

# CNTEE TRANSELECTRICA SA

## Consolidated Annual Report

2023



## **The Supervisory Board's report on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards**

The Supervisory Board is based on the principles of corporate governance, which require a responsible, professional and objective attitude of the Company in relation to the stakeholders. Within the Council, the Company's strategy and the premises of the environment in which it operates are analyzed in order to plan its evolution and performances, ensuring a rigorous formulation of the objectives.

The consolidated financial statements related to the year 2023 were presented to the Supervisory Board, the Company's Directorate providing detailed information on the annual results. During the meeting for the verification of the financial statements of 2023, the Audit Committee presented to the Supervisory Board an analysis of the results of the financial year 2023 and recommended to the Supervisory Board the verification of the consolidated financial statements, drawn up in accordance with OMFP no. 2844/2016.

The 2023 Consolidated Annual Report provides a true and fair view of the Group's results for the 2023 financial year.

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

**Best regards,**

**Supervisory Board represented by**

**President of the Supervisory Board**

## Statement of Responsible Persons

To the best of our knowledge, the consolidated financial statements on the date and for the 12-month period ending on December 31, 2023 were drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 with subsequent amendments and additions, for the approval of the Accounting Regulations in accordance with the International Standards of Financial Reporting and provides a correct and true picture of the Group's financial position and profit and loss account.

The Directorate's Consolidated Annual Report includes correct and compliant information regarding the Group's development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

### Directorate,

**Ștefăniță  
MUNTEANU**

**Directorate  
President**

**Florin-Cristian  
TĂTARU**

**Directorate  
Member**

**Cătălin-Constantin  
NADOLU**

**Directorate  
Member**

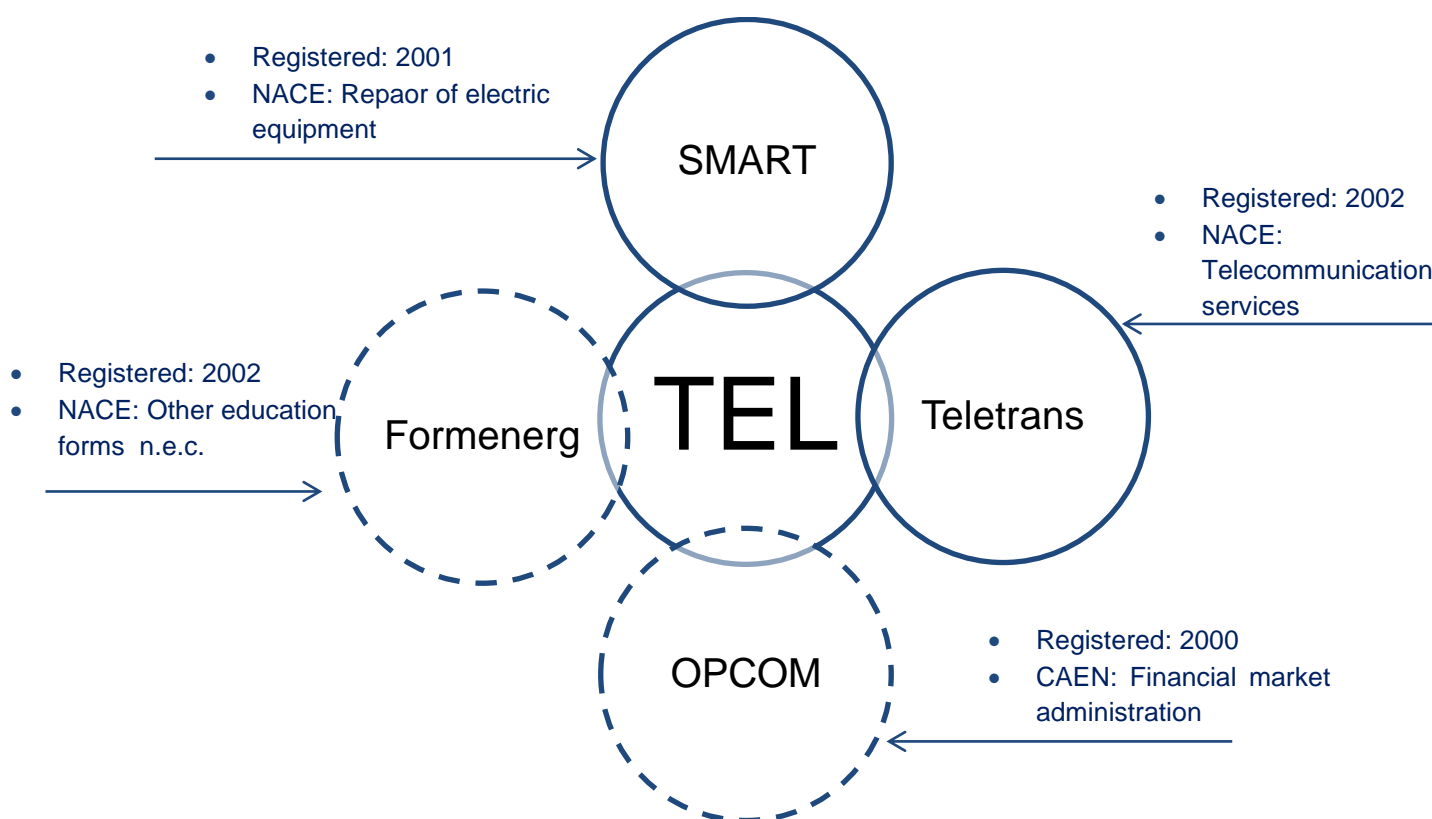
**Bogdan  
TONCESCU**

**Directorate  
Member**

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## PRESENTATION OF BRANCHES



As of the date of this report, Transelectrica consists of six subsidiaries, Romanian legal entities, organized as joint-stock companies, of which it is the sole shareholder in the following: Forenerg, Teletrans, Smart, Icemenerg Service (subsidiary which at the date of this report is deregistered from the Trade Register National Office), Icemenerg SA (Institutul de Cercetări și Modernizări Energetice ICEMENERG SA - subsidiary which, as of the present date, is deregistered from Trade Register National Office).

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

The following were not taken into account when preparing the consolidated financial statements:

- the Forenerg subsidiary since, according to the applicable accounting legislation, the impact of its activity is considered insignificant for the purpose of consolidation,
- the OPCOM subsidiary, since the administration is carried out according to the regulations established by ANRE, and Transelectrica does not exercise effective direct control over its decision-making mechanisms.

### SMART



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

The main activity of the subsidiary is to carry out revisions and repairs to equipment and primary equipment in the power grids (so that the RET installations operate in safe conditions at the performance level required by the license), the remedy of incidents at electrical installations, providing services in the energy field, energy services for the energy system and microproduction of electrical equipment. The company has 8 branches without legal personality.

The mission for which SMART SA was established was and still remains that of ensuring the preventive maintenance works, special works and corrective maintenance of the Transmission Power Grid (RET)



starting from the primary objective of Transelectrica: that of ensuring the transmission of electricity in the national transmission grid under safe and stable conditions.

The branch offers professional services at a high performance level, respectively, maintenance, repairs, expertise, consultancy for:

- Low, medium, high and very high voltage apparatus and equipment - up to 750kV inclusive,
- Protection equipment and circuits, automation, measurement, command - control,
- Transformers and autotransformers of all powers and voltages,
- Aerial and cable power lines of all voltage levels.

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

SMART shares are 100% owned by Transelectrica.

## TELETRANS



The TELETRANS SA subsidiary was established by the Resolution of the General Meeting of Shareholders no. 13/04.12.2002 of Transelectrica, based on Law no. 31/1990 and the Orders of the Ministry of Industry and Commerce no. 3098 and no. 3101 of 23.10.2002 and is the provider of specific telecommunications and information technology services for the operational and administration management of Transelectrica, having as main object of activity the provision of specific telecommunication services. At the same time, the Subsidiary has the opportunity to market specialized services on the liberalized Romanian communication market.

The subsidiary has a high level of competence in fields with a profound uniqueness regarding the management of systems and processes in the energy industry.

Based on the Statute and the applicable normative acts, Teletrans holds the ANCOM certificate of provider of networks or electronic communications services from the year 2002 (Emergency Governmental Ordinance no. 679/2002), by which it benefits from the right to provide the following electronic communication services:

- Public electronic communication networks (starting from 11.11.2004);
- Electronic communication services intended for the public: (i) Leased line services and (ii) Electronic communication services, other than telephony and leased lines (starting from 01.07.2003);
- Private electronic communication networks and services (starting from 15.01.2003).
- Also, TELETRANS staff benefit from relevant certifications in the operation and management of IT&C systems dedicated to critical infrastructures.

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

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

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

TELETRANS shares are 100% owned by Transelectrica.

## FORMENERG



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

The FORMENERG subsidiary is a company which main object of activity is the initial and continuous professional training, in all fields of activity, of personnel with

attributions in the energy field from all sectors of the national economy and other beneficiaries, as well as hotel service activities, rental services and event management services.

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

The Branch is also a professional training provider authorized by the National Qualifications Authority (ANC).

FORMENERG's competences are structured in the following main directions:

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

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

FORMENERG shares are 100% owned by Transelectrica.

### ICEMENERG – SERVICE

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

On 09.06.2017, the Bucharest Court, VIIth Civil Section, ordered the bankruptcy by simplified procedure of the debtor Subsidiary Company ICEMENERG SERVICE – SA, appointing Solvendi SPRL as provisional trustee in bankruptcy.

On 27.04.2021 by address no. 18759, the Special Administrator of the ICEMENERG Service SA Subsidiary informed that on 23.04.2021, following the tender that took place, the assets of the ICEMENERG Service SA Subsidiary, both movable and immovable, were capitalized en bloc, the buyer being Portland Trust Developements Five SRL.

In file no. 18051/3/2017, according to the Insolvency Procedures Report no. 9152/26.05.2022, the Bucharest Court - VIIth Civil Section by civil sentence no. 2429 approved the final report of the trustee in bankruptcy, and based on art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency procedures, closed the insolvency procedure against the debtor Company Subsidiary "Icemenerg-Service" SA by deregistrating it from the Bucharest Trade Register.

### OPCOM



OPCOM SA was established based on GD no. 627/2000 regarding the reorganization of Compania Nationala de Electricitate SA, as a subsidiary which sole shareholder was Transelectrica

According to the provisions of the primary and secondary legislation in force, the Operator of the Electric Energy and Natural Gas Market "OPCOM" S.A. fulfills the role of administrator of the electricity market, providing an organized, viable and efficient framework for carrying out commercial transactions in the wholesale electricity market and carries out centralized market administration activities in the natural gas sector, under conditions of consistency, fairness, objectivity, independence, equality, transparency and non-discrimination. The main activities carried out by OPCOM according to the provisions of the primary and secondary legislation in force:

- Exercising the activity of organization and administration of centralized electricity markets;
- Exercising the function of organizer and administrator of the green certificates market;
- Exercising the activity of administration of centralized markets in the natural gas sector;
- Exercising the role of sole purchaser within the Centralized Electricity Purchase Mechanism.
- For the delivery period prior to October 2023, the establishment of payment obligations/rights of collection for the transactions carried out by participants in the Balancing Market and for OTS, the

calculation of single final prices, final deficit prices and final surplus prices as well as determining the quantitative and value imbalances of the Parties Responsible for Balancing, as a delegated operator for the settlement of the balancing energy, as well as the imbalances of the parties responsible for balancing;

- The activity of supervising the operation of the administered markets;
- Collecting and publishing statistical data about the market, according to the provisions of the Energy Law;
- Registered Reporting Mechanism (RRM);
- Administration and development of IT platforms that serve the energy markets;
- Active participant in the European energy market.

OPCOM is in collaboration with the Bucharest Stock Exchange to identify projects through which the two entities will propose the trading of derivative products for managing the risk of energy price relativity and carrying out clearing and settlement operations through a national Clearing House (Central Counterparty in Romania -CCP.RO). In 2021, OPCOM and CCP.RO negotiated the Contract regarding the framework related to the compensation and settlement of transactions concluded on the Centralized Market of Bilateral Electricity Contracts - the method of trading through Continuous Negotiation (PCCB-NC) administered within OPCOM. This project is necessary for the energy market and the capital market, contributing to the increase of liquidity and the fluidity of payments by increasing the security of transactions and reducing the expenses related to compensated transactions, thus following the good European practices in the field of capital markets together with energy markets.

At the same time, OPCOM was qualified by ACER as a Registered Reporting Mechanism, in order to report the bids and transactions established by the participants in the wholesale energy market in Romania.

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

At the same time, within the flow-based coupling project of the region, on June 8, 2022, the 16 Transmission and System Operators (TSOs) from the Core Capacity Calculation Region (Core CCR), together with 10 appointed Operators of The Electric Energy Markets (OPEED), initiated day-ahead market coupling based on flows. Also, as part of the Core FB MC project, the market coupling between Croatia and Hungary & Slovenia and Hungary was implemented, contributing to a more complete and better functioning European market coupling.

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

Transelectrica does not exercise effective direct control over the decision-making mechanisms of OPCOM, which administration is conducted according to the regulations established by ANRE.

The subscribed and paid-up capital of the OPCOM company on 31.12.2023 is of 31,366 thousand RON, Transelectrica participating on that date in the capital as the majority shareholder. The shareholder structure is as follows:

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



## IDENTIFICATION DATA

### SMART

Registered office	Bucharest, Bd. Gen. Gh. Magheru nr. 33, sector 1
Work point	Bucharest, Bd. Gheorghe Sincai nr. 3, Cladirea "Formenerg", et.1, sector 4
Registration number in the trade register	J40/8613/2001
Sole Registration Number	14232728
Share capital	38,529 thousand RON, divided into 3,852,860 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	GD no. 710/2001 regarding the establishment of the subsidiary Societatea Comercială pentru Servicii de Mentenanța a Rețelei Electrice de Transport "SMART" SA by reorganizing some activities within Transelectrica

### TELETRANS

Registered office	Bucharest, Bd. Hristo Botev nr. 16-18, sector 3
Work point	Bucharest, Str. Stelea Spătarul nr. 12, sector 3
Registration number in the trade register	J40/12511/2002
Sole Registration Number	15061510
Share capital	6,874 thousand RON, divided into 687,443 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	Decision of the General Meeting of Shareholders of CNTEE Transelectrica no. 13 of 20.03.2002 and orders of the Minister of Industry and Resources no. 3098, 3101/23.10.2002

### FORMENERG

Registered office	Bucharest, Bd. Gheorghe Sincai, nr. 3, sector 4
Registration number in the trade register	J40/ 2265/ 2002
Sole Registration Number	14529126
Share capital	1,948 thousand RON, divided into 194,842 registered shares with a nominal value of 10 RON each
Sole shareholder	Transelectrica
Stting up document	The decision of the General Meeting of Shareholders of Transelectrica No. 33 on 19.11.2001

### OPCOM

Registered office	Bucharest, Bd. Hristo Botev nr. 16-18, sector 3
Registration number in the trade register	J40/7542/2000
Sole Registration Number	13278352
Share capital	31,366 thousand RON divided into 3,136,609 registered shares with a nominal value of 10 RON each
Shareholders	Transelectrica – 97,84% Romanian State – 2,16%
Stting up document	Government Decision No. 627/13.07.2000

## MANAGEMENT STRUCTURES

The executive management of the Subsidiaries on the date of this report is provided by the following persons:

### SMART:

Gheorghe BOLINTINEANU	General Manager
Mihai Liviu NEGOESCU	Economic Manager

### TELETRANS:

Decebal BĂESCU	General Manager
Florin Nicolae MÂRZA	Economic Manager

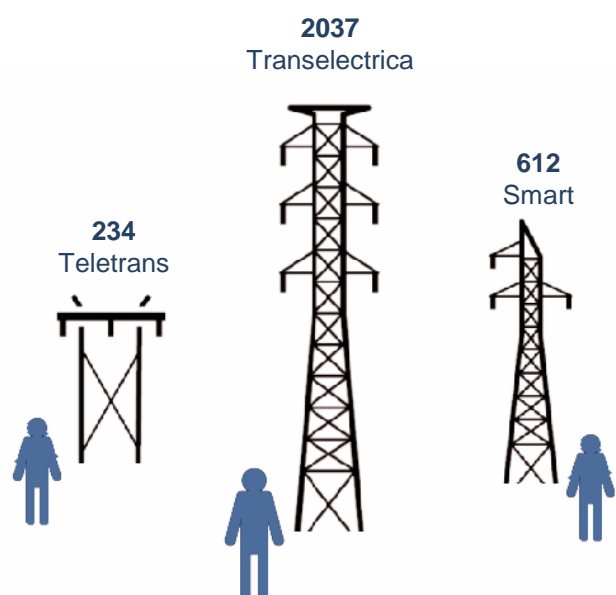
### FORMENERG:

Lucian BICA	General Manager
Marcel Niculescu	Financial Manager

### OPCOM:

Victor IONESCU	General Manager
Silvia FEDIUC	Economic Manager

## Number of employees in 2023



## CONSOLIDATION RESULTS 2023-2021

The financial results of the Group's activity were as follows:

Thousand RON	2023	2022	2021		23/22
Operating revenues	4,724,837	6,307,383	3,784,002	▼	(25%)
Operating expenses*	(4,143,342)	(5,422,330)	(3,488,722)	▼	(24%)
<b>EBITDA</b>	<b>581,495</b>	<b>885,053</b>	<b>295,280</b>	▼	(34%)
Depreciation and amortization	(340,445)	(281,217)	(283,791)	▲	21%
<b>EBIT</b>	<b>241,049</b>	<b>603,836</b>	<b>11,489</b>	▼	(60%)
Net finance result	(2,358)	(8,213)	(9,229)	▼	(71%)
<b>EBT</b>	<b>238,691</b>	<b>595,623</b>	<b>2,260</b>	▼	(60%)
Income tax	(21,245)	(73,990)	(956)	▼	(71%)
<b>NET RESULT</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>	▼	(58%)

\*Operational expenses excluding depreciation

Thousand RON	2023	2022	2021		23/22
<b>Non-current assets</b>	<b>5,896,242</b>	<b>4,466,199</b>	<b>3,957,875</b>	▲	32%
<b>Current assets</b>	<b>2,705,335</b>	<b>3,733,729</b>	<b>3,320,342</b>	▼	(28%)
<b>TOTAL ASSETS</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>	▲	5%
<b>Shareholders' equity</b>	<b>5,295,134</b>	<b>3,904,692</b>	<b>3,384,861</b>	▲	36%
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-
<b>Non-current liabilities</b>	<b>952,326</b>	<b>707,516</b>	<b>743,747</b>	▲	35%
<b>Current liabilities</b>	<b>2,354,117</b>	<b>3,587,720</b>	<b>3,149,609</b>	▼	(34%)
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>	▲	5%

Thousand RON	2023	2022	2021		23/22
Cash flows from operational activities	698,971	485,887	199,319	▲	144%
Net cash used in the investment activity	(311,612)	(451,758)	(399,465)	▲	13%
Net cash used in financing activities	(154,209)	34,897	(105,045)	▼	(133%)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>193,219</b>	<b>69,026</b>	<b>(305,191)</b>	▼	(123%)
Cash and cash equivalents as at January 1 <sup>st</sup>	333,681	264,656	569,847	▼	(54%)
<b>Cash and cash equivalents at the end of the period</b>	<b>526,900</b>	<b>333,681</b>	<b>264,656</b>	▲	26%

In 2023, the Group's results recorded a decrease compared to 2022, but an increase compared to 2021. Compared to the previous year, the financial result improved, and total operating expenses (including depreciation) decreased by 21%.

On December 31, 2023, the Group recorded the result of the revaluation report in the accounting records. The assets subject to evaluation were:

- the lands and tangible assets classified in group 1 – Constructions and in Group 2 – Technical installations, means of transport registered in the private patrimony of the Company;
- the goods belonging to the public domain of the state and concessioned to the Company based on the Concession Agreement no. 1/2004.

At the same time, in order to finance three essential investment projects for the efficiency and modernization of the electric transmission grid, the Company obtained 56.2 million EUR through the REPowerEU component of the PNRR, approved by the Council of the European Union, two of them being intended for SMART SA and Teletrans SA subsidiaries.

The REPowerEU plan sets out a series of measures to rapidly reduce dependence on fossil fuels from Russia and accelerate the green transition, while increasing the resilience of the EU's energy system.

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

Regarding the **Re PowerEU Plan**, Investment I6 was approved - digitization, efficiency and modernization of the national electricity transmission grid (allocation 56,237,200 EUR), as follows:

- Investment 6.a – Installation of photovoltaic power plants (CEF) and electricity storage facilities intended to supply internal services installed in C.N.T.E.E. stations. Transelectrica S.A. (allocation 29,557,000 EUR);
- Investment 6.b – SMART SA Retechnology – C.N.T.E.E. Transelectrica S.A subsidiary (allocation 18,240,000 EUR);
- Investment 6.c – Optimizing the communication network and creating a data center – Teletrans SA, subsidiary of C.N.T.E.E. Transelectrica S.A. (allocation 8,440,200 EUR).

In this context, in the first quarter of 2024, a non-reimbursable financing agreement is to be signed with the General Secretariat of the Government.

## ACTIVITIES OF SUBSIDIARIES

In 2023, the two Subsidiaries included in consolidation carried out activities in accordance with their main fields of activity, as follows:

### • TELETRANS



The Society for Telecommunications Services and Information Technology in Electric Transmission Grid "TELETRANS" is the provider of telecommunication solutions and services, information technology and process informatics/SCADA for the Company and an important portfolio of clients from the public and private environment.

#### 1. Process Informatics / SCADA

- Integration services in the EMS/SCADA system for energy producers from renewable sources and the new command-control systems from refurbished stations.
- Preventive or corrective maintenance services for the main critical IT systems that ensure the functions of the system operator, transmission and balancing market.
- Services for the management of process IT systems - administration and updating of databases, saving schemes and archives, back-up.

#### 2. IT & C

##### Fiber optic data transport services:

- Provision of STM1/STM4 and Ethernet over SDH/DWDM capabilities;
- Data transport services at STM16/STM64, 1Gb, 10Gb, Lambda level;
- n x Mb, n x 1Gb, 10 Gb type services on IP/MPLS equipment;
- Specialized technical assistance.

##### IP Communication Services:

- Internet provided in over 100 points of the national fiber optic network;
- Secure VPN networks on IP/MPLS network;
- Metropolitan / national interconnection of clients through exchange centers;
- IT outsourcing;
- Managerial informatics.

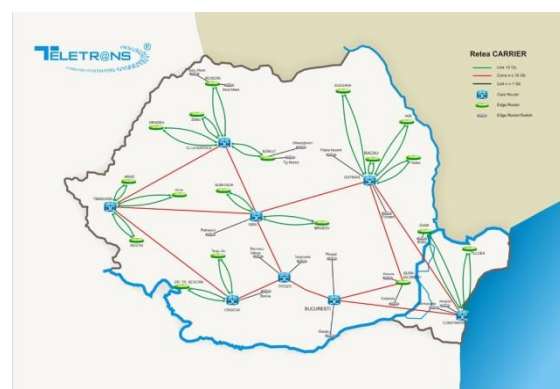
#### 3. Colocation

- Colocation centers in Bucharest (RoNIX node) and Timișoara
- Territorial presence points in 35 county capitals
- 400 kV and 220 kV power stations of the Transelectrica Company.

### Infrastructure

- backbone of approximately 5000 km, with national coverage, in a redundant topology with 9 rings, which provides DWDM/SDH/PDH and Ethernet telecommunications services;
- DWDM&IP/MPLS backbone of approximately 4,000 km, with national coverage, in a redundant 4-ring topology.

The optical fiber network on which the two backbones are made is built in reliable OPGW technology and provides access points in 110 localities as well as cross-border connections with Hungary, Bulgaria and Serbia (in the future also with Ukraine, Moldova and Turkey).





Teletrans holds the certifications of the Quality Management System in accordance with the requirements of the ISO 9001 standard, the Environmental Management System in accordance with the requirements of the ISO 14001 standard, the Occupational Health and Safety Management System in accordance with the requirements of the ISO 45001 standard and the Information Security Management System at Executive level, in accordance with the requirements of the ISO/IEC 27001:2013 standard.

### Affiliations

The branch is a member of several professional organizations in the field of IT&C and energy

- at national level:
  - The Romanian National Committee of the World Energy Council
  - National Association of Internet Service Providers from Romania
  - Society of Energy Engineers from Romania
  - National Association for the Security of Computer Systems
- at the international level:
  - International Council on Large Electric Systems
  - European Utilities Telecom Council
  - Réseaux Internet Protocol Européens.

### • SMART



The main activity carried out by the company is the revision and repair of primary equipment in power grids, the remediation of incidents at electrical installations, the provision of services in the energy field, micro-production of electrical equipment.

Smart S.A. was established with the aim of providing maintenance and repair services for CNTEE Transelectrica S.A. installations and must ensure, as a priority, the necessary resources for the maintenance activity of the RET, according to the mission established upon establishment.

Complementarily, the company can carry out other related activities to support the main object of activity, in accordance with the legislation in force and with its own statute, under the conditions of the safe operation of the National Electric Power System.

The Society for Maintenance Services of the Electric Transmission Grid "Smart" S.A. has designed, documented and implemented an Integrated Management System for quality, environment, occupational safety and health in accordance with the requirements of the following reference standards:

- ISO 9001:2015 "Quality management systems. Requirements." - for quality;
- ISO 14001:2015 "Environmental management systems. Specifications and user guide" - for the environment;
- ISO 45001:2018 "Occupational health and safety management systems" - for occupational safety.

The Quality-Environment-Safety and Occupational Health Integrated Management System is certified by SRAC and IQNet having certificates no. 1111/11.01.2021 for ISO 9001:2015, no. 112/11.01.2021 for ISO 14001:2015 and no. 139/11.01.2021 for ISO 45001:2018, with annual inspections. Through the integrated management system, the company guarantees to customers that the services provided are at least in accordance with the specified requirements. Also, Smart S.A. obtained the authorization, from CNCAN, for the quality management system in the nuclear field.

Smart S.A. is certified by the National Energy Regulatory Authority for the following types of works:

- **A3** - tests of electrical equipment and installations in order to certify the technical conformity of power plants in relation to the applicable technical norms: Certificate no. 15264/4.11.2019 valid indefinitely with strict approvals
- **D1** - design of overhead and underground power lines with any standardized nominal voltages: Certificate no. 15265/4.11.2019 valid indefinitely with strict approvals.

- **D2** - execution of overhead and underground power lines with any standardized nominal voltages: Certificate no. 15266/4.11.2019 valid indefinitely with strict approvals.
- **E1**- design of transformer substations, electrical stations and installations belonging to the electrical part of power plants with any standardized nominal voltages: Certificate no. 15267/4.11.2019 valid indefinitely with strict approvals.
- **E2** - execution of transformer substations, electrical stations and works on the electrical part of power plants with any standardized nominal voltages: Certificate no. 15268/4.11.2019 valid indefinitely with strict approvals.

The branch has a multi-site Testing Laboratory (one laboratory in each branch) which is accredited by RENAR with accreditation certificate no. LI 1339 R3, valid until 16.04.2026, with annual inspections. A number of 78 electrical tests and physical-chemical tests of electrical insulating materials are accredited.

Smart also holds authorizations issued by MAI-IGSU for the following activities:

- Installation and maintenance of systems and installations for limiting and extinguishing fires, except for those containing certain fluorinated gases with a greenhouse effect, authorization no. 5501/08.02.2016 granted for an indefinite period.
- Installation and maintenance of signaling, alarming and alerting systems and installations in case of fire, authorization no. 5502/08.02.2016 with indefinite validity.
- Design of systems and installations for signaling, alarming and alerting in case of fire, authorization no. 6599/10.01.2017 with indefinite validity.
- Design of systems and installations for limiting and extinguishing fires, authorization no. 7087/08.06.2017 granted for an indefinite period.

Smart S.A. is certified for logging activity by the Ministry of Environment, Water and Forests with certificate no. 1313/28.07.2022 valid until 31.07.2024.

The company performs the following activities:

- as a maintenance service provider:
  - Reviews and inspections
  - Repairs of electrical equipment and installations
  - Interventions in accidental events
  - Expertises, diagnoses and technical analyses
  - Configurations, adjustments and parameterization of command-control systems
- as a provider of reengineering and modernization services:
  - Electric stations
  - Overhead power lines
- as a service provider of special technologies:
  - Working under voltage - LST
  - Rehabilitation of transformer insulation Design
- as a consultancy and design provider:
  - Design
  - Consulting and assistance.



Smart's national and international affiliations are as follows

- ✓ A – LST – R (Association for Work under Voltage from Romania – Founding Member)
- ✓ CIGRE (International Council of Large High Voltage Power Grids)
- ✓ CNR – CIGRE (Association of the Romanian National Committee CIGRE)
- ✓ CNR – CME (Romanian National Committee of the World Energy Council)
- ✓ SIER (Society of Energy Engineers from Romania)
- ✓ ASRO (Romanian Standardization Association).

## SITUATION OF THE FINANCIAL POSITION

The consolidated financial position is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Non-current assets</b>			
Tangible assets	5,558,143	4,063,849	3,881,441
Assets representing rights of use under a lease - buildings	15,048	23,689	32,690
Intangible assets	282,378	337,941	7,404
Financial assets	40,673	40,720	36,340
<b>Total non-current assets</b>	<b>5,896,242</b>	<b>4,466,199</b>	<b>3,957,875</b>
<b>Current assets</b>			
Inventories	61,975	53,068	48,681
Trade and other receivables	2,116,460	3,342,852	2,985,893
Profit tax recoverable	-	4,128	21,112
Cash and cash equivalents	526,900	333,681	264,656
<b>Total current assets</b>	<b>2,705,335</b>	<b>3,733,729</b>	<b>3,320,342</b>
<b>Total assets</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>
<b>Shareholders' equity</b>			
Share capital	733,031	733,031	733,031
Share premium	49,843	49,843	49,843
Legal reserve	146,606	146,606	137,927
Revaluation reserve	1,738,703	734,233	801,800
Other reserves	195,751	39,351	31,186
Retained earnings	2,431,200	2,201,628	1,631,074
<b>Total shareholders' equities attributable to Group owners</b>	<b>5,295,134</b>	<b>3,904,692</b>	<b>3,384,861</b>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>5,295,134</b>	<b>3,904,692</b>	<b>3,384,861</b>
<b>Non-current liabilities</b>			
Long term deferred revenues	519,116	439,028	443,437
Long term Borrowings	31,906	55,588	79,455
Other loans and assimilated debts - Non-current building lease liabilities	7,073	15,949	24,656
Deferred tax liabilities	296,343	110,070	120,927
Employee benefits obligations	97,888	86,881	75,272
<b>Total non-current liabilities</b>	<b>952,326</b>	<b>707,516</b>	<b>743,747</b>
<b>Current liabilities</b>			
Trade and other liabilities	2,200,950	3,352,175	3,007,137
Other loans and assimilated debts - Current building lease liabilities	9,253	9,141	8,966
Other tax and social security liabilities	26,047	17,377	20,527
Current Borrowings	31,600	97,950	27,579
Provisions	67,191	71,557	53,662
Short term deferred revenues	16,138	39,520	31,738
Income tax payable	2,938	-	-
<b>Total current liabilities</b>	<b>2,354,117</b>	<b>3,587,720</b>	<b>3,149,609</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,601,577</b>	<b>8,199,928</b>	<b>7,278,217</b>

## PROFIT AND LOSS ACCOUNT

The situation of the profit and loss account, at Group level, is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Operating revenues</b>			
Transmission revenues	1,956,027	1,884,909	1,252,286
System service revenues	390,661	533,616	623,720
Balancing market revenues	2,269,419	3,478,995	1,822,564
Other revenues	108,730	409,863	85,432
<b>Total operating revenues</b>	<b>4,724,837</b>	<b>6,307,383</b>	<b>3,784,002</b>
<b>Operating expenses</b>			
System Operating Expenses	(640,426)	(901,663)	(576,409)
Balancing market expenses	(2,268,981)	(3,479,716)	(1,809,588)
Technological system services expenses	(499,185)	(466,608)	(609,608)
Depreciation and amortization	(340,445)	(281,217)	(283,791)
Personnel expenses	(447,429)	(385,954)	(317,510)
Repairs and maintenance expenses	(55,445)	(51,380)	(60,288)
Materials and consumables	(21,172)	(40,372)	(31,316)
Other operational expenses	(210,705)	(96,637)	(84,003)
<b>Total operating expenses</b>	<b>(4,483,788)</b>	<b>(5,703,547)</b>	<b>(3,772,513)</b>
<b>Operating result</b>	<b>241,049</b>	<b>603,836</b>	<b>11,489</b>
Financial revenues	35,896	65,058	6,669
Financial expenses	(38,254)	(73,271)	(15,898)
<b>Net finance result</b>	<b>(2,358)</b>	<b>(8,213)</b>	<b>(9,229)</b>
<b>Profit before income tax</b>	<b>238,691</b>	<b>595,623</b>	<b>2,260</b>
Income tax	(21,245)	(73,990)	(956)
<b>Result for the year from continuing operations</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>
<b>Profit of the period</b>			
Attributable to:			
Owners of the Group	217,446	521,633	1,304
Non-controlling interests	-	-	-
<b>Basic and diluted earnings per share (lei/share)</b>	<b>2.97</b>	<b>7.12</b>	<b>0.02</b>

## CASH FLOWS

The situation of treasury flows, at Group level, is as follows:

<i>Thousand RON</i>	December 31, 2023	December 31, 2022	December 31, 2021
<b>Cash flows from operational activities</b>			
<b>Profit of the period</b>	<b>217,446</b>	<b>521,633</b>	<b>1,304</b>
<b>Cash flows before changes to working capital</b>	<b>641,438</b>	<b>558,304</b>	<b>260,089</b>
<b>Changes in:</b>			
Inventories	(8,448)	(5,211)	186
Clients and assimilated accounts	1,171,127	(354,120)	(2,176,952)
Trade payables and other liabilities	(1,209,775)	360,748	2,134,476
Other taxes and social insurance liabilities	8,669	(3,150)	(4,525)
Deferred revenues	95,960	1,956	14,904
<b>Cash flows from operational activities</b>	<b>698,971</b>	<b>558,527</b>	<b>228,178</b>
Paid interests	(3,815)	(8,090)	(4,978)
Paid income tax	(36,116)	(64,551)	(23,881)
<b>Net cash generated from operational activities</b>	<b>659,040</b>	<b>485,886</b>	<b>199,319</b>
<b>Cash flows used in investment activity</b>			
Acquisition of tangible and intangible assets	(439,270)	(465,944)	(495,323)
Participation titles held in SELENE CC Societe Anonyme	242	-	-
Proceeds from EC non-reimbursable financing	117,145	9,583	93,151
Received Interests	6,482	3,055	2,684
Proceeds from sale of tangible assets	1,801	13	-
Dividends received	1,988	1,535	23
Other financial assets	-	-	-
<b>Net cash used in investment activity</b>	<b>(311,612)</b>	<b>(451,758)</b>	<b>(399,465)</b>
<b>Cash flows used in financing activity</b>			
Repayments of non-current borrowings	(23,850)	(23,753)	(23,726)
Use of working capital credit line	-	67,618	-
Use of Smart credit line	1,371	2,994	-
Repayments of current borrowings-variation	(67,618)	-	(6,157)
Building lease payments	(11,331)	(11,322)	(11,490)
Dividends paid	(52,781)	(640)	(63,672)
<b>Net cash used in financing activity</b>	<b>(154,209)</b>	<b>34,897</b>	<b>(105,045)</b>
<b>Cash and cash equivalents on January 1<sup>st</sup></b>	<b>333,681</b>	<b>264,656</b>	<b>569,847</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>193,219</b>	<b>69,025</b>	<b>(305,191)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>526,900</b>	<b>333,681</b>	<b>264,656</b>



## LITIGATION

### • RAAN

On the dockets of the Mehedinți Court – Second Civil Section, of Administrative and Fiscal Litigation, file no. 3616/101/2014, having as object "claims in the amount of 1,091, counter value of invoice no. 1300215/31.12.2013", file in which the Company is the defendant, the plaintiff being the Autonomous Directorate for Nuclear Activities - RAAN.

By civil sentence no. 127 pronounced on 10.10.2014, the Mehedinți Court ordered the admission of the request made by the Plaintiff RAAN and obliging the Company to pay the amount of 1,091, equivalent to invoice no. 1300215/31.12.2013.

The company filed an appeal by which it requested the Court that, by the decision it will pronounce, to order the admission of the appeal as it was formulated, to cancel the contested decision and sentences and send the case to the territorially competent court for trial, acknowledging that the requirements of art. 1616-1617 of the Civil Code were met, which is why it is requested to establish the intervention of the legal compensation of the mutual debts and their extinguishment until reaching the lowest amount among them, in this case the total amount requested by the plaintiff through the summons, the obligation of the respondent - plaintiffs to pay the expenses incurred with this appeal.

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

By decision no. 124/2017, the Craiova Court of Appeal admitted the appeal declared by Transelectrica and cancelled the sentence no. 127/2014 pronounced by the Mehedinți Court, and the case was sent for retrial to the Bucharest Court - VI Civil Section. On the dockets of the Bucharest Court, the case was registered under no. 40444/3/2017, which by civil sentence no. 4406/04.12.2017 ordered the admission of the request made by RAAN and obliged Transelectrica to pay the amount of 1,091. The sentence was appealed.

During 2014-2015. The company withheld the bonus due to RAAN on the support scheme, based on the provisions of the ANRE regulations, respectively art. 17 paragraph 5 of the ANRE President's Order no. 116/2013.

Under these conditions, RAAN calculated penalties for the non-payment on time of the due cogeneration bonus, in the amount of 3,497, withheld from payment by the Company on account of unpaid receivables. The amount of 3,497 was refused for payment by the Company and was not recorded as a debt under the support scheme.

The subject of file number 9089/101/2013/a152 is an appeal against the Additional Table of Claims against the debtor RAAN, the amount in dispute being 89,361.

Transelectrica SA was entered in the RAAN debtor's table with the amount of 11,265, in the category of claims resulting from the continuation of the debtor's activity, but the amount requested by the Company is of 89,361. The amount of 78,096 was not entered in the preliminary table of receivables, on the grounds that "this does not appear as owed in the accounting records of RAAN." Moreover, the judicial liquidator considered that the request to enter the amount of 78,096 in the table is formulated late, being related to the period 2011 - 2013, which is why the debt statement had to be formulated at the time of the opening of the insolvency procedure, respectively on 18.09.2013.

An appeal was submitted within the legal term to the additional table of claims, the Mehedinți court approving the evidence with the accounting expertise.

At the trial date on 14.06.2018, the trial of the case is suspended until the resolution of file no. 3014/2/2014 pending before ÎCCJ, and on 14.02.2019, the Mehedinți Court ordered the connection of file no. 9089/101/2013/a152 to file no. 9089/101/2013/a140 (having as object claims - payment request). Thus, the trial of the file was postponed, as the court considered that the presentation of Civil Decision

no. 2969/26.09.2018, pronounced by the High Court of Cassation and Justice in file no. 3014/2/2014, having as object the cancellation of ANRE President decision no. 743/2014.

The solution of the Mehedinți Court by Decision 163/ 20.06.2019 is: Admit the exception of forfeiture. Admits in part the main action as well as the related appeal. Obliges the defendant to pay to the plaintiff the amount of 16,950 receivables created during the procedure, ordering its entry in the table of creditors established against the debtor RAAN with this amount. Reject the rest of the related requests. Pursuant to art. 453 para. 2 C. Fr. civil. Obliges the defendant to pay the plaintiff 1 thousand RON as trial expenses. With appeal. Pronounced in public session. Document Decision 163/20.06.2019.

Transelectrica filed an appeal within the legal term. At the trial date on 06.11.2019, the Craiova Court of Appeal ordered the rejection of Transelectrica's appeal, as unfounded. Final decision. Decision 846/06.11.2019.

Transelectrica has filed a request for review for contrary decisions, registered under file number 1711/54/2019 with a trial date on 26.03.2020 at the Craiova Court of Appeal, which will send the file to the High Court of Cassation and Justice for competent settlement.

On 21.05.2020, the case was removed from the list with the following solution: the exception of material incompetence of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Section. Decision 140/21.05.2020.

At the trial date on 03.02.2021, the ÎCCJ admitted the exception of the lateness of the revision request and did not rule on its inadmissibility.

In the bankruptcy file of RAAN registered under no. 9089/101/2013, the Mehedinți Court postponed the case to the terms of 08.10.2020 and 04.02.2021. The solution in short: a deadline was granted for the continuation of the liquidation procedures, the representation of the debtor's interests in the litigation pending before the courts, the consolidation of the trust, the continuation of measures for the recovery of debts, the continuation of public tenders with the objective of capitalizing on the debtor's assets.

At the trial of 06.10.2022, a deadline was granted for the continuation of the procedure, respectively for the capitalization of the goods, the collection of debts and the fulfillment of the other liquidation operations, and the following trial dates are established for 09.02.2023, 15.06.2023, 05.10.2023, 18.01.2024, 08.02. 2024 rescheduled for 06.06.2024.

Also, between RAAN and Transelectrica, there are 5 other cases in different stages of trial.

#### • COURT OF AUDIT

As a result of an audit carried out in 2013, the Court of Audit ordered certain measures to be implemented by the Company as a result of deficiencies found during that audit. The decision and the conclusion issued by the Court of Audit were appealed to the Bucharest Court of Appeal, being file no. 1658/2/2014, which has as its object "cancellation of control documents" - Conclusion no. 7/20.02.2014 issued by Court of Audit.

On 13.06.2018, the plaintiff's action is admitted in part. Partially cancels conclusion no. 7/20.02.2014, decision no. 37/9.12.2013 and control report no. 35521/6.11.2012 issued by the defendant regarding the measures ordered by the decision indicated above at points I.1, I.3, I.6, I.8, I.11, II.14, II.15, II.17, II.18, II.20, II.21, II.22 and partially the measure from point II.13 in the sense of removing the phrase "including those found in the case of invoices issued by FLOREA ADMINSTRARE IMOBILIARĂ SRL". Rejects the rest, the plaintiff's action as unfounded. Approves the electrical energy technical expertise report drawn up in the case by expert Toaxen Vasile. It obliges the defendant to pay the plaintiff the amount of 121 trial expenses (partly the expert's fee and court stamp duty). Decision document 2771/13.06.2018.

Transelectrica declared an appeal on 14.06.2019.

In the public hearing on 21.10.2020, the appeals declared by the plaintiff and the defendant against sentence no. 2771 of June 13, 2018 of the CAB - Section VIII administrative and fiscal litigation, as unfounded. Definitive.

During the audit carried out in 2017, the Court of Audit ordered certain measures to be implemented by the Company as a result of deficiencies found during this audit. The company filed several appeals against the measures ordered by the Court of Audit of Romania (CCR) by Decision no. 8/27.06.2017, requesting their cancellation, as well as Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively of Control Report no. 19211/26.05.2017. The appeals were filed before the Bucharest Court of Appeal, among which file no. 6581/2/2017 regarding the cancellation of the findings from point 6 as well as the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes from 29.03.2023, file no. 6581/2/2017 was versioned within panel 12 Merits of the VIIIth Administrative and Fiscal Litigation Section under no. 6581/2/2017\* The solution in short: To give the parties the opportunity to submit written conclusions and to deliberate, postpone the pronouncement to the following trial dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the trial date of 26.05.2023, the sue petition was admitted. Conclusion no. 77/03.08.2017 was partially cancelled, regarding the rejection of point 6 of Appeal no. 26140/17.07.2017, Decision no. 8/27.06.2017 regarding the findings from point 6 and the measure ordered at point II.9, as well as Control Report no. 19211/26.05.2017 regarding the findings from point 3.2. It obliges the defendant to pay the plaintiff court costs in the total amount of 10, representing the judicial stamp duty and the judicial expert's fee. With appeal within 15 days of communication. Decision 920/26.05.2023.

The rest of the files were settled definitively, by rejecting the application for annulment by the Bucharest Court of Appeal and the rejection of the appeals by the High Court of Cassation and Justice (file no. 6574/2/2017 regarding the annulment of the findings from point 5.2 as well as the ordered measure at point II.8, file no. 6576/2/2017 regarding the annulment of findings from points 7.1, 7.2 and 8, as well as the measure ordered at point II.10, which became new file no. 2985/1/2021 to which on 24.11.2022 the ICCJ finds the nullity of the appeal filed by the Company, definitively, file no. 6577/2/2017 regarding the annulment of the findings from point 13 as well as the measure ordered at point II.13, which became file no. 1614/1/ 2020, file no. 6578/2/2017, regarding the cancellation of the findings from point 9 as well as the measure ordered at point II.11, file no. 6580/2/2017 regarding the cancellation of the findings from point 10 as well as the measure ordered at point II.12, file no. 6582/2/2017 regarding the annulment of the findings from point 11 as well as the measure ordered at point I.5 and file no. 6583/2/2017 regarding the annulment of the findings from point 5.1 as well as the measure arranged in point II.7 and II.8).

In the period January-July 2020, the Court of Audit of Romania carried out a control action at all Territorial Transmission Units of CNTEE Transelectrica, and in the period 25.05-27.08.2020, the verification action continued at the executive headquarters of the Company. The theme of the CCR's control action was "the control of the situation, the evolution and the way of administration of the public and private patrimony of the state, as well as the legality of the realization of revenues and the execution of expenses for the period 2017-2019" at CNTEE Transelectrica SA".

The control action with the theme stated above, started on 25.05.2020 at the executive headquarters of the Company, was suspended by the CCR due to the start of another control with the theme "control of the way of managing public resources during the state of emergency" . The control started on 06/02/2020 and was completed on 06/26/2020.

Through the Control Report concluded by the CCR auditors on the subject of "control of the way of managing public resources during the state of emergency", report registered in the Company with no. 24225/26.06.2020, no deficiencies were found, as a result no Decision was issued ordering measures.

After the completion of the control regarding the way of administration of the public and private patrimony of the state, as well as the legality of the realization of income and the execution of expenses for the period 2017-2019, control completed on 06.10.2020, the Control Report with no. 40507 /06.10.2020 was issued and on 09.11.2020, the Court of Audit of Romania, through Department IV, issued Decision no. 15 which contains 10 measures, with a deadline of 31.05.2021, which was extended by the CCR at the request of the Company, until 31.12.2021.

The company raised objections and filed Appeal no. 50090/26.11.2020 registered with the Court of Audit with no. 139775/26.11.2020, requesting the cancellation of the measures. As a result of the examination

and analysis by the CCR auditors of the Appeal submitted by the Company, by the Conclusion no. 2 of 10.03.2021, the cancellation of one of the 10 measures ordered was admitted.

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

At the trial date of 10.12.2021, the CAB rejects the sue petition filed by the Company, as unfounded.

Transelectrica declared the appeal rejected as unfounded on 03/07/2024. Final decision no. 1319/2024.

#### • **OPCOM**

On the dockets of the Bucharest Court, file no. 22567/3/2019, with the object of "claims", file in which the Company is the plaintiff, the defendant being OPCOM SA.

Through the sue petition, the plaintiff CNTEE Transelectrica SA requested the court that, by the judgment it will pronounce, to order:

- obliging the defendant OPCOM SA to pay the amount of 4,517 thousand, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the value of the VAT related to the contribution brought by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement no. 7181RO/2003, commitment for the financing of the "Electricity Market Project" investment project;

- obliging the defendant OPCOM SA to pay the amount of 1,294 related to invoices TEL 19 T00 no. 17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019, representing the legal penalty interest, calculated for non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

- obliging the defendant OPCOM SA to pay trial expenses.

At the deadline of 03.07.2020, the court discussed the request of the parties to suspend the trial of file no. 22567/3/2019, formulated by OPCOM remaining in pronouncement.

At the trial date of 17.07.2020, the court pronounced the following solution in short: Suspend the trial of the case until the final resolution of file no. 31001/3/2017, having as its object an action to annul the decision of the Opcom AGM (in which Transelectrica is not a party and in which on 01.02.2021 it was decided to reject the declared appeals, the solution being final).

After the final settlement of file no. 31001/3/2017, CNTEE Transelectrica SA filed a request to reinstate file no. 22567/3/2019, as the reason for suspending the case no longer existed. The Bucharest Court put the case back on the docket, setting a trial date of 05.11.2021.

At this term, after the appeal made in the case, the court gave the floor to the parties on the "exception of the prescription of the material right to action". After the oral conclusions presented by the parties on this exception, the court remained in ruling on it, postponing the ruling to 03.12.2021.

On 03.12.2021, the Bucharest Court pronounced the following solution in short: "Admits the exception of the prescription of the material right to action. Dismiss the action as time-barred. Document: Decision 3021/2021 03.12.2021".

The company declared appeal. The court rejects the appeal as unfounded. It obliges the appellant to pay the respondent the amount of 11 as court costs. With appeal within 30 days from the communication of the decision. Decision 1532/12.10.2022. Transelectrica filed an appeal against Civil Decision no. 1532/12.10.2022 issued by the CAB.

On 19.09.2023, the appeal was admitted to ICCJ, decision 1532/12.10.2022 was cancelled and the case was sent for a new trial to the same court. Definitive. Decision 1640/19.09.2023.

Before the Bucharest Court, file no. 24242/3/2021, in which the plaintiff is OPCOM SA, and CNTEE Transelectrica SA is the defendant.

The purpose of this file is to establish the nullity of the act - contribution in kind, materialized through intangible assets, the trading platform - the Commercial Exchange and the Regional Electricity Exchange, financed from loans contracted by CNTEE Transelectrica SA from IBRD, based on loan agreement no. 7181RO/17.07.2003, as well as from CNTEE Transelectrica SA's own sources, which were made on the basis of service contracts and deliverables no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Decision no. 6/15.06.2016 and, subsequently, AGOA Decision no. 2/25.05.2017 and AGOA Decision no. 7/24/05/2018.

At the court date of 11.04.2022, the court discussed the exceptions invoked by CNTEE Transelectrica SA, by response. Also, at this term, the proposed evidence to be administered in this case was discussed. The court postponed the trial of the case to the fixed term of 22.11.2022, in order to administer the evidence with the financial-accounting expertise to be carried out in this file. After several postponements, the next deadline is set for 27.06.2023 due to the lack of an expert report. At the deadline of 27.06.2023, based on the decision of the General Assembly of Bucharest Court Judges no. 4/20.06.2023, orders the postponement of the case.

On 07.11.2023 TMB Solution in short: the exception of inadmissibility was qualified as a substantive defense. The request for summons was rejected as unfounded. With the right to file an appeal, within 30 days of communication to the parties, Decision 2600/07.11.2023.

#### • CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensation for the expenses incurred up to that time in the amount of 17,420 and unrealized profits for the period 2013-2033 in the amount of EUR 722.76 million. Until this moment, the Company has not concluded an addendum to the connection contract because the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by March 11, 2014, the date on which the technical approval for connection expired. File no. 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Litigation Section, having as its object the obligation to issue an administrative act, the procedural stage – appeal, the trial term being 09.12.2015. At this term, the High Court of Cassation and Justice admitted, in principle, the appeals and set a deadline for the trial, on the merits, of the appeals on April 8, 2016. Complete 4, with the citation of the parties.

The trial of the case was postponed to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it issued Decision no. 2148/2016, by which it ordered the following: "Rejects the exceptions invoked by the appellant-plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the appellant-defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admits the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the decision of the meeting of February 18, 2014 and the civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Cancels the contested conclusion and the sentence in part and sends the case to the Bucharest Court – Civil Section VI for the settlement of the plaintiff's action against Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Maintains the other provisions of the sentence regarding the plaintiff's action against the National Energy Regulatory Authority. It rejects the appeals declared by the plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Rejects the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the conclusion of the meeting of March 25, 2014, issued by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Definitive. Pronounced in public session, on June 29, 2016.

On the dockets of the Bucharest Court - VI Civil Section, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception of inadmissibility and rejects the request as inadmissible. It also rejects the request for intervention in the interest of the plaintiff. With appeal within 30 days of communication. The appeal was submitted to the Bucharest Court, Civil Section VI and available to the parties through the registry, on 23.11.2017.

On 02.11.2018, before the Bucharest Court - VI Civil Section - a new sue petition was registered by Conaid Company SRL, in file no. 36755/3/2018, by which the plaintiff requested the court to order the obligation of Transelectrica SA to "repair the damage caused to the plaintiff, as a result of the defendant's culpable failure to fulfill its obligations, in the amount of 17,216, consisting of the actual damage suffered and the un-obtained benefit, estimated provisionally at 100 thousand EUR. Considering the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract no.C154/27.04.2012, and in the situation where the court will consider that, from a formal point of view, it cannot be considered fulfilled by the plaintiff the obligation regarding the suspensive conditions, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfillment of the conditions".



At the trial date of 15.10.2019, it rejects as unfounded the exceptions of the lack of active procedural quality and the lack of interest. It unites with the fund except for the prescription. With appeal together with the merits. Pronounced by making the solution available to the parties through the mediation of the court clerk office.

Grants a deadline for the continuation of the investigation of the process on 26.11.2019, with the summoning of the parties. With appeal together with the merits. Pronounced by making the solution available to the parties through the mediation of the court clerk office.

It is postponed for the submission of evidence with expertise and a trial date is established on 21.01.2020.

On 21.01.2020, the case is postponed to carry out the expertise and the next trial date is established on 31.03.2020.

At the trial date of 31.03.2020, the short solution was the following: Suspended by law based on art. 42 paragraph 6 of the Decree of the President of Romania 195/2020 regarding the establishment of the state of emergency on the territory of Romania, for the entire period of the state of emergency.

At the trial date of 03.01.2024, TMB admits the exception of the limitation of the substantive right to action, invoked by statement of defence. Rejects the petition as time-barred. With appeal within 30 days of communication. Decision 4/2024.

#### • **ROMENERGY INDUSTRY**

File no. 2088/107/2016 on the dockets of Alba Court, has as its object "Bankruptcy - Application for registration in the statement of affairs". Transelectrica submitted an application for registration in the statement of affairs with the amount of 16,112, and the claim was admitted and entered in the preliminary Table.

The solution in short: It is established a trial date for 14.10.2019, for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts. The judicial liquidator will draw up and submit to the file: - every 15th of the month, for the previous month, the monthly activity reports provided for in paragraph 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the summary report at 120 days, provided by the final part of paragraph 3 of art. 59 Law 85/2014.

On 11.05.2020, the trial was suspended by right, for the duration of the state of emergency, established on the territory of Romania.

At the trial date on 22.06.2020, the case was postponed. The solution in short: the report on the funds obtained from the liquidation of the debtor's assets and the distribution plan dated 06.03.2020 were approved.

The case was postponed at the trial date on 18.01.2021. The solution in short: Report no. 1334 on the funds obtained from the liquidation of the debtor's assets and Plan no. 1335 distribution of funds.

At the trial date on 16.05.2022, it is established a trial date on 19.09.2022 for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the trial date on 19.09.2022, it is established a trial date on 12.12.2022 for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the trial date on 12.12.2022, the court approves the final report drawn up by the trustee in bankruptcy New Insolvency SPRL, coordinating associate Bica Rosana. Based on art. 175 paragraph 2 of Law no. 85/2014, closes the bankruptcy procedure concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the debtor company to be deleted from the trade register. In accordance with the provisions of art. 180 of the law, the syndic judge and the trustee in bankruptcy are relieved of any duties or responsibilities regarding the procedure, the debtor and its assets, creditors and associates. With right of appeal within 7 days of communication through BPI. Procedure for settling appeals against the closing decision.

At the trial date on 04.06.2023, the appeal against Sentence no. 293/F/2022 pronounced by the Alba Court in file no. 2088/107/2016 was rejected. Definitive. Decision no. 134/06.04.2023.

## • REȘIȚA Municipality

File no. 2494/115/2018\*- file no. 2494/115/2018\*\*, registered at the Caraș Severin Court, has as its object the sue petition, by which the plaintiff Reșița Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts:

- 2,130, representing the rent for the temporarily occupied land area from the forestry real estate related to 2015;
- 2,130, representing land rent for the year 2016;
- 2,130, representing land rent for the year 2018;
- 2,130, representing land rent for the year 2019;
- 2,130, representing land rent for the year 2020;
- penalizing legal interest from the due date until actual payment.

The short solution: Accept the exception of territorial non-jurisdiction of the Caraș-Severin Court. It declines the competence to settle the request made by the plaintiff Reșița Municipality - through the mayor, in opposition to the defendant Compania Nationala de Transport a Energiei Electrice "Transelectrica" SA, in favor of the Bucharest Court. No appeal, according to art. 132 paragraph 3 of the Code of Civil Procedure. Pronounced in public meeting. Decision 313/11.03.2019.

At the trial date on 25.10.2019, the exception of the territorial incompetence of the Bucharest Court is accepted. It declines the competence to settle the case in favor of the Caraș-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caraș-Severin Court. Suspend the case and forward the file to the High Court of Cassation and Justice, in order to settle the negative conflict of jurisdiction. No appeal. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the trial date on 16.07.2020 by decision no. 1578 established the competence to settle the case in favor of the Caraș Severin Court – Civil Section I.

File 2494/115/2018\*\*. Trial date: 22.03.2021 at the Caraș Severin Court. Solution: Suspend the trial of the sue petition made by the plaintiff Reșița Municipality, through the Mayor, in opposition to the defendant Transelectrica SA, having as its object claims, based on art. 413 paragraph (1) point 1 of the Civil Code With appeal, as long the suspension of the course of trial of the trial last, to the hierarchically superior court.

The suspension of the trial of the case was ordered until the final settlement of file no. 3154/115/2018\* of the Caraș Severin Court.

At the trial date on 19.01.2023, the solution in short is: Reject the exception of the non-stamping of the application considering that the defendant does not have the necessary capacity to invoke the method of establishing the stamp duty. It rejects the exception of the lateness of the formulation of the amending sue petition. Prolongs the discussion on the exception of the positive effect of res judicata authority until the trial date when the decision of the High Court of Cassation and Justice will be submitted in its entirety in file no. 3154/115/2018\*\*. Prolongs the ruling on the probation requests consisting of the evidence with the defendant's interrogation and the accounting expertise. Postpones the trial of the case and establishes a trial date on 02.03.2023.

At the trial date on 02.03.2023, the solution in short is: "suspends the trial of the suepetition filed by the plaintiff Reșița Municipality, in opposition to the defendant Compania National de Transport al Energiei Electrice "Transelectrica" SA, having as its object claims. With the right of appeal throughout the suspension of the trial."

At the trial date on 22.02.2024, the court postpones the trial of the case to 14.03.2024, in order to return file no. 2494/115/2018\*\*, appealed at the Timișoara Court of Appeal, for when the parties have a trial date based on art. 229 Code of civil procedure. through the presence of conventional representatives.

## • ANAF

In 2017, the general fiscal inspection started at the headquarters of Transelectrica SA on 14.12.2011 was completed, which covered the period December 2005 - December 2010. The general fiscal inspection began on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA.

As a result of the completion of the control, ANAF - DGAMC established additional fiscal obligations to be paid by the Company, namely profit tax and VAT, as well as additional fiscal obligations (interests/late

increases and delay penalties) related to the technological system services (STS) invoiced by energy suppliers, considered non-deductible following the fiscal inspection.

According to the Taxation Decision no. F-MC 439/30.06.2017 in the total amount of 99,013, ANAF – DGAMC established additional tax obligations to be paid by the Company, in the amount of 35,105, as well as additional tax obligations (interest/late increases and delay penalties), in the amount of 63,908.

Mainly, the Fiscal Inspection Report of ANAF recorded the following additional payment obligations: profit tax in the amount of 13,729, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out at night of June 26-27, 2009, at the workplace in the Millenium Business Center building in str. Armand Călinescu nr. 2-4,, sector 2, where the Company carried out its activity), documents with special regime.

These invoices were the subject of a dispute with ANAF, which issued a fiscal inspection report on September 20, 2011, which estimated the VAT collected for a number of unused invoices identified as missing.

The company appealed within the legal term, according to the Governmental Ordinance no. 92/2003 regarding the Fiscal Procedure Code, Taxation Decision no. F-MC 439/30.06.2017.

ANAF issued enforcement title no. 13540/22.08.2017 on the basis of which there were executed the additional payment obligations established by the Taxation Decision no. F-MC 439/30.06.2017.

The company requested the cancellation of enforcement title no. 13540/22.08.2017 at the Court of Appeal - file no. 7141/2/2017. The solution in short: Admits the exception of material incompetence of the Bucharest Court of Appeal - SCAF. It declines in favor of the Bucharest Court of Sector 1 the material competence to settle the case. No appeal. Pronounced in public session on 08.02.2018. Document: Decision 478/2018 on 08.02.2018.

Following the denial of jurisdiction, it was registered on the dockets of the Court of Sector 1 the case file no. 8993/299/2018, by which the Company challenged the enforced execution started pursuant to enforcement title no. 13540/22.08.2017, which is based on Taxation Decision no. F-MC 439/30.06.2017.

After the Company challenged the fiscal administrative document Decision no. F-MC 439/30.06.2017, ANAF communicated to the Company the Decision no. 122/13.03.2018 rejecting as unmotivated the appeal filed by CNTEE Transelectrica SA, the decision being received on 16.03.2018, after the submission of the sue petition which is the subject of file no. 1802/2/2018.

The solution in short: Admits the request for suspension of the judgment formulated by the appellant. Based on art. 413 para. (1) point 1 of the civil procedure code, it suspends the trial until the final settlement of file no. 1802/2/2018, pending at the Bucharest Court of Appeal, Section VIII administrative and fiscal litigation. With appeal for the entire duration of the suspension, the request for appeal will be submitted to the Sector 1 Court of Bucharest. Document: Termination - Suspension 17.04.2018.

The Court of Appeal has file no. 1802/2/2018 by which the Company challenged the fiscal administrative document Decision no. F-MC 439/30.06.2017.

At the trial date on 06.11.2018, the submission of evidence was admitted with the expertise in accounting - taxation specialization.

At the CAB trial date on 21.07.2020, the ruling was postponed. On 30.07.2020, the case was put back on the docket, for additional clarifications.

At the trial date on 20.10.2020, the request was partially admitted with the following solution on short: the pending requests were partially admitted.

It was partially cancelled the Decision no. 122/13.03.2018, regarding the settlement of the appeal against Taxation Decision no. F-MC 439/30.06.2017, issued by the National Fiscal Administration Agency - General Directorate for the Resolution of Appeals, Taxation Decision, no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – DGAMC and Fiscal Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, in the sense that:

- removes the obligation to pay profit tax in the amount of 18,522, VAT in the amount of 5,695 and the fiscal accessories related to these main fiscal debits, in the amount of 48,437, fiscal obligations established for the 349 fiscal invoices with special regime found missing from the management of the plaintiff.

- removes the non-deductible nature of the taxable profit calculation of the amount of 27,002, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the fiscal inspection and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible nature of the taxable profit calculation of the amount of 344. representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible nature of the taxable profit calculation of the amount of 230,685, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible character of VAT in the amount of 46, related to the amount of 344, representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes the non-deductible character of VAT in the amount of 38 related to the amount of 231, representing expenses with promotional and protocol products and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- • remove the mention regarding the obligation of the Sibiu Transmission Branch within CNTEE Transelectrica S.A to register the amount of 577 as taxable income, at the latest on 30.06.2010, the date on which the registration of the unit verified in the statement of affairs with this amount was accepted, the mention regarding the character of taxable income when calculating the profit of the amount of 577 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d from GD 44/2004 including the methodological norms for the application of Law no. 571/2003, the chapter relating to profit tax, respectively chapter VII the function of accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European directives and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- removes from the Minutes the finding made regarding "the determination of the deductible value added tax lower than that recorded by the plaintiff, thus resulting in a difference in the amount of 13" (appendix no. 15) and the obligation to pay the main tax debts and accessories in relation to this amount.
- removes the obligation to pay delay penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection, regarding the main fiscal obligations that were maintained by the court through this decision, as established by the Taxation Decision no.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF – DGAMC, Taxation Decision no.F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, issued by ANAF - General Directorate for Resolution of Appeals.

Maintains the other provisions contained in Decision no. 122/13.03.2018, regarding the resolution of the appeal against Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – General Directorate for the Resolution of Appeals, Taxation Decision no. F -MC 439/30.06.2017, issued on 12.07.2017, by ANAF – DGAMC, Taxation Decision no. F-MC 439/30.06.2017, issued by ANAF – DGAMC. Rejects the rest of the *lis pendens* requests as unfounded.

Rejects as unfounded the request for court costs consisting of the judicial stamp duty. It obliges the defendants, jointly and severally, to pay to the plaintiff the court costs in the amount of 4, representing the fee for carrying out the expertise in the accounting-tax specialty, proportional to the admission of the request. With the right of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal. Decision 382/20.10.2020.

The parties appealed in March 2022.

At the meeting on 24.05.2022, the CAB rejects as unfounded the request for clarification and completion of the device. Accepts the request to correct the material error in the sense that the sums of money as main and accessory tax obligations, related to the 349 tax invoices, as they appear in the disputed taxation decision, will be mentioned as correct. Orders the correction of the material error in the sense of

removing the wrong name of the plaintiff from the content of the appealed sentence. With appeal within 15 days of communication.

The parties have appealed. The case is in the filter procedure at the ICCJ. Deadline 13.12.2023.

On 13.12.2023 the ICCJ reserved judgment, on 20.12.2023 the court admitted the appeals declared by the plaintiff Transelectrica, the defendant the General Directorate for the Administration of Large Taxpayers and the defendant the National Agency for Fiscal Administration against the civil sentence no. 382 of 20 October 2020, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Partially annulled the appealed sentence and, rejudging: rejected the request to annul the Decision regarding the settlement of appeal no. 122/13.03.2018 and the imposition Decision no. F-MC 439/30.06.2017 regarding: - withholding the non-deductibility of expenses in the amount of 343,629.91 RON, representing "weed removal services" and the related VAT; - withholding the non-deductibility of expenses in the amount of 230,685, representing the counter value of promotional and protocol goods and the related VAT; - the obligation to pay delay penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection. It determined the amount of court costs to which the defendants, jointly and severally, were bound, at the amount of 6,000 RON, representing the fee for carrying out the expertise in the accounting-tax specialty. It maintained the other provisions of the civil sentence no. 382 of October 20, 2020. Admitted the appeals declared by the plaintiff Transelectrica and the defendant the General Directorate for the Administration of Large Taxpayers against civil sentence no. 134 of May 24, 2022, pronounced by the Bucharest Court of Appeal – Section VIII administrative and fiscal litigation. Partially cancelled civil sentence no. 134 of May 24, 2022 and, rejudging: partially admitted the request for clarification and completion of the provision of civil sentence no. 382 of October 20, 2020, formulated by the plaintiff Transelectrica. Ordered the completion of the provision of the civil sentence no. 382 of October 20, 2020 with the following mentions: - also canceled the fiscal inspection report no. F-MC 222/30.06.2017 to the extent that the Taxation Decision no. F-MC 439/30.06.2017 was cancelled; - canceled the main fiscal obligations established for the year 2005 and related accessories, as the right of the fiscal body to establish such obligations has been prescribed; - annulled the fiscal administrative documents regarding the non-deductibility of the expenses with the benefit share of SMART. It removed the mentions of the amounts representing canceled profit tax and accessories, related to the 349 tax invoices, both from the sentence correcting the material error and from the main sentence. It maintained the other provisions of the civil sentence no. 134 of May 24, 2022. It obliged the appellants - defendants to pay to the appellant - plaintiff Transelectrica the amount of 200 RON, representing court costs in the appeal. Definitive. Decision 6169/20.12.2023.

The company is involved in adversarial litigation with SMART and Teletrans Branches as follows:

#### I. Disputes with the SMART SA Branch

##### • **File no. 48509/3/2017, re-numbered to CAB 8860/2/0222 - Bucharest Court / Bucharest Court of Appeal**

Object of the file: CNTEE Transelectrica SA requests by action the obligation of SMART SA to:

- the restitution to Transelectrica of the amount of 7,652, to which VAT is added, as damage suffered by the Company as a result of the unjust enrichment of the defendant, mainly, and as unpaid payment, secondarily;
- obliging the defendant to pay the un-obtained benefits related to the amount paid as unjust enrichment, mainly, and as an unpaid payment, secondarily, calculated from the date the undersigned made the unpaid payments to the defendant and until the date of referral to the court in the amount of 2,773, as well as obliging the defendant to pay, in the future, the un-obtained benefits, until the date of effective restitution by the defendant of the amount representing the main debit.

**Case stage:** Rejects the sue petition as unfounded. With the right of appeal within 30 days from the communication, the appeal request to be submitted to the Bucharest Court - Civil Section VI. Pronounced by making the solution available to the parties through the court clerk office. Document: Decision 741/12.04.2022. Transelectrica declared an appeal, which was reclassified as an appeal and the file received number 8860/2/2022. CAB solution: rejected the appeal, as unfounded. Definitive. Decision 194/16.05.2023.



**Observations regarding the circumstances of the initiation of the action:**

In the period 16.01.2017 - 26.05.2017, the Company was subjected to a control by the Court of Audit of Romania, carried out by a team of external public auditors from Department IV of the Court of Audit. Following this control, the Control Report registered with the Company under no. 19211 dated 26.05.2017 was concluded, which was contested by the Company, subsequently being issued by the CCR Decision no. 8/27/06/2017

On pages 116-117 of the Control Report, point 9, the Control Team of the Court of Audit notes the fact that, in 2014, based on contract C57/31.01.2012, the Transmission Branches: Bucharest, Pitești, Sibiu and Constanța of CNTEE Transelectrica SA, based on the orders regarding replacement works of 220kv, 110kv and 245kv circuit breakers, accepted for payment invoices (with attached payment statements certified by the Transmission Branches and Smart Branches) and work statements drawn up by the Smart Branches, in which, in the materials category, switches purchased at overvalued prices were included, to which indirect expenses of 30% and profit of 5% were added, which led to the inefficient use of funds in the estimated amount of 7,652.

- **File nr. 40958/3/2016 – Bucharest Court**

**File object:**

Transelectrica, as the plaintiff, requests the obligation of SMART SA to pay the amount of 2,797, including VAT + 1,212, representing accessories.

**File status:**

TMB's solution: The exception of the limitation of the right to action, invoked by the defendant, was admitted. The action was dismissed as time-barred. The plaintiff's request to oblige the defendant to pay court costs was rejected as unfounded. With appeal within 30 days of communication. Document: Decision 2667/2021 29.10.2021.

CAB Solution 10.05.2022: Rejects the appeal as unfounded.

Transelectrica declared an appeal on 16.06.2022, which was accepted in principle and has a deadline of 01.11.2023. ICCJ solution: rejected as unfounded the appeal declared by the appellant-plaintiff Company against civil decision no. 743/A/10.05.2022, pronounced by the Bucharest Court of Appeal – Fifth Civil Section. Definitive.

- **File No. 24360/3/2020 – Bucharest Court**

**File Object:**

- SMART SA requested the obligation of Transelectrica to pay the amount of 14.75 thousand EUR + VAT, the counter-value of 38 concrete foundations, 98.28 thousand EUR + VAT, the counter-value of additional canal construction works, 112 + VAT, cval. Mecano type interest, legal interest.

**File stage:**

The TMB solution: the exception of the extinguishing prescription was admitted. The exception of inadmissibility was qualified as substantive defense. The action was dismissed as time-barred, the material right to action. With the right to file an appeal, within 30 days from the communication to the parties. The appeal is to be filed at the headquarters of the Bucharest Court, the 6th Civil Section. Pronounced on May 10, 2021 in public session. Document: Decision 1263/2021; SMART declared appeal.

CAB solution in short: The appeal was accepted. The appealed sentence was annulled and, referring to the merits, the exception of the extinguishing prescription of the material right to action was admitted. The action was dismissed as time-barred. The appellant's request to oblige the respondent to pay court costs was rejected. With appeal within 30 days of communication. The appeal is submitted to the CAB - the 6th Civil Section. Pronounced in public session on 11.02.2022. Document: Decision 247/2022;

SMART SA has appealed to the ICCJ. Solution on 11.10.2022: The appeal declared by the appellant-plaintiff SMART SA against civil decision no. 247 A of February 11, 2022, pronounced by the Bucharest Court of Appeal – Civil Section VI. Definitive.

**File No. 51633/299/2021 – Bucharest Court****File object:**

SMART SA requested the obligation of Transelectrica to pay the amount of 118 thousand + VAT, representing "expenses with assistance services, engaged on the account of the Company as well as the payment of un-obtained benefits (legal interest).

**File stage:**

Solution of the Court of Sector 3 Bucharest: Rejects, as unfounded, the request. With right of appeal within 30 days of communication. Document: Decision 6134/2022 21.06.2022.

On 02.11.2022 SMART SA filed an appeal against the Civil Sentence no. 6134/21.06.2022 pronounced by the Bucharest Court of Sector 3. The file was registered on the dockets of the Bucharest Court. Trial date: 11.09.2024

• **File no. 15561/3/2022 - Bucharest Court**

**File object:**

SMART SA requested the obligation of Transelectrica to pay the amount of 4.47 million regarding the execution of an administrative contract.

**File stage:**

Trial date: 04.04.2024.

**II. contradictory litigations with TELETRANS SA Branch**

• **File no. 16216/3/2017 registered at the Bucharest Court – VI Civil Section**

The file received a new number 153/2/2021 at the CAB - Litigation and fiscal Section

**File object:**

Through the sue petition, Teletrans S.A. asks the court

- To acknowledge as entirely fulfilled the services representing the object of contract 03/2007, as it was amended
- Subsidiarily, to acknowledge that the services that are the object of the 03/2007 contract, as it was amended, have been provided and partially accepted;
- To oblige Transelectrica to pay the amount of 4,649, to which is added VAT in the amount of 883, representing the counter value of invoices no. 115/2017, no. 123/2017 up to no. 143/2017;
- To oblige Transelectrica to pay the amount of 214 thousand EUR to which VAT is added, at the exchange rate from the date of issuing the invoices, representing the value of the services provided and partially accepted for the contractual period May 2014 - November 2016, "subsidiarily if the head of claim II is accepted and not the head of claim I";

**File stage:**

The solution in short: Accepts the exception of the prescription of the material right to action regarding the fiscal invoices related to the months of February - March 2014. Rejects the request related to invoices no. 115/01.03.2015 and no. 123/01.03.2017 as prescribed. Rejects the rest of the action as unfounded. With appeal within 30 days of communication. The appeal is submitted to the Bucharest Court - VI Civil Section. Pronounced in public session today, 22.04.2019. Document: Decision 1064/2019 22.04.2019.

Teletrans declared an appeal. CAB's solution: the exception of the nullity of the appeal was admitted. Declares the appeal null and void. The appellant's request to oblige the respondent to pay court costs was rejected. Definitive. Document: Decision 431/17.11.2023.

**Observations regarding the circumstances of the initiation of the dispute:**

Following the control carried out between January and March 2017 at Teletrans, the Court of Audit found that Teletrans did not recover and collect from Transelectrica the amount of money requested through the action described above.

Contact C03/2007 conditions the issuance and acceptance for payment of the confirmation invoices by the representatives of our Company, at branch and executive level, of the services mentioned in each minutes issued by the plaintiff.

As a result of the inadequate fulfillment by Teletrans SA of the services contracted on the basis of C03/2007, the local Minutes of service taking-over were not endorsed by the majority of the Transmission

Branches, which is why the Managing Directors of the C03/2007 contract did not approve either Monthly centralizing reception minutes.

➤ **Others**

The company is involved in significant litigation, especially for the recovery of receivables (e.g.: Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activită Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galati and others).

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

At the same time, the Company is also involved in litigation with former members of the Directorate and the Supervisory Board, regarding the mandate contracts concluded between the Company and them. For these disputes, the company has created a provision.

➤ **Branch control**

• **SMART SA**

**Control ANAF-DGAMC**

On 19.10.2022, the partial tax inspection began, with the objectives - checking the legality and compliance of tax statements and/or operations relevant to the tax inspection, the correctness and accuracy of the fulfillment of obligations in relation to the establishment of tax bases and main tax obligations regarding:

-Value added tax in the period 01/01/2017-12/31/2021

-Profit tax in the period 01/01/2017-12/31/2021

-Verification of compliance with the provisions of fiscal and accounting legislation

-Verification of other aspects relevant for taxation, if they are of interest for the application of fiscal accounting legislation.

As a result of this control, on 19.06.2023, the following were issued: fiscal inspection report F-MC\_107, taxation decision F-MC\_177 by which fiscal payment obligations were established in the form of an additional taxable base in the amount of 29,268 and related profit tax in the amount of 4,683, as well as the decision on not changing the tax base F-MC-178.

**Ministry of Finances – DGIEF**

On 05.07.2023, the Ministry of Finance through the General Directorate of Economic-Financial Inspection carried out a control at the SMART branch to verify the issues notified by the Government of Romania through the Prime Minister's Control Body according to address 2736/05.08.2020. The control was carried out on the basis of GEO 94/2011, Decision 101/2012, the controlled period being 01.01.2018 – 2023.



