

NPG Co. TRANSELECTRICA

ANNUAL CONSOLIDATED REPORT

2022



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 2022 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 for the verification of the 2022 financial statements, the Audit Committee provided the Supervisory Board with an analysis of results relating to 2022 financial year and recommended the Supervisory Board to endorse the consolidated financial statements, elaborated in accordance with OMFP 2844/2016.

The 2022 Annual Consolidated Report provides a fair accurate picture of the Company's results in the financial year 2022.

The Audit Committee assists 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 2022, elaborated in accordance with OMFP 2844/2016 with subsequent amendments and additions for the approval the Accounting regulations compliant with the International Financial Reporting Standards and provide a true picture of the financial position of the Group and profit and loss account.

Directorate's Report includes accurate information true to real facts with respect to the Group's development and performance, as well as the description of the main risks and uncertainties specific to the activities performed.

Directorate,

**Gabriel
ANDRONACHE**

**Directorate
Chairman**

**Ștefăniță
MUNTEANU**

**Directorate
Member**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

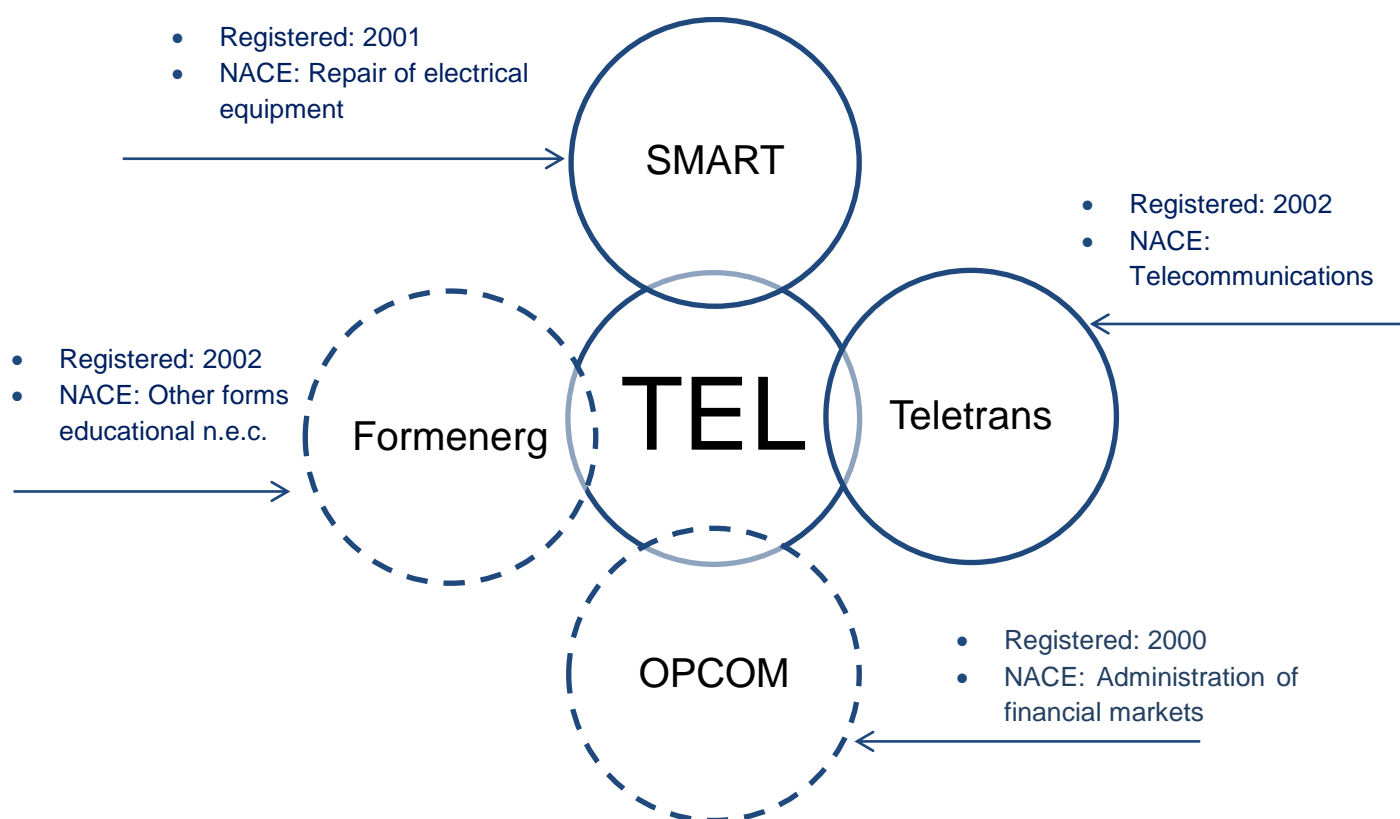
**Florin-Cristian
TĂTARU**

**Directorate
Member**

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SUBSIDIARIES PRESENTATION



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

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

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

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

SMART

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



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

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

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

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

The subscribed and paid-up share capital as at 31.12.2022 is 38,529 thousand lei, Transelectrica being the sole shareholder. The results of the SMART subsidiary are consolidated with the financial results of the Company.

SMART shares are 100% owned by Transelectrica.

TELETRANS



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

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

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

- Public electronic communications networks (from 11.11.2004);
- Electronic communications services to the public: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (from 01.07.2003);
- Private electronic communications networks and services (from 15.01.2003).
- TELETRANS personnel also have certifications relevant to the operation and administration of IT&C systems dedicated to critical infrastructures.

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

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

The subscribed and paid-up share capital as at 31.12.2022 is 6,874 thousand lei, Transelectrica being the sole shareholder. The results of the subsidiary Teletrans are consolidated with the financial results of the Company.

TELETRANS shares are 100% owned by Transelectrica.

FORMENERG



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

The FORMENERG subsidiary is a company whose main activity is the initial and continuous professional training, in all fields of activity, of personnel working in the energy sector in all sectors of the national

economy and other beneficiaries, as well as hotel services, rental services and event organisation services.

FORMENERG SA is based on a long-established training centre in Romania with extensive experience in the field of vocational training, currently offering a wide range of courses in the following training areas: European Integration - Preventing and Fighting Corruption, Management and Human Resources, Construction, Public Procurement, Quality of Industrial Technological Equipment Assembly Works, Operations, PRAM - AMC, Maintenance, Energy Strategy, Natural Gas - Authorization, Natural Gas - Extension of Authorization Validity, Informatics, Psychology, Sociology, Finance, Accounting, Administration, Quality, Environment, Occupational Health and Safety, Management Internal Control Standards, Legislation, Marketing, Public Relations and Communication, Electricians Authorization.

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

FORMENERG competences are structured along the following main lines:

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

The share capital on 31.12.2022 is 1,948 thousand lei, fully paid, represented by 194,842 shares with a nominal value of 10 lei each.

FORMENERG shares are 100% owned by Transelectrica.

ICEMENERG – SERVICE

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

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

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

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

OPCOM



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

In accordance with the provisions of the primary and secondary legislation in force, the Operator of the Electricity and Natural Gas Market "OPCOM" S.A. performs the role of administrator of the electricity market, providing an organized, viable and efficient framework for the conduct of commercial transactions in the wholesale electricity market and carries out activities of administration of the centralized markets in the natural gas sector, under conditions of consistency, fairness, objectivity, independence, fairness, transparency and non-discrimination. The main activities carried out by OPCOM under the provisions of the primary and secondary legislation in force:

- The organisation and administration of centralised electricity markets;
- Exercise the function of Settlement Operator, by performing settlement operations for the Next Day Market and Intraday Market, respectively establishing payment obligations / collection rights for the Balancing Market and the quantitative and value imbalances of the Balancing Parties;
- Acting as organiser and administrator of the green certificates market;

- Acting as administrator of the Greenhouse Gas Emissions Trading Platform;
- To perform the activity of centralised market management in the gas sector;
- Supervision of the functioning of administered markets;
- Collection and publication of market statistics as required by the Energy Law;
- Registered Reporting Mechanism (RRM);
- Administration and development of IT platforms serving energy markets;
- Active participant in the European energy market.

OPCOM is in collaboration with the Bucharest Stock Exchange to identify projects through which the two entities will propose the trading of derivative products for the management of energy price risk and the clearing and settlement through a national Clearing House (Central Counterparty in Romania-CCP.RO). In 2021, OPCOM and CCP.RO negotiated the Contract on the framework for clearing and settlement of transactions concluded on the Centralised Market for Bilateral Electricity Contracts - Continuous Trading (PCCB-NC) administered by OPCOM.

During 2022, CCP.RO went through the necessary steps to be authorised by the ASF, in accordance with the requirements of the National Bank and the European Securities Authority (ESMA).

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

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

On 8 June 2022, the 16 Transmission and System Operators (OTSS) in the Core Capacity Calculation Region (Core RCC), together with 10 Designated Electricity Market Operators (DEMEOs), initiated day-ahead market coupling on a flow basis. Also, as part of the Core FB MC project, the market coupling between Croatia and Hungary & Slovenia and Hungary has been implemented, contributing to a more complete and better functioning European market coupling.

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

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

The subscribed and paid-up share capital of OPCOM as at 31.12.2022 is 31,366 thousand lei, Transelectrica being the majority shareholder at that date. 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

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	GD 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 S.A.

TELETRANS

Headquarters	Bucharest 3, Blvd. Hristo Botev 16-18
Working location	București 3, Str. Stelea Spătarul 12
Number in the trade register	J40/ 12511/ 2002
Single Registration Code	15061510
Share capital	6,874 thousand Lei, divided into 687,443 nominative shares of 10 Lei nominal value each
Single shareholder	Transelectrica
Establishment act	SGA Decision 13 of 20.03.2002 of NPG 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	SGA Decision 33 of 19.11.2001 of Transelectrica

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 (GD) 627/ 2000

GOVERNANCE STRUCTURES

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

SMART:

Gheorghe BOLINTINEANU	General Director
Mihai Liviu NEGOESCU	Economic Director

TELETRANS:

Decebal BĂESCU	General Director
Alia Mekkaoui	Economic Director

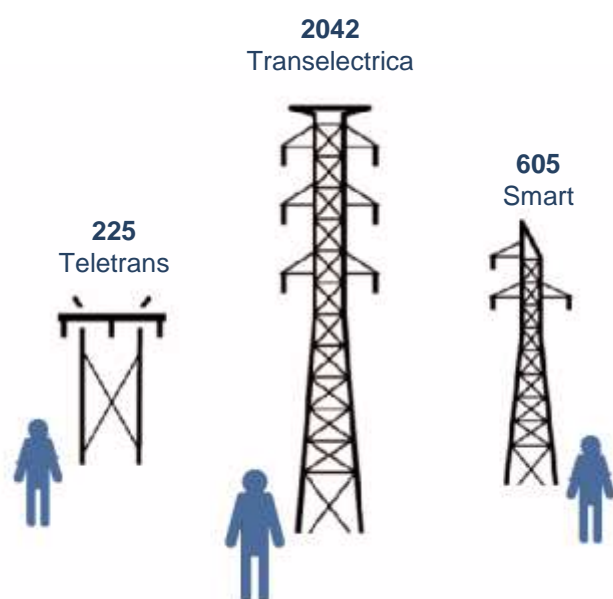
FORMENERG:

Lucian BICA	General Director
Vasile CRISTESCU	Economic Director

OPCOM:

Victor IONESCU	General Director
Silvia FEDIUC	Economic Director

Number of employees in 2022



CONSOLIDATION RESULTS 2022-2020

The financial results of the Group's activities were as follows (thousand RON):

	2022	2021	2020		22/21
Operating revenues	6,307,383	3,784,002	2,392,901	▲	67%
Operating expenses*	(5,422,330)	(3,488,722)	(1,941,674)	▲	55%
EBITDA	885,053	295,280	451,227	▲	n/a
Depreciation and amortization	(281,217)	(283,791)	(274,917)	▼	(1%)
EBIT	603,836	11,489	176,309	▲	n/a
Net finance result	(8,213)	(9,229)	(5,271)	▼	(11%)
EBT	595,623	2,260	171,038	▲	n/a
Income tax	(73,990)	(956)	(29,138)	▲	n/a
NET RESULT	521,633	1,304	141,901	▲	n/a

*Operating expenses without depreciation and amortization

	2022	2021	2020		22/21
Non-current assets	4,466,199	3,957,875	3,717,685	▲	13%
Current assets	3,733,729	3,320,342	1,472,985	▲	12%
TOTAL ASSETS	8,199,928	7,278,217	5,190,670	▲	13%
Shareholders' equity	3,904,692	3,384,861	3,425,012	▲	15%
Non-controlling interests	-	-	-	▼	n/a
Non-current liabilities	707,516	743,747	698,284	▼	(5%)
Current liabilities	3,587,720	3,149,609	1,067,374	▲	14%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,199,928	7,278,217	5,190,670	▲	13%

	2022	2021	2020		22/21
Cash flows from operational activities	485,887	199,319	610,274	▲	144%
Net cash used in the investment activity	(451,758)	(399,465)	(285,187)	▲	13%
Net cash used in financing activities	34,897	(105,045)	(94,870)	▼	(133%)
Net increase/decrease in cash and cash equivalents	69,026	(305,191)	230,217	▼	(123%)
Cash and cash equivalents as at January 1 st	264,656	569,847	339,630	▼	(54%)
Cash and cash equivalents at the end of the period	333,681	264,656	569,847	▲	26%

ACTIVITIES

In 2022 the two Subsidiaries included in the consolidation performed activities in accordance with their main businesses as follows:

• TELETRANS



TELETRANS is the provider of telecommunications 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

- EMS / SCADA integration services for renewable energy producers and the new command-control systems in refurbished substations.
- Preventive or corrective maintenance services for the main critical IT systems that provide the functions of the transmission system operator and balancing market.
- Services for the management of process informatics systems - administration and updating of databases, saving of diagrams 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;
- Services of type n x Mb, n x 1Gb, 10 Gb on IP / MPLS equipment;
- Specialized technical assistance.

IP communications services:

- Internet provided in over 100 points in the national fiber optic network;
- Secure VPN networks on IP / MPLS network;
- Metropolitan / national customer interconnection through exchange centers;
- IT outsourcing;
- Computer Science for Business Management.

3. Collocation

- Collocation centers in Bucharest (RoNIX node) and Timișoara
- Territorial presence points from 35 county seats
- 400 kV and 220 kV Transelectrica substations.

Infrastructure

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

The fiber optic network on which the two backbones are made is built in a reliable OPGW technology and provides access points in 110 settlements 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 ISO 9001, the Environmental Management System in accordance with the requirements of ISO 14001, the Occupational Health and Safety Management System in accordance with the requirements of ISO 45001 and the Information Security Management System at Executive level, in accordance with the requirements of ISO / IEC 27001: 2013.

Affiliation

The subsidiary 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
 - The National Association of Internet Service Providers in Romania
 - Romanian Society of Energy Engineers
 - National Association for Information Systems Security
- at international level:
 - International Council on Large Electric Systems
 - European Utilities Telecom Council
 - Réseaux Internet Protocol Européens.

• 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 S.A. was established in order to provide maintenance and repair services to the installations of NPG Co. Transelectrica S.A. and it shall provide with priority the resources necessary for PTG 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 Services for the Electricity Transmission Grid Smart S.A. 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;
- ISO 45001:2018 "Management systems of occupational health and security" - for labour security.

The Integrated Management system quality-environment-labour safety and health is certified by SRAC and IQNet - 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, valid until 23.12.2023, with annual supervision. Through the integrated management system, the company guarantees to the customers that the provided services are at least in accordance with the specified requirements.

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

- **A3** - testing electric 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 the necessary endorsements.
- **D1** - designing overhead and underground power lines with any standardized nominal voltages: Certificate no. 15265 / 4.11.2019 valid indefinitely with the necessary endorsements.
- **D2** - building overhead and underground power lines with any standardized nominal voltages: Certificate no. 15266 / 4.11.2019 valid indefinitely with the necessary endorsements.

- **E1**- designing transformer substations, power substations and installations for the electric part of power plants with any standardized nominal voltages: Certificate no. 15267 / 4.11.2019 valid indefinitely with the necessary endorsements.
- **E2** - executing transformer substations, power substations and works for the electric part of power plants with any standardized nominal voltages: Certificate no. 15268 / 4.11.2019 valid indefinitely with the necessary endorsements.

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 analyzes of electrical insulating materials are accredited.

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.
- Designing systems and installations fire limiting & extinguishing, permit no. 7087 / 08.06.2017 of indefinite validity.

Smart S.A. is certified for forestry activity by the Ministry of Environment, Waters and Forests - Certificate no. 1128 / 23.07.2020 valid until 31.07.2022.

The company carries out activities such as:

- as a maintenance service provider:
 - revisions and inspections
 - repairing electrical equipment and installations
 - interventions in accidental events
 - expertises, diagnoses and technical analyzes
 - configurations, adjustments and parameterizations of command-control systems
- as a provider of refurbishment and modernization services:
 - power substations
 - overhead power lines
- as a provider of special technology services:
 - live work – LW
 - rehabilitation of transformer insulation Design
- as a consulting and design provider:
 - design
 - consultancy and assistance.



Smart's national and international affiliations are as follows

- ✓ A - LST - R (Live Work Association in Romania - Founding Member)
- ✓ CIGRE (International Council of Large High Voltage Electrical Networks)
- ✓ CNR - CIGRE (Association of the Romanian National Committee CIGRE)
- ✓ CNR - CME (Romanian National Committee of the World Energy Council)
- ✓ SIER (Romanian Society of Energy Engineers)
- ✓ ASRO (Romanian Standardization Association).

FINANCIAL POSITION STATEMENT

The consolidated statement of financial position is as follows(thousand RON):

	31 December 2022	31 December 2021	31 December 2020
Non-current assets			
Tangible assets	4,063,849	3,881,441	3,636,262
Assets representing rights of use under a lease - buildings	23,689	32,690	37,773
Intangible assets	337,941	7,404	7,310
Financial assets	40,720	36,340	36,340
Total non-current assets	4,466,199	3,957,875	3,717,685
Current assets			
Inventories	53,068	48,681	47,640
Trade and other receivables	3,342,852	2,985,893	854,250
Profit tax recoverable	4,128	21,112	1,248
Cash and cash equivalents	333,681	264,656	569,847
Total current assets	3,733,729	3,320,342	1,472,985
Total assets	8,199,928	7,278,217	5,190,670
Shareholders' equity			
Share capital	733,031	733,031	733,031
Share premium	49,843	49,843	49,843
Legal reserve	146,606	137,927	137,833
Revaluation reserve	734,233	801,800	872,379
Other reserves	39,351	31,186	17,482
Retained earnings	2,201,628	1,631,074	1,614,444
Total shareholders' equities attributable to Group owners	3,904,692	3,384,861	3,425,012
Non-controlling interests	-	-	-
Total equity	3,904,692	3,384,861	3,425,012
Non-current liabilities			
Long term deferred revenues	439,028	443,437	352,029
Long term Borrowings	55,588	79,455	101,671
Other loans and assimilated debts - Non-current building lease liabilities	15,949	24,656	30,532
Deferred tax liabilities	110,070	120,927	126,852
Employee benefits obligations	86,881	75,272	87,200
Total non-current liabilities	707,516	743,747	698,284
Current liabilities			
Trade and other liabilities	3,352,175	3,007,137	878,850
Other loans and assimilated debts - Current building lease liabilities	9,141	8,966	7,417
Other tax and social security liabilities	17,377	20,527	25,052
Current Borrowings	97,950	27,579	33,574
Provisions	71,557	53,662	93,011
Short term deferred revenues	39,520	31,738	29,393
Income tax payable	-	-	77
Total current liabilities	3,587,720	3,149,609	1,067,374
Total shareholders' equity and liabilities	8,199,928	7,278,217	5,190,670

PROFIT AND LOSS ACCOUNT

Group profit and loss account statement is the following (thousand RON):

	31 December 2022	31 December 2021	31 December 2020
Operating revenues			
Transmission revenues	1,884,909	1,252,286	1,035,250
System service revenues	533,616	623,720	795,026
Balancing market revenues	3,478,995	1,822,564	494,999
Other revenues	409,863	85,432	67,626
Total operating revenues	6,307,383	3,784,002	2,392,901
Operating expenses			
System Operating Expenses	(901,663)	(576,409)	(309,846)
Balancing market expenses	(3,479,716)	(1,809,588)	(494,999)
Technological system services expenses	(466,608)	(609,608)	(566,016)
Depreciation and amortization	(281,217)	(283,791)	(274,917)
Personnel expenses	(385,954)	(317,510)	(338,889)
Repairs and maintenance expenses	(51,380)	(60,288)	(75,971)
Materials and consumables	(40,372)	(31,316)	(26,700)
Other operational expenses	(96,637)	(84,003)	(129,253)
Total operating expenses	(5,703,547)	(3,772,513)	(2,216,591)
Operating result	603,836	11,489	176,310
Financial revenues	65,058	6,669	10,083
Financial expenses	(73,271)	(15,898)	(15,354)
Net finance result	(8,213)	(9,229)	(5,271)
Profit before income tax	595,623	2,260	171,039
Income tax	(73,990)	(956)	(29,138)
Result for the year from continuing operations	521,633	1,304	141,901
Profit of the period			
Attributable to:			
Owners of the Group	521,633	1,304	142,668
Non-controlling interests	-	-	(767)
Basic and diluted earnings per share (lei/share)	7.12	0.02	1.94

CASH FLOWS

The Group's cash flows are as follows (thousand RON):

	31 December 2022	31 December 2021	31 December 2020
Cash flows from operational activities			
Profit of the period	521,633	1,304	141,901
Cash flows before changes to working capital	558,304	260,089	497,725
Changes in:			
Inventories	(5,211)	186	(512)
Clients and assimilated accounts	(354,120)	(2,176,952)	(151,398)
Trade payables and other liabilities	360,748	2,134,476	295,234
Other loans and assimilated debts - Building lease	-	-	31,242
Other taxes and social insurance liabilities	(3,150)	(4,525)	8,259
Deferred revenues	1,956	14,904	(15,276)
Cash flows from operational activities	558,527	228,178	665,274
Paid interests	(8,090)	(4,978)	(7,368)
Paid income tax	(64,551)	(23,881)	(47,632)
Net cash generated from operational activities	485,886	199,319	610,274
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(465,944)	(495,323)	(377,100)
Participation titles held in SELENE CC Societe Anonyme	-	-	(242)
Proceeds from EC non-reimbursable financing	9,583	93,151	-
Received Interests	3,055	2,684	7,153
Proceeds from sale of tangible assets	13	-	-
Dividends received	1,535	23	2
Other financial assets	-	-	85,000
Net cash used in the investment activity	(451,758)	(399,465)	(285,187)
Fluxuri de trezorerie utilizate în activitatea de finanțare			
Repayments of non-current borrowings	(23,753)	(23,726)	(24,858)
Use of working capital credit line	67,618	-	-
Use of Smart credit line	2,994	-	-
Repayments of current borrowings	-	(6,157)	(24,008)
Building lease payments	(11,322)	(11,490)	(10,394)
Dividends paid	(640)	(63,672)	(35,610)
Net cash used in financing activities	34,897	(105,045)	(94,870)
Cash and cash equivalents as at January 1st	264,656	569,847	339,630
Net increase/decrease in cash and cash equivalents	69,025	(305,191)	230,217
Cash and cash equivalents at the end of the period	333,681	264,656	569,847

DISPUTES

- **RAAN**

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file **3616/101/2014** was recorded involving the “claims in the amount of 1,090,831.70, value of invoice no. 1300215/31.12.2013”, a file in which the Company is the defendant, the plaintiff being the Independent Authority for Nuclear Activities, RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal admitted the request filed by plaintiff RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,090,831.70 Lei, constituting the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the court by the decision it would take to allow the appeal as it was filed and reverse the judgment and sentences under appeal and referring the case to the trial court in the territorial jurisdiction for judgement, and stating the compliance with the requirements of Articles 1616 and 1617 of the Civil Code, reason for which it is also required to declare the occurrence of mutual debts compensation and their redemption up to the amount of the smallest of them, namely the total amount requested by the plaintiff in the application for summons, ordering the appeal - plaintiff to pay the expenses made with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided to reverse decision 843/2015 and to remand the case for retrial to the same court, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court of Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, while the case was referred for retrial to Bucharest Tribunal, Section VI Civil. On the docket of the Bucharest Tribunal the case was registered under no. 40444/3/2017 which by civil ruling 4406/04.12.2017 admitted the request filed by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 Lei. The sentence was appealed.

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

Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,496,914, withheld from payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,496,914 and did not register it as liability in the support scheme.

The subject of file **9089/101/2013/a152** is objection against the Additional liability table of debtor RAAN, the disputed amount being 89,360,986 Lei.

Transelectrica SA was recoded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity, the actual amount the Company requested being 89,360,986 Lei, but 78,096,208.76 Lei were not registered in the preliminary receivable table because “such sum was not recorded as owed liability in RAAN's accounting books”. Moreover the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 – 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013. The contestation of the additional liability table as Mehedinti Tribunal admitted the accounting expertise evidence.

On the contestation judgment term 14.06.2018 the decision was taken to suspend it until settlement of file **3014/2/2014** on the docket of the ICCJ, and on 14.02.2019, Mehedinti Tribunal decided joining file 9089/101/2013/A152 to file **9089/101/2013/a140** (pertaining to claims, payment request). Thus file judgment was deferred because the court considered it useful to settle the case by submitting Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, pertaining 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 admits 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 was rejected as groundless; final decision. Ruling 846/06.11.2019.

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 21.05.2020 the case was taken out of the docket with the following settlement: the exception of Appeal Court Craiova's material incompetence was admitted and the case was referred to ICCJ, Administrative and Fiscal Disputes Section; Ruling 140/21.05.2020.

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

Under RAAN's bankruptcy file registered under number **9089/101/2013**, Mehedinti Tribunal deferred the case on 08.10.2020 and 04.02.2021 terms. Settlement in brief: a term was granted to continue liquidation procedures, to represent the debtor's interests in the disputes on the dockets of law courts; to consolidate the creditors' list; to continue public auctions capitalising the debtor's assets.

At 09.02.2023, a deadline was granted for the continuation of the procedure, respectively for the capitalization of the assets, the collection of debts and the fulfillment of the other liquidation operations, and the next deadline is set for the date of **15.06.2023**.

Between RAAN and Transelectrica there are other 4 files under various court terms.

• COURT OF ACCOUNTS

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 pct. 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). Document- Ruling 2771/13.06.2018.

At the High Court of Cassation and Justice, file no. 1658/2/2014 became file no. **2985/1/2021**. The court date is 24.11.2022. At the term of 24.11.2022, appeal solution: the court finds the nullity of the appeal filed by the plaintiff NPG Transelectrica SA against Sentence no. 8 of January 20, 2021 of the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation pronounced in file no. 6576/2/2017. Final.

Following an audit performed in 2017, 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 Company filed 8 contestations against the measures decided by Romania's Court of Audit (CCR) under Decision 8/27.06.2017, requesting their cancellation as well as cancelling Conclusion 77/03.08.2017, registered under number 29117/08.08.2017 in the Company's Registration Office, namely 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 exceptions of inadmissibility, invoked in the response, are rejected, the request is rejected, as unfounded - Transelectrica declared appeal on 19.11.2021 and **file 6581/2/2017** on cancelling the findings of item 6 and the measure decided in item II.9, **hearing term on 31.03.2023**) and on the docket of the High Court for Cassation and Justice (4 files: 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**, deadline 27.01.2022, by which the appeal filed by the plaintiff NPG Transelectrica S.A. is rejected against Sentence no. 2678 of December 30, 2019 of the Bucharest Court of Appeal – Section VIII administrative and fiscal litigation, pronounced in File no. **6577/2/2017**, as unfounded. Final, file no. **6578/2/2017**, regarding the annulment of the findings from point 9, as well as the measure ordered at point II.11, court term on 28.06.2022, by which the appeal declared by the plaintiff NPG Transelectrica is rejected as late against civil sentence no. 1566 of April 23, 2019, pronounced by the Court of Appeal of Bucharest - Section VIII administrative and fiscal litigation, regarding the solution ordered on the request for suspension. Rejects the appeal declared by the plaintiff NPG Transelectrica S.A. against the same sentence, regarding the solution ordered on the request for annulment, as unfounded. Final, file no. **6574/2/2017** regarding the annulment of the findings from point

5.2, as well as the measure ordered at point II.8, trial date on 19.10.2021 - Rejects the appeals declared by the appellant-plaintiff NPG Transelectrica S.A. against Civil Judgment no. 1074 of March 8, 2018 and of the Closing Session of January 11, 2018, pronounced by the Bucharest Court of Appeal – Section VIII Administrative and Fiscal Litigation, as unfounded. Final). Three cases were settled final, 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. 6583/2/2017 regarding the annulment of the findings from point 5.1, as and the measure ordered at point II.7 and II.8 and file no. 6582/2/2017 regarding the cancellation of the findings from point 11, as well as the measure ordered at point I.5, file no. 6580/2/2017 regarding the cancellation findings from point 10, as well as the measure ordered at point II.12).

In January-July 2020 Romania's Court of Audit performed control in all Territorial Transmission Units of NPG Transelectrica, and from 25.05 to 27.08.2020 such verification continued in the Company's executive offices. CCR's control pertained to the *"situation, development and administration mode of the state's public and private patrimonial assets, as well as the legality of obtained revenues and of expenses made in 2017-2019" in NPG Transelectrica SA*.

The above-mentioned control on such topic began on 25.05.2020 in the Company's executive offices was suspended by CCR because another control was initiated on the "management of public resources during the emergency period". It started on 02.06.2020 and ended on 26.06.2020.

The Audit Report elaborated by CCR auditors about the *"control on the management of public resources during the emergency period"*, registered in the Company under no. 24225/26.06.2020, have ascertained no deficiencies, consequently no decision was issued with measures.

When the audit ended on the administration of the state's public and private patrimonial assets and the legality of obtained revenues and expenses made in 2017-2019, completed on 06.10.2020, Audit Report 40507/06.10.2020 was issued and on 09.11.2020 Romania's Court of Audit by Department IV issued Decision 15 with 10 measures, deadline on 31.05.2021, which term was extended by CCR to 31.12.2021 upon Company's request.

The Company filed objections and submitted Contestation 50090/26.11.2020 registered under no. 139775/26.11.2020 by the Court of Audit, requesting cancellation of such measures. CCR auditors examined and reviewed the Company's Contestation by Conclusion 2/10.03.2021, and admitted only one measure of the 10 decided.

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

On the 10.12.2021 term the Company's suing was denied as groundless. It denied the suspension request as groundless; appeal right within 15 days from notification, and appeal right within 5 days from notification as regards the suspension request; such appeal to be submitted to the Appeal Court Bucharest.

- **ANRE**

NPG 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 β 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 ANRE notification of the regulated rate of return (RRR) 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 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.

At the trial date on 22.01.2019, the court approves in principle the request for accessory intervention in the interest of the defendant (ANRE), formulated by the intervener ALRO SA, with an appeal along with the merits. On 25.06.2019, in order to give the parties the opportunity to learn about the content of the expert report, the case is postponed and a new trial date is ordered.

At the trial date on 10.09.2019, considering the request of the representative of the plaintiff to learn about the content of the objections formulated by the intervener and to give it the opportunity to respond to them, bearing in mind the fact that the plaintiff submitted meeting notes accompanied by documents that require translation, admits the request to postpone the case and orders the establishing of a new trial date.

At the trial date on 03.12.2019, it was decided to postpone the case and to establish a new trial date in order to return with an address to the expert to file the answer to the objections, with the mention that he should appear in court at the next trial date. It will suggest to the expert that, before the next trial date, he should communicate a copy of the response to the objections to the parties.

At the next trial on 12.05.2020, the file was suspended for the entire period of the state of emergency.

On 23.06.2020, the case was postponed to give the parties the opportunity to take note of the response to the objections. Also, at the trial date on 21.07.2020, the case was postponed, the solution being: address to the expert to appear 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.

At the trial date on 11.01.2021, the solution in short is: Accepts the operative part completion request. Orders the completion of the operative of civil sentence no. 362/06.10.2020 with the solution given on the request for accessory intervention, in the sense that: Admits the request for accessory intervention, formulated by the intervener ALRO SA in support of the defendant ANRE. With the right of appeal within 15 days from the communication, the appeal petition to be submitted to the Bucharest Court of Appeal.

Transelectrica filed appeal to be judged on 08.06.2021.

Solution details: "Rejects the appeal declared by the appellant-plaintiff NPG Transelectrica SA against sentence no. 362 of October 6, 2020, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation, as unfounded. Definitive. Pronounced in public session, today, May 25, 2022."

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

• **OPCOM**

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

Through the sue petition, the plaintiff NPG 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 RON, 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 NPG 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 RON 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 trial date on 03.07.2020, the court discussed the request of the parties to suspend the trial of file no. 22567/3/2019, formulated by OPCOM reserving judgement.

At the trial date on 17.07.2020, the court pronounced the following solution in short: Suspend the trial of the case until the final settlement of file no. **31001/3/2017**, having as its object an action to annul the decision of the General Meeting of Shareholders of Opcom (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, NPG 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 for 05.11.2021.

At this trial date, after the appeal filed 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 submissions by the parties on this exception, the court reserved the judgement, 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 substantive 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 to the respondent the sum of 11,325.21 lei as court costs. With appeal within 30 days from the communication of the decision. Decision 1532/12.10.2022.

Before the Bucharest Court, file no. **24242/3/2021**, in which the plaintiff is OPCOM SA, and NPG 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 by loans contracted by NPG Transelectrica SA from IBRD, based on loan agreement no. . 7181RO/17.07.2003, as well as from NPG 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 NPG 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 **16.05.2023** for lack of expert report.

- **CONAID COMPANY SRL**

In 2013, Conaid Company SRL sued NPG 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 point in the amount of 17,420 and unrealized profits for the period 2013-2033 in the amount of EUR 722,76 mil. 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 judgment 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 NPG Transelectrica S.A. Admits the appeal declared by the defendant NPG 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. Overturns the challenged conclusion and the sentence in part and sends the case to the Bucharest Court – Civil Section VI for the resolution of the plaintiff's action against 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 role 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, a new summons request filed 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 damage actually suffered and the unrealized benefit, provisionally estimated at 100 thou. euros. 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, the obligation regarding the suspensive conditions cannot be considered fulfilled by the plaintiff, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfillment of the conditions".

At the deadline of 15.10.2019, reject as unfounded the exceptions of lack of active procedural quality and lack of interest. It unites with the fund except for the prescription. With appeal together with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

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 fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

It is postponed for the administration of evidence with expertise and a deadline of 21.01.2020 is granted.

On 21.01.2020, the case is postponed to carry out the expertise and the next term is granted on 31.03.2020.

At the term 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.

After several postponements, the next deadline is set for 07.12.2022, the case is postponed due to the lack of response to the objections and the next term is granted on 22.02.2023 and subsequently **03.05.2023** also for the same case.

- **ROMENERGY INDUSTRY**

File no. 2088/107/2016 before the Alba Tribunal has as its object "Bankruptcy - Application for enrollment in the credal table". Transelectrica submitted an application for registration to the credit table with the amount of 16,112, and the claim was admitted and entered in the preliminary table.

The solution in short: I set a deadline of 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 par. 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 deadline of 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 was approved.

The case was postponed to the deadline of 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 deadline of 16.05.2022, a deadline of 19.09.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

On 19.09.2022, a deadline of 12.12.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the deadline of 12.12.2022, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating associate Bica Rosana. Based on art. 175 para. 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 judicial liquidator are relieved of any duties or responsibilities regarding the procedure, the debtor and her assets, creditors and associates. With right of appeal within 7 days of communication through BPI.

- **MUNICIPIUL REȘIȚA**

File no. **2494/115/2018*** - file no. **2494/115/2018****, registered on the roll of the Caras Severin Court, is the subject of the summons, by which the plaintiff Resita 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 fund related to 2015;
- 2,130, representing land rent related to 2016;
- 2,130, representing land rent related to 2018;
- 2,130, representing land rent related to 2019;
- 2,130, representing land rent related to 2020;
- punitive legal interest from the due date until actual payment.

The solution in short: Accept the exception of territorial non-competence of the Caras-Severin Tribunal. It declines the competence to resolve the request made by the plaintiff Resita Municipality - through the mayor, contrary to the defendant "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. Decision 313/11.03.2019.

At the deadline of 25.10.2019, the exception of the territorial incompetence of the Bucharest Court is admitted. It declines the competence to resolve the case in favor of the Caras-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caras-Severin Court. Suspend the case and forward the file to the High Court of Cassation and Justice, in order to resolve the negative conflict of jurisdiction. No recourse. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the deadline of 16.07.2020, by decision no. 1578, established the competence to resolve the case in favor of the Caras Severin Court – Civil Section I.

File no. **2494/115/2018**** at the term of 22.03.2021, the short solution is: Suspend the trial of the summons request filed by the plaintiff Resita Municipality, through the Mayor, in opposition to the defendant "Transelectrica" SA, having as its object claims, in the basis of art. 413 paragraph (1) point 1 of the Civil Code With appeal, how long does the suspension of the course of trial of the trial last, to the hierarchically superior court.

The suspension of the judgement 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: Rejects the exception of the non-stamping of the petition 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 request of the sue petition. Prolongs the discussion on the exception of the positive effect of res judicata authority until the deadline 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 sue petition filed by the plaintiff Reșița Municipality, in opposition to the defendant Compania National de Transport al Energiei Electrice "Transelectrica" SA, having as object claims. With the right of appeal throughout the suspension of the trial."

- **NAFA**

In 2017, the general fiscal inspection started at the headquarters of Transelectrica SA on 14.12.2011 was completed, which covered the period from December 2005 to 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, NAFA - DGAMC has 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 late penalties) related to the system services system technology charges (STS) billed 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, NAFA – DGAMC established additional fiscal payment obligations by the Company, in the amount of 35,105, as well as additional fiscal obligations (interest/ late payment increases and delay penalties), in the amount of 63,908.

Mainly, the Fiscal Inspection Report of NAFA recorded the following additional payment obligations: profit tax in the amount of 13,727, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire broke out on the night of June 26-27, 2009, at the workplace in the Millenium Business Center building in Armand Călinescu Street no. 2-4, sector 2, where the Company was operating), documents with special regime.

These invoices were the subject of a dispute with NAFA, 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 OG no. 92/2003 regarding the Fiscal Procedure Code, Taxation Decision no. F-MC 439/30.06.2017.

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

The company requested the cancellation of executive 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 District 1 Court the material competence to resolve the case. No recourse. Pronounced in public session from 08.02.2018. Document: Decision no. 478/2018 of 08.02.2018.

Following the decline of jurisdiction, 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.

Following the Company's contestation of the fiscal administrative act Decision no. F-MC 439/30.06.2017, NAFA notified the Company Decision no. 122/13.03.2018 rejecting as unfounded the appeal filed by NPG Transelectrica SA, the decision being received on 16.03.2018, after the submission of the request for summons 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 appellants. Based on art. 413 para. (1) point 1 of the procedural code. civil court 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 District 1 Court of Bucharest. Document: Termination - Suspension 04/17/2018.

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

At the court term of 06.11.2018, the administration of evidence was admitted with the expertise in the accounting - taxation specialization.

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

At the deadline of 20.10.2020, the request was partially admitted with the following brief solution: the lis pendens requests were partially admitted.

It was canceled in part Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax 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 Fiscal Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and the Tax Inspection Report no. F-MC 222 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 related fiscal accessories, in the amount of 48,437, fiscal obligations established for the 349 fiscal invoices with a special regime found to be missing from the applicant's management.
- 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-deductibility when calculating the taxable profit 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-deductibility when calculating the taxable profit of the amount of 230,685, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and ancillary fiscal claims in relation to this amount.
- removes the non-deductibility 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 ancillary fiscal claims related to this amount.
- removes the non-deductible nature of VAT in the amount of 38 related to the amount of 231, representing expenses with products of the promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in I match with this amount.
- remove the mention regarding the obligation of the Sibiu Transport Branch within NPG Transelectrica S.A to register the amount of 577 as taxable income, at the latest on 30.06.2010, the date on which the unit's registration was accepted verified at the credit table with this amount, 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 regarding 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 related to the profit tax, respectively chapter VII the function of the 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.
- removed from the Process- Verbally, the finding made regarding "the determination of the deductible value added tax lower than that registered by the plaintiff, thus resulting in a difference in the amount of 13" (annex no. 15) and the obligation to pay the main and accessory fiscal claims in relation to this amount
- removes the obligation to pay late 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 to the court by this decision , as established by Taxation Decision no. F-MC 439/3 06.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - Directorate General Administration of Large Taxpayers and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals.

Maintains the other provisions contained in 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 the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals, Decision on imposition 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 the National Agency of Fiscal Administration – General Directorate for Administration of Large Taxpayers. 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 court costs in the amount of 4 thou., 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 no. 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. Accept 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 contested 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 recourse within 15 days of communication.

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

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

I. Disputes in contradiction with Subsidiary SMART SA

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

File object: NPG Transelectrica SA requests by suit to compel SMART SA to:

- Restitute to our company 7,652, which is added VAT, as prejudice incurred by our company as a result of defendant's enrichment without just cause, in the main, and as undue payment, in the second place;
- Compelling the defendant to pay the unrealised benefits associated to the amount paid as enrichment with no just cause, in principal and as undue payment in the secondary, calculated from the date when the undersigned made the undue payments to the defendant until notifying the law court, in quantum of 2,773, as well as compelling the defendant to further pay the unrealised benefits until the defendant's actual repayment of the amount representing the principal debt.

File stage: Rejects the summons request 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 registry. Document: Decision 741/12.04.2022. Transelectrica declared appeal, which was rejected on 31.10.2022, the solution being final.

Remarks about the circumstances that initiated the proceedings:

Between 16.01.2017 - 26.05.2017, our Company was subject to a control of Romania's Court of Audit, performed by a team of external public auditors from the Court of Audit's Department IV. After such control they issued the Audit Report recorded in the Company under no. 19211 of 26.05.2017, which our Company contested; later on CCR issued Decision 8/27.06.2017.

On pages 116-117 of the Audit Report, pt. 9, the Court of Audit's control team retained that in 2014, based on contract C57/31.01.2012, Transmission Branches: Bucharest, Pitesti, Sibiu and Constanta of NPG Transelectrica SA, according to the work orders to replace the 220 kV, 110 kV and 245 kV circuit breakers, accepted invoices for payment (with payment statements attached certified by the Transmission Branches and Smart Branches) with work statements elaborated by Smart Branches where breakers procured at overvaluated prices were included under materials, which were added 30% indirect expenses and 5% profit, which led to inefficient utilization of monetary funds in estimated amount of 7,652.

- **File no. 40958/3/2016 – Bucharest Tribunal**

File object:

Transelectrica in its capacity of claimant requests compelling SMART SA to pay 2,797, including VAT + 1,212, representing accessories.

File stage:

TMB settlement: The exception of the prescription of the right to action, invoked by the defendant, was admitted. The action was dismissed as time-barred. The applicant's claim that the defendant should be ordered to pay the costs was rejected as groundless. With appeal within 30 days of notification. 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 is in the filter procedure at the ICCJ.

- **File no. 24360/3/2020 – Bucharest Tribunal**

File object:

SMART SA requested the obligation of Transelectrica to pay the amount of 14.75 thou. euros + VAT, eq. 38 concrete foundations, 98.28 thou. euros + VAT, eq. additional works canal execution, 112 + VAT, eq. Mecano type rakes, legal interest.

File stage:

TMB settlement: the extinction prescription exception was allowed. The objection of inadmissibility was qualified as a substantive defense. The action was dismissed as statute-barred, the material right to action. With the right to appeal within 30 days from the notification to the parties. The appeal is to be filed at the headquarters of the Bucharest Tribunal, Civil Section VI. Delivered in open court on May 10, 2021. Document: Decision 1263/2021; SMART filed appeal.

CAB settlement in brief: The appeal has been accepted. The appealed sentence was annulled and, judging on the substance, the exception of the extinctive prescription of the material right to action was admitted. The action was dismissed as time-barred. The appellant's claim that the respondent should be ordered to pay the costs was rejected. With an appeal within 30 days from the notification. The appeal is submitted to CAB - Civil Section VI. Delivered in open court 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 was cancelled, pronounced by the Bucharest Court of Appeal – Civil Section VI. Final.

- **File no. 51633/299/2021 - Bucharest Tribunal**

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 unrealized benefits (legal interest).

File stage:

Solution of the Court District 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 District Court 3.

- **File no. 15561/3/2022 - Bucharest Tribunal**

File object:

SMART SA requested the obligation of Transelectrica to pay the sum of 4,47 mil regarding the execution of an administrative contract.

File stage:

A trial date was set in court on **23.03.2023**.

II. Disputes in contradiction with Subsidiary TELETRANS SA

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

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

File object:

By its summons Teletrans SA requested the court:

- To ascertain as fully provided the services under contract 03/2007, as added;
- In subsidiary to ascertain that services under contract 03/2007, as added, were provided and partially accepted;
- To oblige Transelectrica to pay 4,649, which is added VAT in amount of 883, representing the

amounts of invoices 115/2017, 123/2017 up to 143/2017;

- To oblige Transelectrica to pay 214 thou. Euro which is added VAT, at the exchange rate of the invoice issuance dates, representing the amounts of services provided and partially accepted in the contractual period May 2014 – November 2016, “in subsidiary if request petition II is admitted and not request petition I”;

File stage:

Settlement in brief: It admitted the exception of prescription of the material right to the suit regarding fiscal invoices for 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 request items as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 22.04.2019. Document: Ruling 1064/2019 / 22.04.2019.

The file received a new number 153/2/2021 at CAB - Administrative and Fiscal Litigation Section, in which a negative conflict of competence arose, and the case was submitted to the ICCJ for the establishment of the competent section. The ICCJ has established that the competent section is Section VI of the CAB.

Hearing term: 18.08.2021. Settlement in brief: The objection of inadmissibility of the appeal was allowed. The appeal was dismissed as inadmissible. From the date of communication of the present decision, reported to the provisions of art. 457 paragraph 3 of the Code of Civil Procedure, the term for the exercise of the appeal begins to run. Final. Document: Decision no. 1214 / 06.09.2021.

Teletrans filed an appeal which was rejected as inadmissible at the ICCJ on 07.03.2023.

Remarks about the circumstances that led to the dispute:

After the control performed in January–March 2017 at Teletrans’s the Court of Audit found that Teletrans has not recovered and cashed from Transelectrica the amount of money requested as above.

Contact C03/2007 conditions invoice issuance and acceptance for payment by our Company’s representatives from branches and the executive part confirming the mentioned services in each minutes issued by the claimant.

As a result of the improper execution by Teletrans SA of services contracted under C03/2007, the local Minutes of work acceptance were not endorsed by most Transmission Branches, for which reason the Divisions developing contract C03/2007 have not accepted either the centralising monthly Minutes of work acceptance.

➤ **OTHERS**

The Company is involved in significant disputes especially to recover trade receivables (e.g. : Eco Energy SRL , Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galați SA, Independent Authority for Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, Menarom PEC SA Galati and others).

The Group registered allowances for value losses from clients and other disputed trade receivables, as well as for clients under bankruptcy.

At the same time the Company is involved into disputes with former Directorate and Supervisory Board members pertaining to their mandate contracts concluded by the Company with them. The Company has constituted provision for these disputes.

➤ **Control to the Subsidiaries**

- **SMART SA**

Romania’s Court of Audit – Follow up

During 02.02-07.02.2022, the Romanian Court of Audit carried out a control at the SMART subsidiary to verify the manner of carrying out the measures ordered by Decision 6/2017 and issued the follow-up report.

NAFA -DGAMC

On 19.10.2022, the partial tax inspection began, with the objectives - checking the legality and compliance of tax declarations 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 looking:

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

-Income tax during 01/01/2017-31/12/2021

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

-Verification of other issues relevant to taxation, if they are of interest for the application of accounting tax legislation.

The NAFA control was completed by issuing minutes no. 344 of 12.10.2022.

APPENDIX

In Romania, according to art. 492⁴ para. (1) from the Accounting Regulations of 29.12.2014¹ *regarding the individual annual financial statements and the consolidated annual financial statements*, with subsequent amendments and additions, **the companies that fall under Directive 2014/95/EU** (including NPG Transelectrica SA) **present the required information in terms of non-financial reporting either in the annual report of the administrators or in a separate report**, provided that the term of publication of such a report does not exceed six months from the date of submission of the balance sheet and this is mentioned in the report of the administrators.

Regarding the publication of the Non-Financial Report (Non-Financial Statement), given that 2023 is a transition year from the point of view of European regulations, as well as the possibility that, currently, companies that fall under Directive 2014/95/EU to present the information required in terms of non-financial reporting in a separate report according to art. 492⁴ para. (1) lit. b) from the Accounting Regulations of 29.12.2014 regarding individual annual financial statements and consolidated annual financial statements, with subsequent amendments and additions (provision introduced by OMFP no. 1938/2016), *NPG Transelectrica SA will make available to the public the non-financial Report (The non-financial statement), within no more than 6 months from the balance sheet date, on the entity's website."*

¹ Art. 492⁴ was introduced in the Accounting Regulations by OMFP no. 1938/2016 regarding the modification and completion of some accounting regulations.

