, as well as the legality of the realization of revenues and expenditure for the period 2020-2022"* at the National Power Grid Company Transelectrica SA . The audit described above has not been completed at the date of preparation of these financial statements.

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

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.

### 30. AFFILIATED PARTIES

#### i) *Related parties - main economic and financial indicators achieved by the Company's Subsidiaries as of 31.12.2022*

The main economic and financial indicators achieved by the Company's subsidiaries as at 31 December 2022 (the last financial year for which the subsidiaries' financial statements have been approved) are as follows:

Indicators name	<u>OPCOM</u>	<u>FORMENERG</u>
Turnover	30,558	3,000
Gross profit/loss	1,683	(779)
Subscribed share capital	31,366	1,948
Unsubscribed share capital	-	-
Reserves	9,905	250
Total shareholders' equities	47,396	2,681

#### ii) *Related parties - transactions with Company-owned Subsidiaries*

As of December 31, 2023 and December 31, 2022, balances with subsidiaries held by the Company are detailed as follows:

Affiliated entity	<u>Trade receivables</u>		<u>Trade liabilities</u>	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
FORMENERG SA	-	-	-	-
OPCOM SA	137,025	654,372	170,044	647,260
<b>TOTAL</b>	<b>137,025</b>	<b>654,372</b>	<b>170,044</b>	<b>647,260</b>

Transactions carried out in 2023 and 2022 with its subsidiaries are detailed as follows:

Affiliated entity	<u>Sales</u>		<u>Procurements</u>	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
FORMENERG SA	-	-	85	38.9
OPCOM SA	1,443,107	6,971,351	3,241,883	2,069,010
<b>TOTAL</b>	<b>1,443,107</b>	<b>6,971,351</b>	<b>3,241,968</b>	<b>2,069,049</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

During 2023, the Company received dividends from its subsidiary OPCOM SA in the total amount of 1,204.

**iii) Related parties - transactions with other state-owned companies**

The company is a majority state-owned entity.

The value of the Company's transactions with entities controlled by the State or over which the State exercises significant influence represents a significant portion of the sales and purchases recorded in the year ended 31 December 2023.

As described in Note 1 ("Legislative Environment"), the Company's activities are regulated by ANRE. Also, as described in Note 3 (b), under the Concession Contract, an annual fee is paid, calculated as 4/1000 of the value of the gross revenues from electricity transmission and transit operations through the national transmission systems, which are in public ownership of the State.

**iv) Related parties - companies in which the National Power Grid Company Transelectrica holds shares**

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.

**31. COMPANY MANAGEMENT SALARIES**

Salaries paid to employees with Individual Employment Contracts (IEC) in managerial positions for services rendered are mainly composed of basic salary, termination and post-employment benefits, as well as fixed and variable components for members of the Directorate and Supervisory Board.

These are detailed as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Employees under Individual contract in managerial positions</u>		
Short-term benefits	25,345	26,232
Other long-term benefits	105	390

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	<b>31 December 2023</b>	<b>31 December 2022</b>
<u>Members of the Directorate and Supervisory Boards</u>	-	-
Fixed component	4,350	4,990
Variable component	-	-
<b>Total</b>	<b>29,799</b>	<b>31,612</b>

By Resolution no. 10 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Transelectrica" - S.A. of 15 December 2022, the appointment of the members of the Supervisory Board for a term of 4 months starting from 22 December 2022 was approved, as well as the determination of the remuneration.

By Resolution No. 2 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Transelectrica" - S.A. of 16 February 2023, the appointment of the members of the Supervisory Board for a term of office of 4 months starting from 22 February 2023 was approved, as well as the determination of the remuneration.

By Resolution No. 6 of the Ordinary General Meeting of Shareholders of the National Power Grid Company "Transelectrica" - S.A. of 19 June 2023, the appointment of the members of the Supervisory Board for a term of office of 4 months starting from 22 June 2023 was approved, as well as the determination of the remuneration.

By Resolution no. 9 of the Ordinary General Meeting of Shareholders of the National Power Transmission Company "Transelectrica" - S.A. of 18 October 2023, the appointment of the members of the Supervisory Board was approved for a term of office of 5 months, starting 22 October 2023 with the possibility of extension, once only, for another 2 months, for justified reasons, as well as the determination of the remuneration.

By Resolution No. 10 of the Ordinary General Meeting of Shareholders of the National Power Grid Company "Transelectrica" - S.A. of 28 November 2023, the appointment of a provisional member of the Supervisory Board was approved for a term of office until 21 March 2024, with the possibility of extension, once only, for a further 2 months, for justified reasons, as well as the determination of the remuneration.

By the Supervisory Board Decision no. 53 of 19.12.2022, the appointment of the members of the Company's Directorate as of 25.12.2022 for a term of 4 months and the determination of the remuneration was approved.

By the Supervisory Board Decision no. 15 of 19.04.2023, it was approved the extension of the terms of office of the members of the Company's Directorate by 2 months starting from 26.04.2023 until 24.06.2023.

By the Supervisory Board Decision no. 24 of 20.06.2023, it was approved the appointment of the members of the Company's Directorate as of 25.06.2023, for a term of 4 months, with the possibility of extension for good cause, for another 2 months, as well as the determination of the remuneration.

By the Supervisory Board Decision no. 39 of 24.10.2023, the appointment of the members of the Directorate of the Company was approved as of 25.10.2023, for a term of 5 months, with the possibility of extension, once, for another 2 months, for justified reasons as well as the determination of the remuneration.

### 32. MINORITY INTERESTS

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance on 1 January</b>	-	-
Share of loss/profit in the year	-	-
Additional non-controlling interests	-	-
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>

### 33. FINANCIAL INSTRUMENTS

#### *Financial risk management*

The Group is exposed to the following risks arising from financial instruments: market risk (interest rate risk and currency risk), credit risk and liquidity risk. The overall management of the Group's focuses on the unpredictability of the financial market and seeks to minimise potential adverse effects on the Group's

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financial performance. Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Group's earnings or the value of its holdings of financial instruments.

The Group has no formal commitments to combat financial risks. However, financial risks are monitored at management level with a focus on the Group's needs to effectively offset opportunities and threats.

This note provides information on the Group's exposure to the risks mentioned above, the objectives, policies and processes related to risk measurement and management, and the Group's capital management.

**Interest rate risk**

The Company's operating cash flows are affected by changes in interest rates, mainly as a result of non-current foreign currency borrowings from external financing banks. The Group has significant non-current borrowings with fixed interest rates, which may not expose it to cash risk.

Interest rate cash risk is the risk that interest, and therefore interest expense, will fluctuate over time. At the balance sheet date, the relationship between the Group's fixed and floating interest rate financial instruments is shown below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Fixed interest rate financial instruments</b>		
Financial liabilities	56,434	80,219
<b>Variable interest rate financial instruments</b>		
Financial liabilities	7,072	73,319

Interest rate cash risk is the risk that interest, and therefore interest expense, will fluctuate over time.

**Currency risk**

The Group may be exposed to foreign exchange rate fluctuations through cash and cash equivalents, non-current borrowings or trade payables denominated in foreign currencies.

The functional currency of the Group is the Romanian Leu. The Group is exposed to foreign exchange risk on cash and cash equivalents, purchases and borrowings made in a currency other than its functional currency. The currencies exposing the Group to this risk are mainly EUR, but also USD. Foreign currency loans and foreign currency payables are subsequently denominated in RON at the exchange rate at the balance sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account, but do not affect the cash flow until the liability is settled.

The Group's exposure to currency risk, expressed in RON, was:

<b>31 December 2023</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>Monetary assets</b>				
Cash and cash equivalents	526,900	500,317	26,550	32
Other financial assets	-	-	-	-
Trade and other receivables	2,116,460	1,659,539	456,900	21
<b>Gross active exposure</b>	<b>2,643,359</b>	<b>2,159,855</b>	<b>483,451</b>	<b>53</b>
<b>Financial liabilities</b>				
Trade and other liabilities	2,243,322	1,611,391	631,931	-
Borrowings	63,507	7,072	56,434	-
<b>Gross exposure</b>	<b>2,306,829</b>	<b>1,618,464</b>	<b>688,365</b>	<b>-</b>
<b>Net exposure at reporting date</b>	<b>336,530</b>	<b>541,392</b>	<b>(204,915)</b>	<b>53</b>

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<b>31 December 2022</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>Monetary assets</b>				
Cash and cash equivalents	333,681	267,465	66,201	15
Other financial assets	-	-	-	-
Trade and other receivables	3,342,852	1,962,374	1,380,478	-
<b>Gross active exposure</b>	<b>3,676,533</b>	<b>2,229,839</b>	<b>1,446,679</b>	<b>15</b>
<b>Financial liabilities</b>				
Trade and other liabilities	3,394,642	1,913,454	1,481,188	-
Borrowings	153,538	73,319	80,219	-
<b>Gross exposure</b>	<b>3,548,180</b>	<b>1,986,773</b>	<b>1,561,407</b>	<b>-</b>
<b>Net exposure at reporting date</b>	<b>128,353</b>	<b>243,066</b>	<b>(114,728)</b>	<b>15</b>

Trade and other receivables, as well as suppliers and other liabilities except suppliers of fixed assets are expressed only in RON.

The following exchange rates have been applied:

	<b>Average exchange rate</b>		<b>Exchange rate on</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
RON/ EURO	4.9520	4.9315	4.9746	4.9474
RON/ USD	4.5700	4.6885	4.4958	4.6346

**Currency risk sensitivity analysis**

A 10% appreciation of the Romanian Leu against the following foreign currencies on 31 December 2023 and 31 December 2022 would have increased gross profit by the amounts indicated below. This analysis assumes that all other variables remain constant.

	<b>Profit 31 December 2023</b>	<b>Profit 31 December 2022</b>
EUR	20,491	11,473
USD	5	1
<b>Total</b>	<b>20,497</b>	<b>11,474</b>

A 10% depreciation of the Romanian leu against the following foreign currencies on 31 December 2023 and 31 December 2022 would have had a similar but opposite effect on the above amounts, assuming all other variables remained constant.

	<b>Profit 31 December 2023</b>	<b>Profit 31 December 2022</b>
EUR	(20,491)	(11,473)
USD	(5)	(1)
<b>Total</b>	<b>(20,497)</b>	<b>(11,474)</b>

*Credit risk*

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

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

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include: diversification of the customer portfolio and diversification of the number of services offered in the electricity market.

Financial assets that may subject the Group to collection risk are mainly trade receivables and cash and cash equivalents. The Group has put in place a number of policies to ensure that the sale of services is made to customers with an 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 maximum exposure to collection risk at the reporting date was:

	<u>Net value</u> <u>31 December 2023</u>	<u>Net value</u> <u>31 December 2022</u>
<b>Financial assets</b>		
Net trade receivables	1,618,509	2,259,432
Net other receivables and down payments to suppliers	282,484	791,154
VAT to recover	215,466	292,265
Cash and cash equivalents	526,900	333,681
Other financial assets	-	-
<b>Total</b>	<b>2,643,359</b>	<b>3,676,533</b>

The ageing of **receivables** at the date of the statement of financial position was:

	<u>Gross value</u> <u>31 December</u> <u>2023</u>	<u>Impairment</u> <u>adjustment 31</u> <u>December 2023</u>	<u>Gross value</u> <u>31 December</u> <u>2022</u>	<u>Impairment</u> <u>adjustment 31</u> <u>December 2022</u>
Not reached to maturity	1,524,954	341	2,167,294	439
Due date exceeded 1 – 30 days	(231)	-	149	3
Due date exceeded 31 – 90 days	683	-	303	6
Due date exceeded 90 – 180 days	343	15	45	7
Due date exceeded 180 – 270 days	30,182	30,014	451	450
Due date exceeded 270 – 365 days	215	17	188	182
More than a year	192,521	99,771	229,514	137,427
<b>Total</b>	<b>1,748,668</b>	<b>130,158</b>	<b>2,397,945</b>	<b>138,513</b>

The ageing of **other receivables** at the date of the statement of financial position was:

	<u>Gross value</u> <u>31 December</u> <u>2023</u>	<u>Impairment</u> <u>adjustment 31</u> <u>December 2023</u>	<u>Gross value</u> <u>31 December</u> <u>2022</u>	<u>Impairment</u> <u>adjustment 31</u> <u>December</u> <u>2022</u>
Not reached to maturity	470,348	1,842	1,052,210	35
Due date exceeded 1 – 30 days	11,004	-	258	-
Due date exceeded 31 – 90 days	16,377	347	605	-
Due date exceeded 90 – 180 days	493	16	2,507	243
Due date exceeded 180 – 270 days	202	35	1,708	171
Due date exceeded 270 – 365 days	835	1,770	10,098	9,403
More than a year	83,624	80,924	92,953	67,068
<b>Total</b>	<b>582,884</b>	<b>84,934</b>	<b>1,160,339</b>	<b>76,919</b>

The Group's policy is to record 100% impairment allowances for loss of value for customers in dispute, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more

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than 180 days, excluding outstanding receivables arising from the bonus support scheme. The Group also carries out an individual analysis of outstanding trade and other receivables.

The highest impairment adjustments at 31 December 2023, calculated for trade receivables and related penalties, were recorded for Romelectro SA (37,469), JAO (30,005), CET Govora (24,974), Arelco Power (14,788), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), Elsaco Energy (9,276), RAAN (8,517), Next Energy Partners (8,395), OPCOM (8,150).

The Group has taken all legal steps to recover the impairment-adjusted receivables: initial notification, execution of guarantees, legal action, registration of the receivables, etc.

The evolution of the **customer impairment adjustments** is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance on 1 January</b>	<b>138,513</b>	<b>150,558</b>
Recognition of adjustments for impairment	38,761	2,756
Reversal of adjustments for impairment	47,115	14,801
<b>Balance at end of period</b>	<b>130,158</b>	<b>138,513</b>

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance on 1 January</b>	<b>76,919</b>	<b>70,987</b>
Recognition of adjustments for impairment	25,239	11,555
Reversal of adjustments for impairment	17,225	5,623
<b>Balance at end of period</b>	<b>84,933</b>	<b>76,919</b>

*Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or by transferring another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, availability of funding through adequate credit facilities.

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Assets</b>		
Monetary assets in RON	2,159,855	2,229,839
Monetary assets in foreign currency	483,504	1,446,694
	<b>2,643,359</b>	<b>3,676,533</b>
<b>Liabilities</b>		
Monetary liabilities in RON	(1,618,464)	(1,986,773)
Monetary liabilities in foreign currency	(688,365)	(1,561,407)
	<b>(2,306,829)</b>	<b>(3,548,180)</b>
<b>Net monetary position in RON</b>	<b>541,392</b>	<b>243,066</b>
<b>Net monetary position in foreign currency</b>	<b>(204,861)</b>	<b>(114,714)</b>

The following table shows the contractual maturity of financial liabilities, including interest payments:

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31 December 2023	Net value	Contract value				
		<12months	1-2 years	2-5 years	>5 years	
<b>Financial liabilities</b>						
Trade and other liabilities	2,217,276	2,206,636	2,207,862	9,414	-	-
Other tax and social security liabilities	26,046	26,046	26,046	-	-	-
Borrowings	63,507	71,434	31,600	12,011	19,895	-
<b>Total</b>	<b>2,306,829</b>	<b>2,304,116</b>	<b>2,265,509</b>	<b>21,425</b>	<b>19,895</b>	<b>-</b>
31 December 2022	Net value	Contract value				
		<12months	1-2 years	2-5 years	>5 years	
<b>Financial liabilities</b>						
Trade and other liabilities	3,377,265	3,377,275	3,324,508	46,386	6,344	26
Other tax and social security liabilities	17,377	17,377	17,377	-	-	-
Borrowings	153,538	153,538	97,950	23,856	31,256	476
<b>Total</b>	<b>3,548,180</b>	<b>3,548,190</b>	<b>3,473,396</b>	<b>70,242</b>	<b>37,600</b>	<b>502</b>

*Fair value of financial instruments*

Fair value is the amount at which the financial instrument could change in an arm's length transaction between knowledgeable, willing parties in an arm's length transaction, other than in a liquidation or foreclosure sale. Fair values are derived from quoted market prices or cash flow models as appropriate. At December 31, 2023 and December 31, 2022, management believes that the fair values of cash and cash equivalents, trade and other receivables, trade payables, borrowings, and other current liabilities approximate their carrying values. The carrying amount of borrowings is the amortised cost.

31 December 2023	Accounting value	Fair value
<b>Financial assets</b>		
Net trade receivables	1,618,509	1,618,509
Cash and cash equivalents	526,900	526,900
Net other receivables and down payments to suppliers	282,484	282,484
VAT to be recovered	215,466	215,466
Other financial assets	-	-
<b>Total</b>	<b>2,643,359</b>	<b>2,643,359</b>
<b>Non-current financial liabilities</b>		
Borrowings, except for bonds	31,906	31,906
<b>Total</b>	<b>31,906</b>	<b>31,906</b>
<b>Current financial liabilities</b>		
Providers, including asset providers	2,202,467	2,202,467
Borrowings	31,600	31,600
Amounts due to employees and other liabilities	40,855	40,855
<b>Total</b>	<b>2,274,923</b>	<b>2,274,923</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.



**THE NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

<b>31 December 2022</b>	<b>Accounting value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Net trade receivables	2,259,432	2,259,432
Cash and cash equivalents	333,681	333,681
Net other receivables and down payments to suppliers	791,154	791,154
VAT to be recovered	292,265	292,265
Other financial assets	-	-
<b>Total</b>	<b>3,676,533</b>	<b>3,676,533</b>
<b>Non-current financial liabilities</b>		
Borrowings, except for bonds	55,588	55,588
<b>Total</b>	<b>55,588</b>	<b>55,588</b>
<b>Current financial liabilities</b>		
Providers, including asset providers	3,366,045	3,366,045
Borrowings	97,950	97,950
Amounts due to employees and other liabilities	28,598	28,598
<b>Total</b>	<b>3,492,592</b>	<b>3,492,592</b>

*Categories of financial instruments*

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial assets</b>		
Cash and cash equivalents	526,900	333,681
Trade and other receivables	2,116,460	3,342,852
<b>Financial liabilities</b>		
Depreciated cost	2,306,829	3,548,180

***Personnel risk and the payroll system***

On 31 December 2023, the average age of the Company's personnel is high. There is a possibility that in the future, the Group may face a shortage of personnel due to employees leaving due to natural causes.

Another personnel risk is the possibility of highly skilled employees leaving for private companies, which may offer salary packages and compensation above the current level offered by the Company.

***Capital risk management***

The Company's policy is to maintain a strong capital base to maintain investors, lenders and a confident market and also to support the future development of the business.

*Liability ratio indicator*

	<b>31 December 2023</b>	<b>31 December 2022</b>
Current and long-term borrowings	63,507	153,538
Cash and cash equivalents	(526,900)	(333,681)
Other financial assets	-	-
	<b>(463,393)</b>	<b>(180,143)</b>
<b>Total equity</b>	<b>5,295,134</b>	<b>3,904,692</b>
<b>Indebtedness indicator</b>	<b>0.62</b>	<b>1.10</b>

*The gearing ratio is calculated taking into account all the liabilities of the company, referred to equity.*

The accompanying notes form an integral part of these Consolidated Financial Statements.

#### **34. FEES CHARGED BY EACH STATUTORY AUDITOR OR AUDIT FIRM**

The fees charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements and the total fees charged by each statutory auditor or audit firm for other assurance services, for tax advisory services and for other non-audit services, as per item 38 of Annex 1 to OMFP no. 2844/2016 as amended, for the financial year 2023, are presented as follows:

• **PKF Finconta SRL** - Contract no. 467/23.12.2021 - "Financial audit services for the period 2021-2023" comprising the following services:

- ✓ auditing the stand-alone financial statements prepared in accordance with OMFP No 2844/2016;
- ✓ auditing the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union;
- ✓ issuing the Report on the conformity of the Annual Report with the stand-alone annual financial statements;
- ✓ issuing the Report on the conformity of the Consolidated Annual Report with the consolidated annual financial statements;
- ✓ audit services on the fulfilment of the financial conditions specified in the loan contracts concluded/to be concluded with Commercial Banks/International Financial Institutions;
- ✓ audit services on the fulfilment of the financial conditions specified in the Prospectus/Bond Programme for the financial years;
- ✓ auditing the revenues from the activity of providing telecommunications networks in order to certify the revenues and the consistency with the accounting records for the determination of the monitoring fee by the public authority for electronic communications (ANCOM) in accordance with the applicable legislation (at the date of drafting of these specifications - Decision No 2892/2007);
- ✓ Audit services of the indicators assumed in the Management Plan/Management Component of the Management Plan for the payment of the rights provided for in the Mandate Contracts concluded with the members of the Company's Directorate and the members of the Supervisory Board of the Company, i.e. the issuance of a Report certifying the correctness of the calculations of the financial indicators assumed in the Mandate Contracts concluded by the Company with each member of the Directorate and the Supervisory Board of Transelectrica;
- ✓ services relating to the analysis of transactions reported by the Company pursuant to Article 92<sup>3</sup> of Law no. 24/2017 on issuers of financial instruments and market operations and the preparation and delivery to the Company of the reports referred to in Article 92<sup>3</sup>, paragraphs (5) and (6) of Law no. 24/2017 on issuers of financial instruments and market operations;
- ✓ Additional reports as required by Art. 94 para. (1) letter b. of Law 24/2017, on issuers of financial instruments and market operations, prepared in accordance with financial auditing standards and the reporting framework defined by international accounting standards and by A.S.F. regulations regarding transactions claimed by shareholders representing at least 5% of the total voting rights. The supplementary report prepared by the financial auditor contains all the information relating to the operations claimed by shareholders and is prepared in accordance with Regulation 5/2018 issued by the ASF on issuers of financial instruments and market operations.

The fee charged for financial audit services for the financial year 2022 and paid in 2023 is 364 lei plus VAT.

#### **35. ENVIRONMENTAL OBJECTIVES**

the National Power Grid Company Transelectrica SA has implemented an integrated management system for quality, environment, health and safety at work, through which it efficiently manages the environmental aspects related to the electricity transmission activity, as well as the maintenance and upgrade of the RET, in order to prevent pollution and increase environmental performance.

The Company's concern for environmental protection is also reflected in the Integrated Quality, Environmental, Occupational Health and Safety Management System Policy Statement.

The fundamental objective of the development strategy is to meet the needs and expectations of its customers and other stakeholders within an Integrated Quality, Environmental, Occupational Health and Safety Management System, implemented, certified, maintained and continuously improved in accordance with the requirements of SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2023.

To achieve this strategy and achieve sustainable success, the Company's management is committed to ensuring:

- the operation of the electricity system under the conditions laid down in European and national regulations in primary and secondary legislation to meet the needs and expectations of customers and other stakeholders;
- the organisational framework necessary to establish, analyse and implement the objectives of the Integrated Quality, Environment, Health and Safety Management System;
- Sustainable development and reduction of the negative impact of RET on the environment by:
  - ✓ identification of environmental issues/risks and associated opportunities,
  - ✓ monitoring environmental factors, preventing/controlling pollution using the best available technologies,
  - ✓ decontamination, rehabilitation or ecological reconstruction of land and water areas affected by the Company's activities,
  - ✓ prevention and reduction of fluorinated greenhouse gas (GHG) emissions: SF6, ozone, freon, etc.,
  - ✓ prevention and reduction of air pollution by keeping the concentration of pollutants emitted into the atmosphere (emissions from power plants and cars) within the permitted limits,
  - ✓ prevention and reduction of water pollution by keeping the concentration of pollutants in water within the permitted limits,
  - ✓ proper waste management,
  - ✓ reducing the risk of collision and electrocution of birds,
  - ✓ preventing forest fires by maintaining the safety corridor,
  - ✓ avoidance of alteration of natural habitats, especially protected natural areas.

At the National Power Grid Company Transelectrica SA level, the Integrated Management System Analysis Report is drawn up annually and a programme of measures for the continuous improvement of the IMS (including the SMM) is approved.

### **36. SUBSEQUENT EVENTS**

- ***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 4 January 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 contact can be found on the Company's website under Investor Relations/Current Reporting.

- ***Transelectrica AGM quorum meeting***

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, at which it took note of 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.

- ***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 is 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 RET 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 28 February 2024**

The Ordinary General Meeting of Shareholders of the Company held on 28 February 2024 approved the appointment of the members of the Supervisory Board for a period of 4 years for:

- PĂUN Costin-Mihai,
- ATANASIU Teodor,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița,
- DASCĂL Cătălin-Andrei, .
- ORLANDEA Dumitru Virgil,
- RUSU Rareș Stelian,

The four-year term of office began on 1 March 2024 and ends on 29 February 2028.

At the same time, by OGMSR no. 1/28.02.2024 the form of the mandate contract and the remuneration of the members of the Supervisory Board of the Company were approved.

- **Resolution No. 2 of the Ordinary General Meeting of Shareholders of 28 February 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 29 February 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 design of the line being carried out by the Institute of Energy Studies and Design Bucharest.

The energisation of the newly built line marks the end of the execution works by testing the technical functioning of the electrical installation.

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 NATIONAL POWER GRID COMPANY TRANSELECTRICA SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**  
*(All the amounts are provided in thousands of LEI, unless otherwise indicated)*

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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 SC 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.

Committee on Energy Investment and Security: 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.

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directorate,

**Ștefăniță  
MUNTEANU**

Directorate  
President

**Florin-Cristian  
TĂTARU**

Directorate  
Member

**Cătălin-Constantin  
NADOLU**

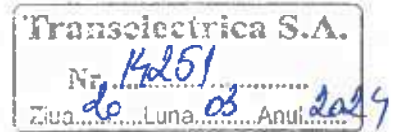
Directorate  
Member

**Bogdan  
TONCESCU**

Directorate  
Member

**Ana-Iuliana DINU**  
Economic and Financial Director

**Cristiana Zîrnovan**  
Budget and Management Reporting  
Department Manager

**INDEPENDENT AUDITOR'S REPORT***(free translation)***To the shareholders of C.N.T.E.E. – Transelectrica S.A.****Report on consolidated financial statements****Opinion**

1. We audited the attached consolidated financial statements of C.N.T.E.E. Transelectrica S.A. (the "Company"), together with its subsidiaries (the "Group"), headquartered at 2-4 Olteni Street, sector 3, Bucharest, Romania identified by the unique tax registration code RO 13328043, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ended at this date, as well as a summary of significant accounting policies and explanatory notes.
2. The consolidated financial statements as at 31 December 2023 are identified as follows:
  - Net asset/Total equity: 5.295.134 thousand lei
  - Net result for the financial year - profit: 217.448 thousand lei
3. In our opinion, the attached consolidated financial statements provide a true and fair view of the Group's financial position as at 31 December 2023, as well as its financial performance and cash flows for the year ended that date, in accordance with Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, with subsequent amendments and with the accounting policies described in the notes to the consolidated financial statements.

**Basis for opinion**

4. We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter referred to as *the "Regulation"*) and Law no. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the section "*Auditor's responsibilities in an audit of consolidated financial statements*" of our report. We are independent from the Group under the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("*IESBA Code*"), ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Highlighting some aspects**

5. As mentioned in Note 10, "*Trade receivables and other receivables*", As of December 31, 2023, the Group presents receivables arising from the management of the support scheme for the promotion of high-efficiency cogeneration in the amount of RON 138,093 thousand, the significant share being related to customers in financial difficulties, as well as debts in the amount of MDL 27,120 thousand. According to the legislation in force issued by ANRE, the amounts remaining uncollected by the scheme administrator from electricity and heat producers in cogeneration and who accessed the support scheme will be recovered by including them in the cogeneration contribution, according to the methodology issued by ANRE, if the administrator has taken all legal steps to collect them from those who owe. At the date of this report, ANRE did not issue the methodology on how to recover uncollected receivables, respectively to pay unpaid debts. Our audit opinion does not contain a reservation in this respect.

**Key audit issues**

6. The key audit aspects are those aspects that, based on our professional judgement, were of the greatest importance for the audit of the consolidated financial statements of the current period. These issues have been addressed in the context of auditing the financial statements as a whole and forming our opinion on them, and we do not provide a separate opinion on these key issues.
  - **Provisions for litigation.**
    - **Description.** The company is party to numerous disputes with business partners, authorities and employees, thus risking future economic losses. Note 28 "*Commitments and Contingents*" sets out material disputes in which the Group is involved. The decision to make a provision for litigation or to present a contingent liability in consolidated financial statements depends on professional judgment and certain estimates by the Company's management. We considered that recognizing or not recognizing litigation provisions was material to the audit because it would result in the recognition of overvalued

- profits.
- **Our response.** Our audit procedures to address the risk of material misstatement in relation to the recognition of provisions for litigation, which was considered materially risky, included:
    - reviewing the resolutions of the General Shareholders Meeting, of the Supervisory Board and of the Executive Board,
    - obtaining and evaluating lawyers' answers to auditor's letters, followed by obtaining clarifications on the status of certain disputes. During the audit mission, discussions were also held with management and lawyers (Internal and external) on significant disputes,
    - critical assessment of working assumptions and estimates made by the Company with respect to disputes, including the amount of provisions recognised in consolidated financial statements or contingent liabilities presented.
    - Measurement of the information disclosed in the notes to the consolidated financial statements on provisions for risks and charges in accordance with the requirements of applicable reporting standards.
  - **Revenue recognition.**
    - **Description.** The revenue recognition policy is outlined in Note 3 "Accounting policies". According to International Standards on Auditing, there is an implicit risk in revenue recognition due to the pressure management may feel to achieve budgeted results. The main revenue-generating activities for the Company are: electricity transmission service, system services and balancing market operator activity. The electricity transmission activity is an activity of general interest in the field of electricity, authorized and monitored by a public authority, with a natural monopoly character. The tariffs charged by the Company for transmission and system services are established and approved by ANRE (National Energy Regulatory Authority). The company is an operator of the balancing market, its mode of operation being regulated by order by ANRE, the purpose of the market being to ensure the balancing of the balance of production - electricity consumption in real time, using resources from a competitive environment.
    - **Our response.** Our audit procedures to address the risk of material misstatement in relation to revenue recognition included, among others:
      - understanding how to recognize and register the main categories of income, in accordance with the requirements of applicable reporting standards.
      - Detailed tests on transactions recorded by the Company during the financial year,
      - Test procedures to ensure that earnings are recorded within the correct period,
      - Procedures for confirmations of trade receivables for a representative sample.

#### **Other issues**

7. This report is addressed exclusively to shareholders of the Company as a whole. Our audit was performed in order to be able to report to the Company's shareholders those aspects that we need to report in a financial audit report and not for other purposes. To the extent permitted by law, we accept and assume responsibility only to the Company and its shareholders as a whole for our audit, for this report.
8. Taxation in Romania is constantly evolving. There is a possibility of different interpretations of legal provisions by the Ministry of Finance and local tax authorities. The Company's management recorded in the submitted accounts various taxes, penalties and fees, based on the best interpretation of the tax provisions in force, an interpretation that can be challenged by a possible fiscal control.

#### **Responsibilities of management and persons responsible for governance for consolidated financial statements**

9. The Company's management is responsible for preparing consolidated financial statements that provide a true and fair view in accordance with OMFP 2844/2016 and for that internal control that management considers necessary to allow the preparation of consolidated financial statements free from material misstatements, caused either by fraud or error.
10. In preparing consolidated financial statements, management shall be responsible for assessing the Group's ability to continue as a going concern, for disclosing going concern in the notes to consolidated financial statements, if any, and for using going concern accounting, unless management either intends to liquidate the Group or cease operations, or has no realistic alternative other than these.
11. The persons responsible for governance are responsible for overseeing the Company's financial reporting process.

#### **Responsibilities of the auditor in an audit of consolidated financial statements**

12. Our goals are to obtain insurance Reasonable on whether the financial statements, as a whole, are free from

material misstatements, whether caused by fraud or error, and in issuing an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if one exists. Distortions can be caused either by defraud error and are considered material if that can be expected, flax reasonably well, that they, individually or cumulatively, will influence economic decisions of users, taken on the basis of these consolidated financial statements.

13. As part of an ISA audit, we exercise professional judgement and maintain professional skepticism throughout the audit. Also:
- We identify and assess risks of material misstatement of consolidated financial statements caused by either fraud or error, design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than not detecting a material misstatement due to error, as fraud can involve collusion, forgery, intentional omissions, misrepresentation and avoidance of internal control.
  - We understand internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - We assess the adequacy of the accounting policies used and the reasonableness of the cantabile estimates and related disclosures made by management.
  - We conclude on the appropriateness of management's use of accounting on a going concern basis and determine, based on the audit evidence obtained, whether there is material uncertainty about events or conditions that could raise material doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in the auditor's report to related disclosures in consolidated financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to stop going on a going concern basis.
  - We evaluate the presentation, structure and content of consolidated financial statements, including disclosures, and the extent to which consolidated financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
14. We communicate to those responsible for governance, among other aspects, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, that we identify during the audit.
15. We also provide those responsible for governance with a statement as to our compliance with ethical independence requirements and communicate to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, related safeguards.
16. Among the issues we have communicated to those responsible for governance, we determine those aspects that were of greater importance in the audit of consolidated financial statements in the current period and are therefore key audit issues. We describe these matters in our audit report unless legislation or regulation prevents the matter from being made public, or in extremely rare circumstances we believe that something should not be disclosed in our report because the benefits of the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

***Report on the compliance of the consolidated management report with the consolidated financial statements and the non-financial statement***

The administrators (Executive Board and Supervisory Board) are responsible for preparing and submitting, in accordance with the requirements of Articles 15-19 of the Accounting Regulations approved by OMFP 2844/2016, a consolidated annual report of the directors that does not contain material misstatements and for that internal control that the management considers necessary to allow the preparation of the consolidated annual report of the directors that does not contain misstatements material, due to fraud or error. The consolidated annual management report is not part of the consolidated financial statements of the Group.

Our opinion on the consolidated financial statements does not cover the consolidated annual management report and, unless explicitly stated in our report, we do not express any assurance conclusions about it.

In connection with the audit of the consolidated financial statements for the year ended December 31, 2023, it is our responsibility to read the consolidated annual management report and, in doing so, to assess whether it is materially inconsistent with the consolidated financial statements, or with knowledge we have obtained during the audit, or



whether it appears to be materially misstated.

Regarding the consolidated annual report of the administrators, we have read and report whether it has been prepared, in all material aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19.

Based solely on the activities to be carried out during the audit of consolidated financial statements, in our opinion:

- a) The information presented in the consolidated annual management report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with the consolidated financial statements.
- b) The consolidated annual report of the administrators was prepared, in all material aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19 and 26-28.

In addition, based on our knowledge and understanding of the Group and its environment acquired during the audit of the consolidated financial statements for the year ended 31 December 2023, we are required to report whether we have identified material misstatements in the consolidated management report. We have nothing to report on this.

The consolidated annual management report does not include the Non-Financial Statement and the Sustainability Report, which will be prepared in accordance with OMFP 2844/2016, paragraphs 39-42 and will be published according to the legal requirements, at a date subsequent to the audit report. This has no impact on the audit opinion.

#### **Report on other legal and regulatory provisions**

We were appointed by signing the audit contract dated 20.12.2021 to audit the consolidated financial statements of the Company, for the financial years ended December 31, 2021, 2022 and 2023, respectively. The total uninterrupted duration of our commitment is 3 years, covering the financial years ended December 31, 2021, 2022 and 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Board of Directors, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- We have not provided for the Company the prohibited non-audit services mentioned in Article 5 (1) of EU Regulation no. 537/2014.

#### **Report on compliance with Delegated Regulation (EU) 2018/815 of the European Commission as regards Regulatory Technical Standards on the specification of a single electronic reporting format ("ESEF").**

We have carried out a mission of reasonable assurance on the compliance of the consolidated financial statements included in the annual report of C.N.T.E.E. Transelectrica S.A. on 31.12.2023, as presented in the digital files prepared by the Company, in accordance with art. 4 of Delegated Regulation (EU) 2018/815, which establishes the regulatory technical standards on the specification of a single electronic reporting format - „ ESEF".

**The responsibility of the management of C.N.T.E.E. Transelectrica S.A. regarding the digital files prepared in accordance with ESEF**

The Company's management is responsible for preparing digital files in accordance with ESEF. This responsibility includes:

- designing, implementing and maintaining adequate internal control over ESEF reporting,
- selection and affixing of appropriate iXBRL markings,
- ensuring consistency between digitized information and consolidated financial statements published according to the provisions of Order 2844/2016.

#### **Auditor's responsibility**

Our responsibility is to express, on the basis of the audit evidence obtained, a conclusion on the compliance of electronic labelling of items in consolidated financial statements, in accordance with Article 4 of the Delegated Regulation, in all material respects. Our reasonable assurance engagement has been conducted in accordance with International Standard on Assurance Engagements 3000 (revised) - "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement under ISAE 3000 involves carrying out procedures to obtain evidence of compliance with Article 4 of the ESEF Delegated Regulation. The nature, timing and extent of the procedures selected shall depend on the auditor's judgement, including in assessing the risk of significant deviations from the provisions of Article 4, whether due to fraud or error. A reasonable assurance mission involves:

- gaining an understanding of the labelling process and relevant internal controls,
- reconciliation of labeled data with the Company's audited consolidated financial statements,

- assessing the completeness of labeling the Company's consolidated financial statements using XBRL markup language,
  - assessing whether all iXBRL markings, including voluntary markings, comply with ESEF reporting requirements.
- It seems to me that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

In our opinion, tagged items from consolidated financial statements included in the annual financial report in digital files for the year ended 31 December 2023 are labelled, in all material respects, in accordance with Article 4 of Delegated Regulation (EU) 2018/815.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion regarding consolidated financial statements. Our audit opinion on the Company's consolidated financial statements for the year ended December 31, 2023 is included in the *Report on consolidated annual financial statements section* above.

On behalf of: PKF Finconta SRL

St. Jean Louis Calderon, nr. 38, Sector 2, Bucharest

Registered with the Authority for Public Oversight of Statutory Audit under number FA32

Name of audit partner: Florentina Susnea

Registered with the Authority for Public Oversight of Statutory Audit under number AF433

Bucharest, March 20, 2024