

# **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	<b>23</b>	(640,426)	(901,663)
Balancing market expenses	<b>23</b>	(2,268,981)	(3,479,716)
Technological system services expenses	<b>23</b>	(499,185)	(466,608)
Depreciation and amortization	<b>24</b>	(340,445)	(281,217)
Personnel expenses	<b>25</b>	(447,429)	(385,954)
Repairs and maintenance expenses		(55,445)	(51,380)
Materials and consumables		(21,172)	(40,372)
Other operational expenses	<b>26</b>	(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>-</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>-</b>	<b>5,295,134</b>

The accompanying consolidated financial statements were signed by management on March 18, 2024:

Directorate,			
<b>Ștefăniță</b> <b>MUNTEANU</b> Directorate President	<b>Florin-Cristian</b> <b>TĂTARU</b> Directorate Member	<b>Cătălin-Constantin</b> <b>NADOLU</b> Directorate Member	<b>Bogdan</b> <b>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>-</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>-</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)*

	31 December 2023	31 December 2022
<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  
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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:

The entity	Country of origin	31 December 2023	31 December 2022
		% of shares	% of shares
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 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

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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;

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- 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  $k\Delta f$ , 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

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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> [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	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**  
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<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)]
	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> [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 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.

#### 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.

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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**  
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*(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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,591</b>	<b>-</b>	<b>265,729</b>
<b>Impairment adjustments</b>								
<b>Balance on 1 January 2022</b>	<b>-</b>	<b>14,068</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>14,068</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,360</b>	<b>27,422</b>
<b>Balance on 1 January 2023</b>	<b>-</b>	<b>14,068</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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 Gutinaș-Brașov 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 Florești - Alba Iulia OHL and the Sebeș - 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 Florești 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. Gutinaș - 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 Fălcu 1 and CEE 18 MW Fălcu 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 - Timişoara - Săcălaz - Arad axis. 400 kV Timişoara – Arad OHL (stage III) - 671;
- 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;
- 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 Viişoara Nord 1, 52,8 MW Viişoara Nord 1, 47,5 MW Viişoara 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:

The accompanying notes form an integral part of these Consolidated Financial Statements.

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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.

The accompanying notes form an integral part of these Consolidated Financial Statements.

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>-</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>-</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>-</b>	<b>(2)</b>	<b>-</b>
Expenditures with impairment adjustments	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

	Licences and software	Additional OTC	Intangible assets in progress	Total
<b>Impairment adjustments</b>				
<b>Balance on 1 January 2023</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
Expenditures with impairment adjustments	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>NET ACCOUNTING VALUE</b>				
<b>Balance at 31 December 2022</b>	<b>3,333</b>	<b>324,539</b>	<b>10,069</b>	<b>337,941</b>
<b>Balance at 31 December 2023</b>	<b>2,050</b>	<b>270,235</b>	<b>10,094</b>	<b>282,378</b>

**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.

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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>	<b>61,975</b>	<b>53,068</b>

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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	<b>31 December 2023</b>	<b>31 December 2022</b>
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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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 recoded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity. The actual amount the Company requested was 89,361 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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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:

<b>Description</b>	<b>31 December 2023</b>	<b>31 December 2021</b>
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:

<b>No.</b>	<b>Borrowing name</b>	<b>Date of granting</b>	<b>Value of the Loan (currency)</b>	<b>Balance on 31.12.2023 (currency)</b>	<b>Balance on 31.12.2023 (RON)</b>	<b>Interest rate</b>	<b>Maturity according to borrowing</b>
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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>31,906</b>	<b>55,588</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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>31,600</b>	<b>97,950</b>

*Borrowings taken for current activity*

The accompanying notes form an integral part of these Consolidated Financial Statements.

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>

## EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2022	Interest cost	Cost of current service	Payments from the provision	Actuarial loss for the period	31 December 2023
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.



## **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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>	<b>624,156</b>	<b>1,214,971</b>

➤ "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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Liabilities - leasing buildings, short term	9,253	9,141
Liabilities - leasing buildings, long term	7,073	15,949
<b>Total</b>	<b>16,326</b>	<b>25,090</b>

#### **18. PROVISIONS**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provisions for litigations	25,983	26,060
Provisions for mandate contracts	40,491	43,339
Other provisions	717	2,158
<b>Total</b>	<b>67,191</b>	<b>71,557</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:

Elements	Balance at 31 December 2021	Recognised in profit and loss	Recognised directly in the OCI	Balance at 31 December 2022	Recognised in profit and loss	Recognised directly in the OCI	Balance at 31 December 2023
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>

	Asset		Liability		Net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
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>

The accompanying notes form an integral part of these Consolidated Financial Statements.

## 20. EARNINGS PER SHARE

As of December 31, 2023 and December 31, 2022, earnings per share are:

	31 December 2023	31 December 2022
<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:

	31 December 2023	31 December 2022
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:

	Average tariff for transmission service	Tariff for system service
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:

	<b>2023</b>	<b>2022</b>
Quantity of electricity delivered to consumers (MWh)	50,394,667	52,175,075

The operating revenues realised in 2023 and 2022 are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>1,956,027</b>	<b>1,884,909</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>390,661</b>	<b>533,616</b>
<b>Balancing market revenue</b>	<b>2,269,419</b>	<b>3,478,995</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>108,730</b>	<b>409,863</b>
<b>Total revenues</b>	<b>4,724,837</b>	<b>6,307,383</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



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:

	31 December 2023	31 December 2022
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.

The accompanying notes form an integral part of these Consolidated Financial Statements.

*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**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Personnel expenses	<b>447,429</b>	<b>385,954</b>
- of which expenses for employees' salaries	<b>375,070</b>	<b>307,477</b>

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>	<b>31 December 2023</b>	<b>31 December 2022</b>
Transelectrica SA	2,037	2,042
Smart SA	612	605
Teletrans SA	234	225

## 26. OTHER OPERATING EXPENSES

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>210,705</b>	<b>96,637</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.

## 27. NET FINANCIAL RESULT

	<b>31 December 2023</b>	<b>31 December 2022</b>
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>	<b>31 December 2023</b>	<b>31 December 2022</b>
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.

The accompanying notes form an integral part of these Consolidated Financial Statements.

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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.

The accompanying notes form an integral part of these Consolidated Financial Statements.

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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.

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 Națională de Transport al Energiei Electrice "TRANSELECTRICA" S.A. and the cross-appeal filed by the respondent-appellant Operatorul Pieteii de Energie Electrică și 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.

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.

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

Bucharest 1; no appeal granted. It was pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

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

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

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

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



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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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

The accompanying notes form an integral part of these Consolidated Financial Statements.

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>
Transmission Tariff - the feed-in component	<b>2.53</b>	3.35	0.69	<b>4.04</b>
Transmission Tariff - the component of electricity withdrawal from the grid	<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)

The accompanying notes form an integral part of these Consolidated Financial Statements.

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.



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.

The accompanying notes form an integral part of these Consolidated Financial Statements.

- 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 Tempus 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 Tempus 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:

- 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.

### 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	OPCOM	FORMENERG
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	Trade receivables		Trade liabilities	
	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	Sales		Procurements	
	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>	-	-

### **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:

	31 December 2023	31 December 2022
<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:

31 December 2023	Value	RON	EUR	USD
<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:

	<b>Net value</b>	<b>Net value</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<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:

	<b>Gross value</b>	<b>Impairment</b>	<b>Gross value</b>	<b>Impairment</b>
	<b>31 December</b>	<b>adjustment 31</b>	<b>31 December</b>	<b>adjustment 31</b>
	<b>2023</b>	<b>December 2023</b>	<b>2022</b>	<b>December 2022</b>
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:

	<b>Gross value</b>	<b>Impairment</b>	<b>Gross value</b>	<b>Impairment</b>
	<b>31 December</b>	<b>adjustment 31</b>	<b>31 December</b>	<b>adjustment 31</b>
	<b>2023</b>	<b>December 2023</b>	<b>2022</b>	<b>December 2022</b>
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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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.

	<b>31 December 2023</b>	<b>31 December 2022</b>
<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>

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<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.*

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#### **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

The accompanying notes form an integral part of these Consolidated Financial Statements.