

# ANNUAL CONSOLIDATED REPORT

2020

*Iron Gates – Anina*



## **Report of the Supervisory Board regarding the consolidated financial statements elaborated in accordance with the International Financial Reporting Standards**

The Supervisory Board relies on the corporative governance principles, which provide the Company's responsible professional ethical attitude in relation with main stakeholders. The Board analyse the Company's strategy and the premises of the environment it operates in, with a view to plan Transelectrica's development and its performance, thus providing rigorous expression of objectives.

The 2020 consolidated financial statements have been submitted for the Supervisory Board's examination, and the Company's Directorate provided detailed information about the annual results. During the meeting approving the 2019 financial statements the Audit Committee provided the Supervisory Board with an analysis of results relating to 2020 financial year and recommended the Supervisory Board to endorse the stand-alone financial statements, elaborated in accordance with OMFP 2844/2016.

At the same time the Directorate's Annual Report, elaborated in accordance with the requirements of the capital market was reviewed by the Supervisory Board members. The 2020 Annual Report provides fair accurate picture of the Company's results in the financial year 2020.

The Audit Committee assist the Supervisory Board with a view to perform its own supervision responsibilities of monitoring the financial and managerial reporting, the internal control system, the audit process, the risk management system and the organisational monitoring on the compliance with the laws, regulations and the code of conduct.

*With highest consideration,*

*Supervisory Board represented by the*

*Supervisory Board Chairman*

## Statement of responsible persons

To the best of our knowledge the consolidated financial-accounting statements of 31 December 2020, elaborated in accordance with OMFP 2844/2016 approving the Accounting regulations compliant with the International Financial Reporting Standards as approved by the European Union, provide an accurate image conformant with the actual circumstances of assets, liabilities, financial position, profit and loss account of CNTEE Transelectrica SA, and the Directorate's Report includes accurate information true to real facts with respect to the Company's development and performance, as well as the description of the main risks and uncertainties specific to the activities performed.

This Report provide new items compared to the 2020 Annual Report, as resulting from the consolidation of the Company's financial statements with its Subsidiaries'.

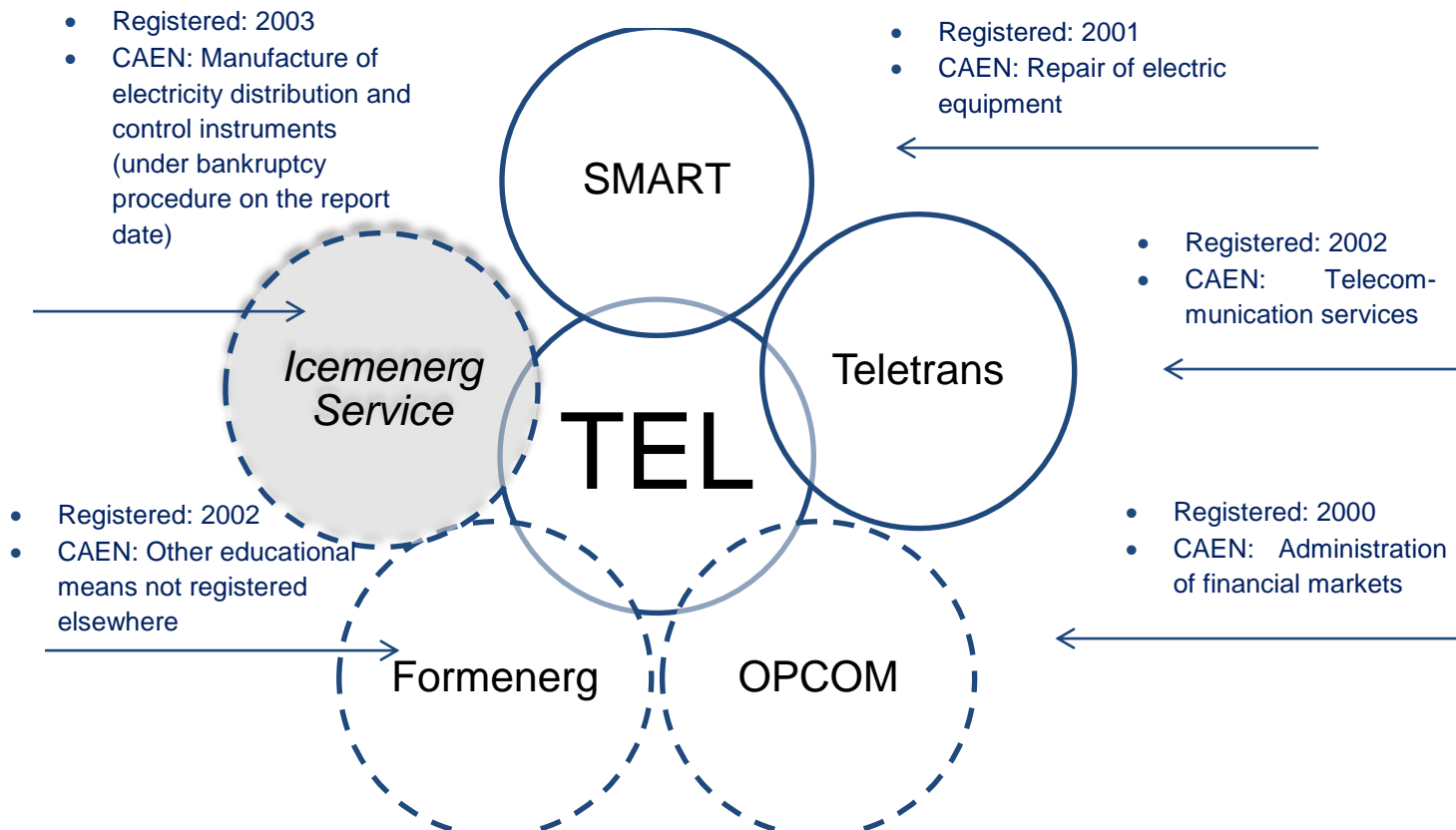
### Directorate,

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

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## DESCRIPTION OF SUBSIDIARIES



On the date of this report Transelectrica comprises five subsidiaries, Romanian legal persons, organised as joint-stock companies which it is the sole shareholder of: SMART, Formenerg, Teletrans and Icemenerg Service (found under bankruptcy procedure on the report date).

In case of Smart, after the civil ruling 598/11.06.2020 pronounced under file 7718/3/2019 by Bucharest Tribunal which decided cancelling the registration associated to its share capital indexation on 23.12.2014 by the Board of Administration of Smart with the value of lands which ownership certificates were obtained for previously, the Company became the sole shareholder.

From among Company subsidiaries only companies Smart and Teletrans are included in the Group's financial consolidation. Formenerg and Icemenerg-Service have not been taken into account for consolidation because, according to the applicable accounting legislation, the impact of their activities is considered insignificant for consolidation purposes, while OPCOM is compliant with ANRE rules and holds an independent position on the energy market.

Subsidiaries participating to consolidation (Smart and Teletrans) initiated the procedures in view of implementing the corporative governance principles in accordance with the regulations of OUG 109/2011 on the corporative governance of public enterprises. Thus the recruited managers are made responsible and remunerated according to the provisions of OUG 109/2011. Corporate governance principles are implemented because the intention is to render the two subsidiaries activities' efficient, and the Company is taking steps to carry out the assumed objectives.

### SMART



Subsidiary SMART SA has the reviews and repairs of energised instrumentation and equipment, transformers and auto-transformers as main business; remedy of incidents in electric installations and micro-production of electric equipment. The Company has 8 subsidiaries with no legal personality, situated in the same locations as Transelectrica's branches.

The mission SMART SA was established for has been and remains to provide preventive maintenance, special work and corrective maintenance to the Electricity Transmission Grid (RET) starting from the essential goal of Transelectrica: to provide electricity transmission in the national transmission network under safe steady-state conditions.

The following issues are at least taken into account as general strategic objectives:

- ✓ Providing high availability of RET assets
- ✓ Increasing the operational resilience
- ✓ Diminishing the intervention times
- ✓ Coordinating the maintenance services / work with the outage schedule of the National Power Dispatcher (DEN)

On 31 December 2020 the share capital was of 38,529 thousand Lei.

Following letter 869/23.11.2020 (registered under no. 49550/23.11.2020 in Transelectrica) transmitted by the subsidiary, the shareholder structure beginning with 16.11.2020, after cancelling the share capital increase of 23.12.2014 and amending the articles of association, has been as follows:

- ✓ CNTEE Transelectrica SA – 100% - 3,852,860 shares
- ✓ SMART results are consolidated with the Company's financial ones.

## TELETRANS



*Dincolo de așteptări!*

Subsidiary TELETRANS SA was established as per AGA Decision 13/04.12.2002 of Transelectrica according to Law 31/1990 and Orders 3098 & 3101 of 23.10.2002 of the Ministry of Industry and Trade; it is the supplier of specific telecommunication and IT services for the operational and management governance of Transelectrica, its main business being the provision of specific telecommunication and information technology services in electricity transmission networks.

In accordance with its by-laws and applicable norms Teletrans holds the ANCOM certificate of networks supplier or of electronic communication services as of 2002 (OUG 679/2002), whereby it benefits of the right to provide the following electronic communication services:

- ✓ Public networks of electronic communications (beginning with 11.11.2004);
- ✓ Electronic communication services dedicated to the public: (i) Services of leased lines and (ii) Services of electronic communications, others than phone and leased lines (beginning with 01.07.2003);
- ✓ Private networks and electronic communications services (beginning with 15.01.2003);
- ✓ Also the personnel of TELETRANS benefit of certifications relevant for the operation and administration of IT&C systems dedicated to critical infrastructures.

The competence of TELETRANS is structured along the following main guidelines:

- ✓ Telecommunication services, mainly as administrator of the Company's optical fibre backbone, which is about 5,000 km long and covers the entire Romanian territory;
- ✓ Process information services, especially for the power domain;
- ✓ Managerial information services including consultancy, design, implementation, maintenance, technical assistance and training for complex systems, software applications, Oracle databases, communication equipment, structured cabling, and Internet/Intranet.

TELETRANS uses an optical fibre network built using a reliable OPGW technology, with access points in 110 localities, as well as cross-border links with Hungary, Bulgaria and Serbia and it provides integration into the EMS/SCADA system of renewable source producers and the new command-control systems of refurbished substations.

The share capital on 31.12.2020 was of 6,874 thousand Lei, Transelectrica being the sole shareholder.

- ✓ TELETRANS shares are 100% held by Transelectrica.
- ✓ Teletrans' results are consolidated with the Company's financial ones.

## FORMENERG



Company FORMENERGSA was established under Decision 33/19.11.2001 of the Shareholders' General Assembly of Transelectrica SA by outsourcing the activities of this Subsidiary Training and Educating the Personnel of the Energy Sector.

FORMENERG began operating on 21 March 2002.

Subsidiary FORMENERG is a Company with the main business of the initial and permanent professional training in all domains of the personnel with attributions in the power domain from all sectors of national economy and of other beneficiaries, which clients include Transelectrica, ENGIE Romania, Romgaz, Transgaz Medias, Nuclearelectrica and Hidroelectrica.

FORMENERG SA is the oldest professional training centre of Romania, with over 48 years' experience in the professional training domain that managed getting up-to-date and adapted to clients' requirements, currently providing a varied range of courses in various domains: management, marketing, finance, accounting, legislation, informatics, quality, environment, occupational health and security, constructions, energy strategy, ECDL, communication, human resources, European funds, public procurement, technical courses and courses specific for the energy sector.

The competence of FORMENERG is structured along the following main guidelines:

- ✓ Carrying on the training activities
- ✓ Launching new courses
- ✓ Participating tenders
- ✓ Relicensing the courses
- ✓ Improving the company's technical-material base;

The share capital on 31.12.2020 was of 1,948 thousand Lei, fully paid, represented by 194,842 shares of 10 Lei nominal value each.

- ✓ FORMENERG shares are 100% held by Transelectrica.

## ICEMENERG – SERVICE

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

- Subsidiary ICEMENERG Service SA focused on the design, manufacture and distribution of metering, management and control instrumentation meant for the power system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE licensed.
- By Order 855/10.12.2004 of the Ministry of Economy (on instituting the special administration and financial supervision procedure) beginning with 23.12.2004 the special administration and financial supervision procedure was instituted within Subsidiary ICEMENERG SERVICE SA of Transelectrica, with a view to establish the administration and management manner as well as the measures to be applied to expedite the company's privatisation.
- AGA Decision 1/28.02.2017 approved the company's insolvency by simplified procedure.
- On 09.06.2017 according to the ruling of Bucharest Tribunal, Section VII Civil under file 18051/3/2017 the company's bankruptcy was decided by simplified procedure. Transelectrica registered in 2016 an impairment allowance of 493 thousand Lei for the shares it held in ICEMENERG SERVICE SA.
- CNTEE Transelectrica SA submitted to the court registration office (Bucharest Tribunal) a receivable statement under file 18051/3/2017 and requested to be registered with 92.2 thousand Lei among the creditors of ICEMENERG Service SA, representing the value of financing made by CNTEE Transelectrica SA based on Agreement C 156/21.06.2006 to prepare the privatisation of Subsidiary Company Icemennerg-Service SA, of which: the sum of 63.1 thousand Lei as registration fee in the ONRC for the share capital indexation and the sum of 29.2 thousand Lei as the value of the valuation



report made by Inco Consulting SRL, amounts recorded and detailed in the probatory documents attached to the request before opening the procedure. It also requested registering 200 Lei as well, which is the judiciary stamp fee for the request of CNTEE Transelectrica SA to be registered in the creditors table under this file.

- On 07.08.2017 the judiciary administrator SOLVENDI SPRL confirmed the registration in the preliminary table of receivables of debtor Subsidiary Company Icemenerg-Service SA of the amount of 92.2 thousand Lei, representing the value of financing made by CNTEE Transelectrica SA based on Agreement C 156/21.06.2006 to prepare the privatisation of Subsidiary Company Icemenerg-Service SA, which is added 200 Lei representing the stamp judiciary fee for the request to be registered in the creditors' table.
- When the procedure assessing the company's assets has finished as resulting from the Regulation on the asset capitalisation procedure (information material for the agenda of the creditors' meeting on 19.04.2018), a market value of 10,860,796 Euro resulted, being the equivalent of 50,338 thousand Lei at 4.6348 Euro/RON exchange rate on the assessment date, 09 January 2018.

The share capital is 493 thousand Lei, fully paid and represented by 49,300 shares of 10 Lei nominal value each.

## OPCOM



OPCOM SA was established under HG 627/2000 on reorganising the National Electricity Company SA as subsidiary whose main shareholder was Transelectrica.

In accordance with the provisions of the applicable primary and secondary legislation the Operator of the Electricity and Natural Gas Market Operator OPCOM SA acts as administrator of the electricity market providing organised viable efficient framework to perform trade transactions on the wholesale electricity market and provides administration of centralised markets in the natural gas sector under terms of consistency, fairness, objectivity, independence, equidistance, transparency and non-discrimination.

The main activities performed by OPCOM according to the provisions of the applicable primary and secondary legislation:

- ✓ Organisation and administration activities on the centralised electricity markets;
- ✓ Exercising the function of Settlement Operator by performing the settlements on the Day-Ahead Market and Intraday Market, namely by establishing the payment obligations / collection rights on the Balancing Market and the quantity and value of imbalances recorded by Balancing Responsible Parties;
- ✓ Exercising the function of organiser and administrator of the green certificates market;
- ✓ Exercising the function of administrator of the Platform for transaction of certificates pertaining to greenhouse-gas emissions;
- ✓ Administering the centralised markets in the natural gas sector;
- ✓ Supervising the operation of administered markets;
- ✓ Gathering and publishing statistical data on the market according to the provisions of the Energy Law;

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

The share capital of Company OPCOM was of 31,366 thousand Lei on 31.12.2020.

The shareholders structure is the following:

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



**IDENTIFICATION DATA****SMART**

Headquarters	Bucharest 1, Blvd. Gen. Gh. Magheru 33
Working location	Bucharest 4, Blvd. Gheorghe Sincai 3, Formenerg Building, first floor
Number in the trade register	J40/ 8613 / 2001
Single Registration Code	14232728
Share capital	38,529 thousand Lei, divided into 3,852,860 nominative shares of 10 Lei nominal value each
Single shareholder	Transelectrica
Establishment act	HG 710/ 2001 on establishing the subsidiary trading company for Maintenance Services in the Electricity Transmission Grid SMART SA by reorganising certain activities of the National Power Grid Company Transelectrica SA

**TELETRANS**

Headquarters	Bucharest 3, Blvd. Hristo Botev 16-18
Working location	Bucharest 1, Polona 68 Business Center, 68-72 Polona Str.
Number in the trade register	J40/ 12511/ 2002
Single Registration Code	15061510
Share capital	6,874,430 Lei, divided into 687,443 nominative shares of 10 Lei nominal value each
Single shareholder	Transelectrica
Establishment act	AGA Decision 13 of 20.03.2002 of CNTEE Transelectrica and orders 3098 & 3101/23.10.2002 of the Ministry of Industry and Resources

**FORMENERG**

Headquarters / Working location	Bucharest 4, Blvd. Gheorghe Sincai 3
Number in the trade register	J40/ 2265/ 2002
Single Registration Code	14529126
Share capital	1,948 thousand Lei, divided into 194,842 nominative shares of 10 Lei nominal value each
Single shareholder	Transelectrica
Establishment act	AGA Decision 33 of 19.11.2001 of Transelectrica

**ICEMENERG SERVICE**

Headquarters	Bucharest 3, Blvd. Energeticienilor 8
Number in the trade register	J40 / 11414 / 2003
Single Registration Code	15689117
Share capital	493 thousand Lei, divided into 49,300 nominative shares of 10 Lei nominal value each
Single shareholder	Transelectrica
Establishment act	HG 925 of 1 September 2010 on establishing, organising and operation of the National Institute of Energy Research-Development ICEMENERG Bucharest

**OPCOM**

Headquarters / Working location	Bucharest 3, Blvd. Hristo Botev 16-18
Number in the trade register	J40 / 7542/ 2000
Single Registration Code	13278352
Share capital	31,366 thousand Lei divided into 3,136,609 nominative shares of 10 Lei nominal value each
Shareholders	Transelectrica – 97.84% Romanian State – 2.16%
Establishment act	Governmental Decision (HG) 627/ 2000

**GOVERNANCE STRUCTURES**

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

**SMART:**

Ileana-Mihaela PRODEUS	General Director
Mihai Liviu NEGOESCU	Economic Director

**TELETRANS:**

Dragos-Stefan ROIBU	General Director
Alia Mekkaoui	Economic Director

**FORMENERG:**

Marius MORARIU	General Director
Marcel NICULESCU	Economic Director

**OPCOM:**

Victor IONESCU	General Director
Silvia FEDIUC	Economic Director

**CONSOLIDATION RESULTS, 2020-2018**

The general results of Group activities on 31.12.2020 were as follows:

RON	2020	2019	2018	20/19
Operational revenues	2,392,901	2,441,522	2,725,605	▼ (2%)
Operational expenses*	(1,947,671)	(2,044,708)	(2,319,680)	▼ (5%)
<b>EBITDA</b>	<b>445,230</b>	<b>396,813</b>	<b>405,925</b>	<b>▲ 12%</b>
Amortisement	(274,917)	(287,346)	(306,967)	▼ (4%)
<b>EBIT</b>	<b>170,313</b>	<b>109,468</b>	<b>98,957</b>	<b>▲ 56%</b>
Financial result	(5,271)	(8,686)	(9,738)	▼ (39%)
<b>EBT</b>	<b>165,042</b>	<b>100,782</b>	<b>89,219</b>	<b>▲ 64%</b>
Income tax	(28,205)	(12,077)	(13,839)	▲ 134%
<b>NET RESULT</b>	<b>136,837</b>	<b>88,705</b>	<b>75,380</b>	<b>▲ 54%</b>

\*Operational expenses exclusive of amortisement

RON	2020	2019	2018	20/19
<b>Non-current assets</b>	<b>3,717,685</b>	<b>3,584,632</b>	<b>3,101,342</b>	<b>▲ 4%</b>
<b>Current assets</b>	<b>1,472,959</b>	<b>1,182,377</b>	<b>1,629,517</b>	<b>▲ 25%</b>
<b>TOTAL ASSETS</b>	<b>5,190,644</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>▲ 9%</b>
<b>Shareholders' equities</b>	<b>3,419,948</b>	<b>3,297,323</b>	<b>2,840,236</b>	<b>▲ 4%</b>
<b>Minority interests</b>	<b>0</b>	<b>19,748</b>	<b>1,335</b>	<b>▼ n/a</b>
<b>Non-current liabilities</b>	<b>697,325</b>	<b>705,214</b>	<b>682,023</b>	<b>▼ n/a</b>
<b>Current liabilities</b>	<b>1,073,371</b>	<b>744,724</b>	<b>1,207,264</b>	<b>▲ 44%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITY</b>	<b>5,190,644</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>▲ 9%</b>

RON	2020	2019	2018	19/18
Net cash from operational activity	610,274	247,077	434,654	▲ 147%
Cash used for investments	(285,227)	(318,737)	(153,242)	▼ (11%)
Cash used for financing	(94,871)	(94,203)	(329,792)	▲ 1%
<b>Net diminution of cash and cash equivalents</b>	<b>230,216</b>	<b>(165,863)</b>	<b>(48,381)</b>	<b>▼ (239%)</b>
Cash and cash equivalents on 1 January	339,630	505,494	553,875	▼ (33%)
<b>Cash and cash equivalents at year end</b>	<b>569,847</b>	<b>339,631</b>	<b>505,494</b>	<b>▲ 68%</b>

## ACTIVITIES

In 2020 the two Subsidiaries included in the consolidation performed activities in accordance with their main businesses as follows:

### • TELETRANS

The services offered by TELETRANS to third clients mainly consist of IT&C services using its own network, which operates on the excess optical fibre of TRANSELECTRICA (a pair of fibres and two pairs on certain segments) and of interconnection solutions for the electricity generators from renewable sources to the National Power System.

#### **Complex operator services**

Data transport services on optical fibre support:

- Complex data transport services using IP/MPLS STM16/STM64, 1 Gb, 10 Gb, Lambda on the company's own DWDM network;
- Complex services n x Mb, n x 1Gb, 10 Gb on its own IP/MPLS equipment;
- Specific technical assistance;

#### **IP (Internet Protocol) communication services:**

- Internet access by means of over 100 points in the national optical fibre network;
- Secured VPN networks on its own IP/MPLS network;
- Metropolitan / national interconnection of clients;

#### **Collocation services in:**

- The company's collocation centres of Bucharest and Timisoara;
- The company's territorial points in 35 county towns;
- The 400 kV and 220 kV electric substations of the single shareholder;

#### **Services dedicated to the SCADA system**

- Integrating the producers of alternative (wind and cogeneration) electricity in the national EMS/SCADA system;
- Commissioning and maintenance services for communication systems, as required in order to integrate generators from renewable sources;
- Technical assistance;

In 2020 it performed the following activities:

#### ➤ Services, Information Technology activities:

- Services offered for corporative clients on the Romanian market and requested by Transelectrica: outsourcing services for the administration of information systems, administration of information networks, information systems and applications; elaborating information applications

specific for clients; design and implementation of LAN, MAN and WAN information networks; design and implementation of information systems; information systems and applications using relational databases; ERP systems; making Internet sites; web-based applications, support services, preventive / corrective maintenance for information equipment & systems, hardware and software maintenance services;

- IP services offered on the Romanian market to corporative clients, providers of telecommunication and Internet services: Internet broad band, physical supports for such connection;

- Services for telecommunications:

- For Transelectrica: services under Service Level Agreement (SLA) and ordered services;
- For governmental bodies and other clients on the liberalised telecommunication market of Romania, by means of leased lines, dark fiber, collocation and associated services.

- Services for process information activities:

- Maintenance of process information systems / equipment;
- Management of process information systems;
- Elaborating and implementing new applications or developing the existent applications;
- Implementing and commissioning process information systems;
- Integrating the new command-control systems of refurbished substations into the EMS/SCADA system; remote control / tele-management of electric substations from the Territorial Power Dispatcher (DET) / National Power Dispatcher (DEN);

## • SMART

The main company activity consists of revisions and repairs to primary equipment of electric networks; remedial of incidents in electric installations; provision of energy services, micro-production of electric equipment.

Smart SA was established in order to provide maintenance and repair services to the installations of CNTEE Transelectrica SA and it shall provide with priority the resources necessary for RET maintenance, according to its established mission.

In addition the company can also carry out other related activities to sustain its main business, in accordance with applicable legislation and its own by-laws while providing safe operation of the National Power System.

The Company of Maintenance Serves for the Electricity Transmission Gri Smart SA has designed, documented and implemented an Integrated Management System for quality, environment, labour security 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 usage guide” - for environment;
- OHSAS 18001:2008 “Management systems of occupational health and security”- for labour security;

The Integrated Management System quality-environment-labour security and health is certified by SRAC and IQNet with certificates 1111/21.12.2017 for ISO 9001:2015, 112/21.12.2017 for ISO 14001:2015 and 139/21.12.2017 for OHSAS 18001:2008, valid and recognised in 120 countries. The company uses the integrated management system to guarantee clients the provided services are at least compliant with the specified norms.

Also Smart SA obtained two permits from CNCAN for the quality management system in the nuclear domain, namely:

- Permit 17-028 for construction-installation activities,
- and
- Permit 17-027 for provision of services to nuclear installations, according to Orders 65, 66, 71, and 72/2003 of CNCAN president.

Smart SA has been certified by the National Regulatory Authority in the Energy domain for the following types of work:

- A – Tests of electric equipment and installations;
- A3 – Tests of electric equipment and installations with a view to certify the conformity of wind and photovoltaic power parks with applicable technical norms;
- B – Design and execution of indoor electric installations for civil and industrial buildings, overhead and underground trunking at 0.4 kV nominal voltage;
- C1B – Design of overhead or underground electric lines of 0.4 kV–110 kV nominal voltage values and transformer posts of 20 kV upper nominal voltage at the most;
- C2B – Building overhead or underground electric lines of 0.4 kV–110 kV nominal voltage values and transformer posts of 20 kV upper nominal voltage at the most;
- D1 – Designing overhead electric lines of 110 kV–400 kV nominal voltage, underground electric lines of 110 kV or 220 kV nominal voltage;
- D2 – Building overhead electric lines of 110 kV–400 kV nominal voltage, underground electric lines of 110 kV or 220 kV nominal voltage;
- E1 - Designing electric substations and installations for the electric part of power plants;
- E2 – Executing electric substations and work in the electric part of power plants;
- F – Painting the elements supporting electric networks / clearing the passage corridor of overhead lines;

Also Smart holds permits issued by MAI-IGSU to carry out work such as:

- Installation and maintenance of fire limiting & extinguishing systems and installations, except for those containing certain greenhouse fluorinated gas, permit 5501/08.02.2016 granted for indefinite period;
- Installation and maintenance of signal, alarm and warning systems and installations in case of fire, permit 5502/08.02.2016, indefinite validity;
- Designing signal, alarm and warning systems and installations in case of fire, permit 6599/10.01.2017 of indefinite validity;

In 2020 it performed activities:

- As provider of services and work for:
  - Maintenance of electric installations;
  - Refurbishment and upgrades of electric power installations;
- As supplier of consultancy and design,
  - To make specific products for electric power installations;
- Activities such as:
  - Installation of primary equipment (vacuum, SF6, oil, air insulation);
  - Installation of digital equipment and systems for protections, metering and command-control;
  - Laying and connecting (high voltage, secondary circuits, optical fibre) cables;
  - Controls and parameter setting for digital equipment;
- Technical revisions & inspections, current repairs, capital repairs, interventions in case of accidental events and expertise for clients in the energy domain and not only, mainly on:
  - Installations and equipment for electricity transmission and distribution of low, medium, high and very high voltage (750 kV included);
  - Protection, automation, metering and command-control equipment and circuits for electric transformer and connection substations;
  - Transformers and autotransformers of all power and voltage ranges (up to 500 MVA and 750 kV);
  - Overhead and cable electric lines (from 110 kV to 750 kV);



## FINANCIAL POSITION STATEMENT

The consolidated statement of financial position is as follows:

	31 December 2020	31 December 2019	31 December 2018
<b>Non-current assets</b>			
Tangible assets	3,636,262	3,518,276	3,043,346
Assets related to the rights to use leased assets - buildings	37,773	6,329	-
Intangible assets	7,310	30,258	23,152
Financial assets	36,340	29,769	34,843
<b>Total non-current assets</b>	<b>3,717,685</b>	<b>3,584,632</b>	<b>3,101,342</b>
<b>Current assets</b>			
Inventories	47,640	47,412	54,085
Trade and other receivables	854,250	710,334	1,069,938
Profit tax recoverable	1,222	-	-
Other financial assets	-	85,000	-
Cash and cash equivalents	569,847	339,630	505,494
<b>Total current assets</b>	<b>1,472,959</b>	<b>1,182,377</b>	<b>1,629,517</b>
<b>Total assets</b>	<b>5,190,644</b>	<b>4,767,009</b>	<b>4,730,858</b>
<b>Shareholders' equities</b>			
Share capital	733,031	733,031	733,031
Share premium	49,843	49,843	49,843
Legal reserves	137,533	129,096	123,742
Revaluation reserves	872,379	955,201	551,185
Other reserves	17,482	15,813	66,705
Result carried forward	1,609,680	1,414,339	1,315,729
<b>Total shareholders' equities attributable to Group owners</b>	<b>3,419,948</b>	<b>3,297,323</b>	<b>2,840,236</b>
Minority interests	-	19,748	1,335
<b>Total shareholders' equities</b>	<b>3,419,948</b>	<b>3,317,071</b>	<b>2,841,571</b>
<b>Non-current liabilities</b>			
Non-current deferred revenues	352,029	360,641	411,155
Borrowings	101,671	122,835	143,866
Other loans and assimilated debts - Building leasing	30,532	-	-
Deferred tax liability	125,893	145,380	61,016
Employee benefit obligations	87,200	76,357	65,986
<b>Total non-current liabilities</b>	<b>697,325</b>	<b>705,214</b>	<b>682,023</b>
<b>Current liabilities</b>			
Trade and other liabilities	878,850	561,864	1,018,348
Other loans and assimilated liabilities- Building leasing	7,417	6,329	0
Other tax and social security liabilities	25,052	10,875	11,578
Borrowings	33,574	58,917	61,149
Provisions	99,008	70,990	96,494
Current deferred revenues	29,393	37,749	19,329
Income tax payable	77	(2,001)	367
<b>Total current liabilities</b>	<b>1,073,371</b>	<b>744,724</b>	<b>1,207,264</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,190,644</b>	<b>4,767,009</b>	<b>4,730,858</b>

## PROFIT AND LOSS ACCOUNT

Group-wide profit and loss account statement is the following:

	31 December 2020	31 December 2019	31 December 2018
<b>Operational revenues</b>			
Transmission revenues	1,035,250	1,081,982	1,069,837
System service revenues	795,026	741,693	701,622
Revenues from the balancing market	494,999	523,104	903,865
Other revenues	67,626	94,743	50,281
<b>Total revenues</b>	<b>2,392,901</b>	<b>2,441,522</b>	<b>2,725,605</b>
<b>Operational expenses</b>			
System operation expenses	(309,846)	(351,741)	(308,872)
Balancing market expenses	(494,999)	(523,104)	(903,865)
Expenses regarding technological system services	(566,016)	(676,468)	(677,725)
Amortisement	(274,917)	(287,346)	(306,967)
Personnel expenses	(344,886)	(268,840)	(248,804)
Repairs and maintenance	(75,971)	(68,746)	(62,466)
Expenses with materials and consumables	(26,700)	(53,693)	(28,312)
Other operational expenses	(129,253)	(102,116)	(89,635)
<b>Total operational expenses</b>	<b>(2,222,588)</b>	<b>(2,332,054)</b>	<b>(2,626,647)</b>
<b>Operational result</b>	<b>170,313</b>	<b>109,468</b>	<b>98,957</b>
Financial revenues	10,083	10,023	16,020
Financial expenses	(15,354)	(18,709)	(25,758)
<b>Net financial result</b>	<b>(5,271)</b>	<b>(8,686)</b>	<b>(9,738)</b>
<b>Result before income tax</b>	<b>165,042</b>	<b>100,782</b>	<b>89,219</b>
Income tax	(28,205)	(12,077)	(13,839)
<b>Result of the year from uninterrupted operations</b>	<b>136,837</b>	<b>88,705</b>	<b>75,380</b>
<b>RESULT OF THE YEAR</b>			
Attributable to:			
Group Owners	137,604	88,779	78,110
Minority Interests	(767)	(74)	(2,730)
<b>Basic result and diluted per share (Lei/ share)</b>	<b>1.87</b>	<b>1.21</b>	<b>1.03</b>

**CASH FLOWS**

The Group's cash flows are as follows:

	31 December 2020	31 December 2019	31 December 2018
<b>Cash flows from operational activities</b>			
<b>Result of the year</b>	<b>136,837</b>	<b>88,705</b>	<b>75,380</b>
<b>Cash flows before changes in the current capital</b>	<b>497,725</b>	<b>368,585</b>	<b>432,340</b>
<b>Changes into:</b>			
Inventories	(512)	6,098	(3,979)
Trade and other receivables	(151,398)	350,671	(214,992)
Trade and other liabilities	295,234	(420,787)	277,717
Other loans and assimilated liabilities - Building leasing	31,242	-	-
Other tax and social security liabilities	8,259	(1,300)	353
Deferred revenues	(15,276)	(28,583)	(22,974)
<b>Cash flows from operational activities</b>	<b>665,274</b>	<b>271,922</b>	<b>468,466</b>
Interest rates paid	(7,368)	(9,022)	(20,948)
Income tax paid	(47,632)	(15,823)	(12,865)
<b>Net cash of operational activities</b>	<b>610,274</b>	<b>247,077</b>	<b>434,654</b>
<b>Cash flows used in investments</b>			
Procurements of tangible and intangible assets	(377,140)	(237,518)	(173,236)
Participation titles held in SELENE CC Societe Anonyme	(242)	-	-
Proceeds from non-reimbursable EC financing	-	-	11,646
Cashed interest	7,153	5,044	9,867
Participation titles held with TSC Net	-	(1,232)	(2,207)
Proceeds from sales of tangible assets	-	8	688
Dividends cashed	2	-	-
Other financial assets	85,000	(85,000)	-
<b>Net cash used in investments</b>	<b>(285,227)</b>	<b>(318,737)</b>	<b>(153,242)</b>
<b>Cash flows used for financing</b>			
Drawings from current loans	(24,008)	29,540	-
Reimbursements of non-current loans	(24,858)	(52,215)	(113,900)
Reimbursements of current borrowings	-	(4,487)	(13,282)
Building leasing payment	(10,394)	-	-
Reimbursement of bonds	-	-	(200,000)
Dividends paid	(35,610)	(67,042)	(2,610)
<b>Net cash used for financing</b>	<b>(94,871)</b>	<b>(94,203)</b>	<b>(329,792)</b>
<b>Net diminution of cash and cash equivalents</b>	<b>230,217</b>	<b>(165,864)</b>	<b>(48,381)</b>
<b>Cash and cash equivalents on 1 January</b>	<b>339,630</b>	<b>505,494</b>	<b>553,875</b>
<b>Cash and cash equivalents at year end</b>	<b>569,847</b>	<b>339,630</b>	<b>505,494</b>

## DISPUTES

### RAAN

File 3616/101/2014 was registered on the docket of Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes, pertaining to “claims amounting to 1,090,831.70 Lei, the value of invoice 1300215/31.12.2013”, file where the Company is defendant and claimant is the Autonomous Authority for Nuclear Activities, RAAN.

Civil sentence no. 127 pronounced on 10.10.2014 by Mehedinti Tribunal decided admitting the request of Claimant RAAN and compelling the Company to pay 1,090,831.70 Lei, the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the court instance a ruling to admit the appeal as it was filed, cancel the ruling and sentences appealed against and refer the case to the territorial competent instance in view of judgment, ascertaining the compliance with the provisions of article 1616-1617 Civil Code, for which reason it should ascertain the rightful compensation of mutual liabilities and their write-off until the concurrence of the smallest amount of the two, namely the total sum requested by the claimant in its summons, while compelling the respondent in appeal-claimant to pay the expenses with this appeal.

The appeal was recorded on the docket of the High Court for Cassation and Justice that decided cancelling ruling 843/2015 and referred the case to the Appeal Court Craiova for re-judgment.

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, and by civil sentence 4406/04.12.2017 the court admitted RAAN's request and obliged Transelectrica to pay 1,090,831.70 lei. The sentence was appealed against. Hearing term was set on 13.12.2018.

In 2014-2015 the Company withheld the bonus owed to RAAN under the support scheme according to the provisions of ANRE regulations, namely article 17 para 5 of Order 116/2013 of ANRE president.

Under such circumstances RAAN calculated penalties for its not collecting in due time the cogeneration bonus amounting to 3,496,914 lei, which the Company withheld on account of uncollected receivables. The Company refused paying the amount of 3,496,914 lei and did not record it as liability under the support scheme.

File no. 9089/101/2013/a152 pertains to contestation against the Additional table of trade receivables against debtor RAAN. The disputed amount is 89,360,986 Lei.

Transelectrica SA was registered in the table of debtor RAAN with 11,264,777 Lei, in the category of liabilities resulting from the debtor's continued activity, but the actual sum requested by our company amounts to 89,360,986 Lei. The sum of 78,096,209 Lei was not included in the table on grounds that “it is not mentioned as liability in RAAN's accounting books”. Moreover, the judiciary liquidator considered the request to register 78,096,209 Lei in the table was submitted late, as it pertains to 2011-2013 time interval, for which reason the liability statement should have been expressed on the insolvency opening date, namely 18.09.2013. The contestation against the Additional table of trade receivables was submitted within the legal term, Mehedinti Tribunal accepting the accounting expertise evidence.

On the 14.06.2018 term case judgment was suspended until settlement of file 3014/2/2014 on the docket of the High Court for Cassation and Justice, and on 14.02.2019 Mehedinti Tribunal Mehedinti decided connecting this file to file 9089/101/2013/a140 (pertaining to claims, payment request). Thus the file judgment was deferred because the instance considered useful for case settlement to submit Civil ruling 2969/26.09.2018, pronounced by the High Court for Cassation and Justice under file 3014/2/2014 with respect to cancelling Decision 743/2014 of ANRE president.

Settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019: It admitted the exception of decline. It partly admitted the main issue and associated contestation. It compelled the defendant to pay to the claimant the amount of 16,950,117.14 Lei accrued receivable during the procedure, judging to record it in the

creditors' table constituted against debtor RAAN by this sum. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right was granted. It was pronounced at public hearing. Document: Ruling 163/20.06.2019.

On the 06.11.2019 hearing date the Appeal Court Craiova decided rejecting the appeal of Transelectrica as groundless; final decision. Ruling 846/06.11.2019

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing on 30.10.2019. The appeal was denied as groundless.

Transelectrica filed a review request for contradictory decisions registered under file 1711/54/2019, hearing term on 26.03.2020 with the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

On 26.03.2020 the hearing term was changed to 21.05.2020.

On 21.05.2020 the case was taken out of the docket with the following settlement: the material incompetence exception of the Appeal Court Craiova was admitted and case referral to ICCJ, Administrative and Fiscal Dispute Section was decided. Ruling 140/21.05.2020, term 03.02.2021;

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did no longer pronounce anything on its inadmissibility.

On 08.10.2020 Mehedinti Tribunal deferred the case under RAAN's bankruptcy file 9089/101/2013. Settlement in brief: a term was set to continue liquidation procedures, to represent the debtor's interests in the disputes found on the dockets of law courts; to consolidate the creditors' amounts; to continue measures to recover receivables and public auctions to capitalise the debtor's assets.

*The following term was established on 03.06.2021.*

## **COURT OF AUDIT**

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

On 13.06.2018 the claimant's case was partly admitted. It partly cancelled the defendant-issued conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 with respect to the measures in the above decision, indicated in points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure of pt. II.13, meaning to remove the phrase "including what has been found about the invoices issued by FLOREA ADMINISTRARE IMOBILIARA SRL". The court rejected the remainder of the claimant's request as groundless. It approved the electricity technical expertise report drafted by Toaxen Vasile as expert; compelled the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Appeal right was granted within 15 days from notification. Document ruling 2771/13.06.2018.

At the public hearing on 21.10.2020 the appeals filed by the claimant and by the defendant against ruling 2771 of 13 June 2018 of CAB, Section VIII, Administrative and fiscal disputes, were denied as groundless; final.

After a control carried in 2017 the Court of Audit decided on certain measures to be implemented by the Company following certain deficiencies found upon such control. CNTEE Transelectrica SA expressed 8 contestations against the measures decided by Romania's Court of Audit (CCR) in Decision 8/27.06.2017, requesting its cancellation and against conclusion 77/03.08.2017, registered in the Company under no 29117/08.08.2017, as well as the Audit report 19211/26.05.2017. Contestations are under settlement on the docket of the Appeal Court Bucharest (2 files: 6576/2/2017 on cancelling the findings of items 7.1, 7.2. and 8, and the measure decided in item II.10, term on 20.01.2021, settlement: the inadmissibility exceptions claimed in the contestation were denied; the request was denied as

groundless; file 6581/2/2017 on cancelling the findings of item 6 and the measure decided in item II.9, hearing term on 23.04.2021), on the docket of the High Court for Cassation and Justice (4 files: 6577/2/2017 on cancelling the findings of item 13 and the measure decided in item II.13, turned into file 1614/1/2020, hearing term set on 27.01.2022; file 6578/2/2017 on cancelling the findings of item 9 and the measure decided in item II.11, hearing term on 08.06.2022; file 6574/2/2017 on cancelling the findings of item 5.2 and the measure decided in item II.8, hearing term on 20.04.2021). Three files were settled for final by the Appeal Court Bucharest's denying the cancellation request and appeals denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings of item 5.1 and the measure decided in items II.7 and II.8 and file 6582/2/2017 on cancelling the findings of item 11 and the measure decided in item I.5; file 6580/2/2017 on cancelling the findings of item 10 and the measure decided in item II.12).

## ANRE

CNTEE Transelectrica SA filed complaint against Order 51/ 26.06.2014 of ANRE president registered with ANRE under no. 47714 / 04.08.2014 and contestation with the Appeal Court Bucharest, registered under file 4921/2/2014, whereby it requested amending the fore-mentioned order either by issuing a new one recalculating the RRR at 9.87% (recalculated using a  $(\beta)$  coefficient of 1.0359, according to the internal analysis of Transelectrica) or should this request be rejected, using the same percentage 8.52% established by ANRE for 2013 and semester I of 2014.

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

On the term of 27.03.2018 the expert fee placed on behalf of the claimant was paid and a letter would be decided to the expert in order to conduct and submit the entrusted expertise report to the file.

On the 25.09.2018 term the settlement in brief decided to resort again to the expert letter, in view of conducting the expertise report and submit it to the file, mentioning to prove the impossibility to submit the expertise report until hearing term in which case the case will be postponed.

On the 22.01.2019 hearing term the court provided principle agreement with the request of accessory intervention in the defendant's interest (ANRE), expressed by intervenient ALRO SA, with appeal at the same time with the principal issue. On 25.06.2019 the case was postponed in order to enable the parties to acknowledge the content of the expertise report and a new hearing term was set on 10.09.2019.

On the 10.09.2019 term taking into account the request of the claimant's representative to know the content of objections filed by the intervenient and to enable it answer to such objections, also retaining the claimant submitted meeting notes with writs requiring translation, it admitted the case deferral and decided granting a new hearing term on 03.12.2019.

This dispute did not influence the relationship with ANRE or the Company's financial results.

On the 03.12.2019 term it decided postponing the case and setting a new hearing term in order to send another letter to the expert for his submission of the objection answer to the file, mentioning to come to court on the next hearing date. It will notify the expert to send a copy of his answer to both parties before the following hearing term.

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<sup>1</sup> RRR - Regulated Rate of Return is found in specific literature under the acronym WACC – Weighted Average Cost of Capital, and the formula of the two indicators is similar:  $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$



At the following term on 12.05.2020 the file was suspended during the entire emergency state.

On 23.06.2020 the case was deferred to enable the parties to acknowledge the answer to objections. Also on the 21.07.2020 term the case was deferred with this brief settlement: letter to the expert to show up in court.

On 06.10.2020 the request was denied, with the following settlement in brief: the exception of inadmissibility was denied as groundless. The file case was denied as groundless. Appeal right was granted within 15 days from notification; pronounced by placing the settlement to the parties' disposal by means of the court clerk; Ruling 362/2020.

On the 11.01.2021 term the request was admitted to complete the device. It decided completing the device of civil ruling 362/06.10.2020 with the settlement pronounced on the accessory intervention request, meaning: the accessory intervention request was admitted filed by intervenient ALRO SA in support of defendant ANRE. Appeal right was granted within 15 days from notification, to be referred to the Appeal Court Bucharest.

## **OPCOM**

On 24.11.2014 the Romanian Gas and Electricity Market Operator OPCOM SA summoned CNTEE Transelectrica SA in order to compel it paying the amount of 582,086 Euro (2,585,162 Lei), representing the amount paid by it as fine, from the total fine amount of 1,031,000 Euro, such request being included in file 40814/3/2014.

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

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

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

In the court session of 24.07.2015 the court admitted the application for summons filed by claimant Romanian Gas and Electricity Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA and ordered the defendant to pay the sum of 582,086.31 Euro to the claimant, representing the amount paid by it in the defendant's stead from the fine amounting to 1,031,000 Euro, charged under Decision of the European Commission on 5.03.2014 in the case AT.39984 and the legal interest related to the amount of 582,086 Euro, calculated as of 11.06.2014 and up to the actual payment date. The court compelled the defendant to pay the amount of 37,828 Lei as legal expenses to the claimant. Appeal right was granted within 30 days from notification. Transelectrica SA filed appeal against ruling 4275/2015, pronounced under the above-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

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

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

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



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

On 27.11.2018 CNTEE Transelectrica SA filed appeal, which was under screening with the ICCJ.

ICCJ settlement of 30.06.2020 was thus: the parties will be notified the report on the principle admissibility of the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; mention should be made they are entitled to submit an opinion on the report within 10 days from notification.

On the 10.11.2020 term the ICCJ settlement was thus: in principle it admitted the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest. On 16.03.2021, the appeal initiated by Transelectrica, was rejected as unfounded. Final solution.

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

The object of file 17765-3-2019 was compelling defendant OPCOM SA to pay 4,517,460 Lei pertaining to invoice TEL 16 AAA 19533/29.07.2016, representing VAT amount corresponding to the contribution of CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under Loan Contract 7181RO/2003, a commitment to finance the investment project "Electricity Market Project", compelling OPCOM SA to pay 1,293,778.27 Lei under invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019 representing legal penalty interest, calculated for not paying invoice TEL 16 AAA 19533/29.07.2016.

The amount of 4,517,460 Lei, principal debit under complaint 1 of this action represents VAT pertaining to the share capital increase of OPCOM SA by contribution in kind and substantiated in intangible assets received corresponding to stage I A and to stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the hearing date 27.09.2019 the inadmissibility exception and the prescription exception were denied as groundless. The court denied the request as groundless. Appeal right was granted within 10 days from notification to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019, file 34249/3/2019, settlement in brief: as against the provisions of article 94 para 3 from the Internal Regulation of Judiciary Instances approved by CSM under no. 1375/2015, according to which the appeals stated against the same ruling are settled by the initial court and taking into account both the creditor and debtor filed cancellation requests against hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decided referring this file for settlement to the first court entrusted with settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely the Panel of judges 11 AO, initially dealing with file 34022/3/2019, pertaining to cancellation request.

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

TMB settlement on the cancellation request: on the 17.11.2020 term it denied both cancellation requests as groundless. It denied both parties' requests to compel one another to pay law suit expenses, as groundless. It was pronounced by placing the settlement to the parties' disposal by the court clerk; Document: Ruling 2221/2020 / 17.11.2020.

#### **ASITO KAPITAL SRL**

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

Taking into account the cancellation request filed by ASITO KAPITAL SA against ruling 4067/2017, the Company constituted a dispute provision amounting to 31,180,858 Lei.

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

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

On 01.11.2018 Ruling 4067/07.11.2017 was legalised and transmitted to BEJ Raileanu in order to execute the enforcement title.

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

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

Under file 35865/3/2018 (former file 24552/3/2017) the hearing term was set on 19.02.2019 to settle the cancellation request for the payment ordinance providing return of 31.2 mill. Lei; deferred pronouncement on: 20.03.2019.

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

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

Document: Ruling 743/2019 /20.03.2019.

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

On 04.10.2019 Asito Kapital filed appeal against civil sentence 3840/19.12.2018, the file being referred to the Bucharest Appeal Court to settle the appeal, no hearing term set for the time being. Transelectrica filed objection within the legal term, and the hearing term was to be established.

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

On 17.02.2020 the case was deferred taking into account Ruling 3/06.02.2020 of the General Assembly of Judges from the Appeal Court Bucharest, whereby the decision was taken to continue the protestation forms used previously, namely activity suspension beginning with 22.01.2020, except for urgent cases of civil issues.

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

File 18109/3/2020 was submitted, a cancellation request to review file 35865/3/2018. On the 02.12.2020 hearing term the review as denied as inadmissible; final; Ruling 2428/02.12.2020

## CONAID COMPANY SRL

In 2013 Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an addendum to the connection contract or conclude a new connection contract and requested compensations for the expenses incurred to that date amounting to 17,419,508 Lei and unrealised profits in 2013-2033 amounting to 722,756,000 Euro. So far the Company concluded no addendum to the connection contract since the suspensive conditions of the contract have not been complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File 5302/2/2013 was on the docket of the High Court of Cassation and Justice. The Administrative and Fiscal Disputes section pertained to an obligation to issue administrative deed, case stage- appeal, hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted the appeals in principle and set the substance term of appeals on 08 April 2016. Judge panel 4 was summoning the parties.

Case judgment was deferred until 17.06.2016, when the court postponed pronouncement to 29.06.2016, when Decision 2148/2016 was issued whereby it decided as follows: "It denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested conclusion and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant's case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other ruling provisions as regards the claimant's suit against the National Regulatory Authority in the Energy Domain. It denies the appeals filed by claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final". It was pronounced at public hearing on 29 June 2016.

The file was registered under no. 12107/3/2017 on the docket of Bucharest Tribunal. By civil ruling 4364/23.11.2017 the Tribunal admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request in the claimant's interest. Appeal right was granted within 30 days from notification. Appeal was filed to the Appeal Court Bucharest and placed at the parties' disposal by the court clerk office on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a new suing request was filed by Conaid Company SRL under file 36755/3/2018, by which the claimant requested the court to compel Transelectrica SA to "repair the prejudice caused to the claimant as a result of the defendant's culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro. Taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant's obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms".

On the 15.10.2019 term it denied as groundless the exceptions of absence of active procedural quality and absence of interest. It joined the case with the prescription exception. Appeal right was granted with the first case. It was pronounced by placing the settlement to the parties' disposal by means of the court's clerk office.

Term was granted on 26.11.2019 to continue with case research, summoning the parties. Appeal right was granted with the first case. It was pronounced by placing the settlement to the parties' disposal by means of the court's clerk office.

On 21.01.2020 the case was deferred to perform the expertise and the next term was set on 31.03.2020.

On the 31.03.2020 term the file was suspended during the entire emergency state.

*The new hearing term was established on 11.05.2021 – to provide the expertise evidence.*

#### **FF WIND ENERGY INTERNATIONAL SRL**

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

On 28.12.2018 hearing term the court denied the suing as filed as groundless. It acknowledged the defendant did not request law court expenses, appeal right within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds were submitted to Bucharest Tribunal, Section VI Civil. The court clerk office notified it on 28.12.2018. Document: Ruling3891/ 28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was heard on 18.06.2019, while pronouncement was deferred on 23.07.2019, when the settlement in brief was: "It denies the appeal as groundless. Appeal right within 30 days from notification. Appeal requests to be submitted to the Appeal Court Bucharest, Section VI Civil, pending the nullity sanction. Document: Ruling 1191/23.07.2019".

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

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

On the 13.10.2020 hearing term the settlement was thus: filter – the appeal request was admitted in principle with the following details- the exception of appeal nullity was denied, which was claimed by the intimated-defendant Transelectrica SA in the contestation. It admitted in principle the appeal filed by claimant FF Wind Energy International SRL through its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

*The next hearing term was established on 30.03.2021.*

#### **RESITA CITY**

File 2494/115/2018\*, registered on the docket of Caras Severin Tribunal pertains to suing whereby claimant Resita City requests that the defendant CNTEE Transelectrica SA should be compelled to pay the following amounts:

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

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

On the 25.10.2019 hearing term the territorial incompetence of Bucharest Tribunal was admitted. It declined the case settlement competence in favour of Caras-Severin Tribunal. It ascertained the occurrence of the negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal.

It suspended the case and referred the file to the High Court of Cassation and Justice, in view of settling the negative competence conflict. No appeal right was granted. Pronouncement will be made by placing the settlement to the parties' disposal by the court clerk; Ruling 2376/25.10.2019.

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

File 2494/115/2018\*\*, term: 16.11.2020 with Caras Severin Tribunal; Settlement in brief: the case deferral request was admitted, filed by the claimant's representative to study the writs submitted on this hearing term to the case file, by the defendant's representative.

On 08.02.2021, the case was postponed and the requests for postponement formulated by the representatives of the parties for the study of the documents submitted to the case file were approved.

The next hearing term on 22.03.2021

## NAFA

At the offices of Transelectrica SA a general fiscal inspection took place targeting the interval December 2005 – December 2010. Such general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

In accordance with taxation decision F-MC 439/30.06.2017, in total sum of 99,013,399 Lei, ANAF – DGAMC established additional fiscal liabilities payable by the Company, amounting to 35,105,092 Lei, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 Lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities: corporate tax amounting to 13,726,800 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out at night on 26-27 June 2009, at the business office in Millennium Business Centre from 2-4 Armand Calinescu Street, Bucharest 2, where the Company carried out its activity), documents under special regime.

These invoices were subject to a dispute with ANAF, the latter sending a tax inspection report on 20 September 2011, which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company contested Taxation decision F-MC 439/30.06.2017 within legal terms, according to OG 92/2003 of the Fiscal Procedural Code.

ANAF issued the enforcement title 13540/22.08.2017 based on which the additional payment obligations established under the Taxation decision F-MC 439/30.06.2017 were executed.

The Company requested the Appeal Court to cancel the enforcement title 13540/22.08.2017 of file 7141/2/2017. Settlement in brief: It admitted the exception of the material incompetence of the Appeal Court Bucharest, SCAF. It declined the case settlement competence in favour of Law Court of Bucharest 1. No appeal was granted. Such was ruled in open court on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

After declining the competence, the casefile 8993/299/2018 was pending with the 1<sup>st</sup> District Court through which the Company disputed the enforcement started on the grounds of enforcement order no. 13540/22.08.2017 which is based on the Notice of assessment F-MC 439/30.06.2017.

Upon Company's contestation of the fiscal administrative document - Decision F-MC 439/30.06.2017, ANAF notified the Company its Decision 122/13.03.2018 through which it rejected, as groundless, the contestation filed by CNTEE Transelectrica SA; the decision was received on 16.03.2018, after filing the application for summons which was subject to casefile 1802/2/2018.



Settlement in brief: It admitted the request of judgment suspension filed by the appellant. On the grounds of Article 413 (1) (1) of the Civil Procedure Code, judgement was suspended until the final settlement of case file 1802/2/2018, pending with the Court of Appeal Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension, to be submitted to the Law Court of Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

On the docket of the Appeal Court was the casefile 1802/2/2018 through which the Company contested the fiscal administrative document - Decision F-MC 439/30.06.2017.

On the 06.11.2018 hearing term the expertise evidence was admitted, in the accounting-fiscality domain.

Pronouncement was deferred on CAB's hearing term of 21.07.2020.

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

On the 20.10.2020 term the request was partly admitted with the following settlement in brief: the litispended requests were partly admitted; Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning: - it removed the paying liability of the income tax amounting to 18,522,280 Lei, VAT in sum of 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debts in quantum of 48,436,653 Lei, fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant's books; it removed the non-deductible nature of 27,001,727 Lei when calculating the the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount; it removed the non-deductible nature of 343,629.91 Lei when calculating the taxable income, sum representing "weed-removing services" and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of 230,685.49 Lei when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of VAT in quantum of 46,417.1 Lei pertaining to 343,629.91 Lei, representing "weed-removal services" and payment obligations of the main fiscal arrears and accessories of this amount; it removed the non-deductible nature of VAT in quantum of 37,693.88 Lei pertaining to 230,685.49 Lei representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount; it removed the mention about obliging the Transmission Branch Sibiu of CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors' table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 Lei when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, income tax chapter, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum; it removed the Minutes ascertaining the "determination of the deductible value added tax lower than that recorded by the claimant, thus resulting a difference of 13,141 Lei" (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount; it removed the payment obligation for delay penalties of penalising juridical regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal liabilities maintained by judgment in this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued

by the National Agency of Fiscal Administration, General Dispute Settlement Division. It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers. It denied the other litispended requests as groundless. It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4000 Lei, representing fee for the accounting-fiscal expertise, in proportion to request admission. Appeal right was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; Ruling 382/20.10.2020.

### Disputes with Subsidiary SMART SA

- **File 48509/3/2017 registered with Bucharest Tribunal, Section VI Civil**

**File object:** CNTEE Transelectrica SA requests by law suit to compel SMART SA to:

- Return the amount of 7,652,449 Lei to our company, which is added VAT, as prejudice incurred by our Company as a result of the defendant's enrichment without just cause, in the main, and as undue payment in the subsidiary;
- Oblige the defendant to pay the unrealised benefits associated to the amount paid as enrichment without just cause, in the main and as undue payment, in the subsidiary, calculated from the date when the undersigned made the undue payment to the defendant until the day when the law court was addressed, in quantum of 2,773,364.48 Lei, and to compel the defendant to further pay the unrealised benefits until the date when the defendant has returned the amount representing the principal debt.

**File stage:** Settlement in brief: In accordance with article 413 para 1 item 1 Civil procedural code it decided suspending the case until final settlement of file 6577/2/2017 on the docket of CAB, Section II Administrative and Fiscal Disputes. Appeal right was granted during the suspension, appeal to be referred to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 24.04.2018.

Document: Conclusion - Suspension / 24.04.2018

#### Remarks about the circumstances of suit initiation:

From 16.01.2017 to 26.05.2017 our Company was subjeet to an audit by Romania's Court of Audit, performed by a team of external public auditors from Department IV of the Audit Court. Following such control they elaborated the Audit Report registered in the Company under no. 19211 of 26.05.2017, which our Company contested; later on the CCR issued Decision 8/27.06.2017.

On pages 116-117, item 9 of the Audit Report the audit team of the Court of Audit recorded that in 2014 the Transmission Branches Bucharest, Pitesti, Sibiu and Constanta of CNTEE Transelectrica SA, under contract C57/31.01.2012 and based on orders to replace the 220 kV, 110 kV and 245 kV circuit breakers accepted invoices for payment (with attached pay statements certified by the Transmission Branches and by Smart branches) and work statements elaborated by Smart Branches which, under the materials, included breakers procured at over-estimated prices which were added 30% indirect expenses and 5% profit, thus leading to inefficient utilisation of monetary funds amounting to an estimated 7,652,449 Lei.

- **File 40958/3/2016, Bucharest Tribunal**

**File object:**

Transelectrica as claimant requests compelling SMART SA to pay the amount of 2,797,095.21 Lei, including VAT + 1,211,694.26 Lei representing accessories.

**File stage:**

In accordance with article 413 para 1 item 1 NCPC the court suspended judging the case until final settlement of file 1658/3/2014 in contradiction with CCR. Appeal right was granted during the suspension. It was pronounced at public hearing on 07.06.2017. Document: Conclusion - Suspension / 07.06.2017.



## Disputes with Subsidiary TELETRANS SA

- **File 20223/3/2017 registered with Bucharest Tribunal, Section VI Civil**

### File object:

Teletrans SA request compelling CNTEE Transelectrica SA to pay 4,634,841.31 Lei as the value of the performance bond constituted under contract C243/2010, which is added the sum of 293,496.69 Lei, legal interest calculated from due date until the law suit initiation, 31.05.2017.

### File stage:

Settlement of Bucharest Tribunal in brief: It denies the request as filed as groundless. Appeal right was granted within 30 days from notification, to be referred to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 18.05.2018. Document: Ruling 1505/2018 / 18.05.2018.

Settlement of Appeal Court Bucharest in brief: It admits the appeal; changes the sentence appealed against meaning that: It partly admits the suing. It compels the defendant to pay 4,632,187.61 Lei. It denies the request item on compelling the defendant to pay legal interest, as groundless. It compels the defendant to pay 49,926.87 Lei as substance issue law court expenses to the claimant in appeal. It compels the defendant to pay 24,963.43 Lei as appeal court expenses. Appeal right was granted within 30 days from notification, to be referred to the Appeal Court Bucharest, Section VI Civil, pending sanction of nullity. It was pronounced at public hearing on 17.12.2019. Document: Ruling 2119/2019 / 17.12.2019

Transelectrica filed appeal, which is under screening.

### Remarks about the circumstances of suit initiation:

In accordance with the opinion of Transelectrica the performance bond is returned only when the following terms are met cumulatively: the provider has complied with contractual obligations and the purchaser has not issued claims over the GBE, within the limits of caused prejudice.

When Contract C243/2010 expired (30.06.2014) the services under contract have been met under good terms, except for three investment projects still under implementation, which failed to be completed to date.

The issues of Teletrans not complying with its contractual obligations were also found by Romaina's Court of Audit by the Audit Report 19211/26.05.2017 (item 3.3.1, pages 51-60, item 3.3.2, pages 60-66 and item 3.4, pages 66-72) and by Decision 8/27.06.2017, items 7 & 8, maintained by Conclusion 77/03.08.2017.

Transelectrica contested the control deeds issued by the Court of Audit. The contestation was included under file **6576/2/2017** on the docket of the Appeal Court.

DNA is still investigating paper 931/VIII-1/2015 about the running of contract C243/2010.

- **File 16216/3/2017 registered with Bucharest Tribunal, Section VI Civil**

### File object:

In its suing Teletrans SA requests the law court:

- To ascertain the provision of all services under contract 03/2007, as added;
- In subsidiary to ascertain that services under contract 03/2007, as added, have been provided and partially accepted;
- To oblige Transelectrica to pay 4,649,266.12 Lei with VAT of 883,360.56 Lei added, representing the amounts of invoices 115/2017, 123/2017 up to 143/2017;
- To oblige Transelectrica to pay 214,355.40 Euro with VAT added at the exchange rate on invoice issuance, representing the amount of provided services accepted partially for the May 2014 to November 2016 contractual term, "in subsidiary if the request item II is admitted not item I";

**File stage:**

Settlement in brief: It admitted the exception of prescription for the material right to take action regarding fiscal invoices of February & March 2014. It denied the request pertaining to invoices 115/01.03.2015 and 123/01.03.2017 as written-off. It denied the remaining suit as groundless. Appeal right was granted within 30 days from notification, to be referred to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 22.04.2019. Document: Ruling 1064/2019 / 22.04.2019

**Remarks about the circumstances of suit initiation:**

Following the control performed in January–March 2017 in Teletrans the Court of Audit found that Teletrans did not recover and did not cash from Transelectrica the amount of money requested as above.

Contact C03/2007 has conditioned invoice issuance and acceptance for payment by confirmation of our Company's representatives from the branches and the executive part, of the services mentioned in each minutes issued by the claimant.

As a result of improper execution by Teletrans SA of services contracted under C03/2007, local Acceptance minutes of services were not endorsed by most Transmission Branches, for which reason the Divisions conducting contract C03/2007 did not either approve the monthly centralising Acceptance minutes.

The hearing term with the Appeal Court Bucharest was on 11.03.2021. Section VI Civil declined its settlement competence to the Administrative and Fiscal Disputes Section and this section declined back to Section VI Civil and found a negative conflict of competence, submitted the file to the ICCJ to establish the competence.

**Subsidiaries Control**

- **TELETRANS SA**

**Court of Audit**

Between 13.01.2020 and 22.05.2020, the Court of Audit carried out a control action at Teletrans subsidiary with the theme "control regarding the situation, evolution and administration of the public and private patrimony of the state, as well as the legality of revenues generation and making expenses " for period 2017 – 2019.

The control was completed at subsidiary, and the CA auditors issued the Report with no. 3930 / 22.05.2020 and the Decision of the Court of Audit with no. 7/2020. Teletrans subsidiary filed an appeal against the report and challenged in court 3 of the 8 measures ordered.

**Ministry of Public Finance**

The Economic-Financial Inspection Service within MPF carried out a control at the Teletrans subsidiary starting with 21.07.2020.

The theme of control is "verification of compliance with the provisions of GO no. 26/2013 on strengthening financial discipline at the level of economic operators in which the state or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority stake for 2018-2019".

The control was completed with Report no. 7599 / 15.10.2020 (no. NAFA MC\_IEF\_638 / 06.10.2020), without Decision / Disposition of measures.

- **SMART SA**

### **Court of Audit**

Between 13.01-22.05.2020, the external auditors of the CA performed a control at the SMART subsidiary with the theme "control regarding the situation, evolution and administration of the public and private patrimony of the state, as well as the legality of revenues generation and making expenses, for period 2018 - 2019 ".

CA control was completed and the CA Report was issued with no. 215 / 09.06.2020 and the Decision of CA no. 8/2020.

The subsidiary Smart SA filed objections to the report and filed an action in the administrative contentious court against the CA conclusion regarding the appeal of CA Decision no. 8/2020.

### **NAFA-GDALT- The Economic-Financial Inspection Service**

On 21.07.2020, the fiscal inspection began, with the theme "verification of compliance with the provisions of GO no. 26/2013 on strengthening financial discipline at the level of economic operators in which the state or territorial administrative units are sole or majority shareholders or directly or indirectly hold a majority stake, with subsequent amendments and completions, for the financial period 2018-2019 " .

SMART subsidiary received a Fiscal Inspection Report and did not draw up or submit any objections.

### **NAFA-DGLTA**

On 28.08.2020, the fiscal inspection began, having as objectives - the verification of the legality and conformity of the fiscal declarations and / or the relevant operations for the fiscal inspection, correctness and accuracy of the fulfillment of the obligations related to the establishment of tax bases and main fiscal obligations regarding :

- Value added tax in the period 01/01/2015 - 31/12/2016
- Income tax during 01/01/2014 - 31/12/2016
- Verification of compliance with the provisions of fiscal and accounting legislation
- Verification of other aspects related to taxation, if it is of interest for the application of the accounting fiscal legislation. The tax inspection is ongoing at the date of these report.