

CNTEE Transelectrica SA
A dual-tier company



Simplified Separate Interim Financial Statements
as at and for the three-month period ending on
31 March 2024

Drawn-up in accordance with
International Accounting Standard 34 - "Interim Financial Reporting"

CNTEE Transelectrica SA

Simplified separate statement of financial position as at 31 March 2024

(All amounts are in RON unless otherwise indicated)

	Note	31 March 2024	31 December 2023
Assets			
Fixed assets			
Tangible fixed assets		5,426,688,428	5,415,750,112
Fixed assets related to rights of use of leased assets - buildings		11,928,359	13,916,419
Intangible assets		280,514,623	282,231,988
Financial fixed assets		85,767,355	85,767,355
Total fixed assets	4	5,804,898,765	5,797,665,874
Current assets			
Inventories		53,559,454	51,084,833
Trade and other receivables	5	2,133,706,364	2,115,557,772
Corporate tax to be recovered		-	-
Other financial assets		-	-
Cash and cash equivalents	6	462,776,840	519,358,908
Total current assets		2,650,042,658	2,686,001,513
Total assets		8,454,941,423	8,483,667,387
Equity and debt			
Equity			
Share capital, of which:		733,031,420	733,031,420
- Subscribed share capital		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		1,602,636,290	1,634,711,533
Other reserves		216,114,260	195,710,506
Retained earnings		2,565,697,275	2,430,243,814
Total equity	7	5,313,928,081	5,190,146,109
Long-term debt			
Long-term accrued income	8	507,099,619	519,083,803
Loans	9	25,891,662	31,906,178
Other loans and similar liabilities - Building leasing - long term	10	4,337,402	6,481,491
Deferred tax liabilities	10	287,963,903	285,138,157
Employee benefit obligations		75,277,117	75,277,117
Total long-term debt		900,569,703	917,886,746
Current liabilities			
Trade and other payables	10	2,040,168,008	2,242,193,328
Other loans and similar liabilities - Building leasing - short term	10	8,674,803	8,641,987
Other taxes and social security contributions	11	13,886,139	18,507,735
Loans	9	73,300,808	24,528,217
Provisions	10	63,114,383	65,205,991
Short-term prepaid income	8	19,908,815	16,137,336
Corporate tax payable		21,390,683	419,938
Total current liabilities		2,240,443,639	2,375,634,532
Total liabilities		3,141,013,342	3,293,521,278
Total equity and debt		8,454,941,423	8,483,667,387

The accompanying notes 1-22 form an integral part of these condensed separate interim financial statements.

CNTEE Transelectrica SA

Separate profit and loss account for the three months ended 31 March 2024

(All amounts are in RON unless otherwise indicated)

	Note	The 3-month period ending on 31 March 2024	The 3-month period ending on 31 March 2023
Income			
Income from transport service		502,600,128	486,949,736
Income from system services		126,798,947	100,644,860
Income from the balancing market		1,332,367,628	507,918,766
Other income		26,447,114	12,282,471
Total income	13	1,988,213,817	1,107,795,833
Operating expenses			
Expenditure for the operation of the system	14	(168,749,158)	(171,499,303)
Balancing market expenditure	14	(1,332,346,922)	(507,871,005)
Expenditure on technological system services	14	(105,370,579)	(109,646,142)
Depreciation	15	(85,026,782)	(82,180,561)
Staff expenditure	16	(87,496,317)	(74,529,920)
Repairs and maintenance		(23,748,784)	(18,682,429)
Materials and supplies		(1,533,727)	(1,800,558)
Other operating expenditure	17	(56,685,569)	(45,939,395)
Total operating expenditure		(1,860,957,838)	(1,012,149,313)
Operating profit		127,255,979	95,646,520
Financial income		2,181,707	16,892,106
Financial expenses		(2,262,977)	(15,506,099)
Net financial profit/loss	18	(81,270)	1,386,007
Profit before corporate tax		127,174,709	97,032,527
Corporate tax	12	(23,796,482)	(16,772,199)
Profit for the year		103,378,227	80,260,328

The separate condensed interim financial statements presented have been signed by the Company's management as of **April 30, 2024**.

BOARD OF DIRECTORS,

Chairman	Member	Member	Member
Ștefăniță MUNTEANU	Florin-Cristian TĂTARU	Cătălin-Constantin NADOLU	Bogdan TONCESCU

p. Economic and Financial Director
Florin STANCIU - DSFTM Manager

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

The accompanying notes 1-22 form an integral part of these condensed separate interim financial statements.

CNTEE Transelectrica SA

Separate statement of changes in equity as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

	Share capital	Share premium	Legal reserves	Revaluation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	213,611,306	213,611,306
Other comprehensive income, of which:							
Recognition of actuarial gains on defined benefit plans	-	-	-	-	-	5,234,457	5,234,457
Surplus on revaluation of tangible fixed assets.				1,192,510,070		-	1,192,510,070
Deferred tax liability af. res. from reev.				(193,974,505)		-	(193,974,505)
Transfer of revaluation reserves to retained earnings				(67,056,816)	-	67,056,816	-
Total other comprehensive income for the year	-	-	-	931,478,749	-	72,291,273	1,003,770,022
Total comprehensive income for the year	-	-	-	931,478,749	-	285,902,579	1,217,381,328
Other items							
Legal reserve increase	-	-	-	-	-	-	-
Other items				-	-	(92,953)	(92,953)
Total other items	-	-	-	-	-	(92,953)	(92,953)
Contributions from and distributions to shareholders							
Derecognition of fixed assets of a public heritage nature	-	-	-	-	-	-	-
Subsidies related to fixed assets belonging to the public domain of the State	-	-	-	-	156,400,114	-	156,400,114
Distribution of dividends	-	-	-	-	-	(52,045,231)	(52,045,231)
Total contributions from and distributions to shareholders	-	-	-	-	156,400,114	(52,045,231)	104,354,883
Balance at 31 December 2023	733,031,420	49,842,552	146,606,284	1,634,711,533	195,710,506	2,430,243,814	5,190,146,109
Balance at 1 January 2024	733,031,420	49,842,552	146,606,284	1,634,711,533	195,710,506	2,430,243,814	5,190,146,109
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	103,378,227	103,378,227
Other comprehensive income, of which:							
Recognition of actuarial gain/loss on defined benefit plan	-	-	-	-	-	-	-
Surplus on revaluation of tangible fixed assets.	-	-	-	-	-	-	-
Deferred tax liability af. res. from reev.	-	-	-	-	-	-	-
Transfer of revaluation reserves to retained earnings				(32,075,243)	-	32,075,243	-
Total other comprehensive income	-	-	-	(32,075,243)	-	32,075,243	-
Total comprehensive income for the year	-	-	-	(32,075,243)	-	135,453,470	103,378,227
Other items							
Legal reserve increase	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(9)	(9)
Total other items	-	-	-	-	-	(9)	(9)
Contributions from and distributions to shareholders							
Derecognition of fixed assets of a public heritage nature	-	-	-	-	-	-	-
Subsidies related to fixed assets belonging to the public domain of the State	-	-	-	-	20,403,754	-	20,403,754
Distribution of dividends	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	20,403,754	-	20,403,754
Balance at 31 March 2024	733,031,420	49,842,552	146,606,284	1,602,636,290	216,114,260	2,565,697,275	5,313,928,081

The accompanying notes 1-22 form an integral part of these condensed separate interim financial statements.

CNTEE Transelectrica SA

Separate cash flow statement as at 31 March 2024

(All amounts are in RON, unless otherwise indicated))

	The 3-month period ended at 31 March 2024	The 3-month period ending on 31 March 2023
Cash flows from operating activities		
Profit for the period	103,378,227	80,260,328
Adjustments for:		
Corporate tax expense	23,796,482	16,772,199
Depreciation expenses (including additional CPT)	85,026,782	82,180,562
Income from the production of intangible fixed assets (including additional CPT)	(7,369,139)	-
Expenditure on impairment adjustments for trade receivables	(30,761)	518,270
Reversal of adjustments for impairment of trade receivables	(1,999,669)	(431,804)
Losses on receivables and sundry debtors	2,659,863	-
Net expense/income on impairment adjustments of sundry debtors	1,917,903	2,169
Net income/expenses with inventory write-down adjustments	(96,917)	(116,288)
Net profit/loss on sale of property, plant and equipment	3,171,264	(308,767)
Net expenditure on value adjustments in respect of property, plant and	-	(1,627,393)
Net income on provisions for risks and charges	(2,100,498)	(838,031)
Interest expense, interest income and unearned income from exchange rate differences	(370,620)	464,197
Cash flows before changes in working capital	207,982,917	176,875,442
Changes in:		
Customers and similar accounts - energy and other activities	121,004,625	1,225,297,927
Customers - balancing	(109,612,731)	369,281,228
Customers - cogeneration	(32,090,665)	(9,439,001)
Inventories	(2,377,704)	(3,175,831)
Trade and other payables - energy and other activities	(234,862,254)	(1,229,563,876)
Debts - balancing	81,490,736	(420,705,288)
Debts - cogeneration	(23,527,120)	(6,397,316)
Other taxes and social security contributions	(4,621,596)	(766,009)
Income in advance	9,479,528	25,972,693
Cash flows from operating activities	12,865,736	127,379,969
Interest paid	(625,825)	(1,033,661)
Corporate tax paid	-	(15,373)
Net cash generated from operating activities	12,239,911	126,330,935
Cash flows from investing activities		
Purchases of tangible and intangible fixed assets	(112,754,221)	(67,318,699)
Exit from shareholding SELENE CC Societe Anonyme	-	242,140
Proceeds from EC grant funding	2,711,521	23,907,952
Interest received	1,145,787	852,266
Proceeds from the sale of tangible fixed assets	-	932,488
Net cash used in investing activities	(108,896,913)	(41,383,853)
Cash flows used in financing activity		
Repayments of long-term loans	(5,981,204)	(5,922,222)
Use of working capital credit line	48,733,419	-
Short-term loan repayments	-	(67,617,751)
Building lease payments	(2,663,773)	(2,627,342)
Dividends paid	(13,508)	(5,754)
Net cash used in financing activities	40,074,934	(76,173,069)
Net increase/(decrease) in cash and cash equivalents	(56,582,068)	8,774,013
Cash and cash equivalents at 1 January	519,358,908	315,146,396
Cash and cash equivalents at end of period	462,776,840	323,920,409

1. General information

The main business of CNTEE Transelectrica SA (the "Company") consists in: providing electricity transmission service and system service, balancing market operator, bonus support scheme administrator, other related activities. These activities are carried out in accordance with the provisions of the operating license no. 161/2000 issued by ANRE, updated by ANRE Decision no. 1450/14.06.2023, the General Conditions associated with the license approved by ANRE Order no. 104/2014, with subsequent amendments and additions and the final certification of the Company as transmission and system operator of the National Electricity System according to the ownership unbundling model by ANRE Order no. 164/07.12.2015.

The address of the registered office is: 2-4 Olteni Street, Bucharest, 3rd District. At present, the Company's executive activity is carried out at the head office at 2-4 Olteni Street, 3rd District, Bucharest.

2. Basics of drafting**a) Declaration of conformity**

These separate condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, certain explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last separate annual financial statements as of and for the year ended December 31, 2023.

b) Professional judgements and estimates

The significant judgments used by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the separate financial statements prepared for the year ended December 31, 2023.

3. Significant accounting policies

The accounting policies applied in these condensed separate interim financial statements are the same as those applied in the Company's separate financial statements for the year ended December 31, 2023.

4. Tangible, intangible and financial fixed assets**a) Tangible fixed assets**

The increase in the total value of property, plant and equipment as at 31 March 2024 compared to 31 December 2023 was due to the increase in the value of property, plant and equipment in progress at the same time as depreciation of property, plant and equipment was recorded.

Thus, the increase in the **value of property, plant and equipment in progress** in the first quarter of 2024 was mainly driven by the completion of investment works in high-voltage power stations and lines, as follows:

- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Resita - 13,285,927;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja LEA to 400 kV Medgidia Sud Phase II - 400 kV LEA d.c. Connections to Medgidia South substation - 9,019,054;
- Refurbishment of 220/110/20kV Baru Mare substation - 8,671,779;
- Refurbishment of Isaccea 400 kV substation - Phase II - 7,980,983;
- Refurbishment of the 400/110 kV Pelicanu transformer substation - 6,899,433;
- Switching to 400 kV voltage of the Portile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV substation Reșița - 6,677,452;
- Metering and data management system for electricity metering on the wholesale market - 6,315,489;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for. Dr. Express Craiova - Pitesti, section 4 - 4,103,487;

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Notes to the separate interim financial statements as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

- Relocation/protection of high voltage networks LEA400 kV s.c. Mintia - Arad for the rehabilitation of the CF Frontieră - Curtici - Simeria line, part of the Pan-European Corridor IV for trains running at a maximum speed of 160 km/h - 3,838,251;
- Increasing the operational reliability of the Argeş-Vâlcea grid area, construction of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV - 3,113,706;
- LEA 400kV d.c. Gutinaş - Smârdan - 2,544,490;
- Implementation of new functions and software changes in the EMS - SCADA IT system for the implementation of European and national legislative requirements - 2,409,693;
- Relocation/protection of high voltage networks 220 - LEA 220 kV d.c. Reşiţa - Timişoara, LEA 220 kV Timişoara - Arad/Timişoara - Săcălăz and LEA 220 kV d.c. Mintia - Timişoara at the intersection with the Timişoara South Bypass - 1,822,000;
- Refurbishment of 220/110 kV Fileşti substation - 1,107,651.

In Q1 2024, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **224,194,859 RON**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timişoara - Săcălăz - Arad axis - Phase I - 400kV s.c. Porţile de Fier - (Anina) - Resita - 160,417,252;
- Refurbishment of 220/110/20 kV Arefu substation - 31,006,732;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati expressway - 10,148,828;
- 220 kV LEA diversion in Ampoi Alba Iulia area - 7,742,292;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut substation and modernization of the control system of 400/220/110/6 kV Iernut substation - 6,142,044;
- Installation of an embedded fibre optic protection conductor on the 400kV Roşiori - Mukacevo LEA - 5.208.270;
- Relocation/protection of high voltage networks 220 - LEA 220 kV d.c. Reşiţa - Timişoara, LEA 220 kV Timişoara - Arad/Timişoara - Săcălăz and LEA 220 kV d.c. Mintia - Timişoara at the intersection with the Timişoara South Bypass - 2,486,367;
- Metering and data management system for electricity metering on the wholesale market - 240,658;
- Execution of works in the Tulcea West district due to the modification of LEA 110 TL. West - Marble by replacing the branch connection of the production site CEE Sălbatica1 - 137,497.

The balance of **tangible fixed assets in progress** as at 31 March 2024, amounting to **849,868,134 RON**, is represented by projects in progress, the most significant of which are listed below:

- LEA 400kV d.c. Gutinaş - Smârdan - 219,254,075;
- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timişoara - Săcălăz - Arad axis - Phase I - 400kV s.c. Porţile de Fier - (Anina) - Resita - 88,334,735;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja LEA to 400 kV Medgidia Sud Phase II - 400 kV LEA d.c. Connections to Medgidia South substation - 72,807,139;
- Refurbishment of 220/110/20kV Baru Mare substation - 68,663,676;
- Connection of CEE 300 MW Iveşti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca substation - 46,884,983;
- Refurbishment of 220/110 kV Fileşti substation - 44,669,644;
- Increasing the transmission capacity of the 220kV Stejaru - Gheorgheni - Fântănele LEA - 32,648,980;
- Refurbishment of 400/110/20 kV Smârdan substation - 32,145,671;
- Refurbishment of the 400/110 kV Pelicanu transformer substation - 31,635,837;
- Metering and data management system for electricity metering on the wholesale market - 21,343,379;
- Refurbishment of Isaccea 400 kV substation - Phase II - 14,556,469;
- Refurbishment of the 110 kV Medgidia South substation - 13,763,833;
- Relocation of 220 kV and 400 kV networks - Urecheşti - Domneşti, Târnăveni - Bradu, Bradu - Braşov, Bradu - Stupărei and Bradu - Târgovişte for Dr. Express Craiova - Pitesti, section 4 - 13,348,448;
- Extension of the 400 kV Gura Ialomiţei substation with two cells: LEA 400 kV Cernavodă 2 and 3 - 12,532,423;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 10,786,924;
- 400 kV Stâlpu substation - 9,420,638;

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- 110 kV, 220 kV and 400 kV mobile switchgear - 9,289,699;
- Refurbishment of the 110 kV Timisoara substation and the transition to 400 kV voltage of the Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis, stage II: 400 kV Timișoara substation - 8,904,600;
- 400 kV Gădălin - Suceava LEA, including interconnection to SEN (H.CA no. 7 / 08.07.2010) - 8,524,388;
- Increasing the operational reliability of the Argeș-Vâlcea grid area, construction of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV - 5,536,310;
- Relocation/protection of high voltage networks LEA 400 kV s.c. Mintia - Arad for the rehabilitation of the CF Frontiera - Curtici - Simeria line, part of the Pan-European Corridor IV for trains running at a maximum speed of 160 km/h - 5,482,035;
- LEA 220 kV double circuit Ostrovu Mare - RET Stage I + Stage II (H.CA nr.17/2007) - 4,983,558;
- Site clearance and coexistence conditions between the objective "Suspension bridge over the Danube in the Braila area" belonging to CNAIR SA and the electricity networks managed by CNTEE Transelectrica SA - 4,911,246;
- Integrated security system at power stations, phase IV - 4,816,604;
- Modernisation of 110 kV and 400 (220 kV) installations at Focșani West substation - 4,512,921;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- Connection of 400 kV Isaccea - Varna and Isaccea - Dobruja LEA to 400 kV Medgidia South substation - 4,021,223;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Reșița - Timișoara - Săcălaz - 3,489,984;
- Extension with new functionalities of the computerized access control and record-keeping system for CNTEE Transelectrica SA objectives - 3,200,918;
- Connection to the national grid of CEE 136 MW Platonești, county Ialomita, by building a 110 kV cell in the 400/110 kV Gura Ialomiței power substation - 2,889,337;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) - 2,798,024;
- Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia substation in the concept of a digital substation - 2,624,978;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței line - 2,622,123;
- 110 kV Cetate 1 and 2 LEA diversion in the vicinity of 110/20/6 kV Ostrovul Mare substation - 2,578,438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI - 2,545,853 power substation;
- Implementation of new functions and software changes in the EMS - SCADA IT system for the implementation of European and national legislative requirements - 2,440,569;
- Replacement of HV transformer Trafo in Electricity Substations - Phase 2 - LOT 1 - LOT 2 - 2,053,357.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets** in progress as at 31 March 2024, amounting to **18,756,684 RON**, is represented by projects in progress, the most significant of which are listed below:

- Metering and data management system for electricity metering on the wholesale market - 8,594,340;
- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market - 7,607,441;
- MARI platform development - 1,997,722.

There were no transfers from intangible assets in progress to intangible assets in Q1 2024.

Intangible fixed assets - Additional CPT

As of 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022 amending and supplementing GEO no. 27/2022 and approved by Law no. 357/13.12.2022, whereby the additional costs for the purchase of electricity made in the period from 1 January 2022 to 31 March 2025, in order to cover own technological consumption and technological consumption, respectively, compared to the costs included in the regulated tariffs, are capitalised on a quarterly basis. Thus, capitalised costs are amortised over a period of 5 years from the date of capitalisation and are remunerated at 50% of the regulated rate of return

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(All amounts are in RON, unless otherwise indicated))

approved by the National Energy Regulatory Authority applicable over the amortisation period of those costs and are recognised as a separate component.

The Company recorded revenues representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT recognized in the regulatory tariff in the amount of:

- 338,526,677 - for the year 2022,
- 13,735,364 - for the year 2023,
- 7,369,139 - for the first quarter of 2024.

At 31 March 2024, depreciation of 99,640,162 is calculated on these capitalisations. Thus, the book value of the intangible assets resulting from the capitalisation of the additional CPT is 259,991,018.

Please note that this revenue is of a non-monetary nature, and the Company will collect it in instalments through the transmission tariff over the next five years from the date of capitalisation (2023-2027) in accordance with the relevant legislative provisions.

c) Financial fixed assets

The balance of financial fixed assets as at 31 March 2024 and 31 December 2023, amounting to 85,767,355, is mainly represented by:

- the net value of shares held by the Company (81,503,833);
- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(2) of Regulation (EC) No. (1), par. (2) and par. (5) of Law No 46/2008 on the Forestry Code, for the implementation of the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,199,505.

d) Fixed assets relating to rights to use leased assets - buildings

Leasehold assets - buildings represent the right to use the premises leased by the Company in the Platinum office building as defined by IFRS 16 - Leases.

Contract No C232 entered into force on 01.10.2020, valid for a period of 5 years, is worth € 9,000,000 (excluding VAT).

As of 31 March 2024, the book value of the right of use of the premises leased by the Company in the Platinum office building is in the amount of 11,928,359 RON.

For this contract, the Company pays a monthly amount of 16.67 euro/sqm (excluding VAT) for the rental of office space, resulting in an annual value of approx. EUR 1.8 million.

5. Trade and other receivables

At 31 March 2024 and 31 December 2023, trade and other receivables are as follows:

	31 March 2024	31 December 2023
Trade receivables	1,823,876,630	1,745,653,583
Other receivables	178,442,611	213,174,870
Advances to suppliers	74,224,096	151,620,057
VAT to be recovered	267,018,870	215,086,522
Impairment adjustments for doubtful trade receivables	(123,490,699)	(125,521,130)
Impairment adjustments for other doubtful receivables	(86,365,144)	(84,456,130)
Total trade and other receivables	2,133,706,364	2,115,557,772

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The structure of trade receivables is as follows:

	31 March 2024	31 December 2023
Customers in the electricity market, of which:	1,821,516,694	1,742,443,716
- customers - operational activity	941,904,165	1,004,534,583
- customers - balancing market	703,682,032	594,069,301
- customers - bonus support scheme for the promotion of high efficiency cogeneration	175,930,497	143,839,832
Customers from other activities	2,359,936	3,209,867
Total trade receivables	1,823,876,630	1,745,653,583

■ CNTEE Transelectrica SA carries out its operational activity on the basis of the Operating Licence no. 161/2000 issued by ANRE, updated by the Decision of the President of ANRE no. 1450/14.06.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As at 31 March 2024, the outstanding customers from operating activities show a decrease compared to 31 December 2023 mainly due to lower energy consumption in Q1 2024 compared to Q4 2023.

The increase in the volume of transactions in the balancing market in the first quarter of 2024 compared to the fourth quarter of 2023 also led to an increase in the balance of customers in contracts concluded for this type of activity.

The main customers in the energy market are represented by: IBEX, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, OPCOM, Hidroelectrica, JAO, Engie Romania, PPC Energie SA. Their share is 82.53% of the total turnover of energy market activity.

■ CNTEE Transelectrica SA carries out the activities related to the bonus support scheme for the promotion of high-efficiency cogeneration, as administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009, as amended, *"the main tasks being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses"*.

As at 31 March 2024, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration of approximately 9.65% (8% as at 31 December 2023) of total trade receivables.

Customers in the bonus-type support scheme for the promotion of high-efficiency cogeneration are experiencing an increase in receivables as of 31 March 2024, mainly due to an increase in the amount invoiced for the collection of the monthly contribution.

As of March 31, 2024, the Company records receivables in the amount of 175,930,497, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235,086;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 in the amount of 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- undue bonus for 2020 in the amount of 522,181 from Donau Chem;
- overcompensation for 2023 in the amount of 5,482,571, respectively from BEPCO - 2,864,212, TERMOFICARE ORADEA - 2,618,359 (due in Q2 2024);
- uncollected cogeneration contribution from the electricity consumers' suppliers in the amount of 20,638,103, respectively from: Transenergo Com - 5,882,073, Petprod - 4,391,193, Romenergy Industry - 2,680,620, RAAN - 2,385,922, UGM Energy - 1,504,046, CET Govora - 900,864, KDF Energy - 680,733 and others.

Up to the date of this financial report, the Company has collected all receivables related to the overcompensation of activity for the 2023 support scheme in the amount of 5,482,571 from Bepco (2,864,212) and Termoficare Oradea (2,618,359), as well as the amount of 14,155,099 from the undue bonus established by ANRE Decisions for the year 2023, from the following producers: Bepco SRL, CET Grivița, Electro Energy Sud, Electrocentrale București, Electrocentrale Craiova, Electroulaj SA, Municipiul Iași, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

In order to settle claims arising from overcompensation and undue bonuses in previous years, the Company has requested reciprocal compensations from producers who qualify for the support scheme. For the producers (RAAN, CET Govora) who did not agree with this way of extinguishing mutual claims and debts, the Company applied and still applies the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration: *"where the producer has not paid in full to the support scheme administrator the resulting payment*

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obligations in accordance with this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of the amounts concerned on the payment document" and withheld from the payment the support scheme amounts due.

- The Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department has registered the case no. 9089/101/2013/a140, having as object "claims in the amount of 86,513,431", case in which the Company is the claimant, the defendant being the **Regia Autonomă pentru Activități Nucleare - RAAN**.

By its application, Transelectrica SA requested that the defendant RAAN be ordered to pay the amount of EUR 86,513,431.

On 19.05.2016, the Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department issued a judgment, ordering the following: "On the basis of Art. 413 para. 1 from the civil procedure code Orders that the case be stayed pending the outcome of case No 3014/2/2014 pending before the High Court of Cassation and Justice. Subject to appeal for the duration of the suspension. Delivered today 19 May 2016 in open court." Court date on 06.06.2019. Please note that the case no. 3014/2/2014 pending before the High Court of Cassation and Justice concerns an appeal - annulment of ANRE Decision no. 743/28.03.2014, and RAAN (applicant) and ANRE (defendant) as parties.

We also point out that, by the decision of 18.09.2013, ruled by the Mehedinți Court, in case no. 9089/101/2013, it was ordered the opening of general insolvency proceedings against the debtor Regia Autonomă pentru Activități Nucleare R.A. (RAAN).

By judgment no. 387/20.03.2014, the Mehedinți Court confirmed the reorganization plan of the debtor Regia Autonomă pentru Activități Nucleare, proposed by the receiver Tudor&Asociații SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

By interim judgment no. 10/28.01.2016, delivered by the Mehedinți Court - Second Civil, Administrative and Tax Department, the syndic judge ordered the commencement of bankruptcy proceedings of the debtor, pursuant to Art. 107 para. 1 lit. C of Law 85/2006, as well as the dissolution of the debtor and the lifting of the debtor's administration rights.

By Decision no. 563/14.06.2016, the Court of Appeal Craiova - Second Civil Department rejected the appeals against the interim judgment no. 10/28.01.2016, delivered by the Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department.

With the filing of the statement of claim, in the RAAN bankruptcy proceedings, CNTEE Transelectrica SA may invoke the provisions of Article 52 of Law no. 85/2006, applicable to the RAAN bankruptcy proceedings, provisions taken over by Article 90 of Law no. 85/2014, regarding the creditor's right to invoke the set-off of its claim against the debtor's claim against it, when the conditions provided by law regarding legal set-off are met at the date of the opening of the proceedings. Transelectrica was entered in the table of the debtor RAAN with the amount of 11,264,777 RON, in the category of claims resulting from the continuation of the debtor's activity. Of the amount requested by the Company, 89,360,986 RON, the amount of 78,096,208.76 RON was not entered in the preliminary table of claims, on the grounds that "it does not appear as due in RAAN's accounting records". Moreover, the judicial liquidator considered that the request for the inclusion in the table of the amount of 78,096,209 RON is late, being related to the period 2011 - 2013, which is why the statement of claim should have been made at the time of the opening of the insolvency proceedings, namely on 18.09.2013.

Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 RON and the address no. 4162/03.10.2016, by which the receiver informed us that only the amount of 11,264,777.30 RON was entered in the supplementary table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 RON was rejected, an objection to the supplementary table of claims was filed within the legal term.

At the trial date of 14.02.2019, the Mehedinți Court ordered the joinder of case no. 9089/101/2013/a152 to case no. 9089/101/2013/a140 (concerning claims - request for payment). The trial of the case was postponed, as the court considered that it was useful for the resolution of the case to present the civil decision no. 2969/26.09.2018, ruled by the High Court of Cassation and Justice in case no. 3014/2/2014, having as object the annulment of ANRE President decision no. 743/2014.

Mehedinți Court solution: "Passes the challenge of forfeiture. The main action and the related appeal are allowed in part. Orders the defendant RAAN to pay the claimant Transelectrica the amount of 16,950,117.14 RON, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' table against the debtor RAAN in that amount. Dismisses the remainder of the related claims. Pursuant to Art. 453 para 2 from the civil procedure code Orders the defendant to pay the applicant's costs of 1000 RON. Subject to appeal. Delivered today 20.06.2019 in open court". Document: Judgment 163/2019 20.06.2019.

Transelectrica appealed within the legal time limit. Craiova Court of Appeal has set the first trial date for 30.10.2019. The appeal was dismissed as unfounded. Transelectrica filed an application for review on the grounds of inconsistency of judgments, registered under case number 1711/54/2019, with a trial date of 26.03.2020 at the Court of Appeal of Craiova, which was to send the case to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the trial was adjourned to 21.05.2020.

On 21.05.2020, the case was removed from the docket with the following solution: the challenge of lack of material jurisdiction of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Department. Decision 140/21.05.2020. Court date 03.02.2021.

At the trial on 03.02.2021, the ICCJ admitted the objection of lateness of the application for review and did not rule on its inadmissibility.

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There are also 4 other cases between RAAN and Transelectrica at different stages of the proceedings.

In RAAN's bankruptcy case registered under no. 9089/101/2013, the Mehedinți Court postponed the trial dates of 08.10.2020 and 04.02.2021. Summary of the solution: time was granted to continue the liquidation proceedings, to represent the debtor's interests in the litigation pending before the courts, to consolidate the creditor's assets, to continue the measures to recover debts, to continue the public auctions for the recovery of the debtor's assets.

The case is adjourned to 14.10.2021, the summary judgment being: "grant a time limit for the continuation of the proceedings, i.e. for the recovery of the assets and the completion of the other liquidation operations."

The case is adjourned to 10.02.2022, the summary judgment being: "for the conduct of the proceedings, i.e. the valuation of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next trial date is set for 02.06.2022.

The proceedings were continued at the trial date of 09.02.2023, when the court granted a trial date of 15 June 2023 for the continuation of the proceedings, i.e. for the collection of the claims, the valuation of the assets and the performance of the other liquidation operations.

At the trial date of 15.10.2023 the case was again postponed, the new trial date in the case was set for 18.01.2024 and then 08.02.2024.

The next appearance of the parties has been set for **06.06.2024**.

- CNTEE Transelectrica SA concluded with CET Govora SA an agreement for the compensation and payment by instalments of the amounts due from the overcompensation for the period 2011-2013 and the undue bonus for 2014 (Agreement No. C 135/30.06.2015 and Addendum No. 1/04.08.2015). The duration of the Agreement was 1 year (July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the payment instalment period.

Under the Agreement, the Company's receivables from CET Govora SA were offset against the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 withheld by applying the provisions of Article 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Agreement, in the amount of 40,507,669.

As a result of the suspension in court, by Civil Judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014, which established the amount of overcompensation for the period 2011-2013, CET Govora SA no longer complied with its obligations under the Agreement.

As of 9 May 2016, CET Govora has opened general insolvency proceedings. In order to recover claims arising prior to the opening of insolvency proceedings, the Company followed the specific procedures provided for by Law no. 85/2014 - Insolvency Law and requested the court to admit the claims, according to the law. In view of the above, as of 9 May 2016, the Company suspended the application of the provisions of Article 17.5 of the Order of the President of ANRE no. 116/2013 approving the Regulation on the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and paid monthly to CET Govora the cogeneration bonus.

By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice upheld the appeal filed by ANRE against Civil Judgment no. 3185/27.11.2015, partially quashed the contested judgment and dismissed the suspension request filed by CET Govora, the judgment being final. Thus, as of 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, taking full effect.

Under these circumstances, the Company shall apply the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency proceedings, in the sense of withholding the bonus due to CET Govora SA up to the amounts related to the support scheme not paid to the Company. Transelectrica has been entered in the preliminary and final tables with a total claim of 28,200,440.31, of which 25,557,189.98 relates to the support scheme. Please note that this claim in the amount of 21,962,243.71 RON, representing the principal debt and penalties related to invoice no. 8116/08.04.2016 is entered under the suspensive condition of a final court decision in favour of ANRE in case no. 2428/2/2014 pending before the Bucharest Court of Appeal, regarding the annulment of ANRE decision no. 738/28.03.2014.

At the hearing on 18.07.2018, the Court of Valcea delivered the following decision:

- *Confirms the reorganisation plan of the debtor SC CET Govora SA, plan proposed by the insolvency administrator EURO INSOL SPRL, filed on 25 May 2018 and published in the Insolvency Proceedings Bulletin no. 11924 of 13 June 2018.*

- *Rejects the appeals lodged by the creditors Complexul Energetic Oltenia SA, SNTFM CFR Marfă SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtișoara SRL.*

- *Sets a substantive trial date for the continuation of the proceedings on 8 October 2018.*

Subject to appeal within 7 days from the communication, made through the Insolvency Proceedings Bulletin. Delivered in open court today 18 July 2018. Document: Judgment: 1196/18.07.2018.

By Decision no. 766/03.12.2018, the Pitesti Court of Appeal annulled the amount of 28,013,984.83 - representing the obligation entered by the Company in the Creditors' List (Case no. 1396/90/2016).

Under these circumstances, the Company has included the amount of 22,188,224.16 relating to the support scheme in the miscellaneous debtors account, analytically separate - ANRE, with an impact on the net position of the support scheme.

The amount of 22,188,224.16 represents the receivable from CET Govora related to the support scheme (in the amount of

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25,557,190), corrected by the bonus retained by the Company according to art. 17 para. 5 of ANRE President's Order no. 116/2013, in the amount of 3,368,966.

On 25.03.2022, by Government Decision no. 409/2022, it was adopted the amendment and completion of Government Decision no. 1215/2009 on the establishment of criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat demand. Thus, the period of application of the support scheme is extended until 2033, exclusively for producers who meet the conditions for access to the extension of the support scheme.

At the same time, the financial closure of the support scheme is extended and will take place in the first half of 2034.

Other receivables

As at 31 March 2024, other receivables amounting to 178,442,611 mainly include:

- sundry debtors (**116,208,792**), of which:
 - late payment penalties calculated on defaulting customers and penalties for non-fulfilment of contracts amounting to 94,987,039 (of which 35,145,756 are penalties related to the support scheme). The highest penalties were recorded to partners: Romelectro (40,388,366), RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale București (9,409,174), OPCOM (3,632,976), Total Electric Oltenia (3,288,967), Multiservice G&G (2,162,468), Electrogrup SA (1,964,389), Petprod (1,894,232), ISPE Proiectare și Consultanță SA (1,035,182). For penalties calculated, impairment adjustments have been recorded in accordance with applicable accounting policies;
 - compensation owed by suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2,541,312) and Next Energy Partners (8,395,132). Impairment adjustments have been recorded for compensation due from suppliers in the operational activity;
 - receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- amounts received as a subsidy (**50,735,676**) related to the connection contracts to the RET;
- prepaid expenses amounting to **11,991,344** mainly represented by: domestic and international dues (5,714,282), taxes and duties (2,753,223), ANRE contribution (1,771,518), rent and maintenance of office building (746,115), insurance policies (620,526), miscellaneous services (146,950) and other;
- other social claims amounting to **1,904,865** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance Fund, in accordance with the legislation in force.

Advances to suppliers

As at 31 March 2024, advances paid to suppliers are represented by suppliers debtors for services in the amount of **74,224,096** and mainly represent amounts from transactions related to the price coupling mechanism (for SIDC the amount of 18,690,337 and for ICP - *Interim Coupling Project* and SDAC - *Single Day-ahead Coupling* the amount of 53,870,733).

The implementation of the price coupling mechanism started on 19 November 2014, when the "4 Market Market Coupling (4MMC)" project, which foresees the linking of the PZU (Next Day Market) electricity markets in Romania, Hungary, Czech Republic and Slovakia, entered the operational phase. On 17 June 2021, the Interim Coupling project was launched, which is the coupling of the day-ahead markets in the 4MMC countries with those in Poland, Austria and Germany.

Under the day-ahead market price coupling mechanism, the power exchanges match, on an auction basis, day-ahead electricity transactions taking into account the interconnection capacity made available by the TSOs through which the implicit allocation of capacity is made. CNTEE Transelectrica SA, as TSO, transfers electricity, both physically and commercially, to the neighbouring TSO (MAVIR-Hungary) and manages congestion revenues on the interconnection (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA it is an Implicit Participant in the Day-ahead Market.

As Transfer Agent and Implicit Participant, CNTEE Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA and MAVIR.

On 19 November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Coupling solution was launched, with the first deliveries on 20 November. Seven countries - Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia - have joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Netherlands, Norway, Portugal, Spain and Sweden, which have already been operating on a flat-rate basis since June 2018.

The unique intra-day market coupling mechanism ensures the continuous matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity

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is available.

As Transfer Agent, CNTEE Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, MAVIR and IBEX.

28 October 2021 marks the start of the new successful SDAC Single Day-ahead Coupling, the result of cooperation between the Designated Electricity Market Operators (OPEED) and the Transmission System Operators (TSOs) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and CNTEE Transelectrica SA. The aim of SDAC is to create a single pan-European cross-border energy market for day-ahead. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

As transfer agent for Romania's bidding zone, CNTEE Transelectrica SA has the role of settling the energy traded between OPCOM SA and IBEX.

The launch of Flow Based Market Coupling in the Core region on 08 June 2022 represented the transition from the ICP - Interim Coupling Project coupling mechanism to FBMC - Flow Based Market Coupling, optimising the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

Within the FBMC project, Transelectrica has the role of both Shipper (Transfer Agent) and CCP - Central Counterparty. As a CCP, the Company is responsible for transferring the financial flows generated by the electricity flows as a result of the coupling process.

VAT to be recovered

VAT to be recovered (267,018,870) - amount relating to statements of account for the period December 2023 to March 2024 and October 2020. Up to the date of this report, the Company has collected from the State the amount of 66,077,377, representing the value added tax claimed for refund for the month of December 2023.

Allowances for impairment of trade receivables, doubtful trade receivables and other doubtful receivables

Transelectrica's policy is to record impairment adjustments for loss of value in the amount of 100% for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more than 180 days, excluding outstanding receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables.

The highest impairment adjustments at 31 March 2024, calculated for trade receivables and related penalties, were recorded for Romelectro SA (40,392,346), JAO (29,974,217), CET Govora (24.645.019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners (8,395,132), OPCOM (8,150,436).

The Company has taken all legal steps for the recovery of impairment adjusted receivables: initial notification, enforcement of guarantees, court action, registration in the creditor's list, etc.

6. Cash and cash equivalents

Cash and cash equivalents include balances of cash, demand deposits and deposits with original maturities of up to 90 days from the date of formation that have an insignificant exposure to fair value risk and are used by the Company for the management of short-term commitments.

As at 31 March 2024 and 31 December 2023, cash and cash equivalents are as follows:

	31 March 2024	31 December 2023
1. Current accounts with banks and deposits with original maturities of up to 90 days, of which:	462,612,585	519,277,606
a) current accounts with banks and deposits with initial maturities of up to 90 days of current activity	197,040,264	82,610,434
b) current accounts with banks and deposits with original maturities of up to 90 days resecured, of which:	265,572,321	436,667,172
- cash and deposits from high efficiency cogeneration	146,022,771	295,063,039
- cash and deposits from interconnection capacity allocation	23,978,826	47,392,976
revenues used for network investment		
- cash from the connection fee	49,145,841	57,387,012
- European funds	54,334	87,065

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	31 March 2024	31 December 2023
- other restricted accounts (energy market guarantees and dividends)	46,370,549	36,737,080
2. Cash at hand	90,016	81,356
3. Other cash equivalents	74,239	-
Total	462,776,840	519,358,962

7. Equity

In accordance with the provisions of GEO no. 86/2014 on the establishment of some reorganization measures at the level of central public administration and for the modification and completion of some normative acts, on 20 February 2015 the transfer of 43,020,309 shares from the account of the Romanian State in the administration of the General Secretariat of the Government to the account of the Romanian State in the administration of the Ministry of Economy, Trade and Tourism was registered in the Register of Shareholders of the Company.

On the basis of the provisions of Article 2 of GEO no. 55/19 November 2015 on the establishment of some reorganization measures at the level of central public administration and for the modification of some normative acts, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established, by reorganizing and taking over the activities of the Ministry of Economy, Trade and Tourism, which was abolished, and by taking over the activity and structures in the field of small and medium enterprises and business environment from the Ministry of Energy, Small and Medium Enterprises and Business Environment.

According to the provisions of GD no. 27/12 January 2017 on the organization and functioning of the Ministry of Economy, the Company operated under the authority of the Ministry of Economy until 5 November 2019.

Pursuant to the Government Emergency Ordinance (GEO) no. 68/2019 for the establishment of some measures at the level of central public administration and for the amendment and completion of some normative acts, published in the Official Gazette no. 898/06.11.2019, as of 6 November 2019, the exercise of the rights and the fulfilment of the obligations arising from the State's shareholder status in the National Electricity Transmission Company "Transelectrica" - S.A. is carried out by the General Secretariat of the Government.

On 14.11.2019, Depozitarul Central S.A. recorded the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by CNTEE Transelectrica SA, from the account of the Romanian State through the Ministry of Economy to the account of the Romanian State represented by the Government through the General Secretariat of the Government, as a result of the implementation of the provisions of the Government Emergency Ordinance no. 68/06.11.2019 on the establishment of certain measures at the level of central public administration and for the amendment and completion of certain normative acts.

On 31 March 2024, the shareholders of CNTEE Transelectrica SA are: The Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), the privately administered pension fund NN with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other legal shareholders with 16,324,012 shares (22.26%) and other natural persons with 5,197,566 shares (7.09%).

At the end of each reporting period, the Company's fully subscribed and paid-up share capital of 733,031,420 is divided into 73,303,142 ordinary shares with a nominal value of 10 RON/share and corresponds to that registered with the Trade Register Office.

The shareholding structure on 31 March 2024 and 31 December 2023 is as follows:

Shareholder	31 March 2024		31 December 2023	
	Number of shares	% of the share capital	Number of shares	% of the share capital
The Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal entity shareholders	16,324,012	22.26%	16,231,423	22.14%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
Fondul de pensii administrat privat NN	4,007,688	5.47%	4,007,688	5.47%
Other individual shareholders	5,197,566	7.09%	5,290,155	7.21%
Total	73,303,142	100.00%	73,303,142	100.00%

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The increase in shareholders' equity as at 31 March 2024 compared to 31 December 2023 was mainly due to the recognition in retained earnings of the net profit of 103,378,227 realised as at 31 March 2024.

8. Income in advance

Advance revenues are mainly represented by: connection fee, other investment subsidies, non-reimbursable European funds received from the Ministry of European Funds, the Ministry of Energy as well as revenues from the use of interconnection capacity.

As at 31 March 2024, the situation of **deferred income** is as follows:

	31 March 2024	Of which: short-term portion at 31.03.2024	31 December 2023	Of which: short-term portion at 31.12.2023
Deferred income - allocation of interconnection capacity	7,258,255	7,258,255	1,054,141	1,054,141
Deferred income - European funds	1,165,102	1,165,102	839,038	839,038
Funds from the feed-in tariff	301,335,404	7,089,088	317,656,961	9,061,809
European Funds	196,016,656	3,411,961	194,199,509	4,198,190
Other subsidies	21,233,017	984,409	21,471,490	984,158
Total	527,008,434	19,908,815	535,221,139	16,137,336

The evolution of **short-term deferred income from** January to March 2024 is as follows:

	31 March 2024	31 December 2023
Balance at beginning of period	16,137,336	39,362,438
Interconnection capacity prepayments	21,863,600	214,513,794
Proceeds from European funds	326,064	421,852
Transfer from long-term deferred income	(2,758,700)	(7,414,453)
Income from the use of interconnection capacity	(15,659,485)	(229,686,295)
Income from European funds	-	(1,060,000)
Total	19,908,815	16,137,336

The evolution of **long-term deferred income from** January to March 2024 is as follows:

	31 March 2024	31 December 2023
Balance at beginning of period	519,083,803	439,025,206
Connection subsidies	5,947,805	231,303,420
Non-reimbursable funds	2,711,521	(18,409,505)
Non-repayable funds to be repaid	-	-
Transfer to short-term prepaid income	(23,641,965)	(153,503,985)
Reversal of subsidies to revenue	2,998,455	20,668,667
Total	507,099,619	519,083,803

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*(All amounts are in RON, unless otherwise indicated))***9. Loans**• *Long-term loans*

As at 31 March 2024, the amount of long-term borrowings decreased compared to 31 December 2023, mainly due to repayments under existing loan agreements.

Movements in borrowings in the three months ended 31 March 2024 are as follows:

	Currency	Interest rate	Book value	Maturity
Balance at 1 January 2024			55,893,387	
New drawdowns			48,733,419	
Repayments, of which:			(5,981,204)	
BEI 25709	EUR	3.596%	(5,981,204)	10-Sep-2025
BEI 25710	EUR	3.856%+2.847%	-	11-Apr-2028
Exchange rate differences at the date of repayment			(57,904)	
Balance at 31 March 2024			98,587,698	

As at 31 March 2024 and 31 December 2023, the balances of long-term borrowings from credit institutions are as follows:

Description	31 March 2024	31 December 2023
BEI 25709	17,945,417	23,951,778
BEI 25710	31,908,862	31,941,609
Total long-term loans from credit institutions, of which:	49,854,279	55,893,387
Current portion of long-term loans	(23,962,617)	(23,987,209)
Total long-term loans, net of current instalments	25,891,662	31,906,178

The long-term portion of the loans will be repaid as follows:

	31 March 2024	31 December 2023
Between 1 and 2 years	24,458,153	12,011,321
Between 2 and 5 years	1,433,509	19,894,857
Over 5 years	-	-
Total	25,891,662	31,906,178

The Company has not undertaken hedging activities related to its foreign currency obligations or exposure to interest rate risks. All long-term loans outstanding as at 31.03.2024 bear fixed interest.

• *Short-term loans*

Short-term loans are detailed as follows:

	31 March 2024	31 December 2023
Current portion of long-term loans	23,962,617	23,987,209
Short-term bank credit	48,733,419	-
Interest on long-term and short-term loans	604,772	541,008
Total short-term loans	73,300,808	24,528,217

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(All amounts are in RON, unless otherwise indicated)

• Loans taken for current activity

On 30.03.2022, Transelectrica entered into credit agreement no. **C624 with Banca Comercială Română** for a period of 12 months for the financing of the bonus support scheme for high efficiency cogeneration, in the form of an overdraft, in the amount of 175,000,000 RON, with an interest rate calculated according to the ROBOR 1M reference rate, plus a margin of 0% and a commission of 0.088%.

On 04.01.2023, Transelectrica concluded the Addendum No. 1 to the credit agreement no. C624 concluded with Banca Comercială Română, having as object the extension of the purpose of the credit line and to cover temporary working capital needs and the extension of the validity of the contract by 12 months (from 30.03.2023 to 30.03.2024).

On 27.03.2024, Transelectrica concluded the Addendum No. 2 to the credit agreement No. C624 concluded with Banca Comercială Română, extending the validity of the contract by 12 months (from 30.03.2024 to 30.03.2025).

The credit line is secured by:

- chattel mortgage on the bank account opened with the bank;
- chattel mortgage on the receivables resulting from the contracts for the high efficiency cogeneration contribution concluded with Electrica Furnizare SA, Enel Energie SA, Enel Energie Muntenia SA, EON Energie România SA.

As at 31 March 2024 the credit line is not drawn.

On 10.03.2022, Transelectrica entered into credit agreement no. **C588 with Banca Transilvania** for a period of 12 months to finance the working capital of the Company, in the amount of 200,000,000 RON at an interest rate based on the ROBOR 1M reference rate, plus a margin of 0.05%.

The credit agreement in the amount of 200 million RON has the following structure:

- 175 million RON - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding obligations, with a 12-month drawdown period until 09.03.2023;
- 25 million RON in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 and a letter validity of 24 months.

On 09.05.2022, Transelectrica concluded the Addendum No. 1 to the credit agreement no. C588 concluded with Banca Transilvania, extending the validity of the credit line to 24 months (credit line use until 08.03.2024).

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 concluded with Banca Transilvania, increasing the ceiling for issuing bank guarantee letters from RON 25 million to RON 40 million (ceiling use until 09.03.2023).

On 19.04.2023, Transelectrica entered into the Addendum No. 3 to the credit agreement no. C588 with Banca Transilvania, regarding the amendment of the guarantee contracts.

On 07.03.2024, Transelectrica concluded the Addendum No. 4 to the credit agreement no. C588 concluded with Banca Transilvania, extending the validity of the credit line to 12 months (credit line use until 09.03.2025).

The credit line is secured by:

- chattel mortgage on the bank account opened with the bank;
- chattel mortgage on the claims arising from the contract for the provision of electricity transmission service and system service concluded with Electrica Furnizare SA.

As at 31 March 2024, 48,733,419 was drawn on the credit line.

10. Trade and other payables

At 31 March 2024 and 31 December 2023, trade and other payables are as follows:

	31 March 2024	31 December 2023
Energy market suppliers	1,240,351,055	1,340,921,907
Suppliers of fixed assets	142,353,954	177,733,800
Suppliers of other activities	83,136,163	90,164,126
Amounts due to employees	12,000,913	11,787,078
Other payables	575,338,128	636,709,895
Total	2,053,180,213	2,257,316,806

As at 31 March 2024 and 31 December 2023, the outstanding liabilities on the energy market amounting to 1,240,351,055 and 1,340,921,907 respectively, have the following structure:

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(All amounts are in RON, unless otherwise indicated)

	31 March 2024	31 December 2023
Electricity market suppliers, of which:		
- suppliers - operational activity	432,921,276	591,455,744
- suppliers - balancing market	698,869,958	617,379,222
- suppliers - bonus support scheme for promotion of high-efficiency cogeneration	108,559,821	132,086,941
Total	1,240,351,055	1,340,921,907

Suppliers in the electricity market are mainly represented by: OPCOM, MAVIR, Hidroelectrica SA, IBEX, Electrocentrale București, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Electrica Furnizare SA, CINTA Energy SA. In the first quarter of 2024, their share of total energy market suppliers is 89.64%.

The decrease in the balance of "liabilities related to operating activities" was mainly due to the payment when due in 2024 of the payment obligations outstanding as at 31 December 2023, mainly resulting from the coupling of electricity markets.

The increase in the balance of "Balancing market liabilities" was driven by the increase in the volume of transactions recorded on the balancing market in Q1 2024 compared to Q4 2023.

The decrease in "support scheme liabilities" to suppliers (producers) was due to the decrease in the monthly bonus for high efficiency cogeneration from March 2024 to December 2023.

As of 31 March 2024, there are payment obligations to suppliers (producers) in the amount of 27,120,145 (RAAN - 23,751,179 and CET Govora SA - 3,368,966), representing the monthly cogeneration bonus, pre-overcompensation for 2014 and 2015, the bonus not granted for 2015. The amounts representing the Company's debts related to the support scheme towards RAAN and CET Govora were withheld for payment on the basis of Article 17 para. 5 of the Order of the President of ANRE no. 116/2013, as the suppliers (producers) have payment obligations towards the Company on the bonus support scheme.

The company requested from the suppliers (producers) who did not pay the overcompensation invoices, the agreement to carry out the compensation of reciprocal debts at their minimum level through the Institute of Management and Informatics (IMI) which manages all the information received from the taxpayers in a unitary way, based on the provisions of GD no. 773/2019.

The Producers (RAAN, CET Govora) did not agree with this way of extinguishing mutual claims and debts, which is why the Company applied and still applies the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high-efficiency cogeneration and payment of the bonus for electricity produced in high-efficiency cogeneration: *"where the producer has not paid in full to the support scheme administrator the resulting payment obligations in accordance with this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of the amounts concerned on the payment document"* and withheld from the payment the support scheme amounts due.

CNTEE Transelectrica SA concluded with CET Govora SA an agreement for the compensation and payment by instalments of the amounts due from the overcompensation for 2011-2013 and the undue bonus for 2014 (Agreement No. C 135/30.06.2015 and Addendum No. 1/04.08.2015). The duration of the Agreement was 1 year (July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the payment instalment period.

Under the Agreement, the Company's receivables from CET Govora SA were offset against the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 withheld by applying the provisions of Article 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Agreement, in the amount of 40,507,669.

Following the suspension in court, by Civil judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014 which established the amount of overcompensation for the period 2011-2013, CET Govora SA no longer complied with its obligations under the Agreement. As of 9 May 2016, general insolvency proceedings have been opened for CET Govora. In view of the provisions of Law no. 85/2014 - Insolvency Law, the Company has suspended, as of 9 May 2016, the application of the provisions of Article 17.5 of the Order of the President of ANRE no. 116/2013 approving the Regulation on the determination of the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and pays monthly to CET Govora the cogeneration bonus due by it. By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice upheld the appeal filed by ANRE against Civil Judgment no. 3185/27.11.2015, quashed in part the contested judgment and rejected the request for suspension filed by CET Govora. Thus, as of

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05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, taking full effect.

Under these circumstances, the Company shall apply the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency proceedings, in the sense of withholding the bonus due to CET Govora SA up to the amounts related to the support scheme not paid to the Company.

Decrease in the balance of **"suppliers of fixed assets"** at 31 March 2024 compared to 31 December 2023 was due to payments falling due.

Payables to **"suppliers other activities"** are mainly represented by payables related to services provided by third parties that are not yet due, which have decreased since 31 December 2023.

As at 31 March 2024, the Company has no outstanding debts to suppliers (state budget, local budget or other public institutions).

The structure of debts recorded under **"other liabilities"** is as follows:

	31 March 2024	31 December 2023
Sundry creditors	223,026,515	312,041,482
Customers - creditors	267,462,022	246,451,202
Dividend payment	179,469	192,977
Liabilities - Short-term building leases	8,674,803	8,641,987
Liabilities - Long-term building leases	4,337,402	6,481,491
Other payables	71,657,917	62,900,756
Total	575,338,128	636,709,895

- "Sundry creditors", amounting to **223,026,515** as at 31 March 2024, mainly represent:
 - net position of the support scheme for high efficiency cogeneration, debt position, in the amount of 200.383.390, The net position of the support scheme is the difference between:
 - the amount of the contribution to be collected from the electricity consumers' suppliers, the amount of overcompensation of the high-efficiency cogeneration electricity and heat production activity, the undue bonus to be collected from the producers, according to ANRE decisions, on the one hand, and
 - the amount of the cogeneration bonus, the pre-compensation and the unpaid bonus to be paid to high-efficiency cogeneration producers, beneficiaries of the support scheme, on the other hand
 - 12,432,505 solution study contracts for connection to the RET,
 - 6,767,682 amount collected by the OTS (electricity transmission operator, i.e. the Company) to be paid to the DOs (electricity distribution operators) on the basis of ANRE decisions, representing the CPT caused by the additional energy transits in the networks of the concessionary distribution operators at the voltage level of 110 kV, for the quota allocated to the generators owning plants with installed capacity greater than 5 MW connected to the respective distribution networks, according to the Order of the ANRE President no. 82/02.08.2023,
 - 1,714,067 royalty quarter I 2024 and others.
- "Trade accounts receivable" as at 31 March 2024 amount to **267,462,022**, of which 267,177,353 represent amounts received in advance in transactions relating to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from JAO (9,043), OPCOM (8,931,781), MAVIR (75,992,716) and IBEX (182,243,813).
- As at 31 March 2024, the unpaid dividends due to the Company's shareholders amount to **179,469**. These amounts are available to shareholders via the paying agent.
- As at 31 March 2024, the **liability for fixed assets related to the rights of use of leased assets - buildings**, as per IFRS 16 - Leases, amounts to 13,012,205, of which:
 - short-term debt: 8,674,803;
 - long-term debt: 4,337,402.
- "Other payables" amounting to **71,657,917**, are mainly represented by guarantees of good payment of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 45,168,342, VAT not due in the reporting period in the amount of 26,215,411 and others.

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*(All amounts are in RON, unless otherwise indicated)***Provisions**

As at 31 March 2024 and 31 December 2023, the provision situation is as follows:

	31 March 2024	31 December 2023
Provisions for litigation	24,601,016	24,601,016
Provisions for mandate contracts	38,404,075	40,490,875
Other provisions	109,292	114,100
TOTAL	63,114,383	65,205,991

Provisions for litigation outstanding as at 31.03.2024, amounting to 24,601,016, are mainly represented by provisions for the following litigation:

- *File No. 36755/3/2018 - Claimant Conaid Company SRL (17,216,093)* - more details on this file are provided in Note 19 - Litigation and Contingencies.
- *File No 15561/3/2022 - claimant SMART SA (4,467,108)* - more details on this file are given in Note 19 - Litigation and contingencies.
- *File No 3083/3/2020 - claimant NUCLEARELECTRICA SA (1,472,785)*

On 26.06.2020, Nuclearelectrica sued the Company for the payment of 1,290,533.156 RON representing negative imbalance and 182,251.94 RON, legal interest.

After several adjournments (26.06.2020, 16.10.2020, 11.12.2020), for various reasons, at the adjournment of 22.12.2020, the Court ordered the Company to pay to the plaintiff the amount of 1,290,533.156 RON, as compensatory damages, and to update this amount with the inflation rate as of 27.09.2018 until the date of actual payment, to pay the sum of 182,251.94 RON as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, and to pay further statutory penalty interest calculated from 01.02.2020 until the date of actual payment. It also ordered the defendant to pay to the applicant the sum of 23,441.66 RON by way of court costs, consisting of a court stamp duty. Dismissed the defendant's application for costs as unfounded. Subject to appeal within 30 of days of notification. (Decision 2698/2020 22.12.2020).

CNTEE Transelectrica SA has filed an appeal. In the hearing of 25.11.2021, the Bucharest Court of Appeal passes the appeal. Partially alters the civil judgment under appeal to the effect that: Dismisses the application as unfounded. Upholds the order of the first instance dismissing as unfounded the defendant's application for costs. Orders the respondent-respondent to pay to the appellant-respondent the sum of EUR 20,591.66 by way of costs of the appeal. Subject to appeal within 30 days from the communication, the appeal application to be filed at the Bucharest Court of Appeal - Civil Department VI.

Nuclearelectrica appealed, and the appeal was suspended pending resolution of the action for annulment of the order. Trial date 12.10.2022.

Pursuant to Article 413 para. (1) of the Civil Procedure Code, suspends the appeal brought by the appellant SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. against civil decision no. 1927/A/25.11.2021, rendered by the Bucharest Court of Appeal - Sixth Civil Department, until the final resolution of case no. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Fiscal Litigation Department. Definitive.

"Provisions for mandate contracts" in the amount of 38,404,075, as of March 31, 2024, represent:

- the variable component related to the allocated and unused OAVT packages for the period of the mandates executed in the period 2013-2017, for executive and non-executive directors;
- the remuneration representing the variable component, the non-competition indemnity and the remuneration related to the remaining gross monthly fixed indemnities until the end of the mandate for the dismissed members of the Supervisory Board/Management Board, i.e. until 2024.

"Other provisions" in the amount of 109,292 represent unused holiday leave.

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*(All amounts are in RON, unless otherwise indicated)***11. Other taxes and social security contributions**

At 31 March 2024 and 31 December 2023, other taxes and social security liabilities comprise:

	31 March 2024	31 December 2023
Contribution to social security funds	10,505,793	14,531,541
Payroll tax	1,914,258	2,615,461
Other taxes payable	1,466,088	1,360,733
Total	13,886,139	18,507,735

As of March 31, 2024, the Company has liabilities for social security fund contributions, payroll tax and other taxes that were due and payable in April 2024.

12. Corporate tax

The Company's current and deferred corporate tax is determined at a statutory rate of 16%.

The corporate tax expense for Q1 2024 and Q1 2023 is presented as follows:

	Q I 2024	Q I 2023
Current corporate tax	20,970,745	20,947,360
Corporate tax deferred	2,825,737	(4,175,161)
Total	23,796,482	16,772,199

13. Operating income

Operating revenues comprise revenues from the provision by the Company of transmission and system services in the electricity market, allocation of interconnection capacity, balancing market operation services and other revenues.

The tariffs approved by ANRE for the services provided on the electricity market for the first quarter of 2024 and the first quarter of 2023 are as follows:

	Average tariff for transport service	Tariff for system service
Order No 109/20.12.2023 for the period 01 January - 31 March 2024	31.67 ^{*)}	-
Order No 116/20.12.2023 for the period 01 January - 31 March 2024	-	9.17 ^{**)}
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28.10	-
Order No 144/21.12.2022 for the period 01 January - 31 March 2023	-	7.73

^{*)} The tariff for the transmission service of 31.67 RON/MWh, in force as of 1 January 2024, includes the main component of 30.41 RON/MWh and the component related to additional costs with CPT of 1.26 RON/MWh (ANRE Order no. 109/2023) ;

^{**)} The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that came into force on 1 June 2023, in accordance with the provisions of the regulatory framework issued by ANRE.

The average electricity transmission tariff has two components: the tariff for feeding electricity into the grid (T_G) and the tariff for withdrawing electricity from the grid (T_L).

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(All amounts are in RON, unless otherwise indicated))

The quantity of electricity delivered to consumers to which tariffs for services provided in the electricity market were applied is as follows:

	Q I 2024	Q I 2023
Quantity of electricity delivered to consumers (MWh)	13,226,870	13,005,406

The operating revenues realized in Q1 2024 and Q1 2023 are presented as follows:

	Q I 2024	Q I 2023
Income from transport service	424,418,944	367,980,051
Revenue from the allocation of interconnection capacity	45,045,196	102,258,665
Revenue from reactive energy	406,420	3,422,681
Income from Inter TSO Compensation (ITC)	4,161,746	422,453
Income from CPT transactions	28,567,822	12,865,886
Income from transport service - total	502,600,128	486,949,736
Income from system services	123,763,420	100,644,860
Income from emergency aid	3,035,527	-
Income from system services - total	126,798,947	100,644,860
Income on the balancing market	1,332,367,628	507,918,766
Income from other services and other operating income	19,077,975	12,282,471
Income from capitalisation of CPT	7,369,139	-
Other income	26,447,114	12,282,471
Total operating income	1,988,213,817	1,107,795,833

Income from transport service

Revenues from the transmission service increased in the first quarter of 2024 compared to the first quarter of 2023 by 56,438,893, due both to the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above) and to the increase in the quantity of electricity delivered to consumers by 1.70%, i.e. by 221,464 MWh.

Revenue from the allocation of interconnection capacity

Revenue from interconnection capacity allocation decreased in Q1 2024 compared to Q1 2023 by 57,213,469, corresponding to the level of utilisation of available interconnection capacity by traders in the electricity market.

The market for the allocation of interconnection capacity is fluctuating, with prices changing according to demand and the need for electricity market participants to purchase interconnection capacity. Thus, the decline over the period under review was influenced by the supply and demand pricing model. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. The auctions on the Romania-Serbia border, the long-term auctions on the borders with Hungary and Bulgaria and the daily auctions on the borders with Moldova and Ukraine are explicit - only transmission capacity is auctioned, while the daily (borders with Hungary and Bulgaria) and intra-day (borders with Hungary and Bulgaria) auctions are implicit - they are allocated simultaneously with energy and capacity through the coupling mechanism.

On 8 June 2022, the Core FB MC (Core Flow-Based Market Coupling) project went live, thus initiating day-ahead flow-based market coupling in the Core capacity calculation region. The flow-based market coupling mechanism optimises the European electricity market for 13 countries (Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia).

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Notes to the separate interim financial statements as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

As of 27 October 2021, the Romania-Bulgaria border has been integrated into the Single Day-Ahead Market Coupling (SDAC), with cross-border capacity between Romania and Bulgaria allocated by default.

As of November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Market Coupling solution has been launched. The unique intra-day market coupling mechanism ensures the continuous matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity is available. Thus, explicit intra-Serbian tenders are only on the border with Serbia, while on the borders with Bulgaria and Hungary they are implicit (in the framework of the ISDS).

The use of net revenues from the allocation of interconnection capacity is carried out in accordance with the provisions of ANRE Order No 171/2019 and Regulation (EU) 2019/943 of 5 June 2019 on the internal market in electricity, as a source of financing investments for the modernisation and development of interconnection capacity with neighbouring systems.

Extending market coupling has the effect of levelling the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "laying down guidelines on capacity allocation and congestion management".

Income from Inter TSO Compensation (ITC)

Most of the revenue from the ITC mechanism comes from scheduled electricity exchanges with countries considered to be the perimeter of the mechanism, namely Ukraine and the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, revenue can also be recorded from monthly settlements.

Thus, in Q1 2024, the revenue recorded as a result of the ITC mechanism increased by 3,739,293 compared to Q1 2023, driven by:

- change in the tariff for trade with perimeter countries from 15.06.2023, from 1.2 EUR/MWh to 3 EUR/MWh, leading to an increase in revenue compared to the same period last year;

- energy exchanges recorded in the analysed period of 2024 with both perimeter countries (Ukraine and the Republic of Moldova), as opposed to the similar period of 2023, when exchanges were only with the Republic of Moldova.

Income from CPT transactions

Energy trading revenues for CPT were mainly derived from the sale of surplus energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and from the difference between forecast CPT and actual CPT achieved on the Balancing Market, respectively. These revenues were higher in Q1 2024 compared to Q1 2023 by 15,701,936.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required CPT was purchased on the long-term markets through the Centralised Electricity Purchase Mechanism (CEPA) mechanism, and prices on the short-term markets decreased compared to the previous year, with negative price intervals. Revenues from transactions on the Balancing Market were significantly higher than in the same period of the previous year, given that the energy system was predominantly in surplus during the period under review, leading to significant negative prices on the Balancing Market.

Income from system services

Revenues from system services increased in the first quarter of 2024 compared to the first quarter of 2023 by 23,118,560, due both to the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the increase in the quantity of electricity delivered to consumers by 1.70%, i.e. by 221,464 MWh.

In Q1 2024, system service revenues were higher by 18,392,841 compared to the system service purchase expenses incurred.

For the system services activity, the specific regulatory framework contains regularisation mechanisms that ensure the compensation of the excess or shortfall of revenues in relation to the level of expenditure necessary to carry out that activity. Thus, according to ANRE's regulations, the surplus/deficit of revenue compared to the recognized costs resulting from this activity is to be compensated by an ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the surplus/deficit was recorded. The surplus/deficit of revenue over costs resulting from the performance of this activity is calculated per tariff programming period.

Income from emergency aid

In the first quarter of 2024, 3,035,527 in emergency aid was granted to Ukraine (March), against the backdrop of damage to the country's energy infrastructure as a result of armed conflict.

Income on the balancing market

Revenues realised on the balancing market increased significantly in Q1 2024 compared to Q1 2023, by 824,448,862, mainly due to the following:

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- accelerated increase in installed capacity at prosumers, from around 420 MW at the beginning of 2023 to around 1500 MW at the beginning of 2024, which, in terms of impact on the system, corresponds to a reduction in consumption;
- lack of control/monitoring at the funder level for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting prosumer production forecasts in relation to the contractual position;
- low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers who are beneficiaries of green certificates, based on the provisions of Law 220/2008);
- a sharp increase in supply prices in the balancing market (upwardly positive and downwardly negative), with an impact on the marginal prices recorded in particular in the case of energies activated for secondary balancing and in the case of energies activated on the rapidly declining tertiary market in situations of strong surplus production;
- in a predominantly oversupplied system, the balancing market is characterised by a high volume of curtailment selections and significant negative prices in the Balancing Market, resulting in significant revenues for generators that have offered negative curtailment prices and considerable costs for generators that have positive imbalances;
- the evolution of contractual imbalances recorded at the level of electricity suppliers in the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption.

Income from capitalisation of own technological consumption (CPT)

According to Article III of *GEO no. 119/2022 amending and supplementing GEO no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period 1 April 2022 - 31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy, and approved by Law no. 357/13.12.2022*, for licensed economic operators providing electricity transmission services, the additional costs for the purchase of electricity made in the period from 1 January 2022 to 31 March 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis, and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Thus, as of March 31, 2024, the Company has recorded CPT capitalization revenues in the amount of 7,369,139, representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT included in the regulatory tariff, for the period from January 1 to March 31, 2024.

14. System operation and balancing market expenses

Expenditure in Q1 2024 compared to Q1 2023 is as follows:

	Q I 2024	Q I 2023
Expenditure on own technological consumption	142,894,599	147,249,884
Expenditure on electricity consumption in RET stations	14,240,028	11,076,496
Expenditure on Inter TSO Compensation (ITC)	11,614,531	13,172,923
Total operating expenditure	168,749,158	171,499,303
Expenditure on system services	105,370,579	109,646,142
Balancing market expenditure	1,332,346,922	507,871,005
Total	1,606,466,659	789,016,450

Expenditure on own technological consumption

This represents expenditure on the purchase of electricity from the free electricity market, i.e. the Centralised Bilateral Contracts Market (CBMP), the Day-ahead Market (DMP), the Balancing Market (BE) and the Intraday Market (IP) to cover own technology consumption (OTC) in the RET.

Expenditure on own technology consumption was lower by 4,355,285 in Q1 2024 compared to Q1 2023 due to a number of issues as follows:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (ETN) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market;

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- following the provisions of GEO no. 153/2022 for the modification and completion of GEO no. 27/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 RON/MWh;
- accelerated growth in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1500 MW at the beginning of 2024), together with the increasing share of wind and solar power, have led to a decrease in consumption as well as in energy prices on the short-term markets. Thus, the average price of energy purchased from the PZU in the period January to March 2024 was significantly lower than the price in the same period of 2023.

Expenditure on electricity consumption in RET stations

In order to carry out the electricity transmission activity in the substations and to operate the National Electricity System in safe conditions, CNTEE Transelectrica SA must purchase electricity to cover the consumption related to internal services in the high-voltage substations under the management of the Company.

This expenditure increased by 3,163,532 in Q1 2024 compared to Q1 2023.

Expenditure on Inter TSO Compensation (ITC)

ITC expenditure represents the monthly payment/collection obligations for each transmission system operator (TSO). These are established within the framework of the mechanism for the compensation/discount of the effects of using the electricity transmission network (RET) for transits of electricity between TSOs of countries that have joined this mechanism within ENTSO-E. In Q1 2024, these expenditures were lower by 1,558,392 compared to the same period last year.

The factors influencing the cost/revenue values with the ITC mechanism are the electricity exchanges - import, export, transit on the interconnection lines of the NES, correlated with the electricity transit flows at the level of all countries participating in the mechanism.

Expenditure on system services

System services are purchased by the Company from producers in order to ensure the maintenance of the safe operation of the NES and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatching (organizational unit within the Company) responsible for ensuring the stability and safety of the operation of the NES.

The procurement of system services is carried out both on a competitive basis through daily auctions, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019, and on a regulated basis, based on ANRE Decisions (in the case of reserves for reactive energy).

In the first quarter of 2024, the contracting of system services under the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by Societatea de Producere a Energiei Electrice în Hidrocentrale „Hidroelectrica” SA.

System services expenses decreased in Q1 2024 compared to Q1 2023 by 4,275,563. The purchase prices of system services in the competitive market in Q1 2024 remained around the following values:

- the average purchase price of the secondary regulation reserve at 78.37 RON/MWh;
- average purchase price of fast tertiary regulation reserve, power increase to 37.63 RON/MWh;
- average purchase price of the fast tertiary regulation reserve, power reduction to the value of 9.82 RON/MWh.

There was also a high level of concentration in the system services market for secondary reserve (SR) system services in Q1 2024.

For the next period of 2024, it is estimated that a significant impact on the evolution of costs for the purchase of system services through daily and one-way auctions, at CNTEE Transelectrica SA level, will be the evolution of ANRE's regulatory framework on the electricity market, as well as the European context of evolution of the electricity market.

Balancing market expenditure

The balancing market expenditure of 1,332,346,922 in Q1 2024 was significantly higher by 824,475,917 compared to Q1 2023. These expenses result from the notifications/realisations of the participants in this market and are significantly influenced by the evolution of national electricity production and consumption, the European context of the evolution of the electricity market and the way in which contracting in the pre-balancing market is carried out.

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	Q I 2024	Q I 2023
Depreciation of tangible and intangible assets	65,425,620	63,266,168
Amortisation expense on intangible assets - additional CPT	17,613,102	16,926,334
Depreciation of assets relating to rights to use leased assets	1,988,060	1,988,059
Total	85,026,782	82,180,561

Depreciation expense on tangible and intangible fixed assets in the amount of 65,425,620 represents the depreciation recorded in the first quarter of 2024, calculated at the revalued amount of the assets as at 31 December 2023, correlated with the commissioning of investment works and the handover of assets.

Expenses with amortization of intangible assets - additional CPT in the amount of 17,613,102 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting clarifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 *on measures applicable to final customers in the electricity and natural gas market in the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy.*

According to Article III of GEO no. 119/2022 and approved by Law no. 357/13.12.2022 with subsequent amendments and additions, for licensed economic operators providing electricity transmission services, the additional costs for the purchase of electricity made between 1 January 2022 and 31 March 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis, and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Amortisation of intangible assets recognised under IFRS 16 in the amount of 1,988,060 (the Company operates partly in rented office premises). According to *IFRS 16 - Leases*, the right of use of the premises leased by the Company in the Platinum office building on str. Olteni nr. 2-4, as an asset valued at the level of the rent to be paid by the end of the lease. The asset recognised under IFRS 16 is depreciated at the monthly rental rate and is recorded under the indicator 'depreciation and amortisation of tangible and intangible assets'.

16. Staff expenditure

	Q I 2024	Q I 2023
Expenditure on staff salaries	77,590,703	64,909,443
Social expenditure	435,541	943,690
Expenditure on employee vouchers	4,413,640	3,388,050
Expenditure related to the mandate contract and other committees, commissions	1,109,125	1,202,196
Insurance and social protection expenditure	6,038,828	4,905,495
Provisions for salary and similar charges	(2,091,608)	(826,196)
Other expenses	88	7,242
Total	87,496,317	74,529,920

Total staff costs incurred in Q1 2024 show an increase compared to Q1 2023, mainly due to increases in some expenditure items such as: expenses on staff salaries, expenses on vouchers granted to employees, expenses on insurance and social protection, as well as the reversal to income of part of the provisions set up for executive and non-executive directors dismissed, representing the variable component related to the OAVT packages allocated and unused during the period of the mandates executed in the period 2013-2017 and compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with payments made on the basis of enforceable court judgments received by the Company.

17. Other operating expenditure

	Q I 2024	Q I 2023
Other expenditure on services provided by third parties	30,261,636	24,578,351
Postage and telecommunications charges	240,675	192,358
Expenditure on royalties and rents	1,779,623	1,566,484
Operating (net) expenses on impairment adjustments for current	(209,444)	(27,652)

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	Q I 2024	Q I 2023
assets		
Other expenditure, of which:	24,613,079	19,629,854
- losses on receivables and sundry debtors	2,659,863	-
- expenditure (net) on provisions for other operating charges	(8,890)	(11,834)
- expenditure on compensation under mandate contracts/ OAVTs as per court decision	1,485,486	799,429
- expenditure on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes and duties)	4,385,585	7,112,798
- expenditure on goods	3,413,061	668,759
- expenditure on international dues	1,883,841	1,746,824
- travel expenses	1,732,041	1,131,946
- expenditure on energy purchased for administrative consumption	1,449,903	337,184
- sponsorship expenses	1,456,100	177,574
- other operating expenses	6,156,089	7,667,174
Total	56,685,569	45,939,395

In Q1 2024, this expenditure increased by 10,746,174 compared to Q1 2023, mainly due to changes in some expenditure items such as:

- increase in some expenditure items, i.e. civil protection and security expenditure, expenditure on the implementation of pan-European codes, expenditure on Teletrans maintenance, expenditure on staff training, expenditure on goods, expenditure on energy purchased for administrative consumption etc.;
- reduction of certain items of expenditure, such as: expenditure on taxes, duties and similar charges, other non-tax-deductible operating expenditure etc.;
- recording of expenses related to FVOs paid on the basis of enforceable court judgments (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed from office, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- recording of adjustments for impairment of receivables (ROMELECTRO SA), as well as reversal to income of adjustments for impairment of receivables (CET GOVORA SA), adjustments for impairment of inventories etc.

18. Net financial profit/loss

	Q I 2024	Q I 2023
Interest income	1,142,944	846,656
Income from exchange rate differences	997,817	15,757,182
Other financial income	40,946	288,268
Total financial income	2,181,707	16,892,106
Interest expenditure	(830,231)	(1,318,583)
Exchange rate expenses	(1,432,746)	(13,945,376)
Other financial expenditure	-	(242,140)
Total financial expenditure	(2,262,977)	(15,506,099)
Net financial profit/loss	(81,270)	1,386,007

As of March 31, 2024, the Company recorded a net financial result (loss) in the amount of 81,270. It was mainly influenced by the evolution of the exchange rate of the national currency against the foreign currencies in which the Company has contracted bank loans to finance investment programmes (Euro), in the context of the increase in interest income received during the period under review.

The level of foreign exchange income and expenses was mainly influenced by the volume of transactions related to the market coupling business segment in conjunction with the evolution of the exchange rates of the national currency against the euro.

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As at 31 March 2024, in the total amount of 830,231 (interest expense), the amount of 140,640 represents interest calculated on fixed assets related to the rights of use of leased assets - buildings, as required by IFRS 16 - Leases.

The exchange rate of the national currency recorded on 31 March 2024 compared with that recorded on 31 March 2023 is as follows:

Currency	31 March 2024	31 March 2023
RON / Euro	4.9695	4.9491

19. Litigation and contingencies

Management regularly reviews the situation of ongoing litigation and, in consultation with its legal representatives, decides whether it is necessary to create/cancel provisions for the amounts involved or to disclose them in the financial statements.

Based on existing information, the Company's management believes that as of the date of these statements, there is no significant pending litigation in which the Company is a defendant, except for the following:

• REGIA AUTONOMĂ PENTRU ACTIVITĂȚI NUCLEARE (RAAN)

The Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department has registered case no. **3616/101/2014**, with the subject matter "claims in the amount of 1,090,831.70 RON, consideration of invoice no. 1300215/31.12.2013", in which the Company is the defendant, the plaintiff being Regia Autonomă pentru Activități Nucleare - RAAN.

By civil judgment no. 127 delivered on 10.10.2014, the Mehedinți Court ordered the admission of the claim made by the Plaintiff RAAN and ordered the Company to pay the amount of 1,090,831.70 RON, the consideration of invoice no. 1300215/31.12.2013.

The company appealed and requested the Court, in its judgment, to allow the appeal in the form in which it was lodged, to set aside the contested decision and judgments and to refer the case to the court having territorial jurisdiction to hear it, to declare that the requirements of Article 1616-1617 of the Civil Code, for which reason it is requested to declare that the mutual debts are offset and extinguished up to the amount of the smallest of them, in this case the total amount requested by the applicant in the application, order the respondent-appellant to pay the costs of this appeal.

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

By decision no. 124/2017, the Court of Appeal of Craiova admitted the appeal filed by Transelectrica and overturned the sentence no. 127/2014 pronounced by the Court of Mehedinți, and the case was sent for retrial to the Court of Bucharest - Civil Department VI. The case was registered at the Bucharest Court under no. **40444/3/2017**, which by civil judgment no. 4406/04.12.2017 ordered the admission of RAAN's claim and obliged Transelectrica to pay the amount of RON 1,090,831.70. The sentence was appealed. The trial date has been set for 13.12.2018.

In 2014-2015, the Company withheld the bonus due to RAAN on the support scheme, based on the provisions of the ANRE regulations, i.e. art.17 paragraph 5 of the ANRE Presidential Order no.116/2013.

Under these circumstances, RAAN calculated penalties for non-payment of the cogeneration bonus due, in the amount of 3,496,914 RON, withheld from payment by the Company on account of uncollected receivables. The amount of 3,496,914 RON was refused for payment by the Company and was not recorded as a debt under the support scheme.

The subject of the file **number 9089/101/2013/a152** is a challenge against the Supplementary List of Claims against the debtor RAAN, the amount in dispute being 89,360,986 RON.

Transelectrica SA was entered in the panel of the debtor RAAN with the amount of 11,264,777 RON, in the category of claims resulting from the continuation of the debtor's activity, the amount requested by the Company being 89,360,986 RON. The amount of 78,096,209 RON was not entered in the preliminary table of receivables, on the grounds that "it does not appear as due in RAAN's accounting records" Moreover, the judicial liquidator considered that the request for the inclusion in the table of the amount of 78,096,209 RON is late, being related to the period 2011 - 2013, which is why the statement of claim should have been made at the time of the opening of the insolvency proceedings, namely on 18.09.2013. An objection to the Supplementary Table of Claims was lodged within the legal time limit and the Mehedinți Court granted the evidence of an expert accountant.

On 14.06.2018, the case was adjourned until the resolution of case no. **3014/2/2014** pending before the ÎCCJ, and on 14.02.2019, the Mehedinți Court ordered the joining of case no. 9089/101/2013/a152 to case no. 9089/101/2013/a140 (concerning claims - request for payment). Thus, the trial of the case was postponed, as the court considered that it was useful to solve the case by presenting the civil decision no. 2969/26.09.2018, ruled by the High Court of Cassation and Justice in case no. 3014/2/2014, having as object the annulment of ANRE President decision no. 743/2014.

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The solution of the Mehedinți Court by Judgment 163/20.06.2019 is: Passes the plea of forfeiture. The main action and the related appeal are allowed in part. Orders the defendant to pay to the applicant the sum of 16,950,117.14 RON, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' table against the debtor RAAN for that amount. Dismisses the remainder of the related claims. Pursuant to Art. 453 para 2 from the civil procedure code Orders the defendant to pay the applicant's costs of 1000 RON. Subject to appeal. Delivered in open court. Document Decision 163/20.06.2019.

Transelectrica appealed within the legal time limit. At the trial date of 06.11.2019, the Court of Appeal of Craiova dismissed Transelectrica's appeal as unfounded. Final decision. Decision 846/06.11.2019.

Transelectrica has filed an application for review on the grounds of inconsistency of judgments, registered under case number **1711/54/2019**, with a trial date of 26.03.2020 at the Court of Appeal of Craiova, which is to send the case to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the trial was adjourned to 21.05.2020.

On 21.05.2020, the case was removed from the docket with the following solution: the challenge of lack of material jurisdiction of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Department. Decision 140/21.05.2020. Court date 03.02.2021.

At the trial on 03.02.2021, the ICCJ admitted the objection of lateness of the application for review and did not rule on its inadmissibility.

There are also 4 other cases between RAAN and Transelectrica at different stages of the proceedings.

In RAAN's bankruptcy case registered under no. **9089/101/2013**, the Mehedinți Court postponed the trial dates of 08.10.2020 and 04.02.2021. Summary of the solution: time was granted to continue the liquidation proceedings, to represent the debtor's interests in the litigation pending before the courts, to consolidate the creditor's assets, to continue the measures to recover debts, to continue the public auctions for the recovery of the debtor's assets.

The case is adjourned to 14.10.2021, the summary judgment being: "grant a time limit for the continuation of the proceedings, i.e. for the recovery of the assets and the completion of the other liquidation operations."

The case is adjourned to 10.02.2022, the summary judgment being: "for the conduct of the proceedings, i.e. the valuation of assets, the collection of claims and the performance of other liquidation operations, the parties shall be summoned by the BPI" and the following trial date is set for 02.06.2022.

Trial date for further proceedings: **06.06.2024**.

• COURT OF AUDITORS OF ROMANIA

Following an audit carried out in 2013, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during the audit. The decision and the conclusion issued by the Court of Accounts have been appealed to the Bucharest Court of Appeal, and the case file no. **1658/2/2014** has been created, which has as object "annulment of control acts" - Decision no. 7/20.02.2014 issued by the Court of Accounts.

At the hearing on 13.06.2018, the action brought by the plaintiff-Transelectrica SA is allowed in part. Annuls in part Decision No 7/20.02.2014, Decision No 37/9.12.2013 and inspection report No 35521/6.11.2012 issued by the defendant in respect of the measures ordered by the decision referred to in paragraph 1 above. I.1, I.3, I.6, I.8, I.11, II.14, II.15, II.17, II.18, II.20, II.21, II.22 and partially the measure at points I.1, I.3, I.6, I.8, I.11, II.14, II.15, II.17, II.18, II.20, II.21, II.22 and partially the measure at points I.1, I.6, I.8 and I.11. II.13 in the sense of removing the phrase "including those found in the case of invoices issued by FLOREA ADMINSTRARE IMOBILIARĂ SRL". Dismisses the remainder of the applicant's petition as unfounded. Approves the electro-energetic technical expertise report drawn up by expert Toaxen Vasile. Orders the defendant to pay to the applicant the sum of 121,375 RON in costs (part of the expert's fee and the court stamp duty). Document resolution 2771/13.06.2018.

Transelectrica filed an appeal on 14.06.2019.

At the public sitting of 21.10.2020, the appeals brought by the applicant and the defendant against judgment No 2771 of 13 June 2018 of CAB - Eighth Department - are dismissed as unfounded. Definitive.

New case no. 2985/1/2021, on 24.11.2022 the ICCJ declares the appeal filed by the Company null and void. Definitive.

Appeal against Decision CCR No 8/27.06.2017.

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The company filed several appeals against the measures ordered by the Romanian Court of Accounts (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals were filed with the Bucharest Court of Appeal, including case no. **6581/2/2017** concerning the annulment of the findings in point 6 and the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, case no. **6581/2/2017** has been registered in the 12th Full Bench of the Administrative and Tax Division VIII under

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no. **6581/2/2017*** Summary of the solution: In order to give the parties the opportunity to submit written pleadings and to deliberate, adjourn the case to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on **26.05.2023**, the application was allowed. Annulled in part Decision No 77/03.08.2017, in so far as it rejected point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 with regard to the findings in point 6 and the measure ordered in point 11.9, and Inspection Report No 19211/26.05.2017 with regard to the findings in point 3.2. Orders the defendant to pay the applicant's costs in the total amount of 10,450 RON, representing the court's stamp duty and the expert's fees. Subject to appeal within 15 days of notification. Decision 920/2023 26.05.2023.

The remaining cases were definitively settled, with the Bucharest Court of Appeal dismissing the application for annulment and the High Court of Cassation and Justice dismissing the appeals (case no. 6574/2/2017 concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, case no. 6576/2/2017 concerning the annulment of the findings in points 7.1, 7.2 and 8 and the measure ordered in point II.10, which became new file no. **2985/1/2021**, on 24.11.2022 the ICCJ declared null and void the appeal filed by the applicant National Power Transmission Company Transelectrica SA against Judgment no. 8 of 20 January 2021 of the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII rendered in case no. 6576/2/2017. Definitive, file No 6577/2/2017 on the annulment of the findings in point 13 and the measure ordered in point II.13, now file No 1614/1/2020, file No 6578/2/2017 on the annulment of the findings in point 9 and the measure ordered in point II.11, file No 6580/2/2017 on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, File No 6582/2/2017 on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and File No 6583/2/2017 on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

Between January and July 2020, the Romanian Court of Accounts carried out an audit at all the Territorial Transmission Units of CNTEE Transelectrica, and between 25.05-27.08.2020, the audit continued at the executive headquarters of the Company. The theme of the CCR's control action was "the control of the situation, evolution and management of the public and private assets of the state, as well as the legality of the realization of revenues and expenditure for the period 2017-2019" at CNTEE Transelectrica SA.

After the completion of the control on the management of public and private assets of the state, as well as the legality of the realization of income and expenditure for the period 2017-2019, control completed on 06.10.2020, the Control Report no. 40507/06.10.2020 and on 09.11.2020, the Court of Accounts of Romania, through Department IV, issued Decision no. 15 containing 10 measures, with a trial date of 31.05.2021, which was extended by the CCR at the request of the Company until 31.12.2021.

The company raised objections and filed Objection No. 50090/26.11.2020, registered at the Court of Auditors under No. 139775/26.11.2020, requesting the annulment of the measures. Following the examination and analysis by the CCR auditors of the Appeal filed by the Company, by Decision No 2 of 10.03.2021, the annulment of one of the 10 measures ordered was admitted.

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

At the hearing on 10.12.2021, the CAB rejects the application brought by the applicant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE "Transelectrica" SA against the defendant CURTEA DE CONTURI A ROMÂNIEI as unfounded. Dismisses the application for suspension as unfounded. With a right of appeal within 15 days of notification and with a right of appeal within 5 days of notification as regards the head of claim concerning the suspension; the request for appeal to be filed with the Bucharest Court of Appeal.

On 24 July 2023, the Company was notified of the judgment and on 10.08.2023 it filed an appeal with a trial date for judgment on 07.03.2024.

At the hearing of 07.03.2024, ICCJ dismisses the appeal filed by the applicant Compania Națională de Transport al Energiei Electrice „Transelectrica” SA against Judgment no. 1889 of 10 December 2021 of the Bucharest Court of Appeal - Ninth Administrative and Fiscal Department, as unfounded. Definitive. Delivered today, 07 March 2024, by making the decision available to the parties through the court registry.

• OPCOM

The Bucharest Court has registered the case no. **22567/3/2019**, which has as subject matter "claims", a case in which the Company is the plaintiff, the defendant being OPCOM SA.

By its application, the plaintiff CNTEE Transelectrica SA requested the court to order in its judgment:

- order the defendant OPCOM SA to pay the amount of 4,517,460 RON, relating to invoice number TEL 16 AAA No 19533/29.07.2016, representing the VAT equivalent of the contribution made by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement No 7181RO/2003, a commitment to finance the investment project "Electricity Market Project";

- order the defendant OPCOM SA to pay the amount of RON 1,293,778.27 relating to invoices TEL 19 T00 No 17/28.01.2019 and TEL 19 T00 No 131/10.07.2019, representing the statutory penalty interest calculated for non-payment on time of the invoice series TEL 16 AAA No 19533/29.07.2016.

- orders the defendant OPCOM SA to pay the costs.

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At the hearing of 03.07.2020, the court put to the parties the request for a stay of proceedings in case no. 22567/3/2019, made by OPCOM, and the case remained pending.

At the hearing on 17.07.2020, the court gave the following summary judgment: Suspends the proceedings until the final resolution of the case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final). Subject to appeal for the duration of the suspension. Delivered by making the judgment available to the parties through the Court Registry today 17.07.2020. Document: Resolution - Suspension 17.07.2020.

The Bucharest Court of Justice is hearing case no. **24242/3/2021**, in which OPCOM SA is the plaintiff and CNTEE Transelectrica SA is the defendant.

This case concerns the nullity of the act - contribution in kind, materialized by intangible assets, trading platform - Commercial Exchange and Regional Electricity Exchange, financed by loans contracted by CNTEE Transelectrica SA from the IBRD, based on loan contract no. 7181RO/17.07.2003, as well as from CNTEE Transelectrica SA's own sources, which were carried out on the basis of service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by Extraordinary Meeting of Shareholders Resolution No. 6/15.06.2016 and, subsequently, Ordinary Meeting of Shareholders Resolution No. 2/25.05.2017 and Ordinary Meeting of Shareholders Resolution No. 7/24.05.2018.

At the trial date of 11.04.2022, the court put to the parties the objections raised by CNTEE Transelectrica SA in its statement of defence. The proposed evidence to be administered in this case was also discussed at this time. The Court adjourned the case to the date set for 22.11.2022, in order to take evidence with the financial-accounting expert to be carried out in this case. After several postponements, the next trial date is set for 27.06.2023 for missing expert report. On the date of 27.06.2023, on the basis of the decision of the General Assembly of Judges of the Bucharest Tribunal no. 4/20.06.2023, the case is adjourned and the next date is set for 10.10.2023. The court adjourned the case to the time fixed for 07.11.2023.

At the trial date of 07.11.2023, the court's decision is: Qualifies the plea of inadmissibility as a substantive defence. Dismisses the application as unfounded. With the right to appeal, within 30 days from the communication to the parties, the appeal to be filed at the Bucharest Court, Civil Department VI. Ruled today, 07.11.2023, pursuant to Article 396 (2) C.P.Civ. by making the decision available to the parties at the court registry.

• CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an additional deed to the connection contract or a new connection contract and claimed compensation for expenses incurred up to that time in the amount of 17,419,508 RON and unrealized profits for the period 2013-2033 in the amount of 722,756,000 EUR. So far, the Company has not concluded an additional deed to the connection contract as the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, when the technical connection notice expired. Case no. 5302/2/2013 was filed before the Court of Cassation and Justice, Administrative and Fiscal Litigation Department, with the object of obliging the issuance of an administrative act, procedural stage - appeal, trial date for judgment being 09.12.2015. At that time, the High Court of Cassation and Justice allowed the appeals in principle and set the trial date for the appeals on the merits on 8 April 2016. Panel 4, with summons to the parties.

The case was adjourned to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it rendered Decision no. 2148/2016, ordering the following: "Rejects the objections raised by the appellant-claimant Conaid Company S.R.L., through the receiver RVA Insolvency Specialists SPRL and by the defendant-appellant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admit the appeal brought by the defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. against the judgment of the hearing of 18 February 2014 and the civil judgment no. 1866 of 11 June 2014, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Sets aside the judgment under appeal and the judgment in part and remits the case to the Bucharest Court - Civil Division VI for resolution of the applicant's action against the Compania Națională de Transport al Energiei Electrice Transelectrica S.A. Upholds the other provisions of the judgment as regards the applicant's action against the National Energy Regulatory Authority. Dismisses the appeals filed by the applicant Conaid Company S.R.L., through the receiver RVA Insolvency Specialists SPRL and by the intervenor Duro Felguera S.A. against the civil judgment no. 1866 of 11 June 2014, rendered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Dismisses the appeal brought by the defendant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against the judgment of the Court of Appeal Bucharest - Administrative and Fiscal Litigation Department VIII of 25 March 2014. Definitive. Delivered in open court on 29 June 2016.

The case has been registered at the Bucharest Court - Civil Department VI under no. 12107/3/2017. By civil judgment No 4364/23.11.2017, the Court of First Instance accepts the plea of inadmissibility and dismisses the application as inadmissible. Dismisses the application for leave to intervene in the applicant's interests. Subject to appeal within 30 days of notification. The appeal was filed at the Bucharest Court, Civil Department VI and at the disposal of the parties through the registry on 23.11.2017. On 02.11.2018, a new application for a writ of summons was filed with the Bucharest Tribunal - Civil Department VI by Conaid Company SRL, in case no. **36755/3/2018**, in which the plaintiff requested the court to order Transelectrica SA to "compensate the damage caused to the plaintiff, as a result of the culpable non-performance of the obligations by the defendant, in the amount of

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17,216,093.43 RON, consisting of the damage actually suffered and the lost profit, provisionally estimated at 100,000 euros. In view of Transelectrica SA's unjustified refusal to conclude and sign an addendum to Contract No C154/27.04.2012, and in the event that the court finds that, from a formal point of view, the obligation concerning the suspensive conditions cannot be regarded as having been fulfilled by the applicant, that non-fulfilment is due solely to the fault of Transelectrica SA, the defendant having prevented the fulfilment of the conditions'.

At the trial date of 15.10.2019, rejects as unfounded the objections of lack of standing and lack of interest. Joins with the merits the exception of prescription. Subject to appeal along with the merits. Delivered by making the judgment available to the parties through the court registry.

Grant a trial date for the continuation of the trial on 26.11.2019, with summons to the parties. Subject to appeal along with the merits. Delivered by making the judgment available to the parties through the court registry.

Adjourned for expert evidence and sets a trial date to 21.01.2020.

On 21.01.2020, the case is adjourned for the expert's report and the next trial date is set for 31.03.2020.

At the trial date of 31.03.2020, the brief solution was as follows: Suspended by law under Article 42(6) of the Decree of the President of Romania 195/2020 on the establishment of a state of emergency on the territory of Romania, for the duration of the state of emergency.

After several adjournments, the next trial date is set for 28.09.2022 for the expert evidence.

On 28.09.2022, the case is adjourned for lack of reply to the objections and the next trial date is set for 07.12.2022.

On 07.12.2022, the case is adjourned for lack of reply to the objections and the next trial date is granted on 22.02.2023 and subsequently on 03.05.2023 also for the same case.

On 03.05.2023, the case is adjourned to take cognizance of the reply to the objections and the next trial date is granted on 13.09.2023. A court date has been set for 06.12.2023.

On 06.12.2023, the Bucharest Court stayed the ruling, postponing the ruling to 20.12.2023, then to 03.01.2024 when it ordered the following: Rejects the request for an increase in the expert's fee made by exp. Chirilă Adelaida Adriana, as unfounded. The plea of the statute of limitations of the substantive right of action, raised in the application, is upheld. Dismisses the application as time-barred. Subject to appeal within 30 days of notification. The appeal is filed with the Bucharest Court, Civil Department VI. Delivered by the Court Registry, today, 03.01.2024.

• MUNICIPALITY OF REȘIȚA

Case No **2494/115/2018*** - Case No **2494/115/2018****, registered at the Court of Caras Severin, concerning an application for a writ of summons, by which the applicant Municipiciul Reșița seeks an order that the defendant Transelectrica SA pay the following amounts:

- 2,129,765.86 RON, representing the rent for the area of land temporarily occupied from the forestry area for 2015;
- 2,129,765.86 RON, representing the land rent for 2016;
- 2,129,765.86 RON, representing the land rent for 2018;
- 2,129,765.86 RON, representing the land rent for 2019;
- 2,129,765.86 RON, representing the land rent for 2020;
- statutory penalty interest from the due date until actual payment.

Brief resolution: The plea of lack of territorial jurisdiction of the Court of Caraș-Severin is upheld. Declares that the Court of Bucharest has jurisdiction to hear and determine the action brought by the applicant Municipality of Reșița - through its Mayor - against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. No appeal under Article 132(3) of the Code of Civil Procedure. Delivered in open court. Decision 313/11.03.2019.

At the trial date of 25.10.2019, the plea of lack of territorial jurisdiction of the Court of Bucharest is admitted. Declares that the Court of First Instance of Caras-Severin has jurisdiction to hear and determine the case. Declares that there is a negative conflict of jurisdiction between the Court of Bucharest and the Court of Caras-Severin. Suspends the case and refers the case to the High Court of Cassation and Justice for resolution of the negative conflict of jurisdiction. No appeal. The judgment will be ruled by making it available to the parties through the court registry. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the term of 16.07.2020, by decision no. 1578, established the jurisdiction of the case in favour of the Court of Caraș Severin - Civil Department I.

At the hearing on 16.11.2020, the court adjourned the case and granted time to study the documents submitted at this hearing on the case file by the representative of CNTEE Transelectrica SA, setting a new hearing on 22.03.2021.

At the trial date of 22.03.2021, the brief solution is: Suspends the proceedings in the action brought by the applicant Municipality of Reșița, through the Mayor, against the defendant National Power Transmission Company 'Transelectrica' SA, concerning claims under Article 413(1)(1) of the Civil Procedure Code. Subject to appeal to the higher court for the duration of the stay of proceedings.

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The case has been adjourned until the final decision in case no. 3154/115/2018* of the Court of Caras Severin.

At the trial date of 19.01.2023, the short solution is: Dismisses the plea of untimeliness in so far as the defendant does not have standing to rely on the method of setting the stamp duty. Dismisses the plea of lateness of the application to amend the application for leave to appeal. Adjourns the discussion on the exception of the positive effect of res judicata until the time-limit for lodging in full the decision of the High Court of Cassation and Justice in Case No 3154/115/2018**. Adjourns the ruling on the requests for evidence consisting of the defendant's cross-examination and the expert's report. Adjourns the case and sets a trial date of 02.03.2023.

At the hearing on 02.03.2023, the summary decision is as follows: suspends the proceedings on the claim brought by the plaintiff Municipality of Resita, against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A., concerning claims. Subject to appeal throughout the time the judgment is suspended. The court ruled for the trial to be resumed and set a new date for 16.11.2023. A trial date has been set for 22.02.2024.

At the trial date of 22.02.2024, the court postpones the trial of the case to 14.03.2024 and subsequently, to **06.06.2024**, in order to return the file no. 2494/115/2018**, submitted for appeal to the Timisoara Court of Appeal, for when the parties have a term of notice under art. 229 of the Civil Procedure Code by the presence of the conventional representatives.

• SMART SA

Case No **15561/3/2022**, registered before the Bucharest District Court, concerns the application for a writ of summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the sum of 4,467,108 RON, representing the amount of tax liabilities relating to increased revenues as a result of the increase in the tax base resulting from the adjustment of revenues for 2014, 2015 and 2016 + legal costs.

At the trial date of 23.03.2023, a trial date is set for 15.06.2023 in order to carry out the agreed expert report.

At the trial date of 15.06.2023, a trial date is set for 09.11.2023. For lack of expert report, adjourns the case to 04.04.2024.

At the hearing of 04.04.2024, for lack of expert report, adjourns the case to **13.06.2024**.

• ANAF

In 2017, the general tax inspection started at Transelectrica SA on 14.12.2011 was completed, and covered the period from December 2005 to December 2010.

The general tax inspection started on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA. Following the completion of the audit, ANAF - DGAMC established additional tax liabilities payable by the Company, namely corporate tax and VAT, as well as related accessory tax liabilities (interest/late payment surcharges and late payment penalties) in respect of system technology services (STS) invoiced by energy suppliers, which were deemed non-deductible following the tax inspection.

According to the Tax Decision no. F-MC 439/30.06.2017 in the total amount of 99,013,399 RON, ANAF - DGAMC has established additional tax obligations to be paid by the Company in the amount of 35,105,092 RON, as well as accessory tax obligations (interest/late payment surcharges and late payment penalties) in the amount of 63,908,307 RON.

In particular, the ANAF tax inspection report recorded the following additional payment obligations: corporate tax in the amount of 13,726,800 RON, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out on the night of 26-27 June 2009 at the Millenium Business Center building in str. Armand Călinescu no. 2-4, District 2, where the Company was operating), documents with special regime.

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

The company contested within the legal trial date, in accordance with OG no. 92/2003 on the Fiscal Procedure Code, the Tax Decision no. F-MC 439/30.06.2017.

ANAF issued the enforcement order no. 13540/22.08.2017 on the basis of which the additional payment obligations established by Tax Decision no. F-MC 439/30.06.2017 were enforced.

The company applied for the annulment of the enforceable title no. 13540/22.08.2017 at the Court of Appeal - file no. **7141/2/2017**. The solution in brief: Passes the objection of lack of material jurisdiction of the Bucharest Court of Appeal - SCAF. Declares that the District Court of District 1 Bucharest has jurisdiction over the case. No appeal. Delivered in open court on 08.02.2018. Document: Decision no.478/2018 of 08.02.2018.

Following the declination of jurisdiction, the Court of District 1 registered the case no. **8993/299/2018**, by which the Company challenged the enforcement of the enforceable title no. 13540/22.08.2017, which is based on the Tax Decision no. F-MC 439/30.06.2017.

Subsequent to the challenge by the Company of the tax administrative act Decision no. F-MC 439/30.06.2017, ANAF communicated to the Company Decision no. 122/13.03.2018 rejecting as unsubstantiated the challenge filed by CNTEE Transelectrica SA, the decision being received on 16.03.2018, after the filing of the application for legal action in case no. 1802/2/2018.

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The solution in brief: Grant the appellant's application for a stay of proceedings. On the basis of Article 413 para. (1) item 1 of the Civil Procedure Code suspends the proceedings until the final resolution of case no. 1802/2/2018, pending before the Bucharest Court of Appeal, Administrative and Fiscal Litigation Department VIII. Subject appeal for the duration of the suspension, the appeal request to be filed with the court of District 1 Bucharest. Delivered in open session - Document: Resolution - Suspension 17.04.2018.

The Court of Appeal is hearing case no. **1802/2/2018** in which the Company challenged the tax administrative act Decision no. F-MC 439/30.06.2017.

At the hearing on 06.11.2018, the expert evidence in the field of accounting and taxation was admitted. Trial date: 12.05.2020.

At the CAB hearing on 21.07.2020, the case was adjourned.

On 30.07.2020, the case was returned for further clarification.

At the hearing on 20.10.2020, the application was partially admitted with the following summary: the disputed claims were partially admitted, the Decision No 122/13.03.2018 on the settlement of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by the National Tax Administration Agency - General Directorate for Dispute Resolution, Tax Decision No F-MC 439/30.06.2017 was partially annulled. 2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers and Tax Inspection Report No. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, to the effect that: - cancels the obligation to pay corporate tax in the amount of 18,522,280 RON, VAT in the amount of 5,694,636 RON and the related tax accessories in the amount of 48,436,653 RON, tax obligations established for the 349 special tax invoices found to be missing from the applicant's management. - removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 RON, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount. - removes the non-deductible nature for the calculation of taxable profit of the amount of 343,629.91 RON, representing "weed removal services" and the obligation to pay the main and accessory tax claims in relation to this amount - removes the non-deductible nature for the calculation of taxable profit of the amount of 230,685.491 RON, representing expenditure on products of a promotional and protocol nature and the obligation to pay the principal and accessory tax claims in respect of that amount - removes the non-deductibility of VAT in the amount of 46,417.1 RON, relating to the amount of 343.629,91 RON, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in respect of that amount - removes the non-deductibility of VAT in the amount of 37.693,88 relating to the sum of 230.685,49 RON, representing expenditure on products of a promotional and protocol nature and the obligation to pay the principal and accessory tax claims in respect of that amount - remove the reference to the obligation of the Sibiu Transmission Branch of CNTEE Transelectrica S.A to register the amount of 576,846.80 RON as taxable income, at the latest on 30.06.2010, the date on which the registration of the audited unit as a creditor with this amount was accepted, the mention relating to the character of taxable income for the calculation of the profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law No 571/2003 on the Fiscal Code, as subsequently amended and supplemented, in conjunction with point 23(d) of GD 44/2004 containing the Methodological Norms for the application of Law No 571/2003, the chapter on corporate tax and Chapter VII of Order No 3055 on the function of accounts of 29 October 2009 approving the Accounting Regulations in accordance with the European Directives and the obligation to pay the main and accessory tax claims in relation to this amount - removes from the Minutes the finding made with regard to the 'determination of the deductible value added tax lower than that recorded by the applicant, thus resulting in a difference in the amount of 13,141 RON' (Annex no. 15) and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the obligation to pay the penalty for late payment which has a penal legal status, calculated for a period of more than 6 months from the date of the commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as established by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, the Tax Assessment No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and by Decision No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and by Decision No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers. 122/13.03.2018, on the settlement of the appeal lodged against Tax Assessment No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for Dispute Resolution. Maintains the other provisions of Decision No 122/13.03.2018, on the settlement of the appeal lodged against Tax Assessment No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for Dispute Resolution, Tax Assessment No. F-MC 439/30.06.2017, issued on 12.07.f-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers. Dismisses the remainder of the applications as unfounded. Dismisses as unfounded the application for an award of costs in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the applicant's costs in the amount of 4,000 RON, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the claim. **Subject to 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 filed an appeal in March 2022.

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On 12.04.2022, the Bucharest Court of Appeal adjourns the case to 10.05.2022, in order to give the plaintiff the opportunity to take cognizance of the content of the statement of defence.

At the sitting of 24.05.2022, the CAB rejects as unfounded the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated as being correct. Orders that the material error be rectified by removing the wrong name of the applicant from the contested judgment. Subject to appeal, within 15 days of notification.

The parties appealed. The case is in the filter procedure at the ICCJ. Trial date 13.12.2023.

On 13.12.2023, the ICCJ stayed its ruling until 20.12.2023 when, by judgment no. 6169/2023, it ordered the following:

- ✓ Passes the appeals brought by the applicant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A., the defendant General Directorate for the Administration of Large Taxpayers and the defendant National Agency for Tax Administration against the civil judgment no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Department VIII.

- ✓ Sets aside in part the judgment under appeal and, on retrial: Dismisses the application for annulment of the Decision on the settlement of the appeal No 122/13.03.2018 and of the Tax Assessment No F-MC 439/30.06.2017 concerning:

- withholding the non-deductibility of expenses in the amount of 343,629.91 RON, representing "weed removal services" and related VAT;

- the non-deductibility of 230,685 in respect of the value of promotional and protocol goods and the related VAT;

- the obligation to pay penalties for late payment which have a sanctioning legal status, calculated for a period of more than 6 months from the date of the start of the tax inspection.

- ✓ Sets the amount of the costs to which the defendants were jointly and severally liable at the sum of 6,000 RON, representing the fees for the expert's report in the field of accounting and taxation.

- ✓ Upholds the other provisions of civil judgment No 382 of 20 October 2020.

- ✓ Passes the appeals brought by the applicant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. and by the defendant General Directorate for the Administration of Large Taxpayers against civil judgment No 134 of 24 May 2022, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Sets aside in part civil judgment No 134 of 24 May 2022 and,

on retrial:

- ✓ Passes in part the application for clarification and supplementing of the operative part of civil judgment No 382 of 20 October 2020, brought by the applicant, Compania Națională de Transport al Energiei Electrice Transelectrica S.A.

- ✓ Orders that the operative part of civil judgment No 382 of 20 October 2020 be supplemented with the following entries:

- also cancels Tax Inspection Report No. F-MC 222/30.06.2017 to the extent that the Tax Assessment No. F-MC 439/30.06.2017 was annulled;

- cancels the principal tax liabilities established for 2005 and the related ancillary liabilities, as the right of the tax authority to establish such liabilities is time-barred;

- cancels the tax administrative acts regarding the non-deductibility of the expenses with the benefit share of SMART.

- ✓ Removes the entries relating to the amounts of corporate tax and ancillary charges annulled in respect of the 349 tax invoices from both the judgment correcting the material error and the main judgment.

- ✓ Upholds the other provisions of civil judgment No 134 of 24 May 2022.

- ✓ Orders the appellants - defendants to pay to the appellant - plaintiff Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. the sum of 200 RON as costs of the appeal.

Definitive. Delivered today, 20 December 2023, by making the judgment available to the parties through the Court Registry.

• OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g.: Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL and others).

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

At the same time, the Company is also involved in litigation with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between the Company and them. The Company has made a provision for these disputes.

i) Contingencies

At 31 March 2024, **contingent liabilities** amount to 36,761,877 RON. These relate to disputes concerning claims for additional costs following an increase in the minimum wage in the construction sector for investment contracts.

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- *File no 20780/3/2020 - applicant ENERGOMONTAJ SA (7,092,389)*

The subject-matter of the case is claims for additional costs relating to the increase in the minimum wage in the construction sector and an order to conclude an addendum to contract C54/2018.

The subject of contract C54/2018 is the investment project - *Refurbishment of 220/110 kV Craiova Nord substation*.

At the trial date of 24.04.2023, the short solution is: "Passes in part the application for the summons brought by the applicant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the applicant the sum of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the sum of RON 3,000/month for work carried out under Works Contract No C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018 having as object the updating of the Contract price by the amount of 1,468,039.77 EURO, excluding VAT, representing the costs generated by the increase of the minimum wage in the field of construction to the amount of 3,000 RON/month as from 01.01.2019. Dismisses the remainder of the application as unfounded. Orders the defendant to pay the applicant the sum of 171,104.06 RON by way of costs. Subject to appeal within 10 of days of notification. The application for appeal shall be submitted to the Bucharest Court, Civil Department VI. Ruled by making the judgment available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023."

Transelectrica has appealed. Trial date 27.10.2023.

At the trial date of 27.10.2023, the Bucharest Court of Appeal admits the appeal filed by the defendant-appellant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the sentence no. 1035/24.04.2023, ruled in the case no.20780/3/2020 by the Bucharest Court - Civil Department VI. Reverses the judgment under appeal in its entirety in so far as it dismisses, as unfounded, the claim brought by the applicant Electromontaj S.A. against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A., as specified. Orders the defendant-appellant Electromontaj S.A. to pay to the respondent-appellant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. the sum of 39,787.82 RON by way of costs on appeal. Dismisses, as unfounded, the appeal brought against the same judgment by the appellant claimant Electromontaj S.A. Dismisses, as unfounded, the appellant claimant's application for costs on appeal. Definitive.

ENERGOMONTAJ SA filed a request for review and an appeal for annulment, and at the trial date of 12.01.2024: Dismisses, as unfounded, the appellant-claimant Electromontaj S.A.'s application for rectification of a clerical error as unfounded.

- *File No 25896/3/2020 - claimant Electromontaj București (10,000,000)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C229/2015 - *Switching to 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad /LEA 400 kV Portile de Fier (Anina) - Reșița axis*.

Trial date: 25.08.2022 - submission of expert report.

At the hearing on 25.08.2022, judgment was adjourned until 13.09.2022. On 13.09.2022, the Bucharest Tribunal rejects as unfounded the objections of the defendant to the expert's report in the field of accounting. Admit the objections to the expert's report in the field of accounting submitted by the applicant. An address will be issued to the expert Cojocaru Mihaela with the mention to reply to the objections and to file the reply. Subject to appeal with the merits.

In view of the absence of the expert's report, the case is adjourned.

At the trial date of 16.05.2023, the court adjourns the case to 12.09.2023 to file a reply to the expert objections.

At the trial date of 12.09.2023, the court adjourns the trial to 26.09.2023 and sets the trial date for 07.11.2023.

After several adjournments, at the trial date of 18.01.2024, the Bucharest Tribunal dismisses the action as unfounded. Subject to appeal within 10 of days of notification. The application for appeal shall be submitted to the Bucharest Court, Civil Department VI.

- *File No 27001/3/2021 - applicant Romelectro (3,523,710)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C264/2017 - *Modernisation of the 110 kV Bacău Sud and Roman Nord stations on the 400 kV Moldova axis*.

At the trial date of 19.01.2024, the short solution is: Dismisses the application for suspension under Article 242 of the Code of Civil Procedure as unfounded. Grant a stay of proceedings on 15.03.2024.

After several postponements, at the trial date of 05.04.2024, Bucharest Tribunal:

✓ upholds in part the application:

- orders the defendant to pay the sum of 3,689,768.27 RON, by way of adjustment of the price of the Works Contract No C264 / 14.12.2017 for the labour relating to the work remaining to be carried out on 01.01.2019, as a result of the increase in the minimum wage in the construction sector to the sum of 3,000 RON/month.

- orders the defendant to conclude an Addendum to the Works Contract No. C264/14.12.2017, the purpose of which is to adjust the price of the Contract by the amount of 3,689,768.27 RON, representing the labour cost of the work remaining to be carried out on 01.01.2019, as a result of the increase in the minimum wage in the construction sector to 3,000 RON/month.

- orders the defendant to pay the applicant a late payment penalty of 0.02%/day, calculated on the principal debt, from 01.02.2019

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until payment of the principal debt.

- ✓ Dismisses the remainder of the application as unfounded.
- ✓ notes that the applicant has applied for separate costs. Subject to appeal within 30 of days of notification.

- *File No 22368/3/2021 - applicant Romelectro (2,275,653)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C260/2017 - *Modernisation of 110 and 400(220) kV installations in Focșani West substation*.

At the hearing on 24 June 2022, dismisses the application as unfounded. Subject to appeal within 10 days of notification. The application for appeal shall be submitted to the Bucharest Court - Civil Department VI. Document: Decision No 1555/2022.

Romelectro appealed.

At the hearing on 29.02.2024, the CAB dismisses the appeal as unfounded. Definitive. Delivered by delivery of the judgment to the parties by the Court Registry today, 29.02.2024. Document: Decision 358/2024 29.02.2024.

- *File No 30801/3/2021 - applicant Romelectro (2,271,075)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C145/2018 - *Refurbishment of the 110 kV Medgidia South substation*.

At the meeting of 20.04.2022, the Bucharest Tribunal solution is: 'Grants expert accounting evidence for the following purposes:

- the expert to clarify whether Romelectro meets the condition set out in Article 66 of GEO 114/2018, i.e. whether 80% of Romelectro's turnover is generated from construction works, both in the year preceding the reference period (2018) and in the reference period (2019);

- the expert to calculate the cost difference generated by the increase in the salaries of the human resources actually employed by Romelectro in carrying out the work related to Contract No C145/2018, in the reference period and the first two months preceding it, respectively:

a) Specify for each employee (human resource actually employed) separately whether his/her gross salary was below 3000 RON/month or higher in November and December 2018;

b) When the workforce salary was increased to 3000 RON/month;

c) What is the difference between the previous salary and the salary imposed by GEO 114/2018;

d) Whether during the period 01.11.2018 - 31.12.2018, Romelectro reduced the salaries of the human resources employed;

e) Specify the actual cumulative cost difference in the salary of the human resources used by Romelectro in the actual performance of the work covered by Contract No C145/2018 for the reference period.

- the expert to determine, on the basis of the analytical estimates, what is the percentage, i.e. the amount by which Transelectrica must adjust the price of Contract No. C145/2018 for the labour relating to the work remaining to be carried out on 01.01.2019, as a result of the legislative amendments introduced by GEO No. 114/2018 in order to increase the minimum wage in the construction sector to the amount of 3000 RON/month;

- the expert to determine the days/months of delay recorded in the execution of the works related to Works Contract No. C145/2018 as a result of the financing problems encountered by Romelectro S.A. following Transelectrica's refusal to pay the price at the adjusted value, respectively how the execution schedule was affected by Transelectrica's failure to adjust the price of the Contract following the legislative changes introduced by GEO 114/2018 in terms of increasing the minimum wage in the construction sector to the amount of 3000 RON/month.

Sets a trial date of April 29, 2022, at 9:00 a.m., when the parties will be summoned. At the hearing on 29 April 2022, the case is adjourned for the taking of evidence and the hearing is set for 14.10.2022.

After several adjournments of the case, at the trial date of 12.01.2024, the summary decision is: grant trial date of 08.03.2024 to take cognizance of the content of the expert report.

After several adjournments, at the trial date of 19.04.2024, the solution in brief: adjourn the judgment to **30.04.2024**.

- *File No 37332/3/2021 - applicant Romelectro (4,433,591)*

The subject matter of the file is claims - GEO 114/2018 for contract C112/2019 - *Refurbishment of 110kv substation of the Porțile de Fier - Anina- Reșița-Timișoara-Săcălaz-Arad - 400Kv substation Timișoara axis*.

At the trial date of 22 June 2022, the Bucharest Court passes the objection of no stamping. Annuls the application as unstamped. Subject to appeal within 10 days of notification. The application for appeal shall be submitted to the Bucharest Court - Civil Department VI. Delivered today, 22.06.2022, with the decision being made available to the parties by the Court Registry. Document: Decision 1502/2022 22.06.2022.

- *File No 8193/3/2022 - applicant Tempos Sev (2,437,253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - *Refurbishment of 220/110kv substation Hășdat*.

At the hearing on 10 June 2022, the case is adjourned to 14.10.2022.

At the hearing on 14.10.2022, the case was adjourned to 21.10.2022. Solution: 'Pursuant to Articles 258 and 255 of the Civil

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Procedure Code, order the production of documents for both parties and order the production of evidence in the form of cross-examination of the applicant and of an accounting expert's report for the defendant. Orders that the expert's report shall have the objectives indicated by the defendant in its statement of defence, to which shall be added the additional objectives indicated by the defendant in the Note for Evidence filed at the hearing on 14.10.2022, as well as the objectives indicated by the applicant in the Notes for the Hearing filed at the same hearing. Order the applicant to produce the documents requested by the defendant in the Evidence Note of 14.10.2022. Order the applicant to submit to the file the reply to the interrogatory which was communicated with the statement of defence, under the signature of the legal representative, under penalty of application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the Court Registry." Trial date 05.05.2023.

At the trial date of 05.05.2023, the case is adjourned and a date of 15.09.2023 is set for the expert evidence.

After several postponements, at the trial date of 22.03.2024, the solution in brief: For lack of expert report, adjourns the case to **14.06.2024**.

- *File No 8442/3/2022 - applicant Tempos Sev (1,429,832)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - *Refurbishment of 220/110kv substation Hășdat*.

At the trial date of 16.09.2022, the plea of relatedness is passed. Refer the case back to the panel first seized with the case No 8193/3/2022, i.e. to the 12th panel of the Court, in order to join case No 8442/3/2022 to case No 8193/3/2022. Subject to appeal along with the merits. Delivered today, 16.09.2022, with the decision being made available to the parties by the Court Registry. Document: Final resolution (divestment) 16.09.2022.

As a result of the joinder of file No 8442/3/2022 to file No 8193/3/2022, as set out above, the matters under discussion will be dealt with in the first file (8193/3/2022).

- *File No 8440/3/2022 - applicant Tempos Sev (2,437,253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - *Refurbishment of 220/110kv substation Hășdat*.

At the hearing on 13.09.2022, the case was adjourned to 08.11.2022, in order to take the evidence ordered.

At the hearing on 08.11.2022, the case is adjourned.

The case was reinstated and a trial date of 12.09.2023 was granted.

At the trial date of 12.09.2023, the solution in brief: In order to give the defendant the opportunity to take cognisance of the documents lodged, adjourns the case until 7 November 2023.

At the trial date of 07.11.2023 in order to submit the requested clarifications, adjourn the case to 23.01.2024.

At the hearing on 23.01.2024, the court adjourned the case to 20.02.2024.

At the hearing on 20.02.2024, in order to fulfil certain obligations, the court adjourns the case to **14.05.2024**.

- *Case No 527/1285/2021 - applicant ELM Electromontaj Cluj (402,274)*

The subject matter of the file is claims - GEO 114/2018 for contract C4/6882/21.01.2019 - *Modernization of Vetis substation*.

The solution of the Cluj Tribunal: Passes the application brought by ELM ELECTROMONTAJ CLUJ S.A. against the defendant C.N.T.E.E. "TRANSELECTRICA" S.A. Obliges the defendant to conclude with the applicant an addendum to the Works Contract No. C4/6882/21.01.2019, having as object the change of the contract price as a result of the increase of the minimum gross basic wage guaranteed in payment for the construction sector, by art. 71 of GEO No. 114/2018, according to the statements of works settled from May 2020 until the completion of the works related to the contract. Orders the defendant to pay to the applicant the sum of 402,273.61 RON (exclusive of VAT), representing the difference between the costs of the labour tendered and the costs of the labour executed and accepted under Works Contract No C4/6882/21.01.2019, relating to the statements of works drawn up for the period from May 2020 to 31 May 2021, and further, in the same way, to pay the differences between the costs of the labour tendered and the costs of the labour executed and accepted until acceptance on completion of the works. Orders the defendant to pay to the applicant the sum of 13,666.70 RON in late payment penalties of 0.02%/day, calculated on the principal debt from the due date until 31.05.2021, and to pay the late payment penalties calculated thereafter until full payment of the principal debt. Orders the defendant to pay to the applicant the sum of EUR 8 436,06 in respect of costs, that is to say, the court fees. Subject to appeal within 10 days from the date of notification, the request for appeal to be submitted to the Specialized Court Cuj. Delivered by making the judgment available to the parties through the court registry today, 22.10.2021.

The company appealed. The Court dismisses the appeal brought by the appellant C.N.T.E.E. Transelectrica SA against civil judgment No 2039 delivered on 22.10.2021 in case No 527/1285/2021 of the Specialised Court of Cluj, which it preserves in its entirety. Orders the appellant to pay to the respondent the sum of 332.74 RON by way of costs on appeal. The decision is final and enforceable. Delivered on 10.10.2022 by the Court Registry on the day of delivery.

All amounts in cases involving claims for additional costs requested by the claimants and subject to works contracts will be reflected in the value of the investments if they are settled in court and invoiced by the respective partners, except for court costs and penalties set by the court.

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- *Control Court of Auditors of Romania*

As of 04 September 2023, the Court of Auditors, through Department IV, is conducting a compliance audit mission at CNTEE Transelectrica SA. The scope of the audit being:

a) contracting and procurement;

b) salaries and other rights granted to the Company's staff.

The subject of the compliance audit is *"the situation, development and management of public and private state assets, as well as the legality of the realization of revenues and expenditure for the period 2020-2022"* at CNTEE Transelectrica SA.

The audit described above has not been completed at the date of preparation of these financial statements.

There are currently pending litigations with the Court of Accounts of Romania, related to controls carried out in 2013, 2017 and 2020, detailed in the chapter Litigations.

Taking into account the findings of the Court of Auditors recorded in its Decisions following its audits of the quarterly, half-yearly and annual financial statements, we have stated that there may be the possibility of additional tax liabilities arising, but that at the present date, these cannot be determined accurately in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

20. Related parties

- i) *Transactions with subsidiaries owned by the Company*

Entity	Country of Origin	31 March 2024 % of shares	31 December 2023 % of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA *)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA **)	Romania	-	-

The net value of shares held by the Company in its subsidiaries is 78,038,750 at both 31 March 2024 and 31 December 2023.

The gross value of the Company's shareholdings in its subsidiaries is as follows:

SMART SA

The company SMART SA with registered office in B-dul Magheru, nr. 33, District 1, Bucharest and with head office at the working point in B-dul Gheorghe Șincai, nr. 3, building "Formenerg", et. 1, District 4, Bucharest, whose main activity is to carry out maintenance works for the transport-dispatching system, was established by GD no. 710/19.07.2001 on 1 November 2001.

The Extraordinary General Meeting of Shareholders of S Smart SA approved with Resolution no. 14/10.12.2014 the capital increase of S Smart SA by contribution in kind with the value of the land for which the certificate of ownership was obtained. On 30.12.2014, the Trade Register Office of the Bucharest Court of Justice has resolved the application for registration of the share capital increase of S Smart SA.

As of 25.01.2016, the National Trade Register Office has been amended regarding the shareholding structure of S Smart SA, namely the mention regarding the management of the state portfolio, an amendment required under Article 10 of GEO no. 86/2014, amended and updated.

Thus, on 31 March 2024, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 RON, fully subscribed and paid up.

TELETRANS SA

TELETRANS SA, with registered office in B-dul Hristo-Botev, nr. 16 - 18, District 3, Bucharest and with head office at the working point in Stelea Spătarul street nr. 12, District 3, Bucharest, has as main object of activity process and managerial computer

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maintenance services, specific telecommunication and information technology services in RET, telephony, data transmission and was established by AGM Resolution nr. 13/2002.

Share capital at 31 March 2024 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

The subsidiary company Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA with registered office in B-dul Energeticienilor, nr. 8, District 3, Bucharest has as its main object of activity research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urban planning, engineering and other technical services and was established by GD nr. 1065/04.09.2003.

In the Company's accounting records, at 31 March 2024, the share capital of Icemenerg SA is 1,083,450, fully subscribed and paid up.

*) On 07.04.2014, the National Trade Register Office admitted the file with registration number 121452/03.04.2014, having as object the cancellation of the subsidiary Institutul de Cercetari si Modernizari Energetice - ICEMENERG SA Bucharest. By Order no. 123/13.03.2014 (act of registration and authorization of officials), the "National Institute for Research and Development for Energy Bucharest" was registered at the Trade Register (HGR no. 925/2010). The company filed a complaint against the resolution of the ORC director ordering the registration in the trade register of the deregistration of ICEMENERG SA Bucharest.

The Bucharest Court, Civil Department VI, by Judgment no. 3569/14.07.2014, rendered in case no. 15483/3/2014, in which the Company was in contradiction with the defendants Subsidiary Institutul de Cercetări și Modernizări Energetice "Icemenerg" S.A. Bucharest and Institutul National de Cercetare-Dezvoltare pentru Energie-Icemenerg Bucharest, rejected the Company's complaint, on the grounds that HG no. 925/2010 had not been revoked by the time of its cancellation at the ORC. On 24.02.2015, the Court of Appeal communicated the decision rendered in case no. 15483/3/2014 și namely Decision no. 173/2015, by which it rejected the appeal of CNTEE Transelectrica SA as unfounded, the decision being final.

Transelectrica SA filed an appeal for annulment against the Decision no. 173/2015, issued by the Bucharest Court of Appeal, which is the subject of case no. 1088/2/2015, pending before the Bucharest Court of Appeal - Civil Department VI, with a trial date of 13.05.2015. On 13.05.2015, by Decision no. 777/2015, the Bucharest Court of Appeal rejected the appeal for annulment as unfounded, the decision being final.

In 2015, the company recorded an impairment adjustment in the amount of 1,083,450 for the shares held in the subsidiary Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA Bucharest, which was written off.

In the meetings of 28.03.2016 and 30.08.2016, AGEA did not approve the reduction of the share capital of CNTEE Transelectrica SA by the amount of 1,084,610, representing the subscribed and paid-up share capital of the Subsidiary ICEMENERG SA Bucharest, by reducing the Romanian State's shareholding in the share capital of CNTEE Transelectrica SA, in application of the provisions of GD no. 925/2010.

OPCOM SA

OPCOM SA, with registered office at 16-18 Hristo Botev Street, District 3, Bucharest, with legal personality, has as its main activity the organisation, administration and supervision of the energy market and was established by GD no. 627/2000.

The registration of the amendment of the articles of association of S OPCOM SA, based on the AGEA Decision no. 6/15.06.2016, was made at ONRC according to the Certificate of registration of entries dated 11.07.2016.

As at 31.12.2018, the share capital represented by the increase with contribution in kind of the Company in the amount of 22,587,300 is recorded in the financial statements submitted to the AGM approval by OPCOM and is presented as fully subscribed and unpaid share capital.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company Operator of the Electricity and Natural Gas Market OPCOM SA ("OPCOM SA") by the amount of 678,790 RON through a contribution in kind represented by the value of the land for which the company has obtained the Certificate of Attestation of the Right of Ownership of Land series M03 no. 12899/27.02.2014, issued by the Ministry of Economy. The contribution in kind was valued by an expert valuator appointed by ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised, as of the date of the resolution of the Extraordinary General Meeting of Shareholders, the powers of the person involved, a number of 67,879 new registered shares with a nominal value of RON 10 each.

On 20.03.2019, the National Trade Registry Office of the Court of Bucharest has resolved the application for registration of the increase in share capital of OPCOM SA.

As at 31 March 2024, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-up share capital. The

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difference in share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and IBRD funds and valued according to the Valuation Report no. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On 31 March 2024, the share capital of OPCOM SA is 31,366,090 RON, representing a number of 3,136,609 registered shares with a share value of 10 RON and a shareholding of CNTEE Transelectrica SA in profits and losses of 97.84%.

FORMENERG SA

The company FORMENERG SA, with registered office in B-dul Gh.Șincai, no. 3, District 4, Bucharest, with legal personality, has as its main object of activity the initial and continuous professional training in all fields of activity of energy personnel, as well as other beneficiaries and was established by AGA Resolution no. 33/2001.

The share capital on 31 March 2024 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the shares held by the subsidiary "Institutul de Cercetări și Modernizări Energetice - ICEMENERG" - S.A. Bucharest to the subsidiary "ICEMENERG-SERVICE" - S.A. Bucharest to Compania Națională de Transport al Energiei Electrice "Transelectrica" - S.A.

The company recorded in 2016 an impairment adjustment in the amount of 493,000 for shares held in the subsidiary ICEMENERG SERVICE SA.

The share capital on 31 March 2024 is 493,000, fully subscribed and paid up.

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

On 27.04.2021, the Special Administrator of the ICEMENERG Service Subsidiary informs that on 23.04.2021, following the auction held, the assets of ICEMENERG Service Subsidiary SA, both movable and immovable, were sold en bloc, the buyer being Portland Trust Developments Five SRL.

In the case no.18051/3/2017, according to the Insolvency Proceedings Bulletin no.9152/26.05.2022, the Bucharest Court - Civil Department 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 removing it from the Bucharest Trade Register.

The company was not notified of the judgment until 31.03.2024.

Balances with subsidiaries held by the Company are as follows:

ENTITY	Receivables	Trade*)	Payables	trade
AFFILIATE	31 March 2024	31 December 2023	31 March 2024	31 December 2023
SMART SA	388,803	505,575	18,754,533	26,136,624
TELETRANS SA	148,662	163,073	24,127,725	32,618,057
FORMENERG SA	-	-	-	-
OPCOM SA	42,458,443	137,025,151	81,606,147	170,043,524
TOTAL	42,995,908	137,693,799	124,488,405	228,798,205

*) Trade receivables are shown gross.

Transactions in Q1 2024 and Q1 2023 with the Company's subsidiaries are detailed as follows:

ENTITY	Sales		Purchasing	
AFFILIATE	1st Quarter 2024	1st Quarter 2023	1st Quarter 2024	1st Quarter 2023
SMART SA	375,013	301,201	20,802,148	17,776,916
TELETRANS SA	233,811	142,936	12,994,987	11,334,912
FORMENERG SA	-	-	-	165
OPCOM SA	174,392,643	291,348,324	781,331,610	1,221,927,462
Total	175,001,467	291,792,461	815,128,745	1,251,039,455

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Credit risk is the risk that the Company incurs a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. This risk arises mainly from trade receivables and cash and cash equivalents.

The treatment of counterparty risk is based on the Company's internal and external success factors. External success factors - which have an effect on risk reduction in a systematic way - are: decentralisation of the energy District where generation, transmission, distribution and supply are distinct activities and the interface for the customer is the supplier, trading of electricity on the Romanian market in two market segments: the regulated market and the competitive market. Internal success factors in dealing with counterparty risk include: diversification of the customer portfolio and diversification of the number of services offered in the electricity market.

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The company has put in place a number of policies to ensure that services are sold to customers with appropriate collection by including in commercial contracts an obligation to provide financial guarantees. The amount of receivables, net of impairment adjustments, represents the maximum amount exposed to collection risk.

Maximum exposure to collection risk at reporting date:

	31 March 2024	31 December 2023
Financial assets		
Net trade receivables	1,700,385,931	1,620,132,453
Other net receivables and advances to suppliers	166,301,563	280,338,797
VAT to be recovered	267,018,870	215,086,522
Cash and cash equivalents	462,776,840	519,358,908
Other financial assets	-	-
Total	2,596,483,204	2,634,916,680

The ageing of **receivables** at the date of the statement of financial position is shown below:

	Gross value	Impairment adjustment	Gross value	Impairment adjustment
	31 March 2024	31 March 2024	31 December 2023	31 December 2023
Not yet due	1,611,978,157	-	1,531,342,224	330,772
Expiry date between 1 - 30 days	1,542,834	-	(329,026)	-
Expiry date between 31 - 90 days	(1,400,653)	-	169,704	-
Expiry date between 90 - 180 days	(757,558)	1,388	200,418	15,266
Expiry date between 180 - 270 days	(4,719)	12,559	30,019,270	30,014,000
Expiry date between 270 - 365 days	29,983,623	29,987,425	206,356	17,254
More than one year	182,534,946	93,489,327	184,044,637	95,143,838
Total	1,823,876,630	123,490,699	1,745,653,583	125,521,130

The ageing of **other receivables** at the date of the statement of financial position is shown below:

	Gross value	Impairment adjustment	Gross value	Impairment adjustment
	31 March 2024	31 March 2024	31 December 2023	31 December 2023
Not yet due	405,059,978	468,495	468,005,322	1,841,664
Expiry date between 1 - 30 days	2,652,755	2,465,404	11,004,350	-
Expiry date between 31 - 90 days	1,949,214	1,350,071	16,352,177	347,123
Expiry date between 90 - 180 days	24,937,780	23,684,343	481,065	15,824
Expiry date between 180 - 270 days	2,178,451	15,824	142,180	34,948
Expiry date between 270 - 365 days	68,400	52,244	372,881	1,770,073
More than one year	82,838,999	58,328,763	83,523,474	80,446,498
Total	519,685,577	86,365,144	579,881,449	84,456,130

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Transelectrica's policy is to record 100% impairment adjustments for loss of value for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables outstanding for more than 180 days, excluding overdue receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables.

The highest impairment adjustments at 31 March 2024, calculated for trade receivables and related penalties, were recorded for Romelectro SA (40,392,346), JAO (29,974,217), CET Govora (24.645.019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners (8,395,132), OPCOM (8,150,436).

The Company has taken the following measures to recover the impairment-adjusted receivables: legal action, registration of the receivables, etc.

The evolution of **doubtful debt impairment adjustments** is presented as follows:

	31 March 2024	31 December 2023
Balance as of 1 January	125,521,130	132,837,163
Recognition of impairment adjustments	-	31,664,485
Reversal of impairment adjustments	2,030,431	38,980,518
Balance at end of period	123,490,699	125,521,130

The evolution of **impairment adjustments for other doubtful receivables** is presented as follows:

	31 March 2024	31 December 2023
Balance as of 1 January	84,456,130	76,330,845
Recognition of impairment adjustments	2,939,418	25,239,079
Reversal of impairment adjustments	1,030,404	17,113,794
Balance at end of period	86,365,144	84,456,130

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The company has put in place a number of policies to ensure that services are sold to customers with appropriate collection by including in commercial contracts an obligation to provide financial guarantees. The amount of receivables, net of impairment adjustments, represents the maximum amount exposed to collection risk. The collection risk related to these receivables is limited as these amounts are mainly due from state-owned companies.

The cash is placed in financial institutions, which are considered to have minimal risk.

22. Subsequent events

- **Completion of essential investment for the consolidation and security of the national energy infrastructure in the Dobrogea region**

April 5, 2024 marked the successful completion of an investment of approximately 92 million RON to strengthen energy security in the Dobrogea region, the development of the electricity transmission grid and the national energy system, through the construction of two new 400 kV double-circuit connections, with a total length of 55 kilometers, in the 400 kV Medgidia South Electricity Transformer substation, which thus becomes the third important energy node for the evacuation of energy in Dobrogea.

This work made it possible to commission four 400 kV overhead power lines respectively:

- 400 kV Medgidia South - Varna (Bulgaria) interconnection line,
- 400 kV Medgidia South - Dobrudja (Bulgaria) interconnection line,
- LEA 400 kV Medgidia Sud - Stupina and
- 400 kV Medgidia Sud - Rahman LEA, thus transforming Medgidia Sud substation into an interconnection with the Bulgarian power system.

These four lines resulted from the severing of the former interconnection lines with Bulgaria: 400 kV Stupina - Varna and 400 kV

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Rahman - Dobrudja LEA respectively.

The execution works were carried out by Electromontaj SA (joint venture leader), ELM Electromontaj Cluj SA and EMFOR Montaj SA as subcontractor, and the implementation of the project in the IT systems was carried out with the support of Teletrans SA specialists, a subsidiary of Transelectrica, which ensured the modelling and integration of the new lines in the EMS - SCADA system, as well as the communications and data exchanges with the Transmission and System Operator in Bulgaria.

The realisation of this investment project has a significant impact for the Dobrogea area and a particular importance for the Cernavodă Nuclear Power Plant (CNE Cernavodă), making the 400 kV Medgidia South substation a particularly important energy hub in this region.

As a result of the implementation of this investment, the distribution of power flows on the lines in the Dobrogea area and on the connections with the rest of the system, including Bulgaria, the Republic of Moldova and Serbia, will become more efficient.

Thus, a significant benefit of this work is the reduction of active power losses on 400 kV overhead power lines by about 10 MW, under conditions of high electricity generation in wind power plants. At the same time, cross-border capacity on the Bulgarian border will be increased by 200 MW to 300 MW for export and about 100 MW for import.

- **Contract financed by the NRDP worth €56.2 million**

Further to the information disseminated in the current report sent through the capital market institutions on 11 December 2023, the Company informed the investing public that on 9 April 2024 it signed with the General Secretariat of the Government, as reform and/or investment coordinator for the National Recovery and Resilience Plan (NRRP), the financing contract for the implementation of the investment "Efficiency, modernisation and digitalisation of the national electricity transmission network", financed by the REPowerEU component of the NRRP in the amount of €56.2 million.

This contract will finance three key investment projects to improve the efficiency and modernization of the electricity transmission network, two of which are for the subsidiaries SMART SA and Teletrans SA.

The investment aims to install photovoltaic power plants and storage facilities in 29 power stations, to upgrade the SMART SA subsidiary and to optimise the communications network managed by the Teletrans subsidiary and to create a data centre.

We remind that the implementation of these projects will significantly contribute to the consolidation of Romania's electricity transmission grid.

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

- **Completion of the Ordinary General Meeting of Shareholders notice of 29 (30) April 2024**

The Board of Directors of the Company, in view of the request of the shareholder Romanian State represented by the General Secretariat of the Government, completes on April 12, the agenda of the Ordinary General Meeting of Shareholders to be held on April 29, 2024 with the following items:

- Ratification by the General Meeting of Shareholders of the Decisions of the Supervisory Board for the appointment of provisional members to the Management Board No. 26/25.06.2021, No. 49/22.12.2021, No. 50/22.12.2021, No. 51/22.12.2021, No 52/22.12.2021, No 53/22.12.2021, No 13/23.03.2022, No 18/21.06.2022, No 43/14.10.2022, No 53/19.12.2022, No 15/19.04.2023, No 24/20.06.2023, No 39/24.10.2023 and No 11/21.03.2024;
- Establishment of the general limits of the remuneration and other benefits to be granted by Transelectrica to the provisional members of the Management Board, including the fixed indemnity and other benefits granted to them.

- **Inauguration of the overhead 400kV Portes de Fier-Anina-Reșița power line**

On 16 April 2024, in the presence of government and local officials, the Company inaugurated the 400 kV Porțile de Fier - (Anina) - Reșița Overhead Power Line in a ceremony at the Porțile de Fier Transformer substation.

In conjunction with the construction of the new 400 kV Reșița substation, the 400 kV Porțile de Fier - (Anina) - Reșița LEA will contribute to the consolidation of the energy District in the Banat region and will facilitate the increase of the interconnection capacity with the ENTSO-E grid by 600 MW, to the benefit of the users connected to the grid.

- **Ordinary General Meeting of Shareholders Resolution No 3 of 29 April 2024**

The Ordinary General Meeting of Shareholders of the Company held on 29 April 2024 approved:

- The Company's separate financial statements for the fiscal year 2023;
- The Company's consolidated financial statements for the fiscal year 2023;
- Allocation of the accounting profit remaining after deduction of corporate tax as at 31.12.2023 in the amount of 213,611,306 RON;

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-
- Distribution of gross dividend per share from the retained earnings in the balance as at 31.12.2023, in the amount of 0.28 RON;
 - Creation of reserves related to the income from the allocation of transmission capacity on interconnection lines by distribution from the retained earnings representing the surplus realized from non-taxable revaluation reserves at the change of destination in the amount of 124,558,966 RON;
 - Discharge of the members of the Board of Directors and the members of the Supervisory Board for the financial year 2023;
 - Remuneration report for the financial year 2023;
 - Remuneration policy for executive and non-executive directors of the Company revised to March 2024;
 - ratification of the Decisions of the Supervisory Board for designation of provisional members in the Board of Directors no. 26/25.06.2021, nr. 49/22.12.2021, nr. 50/22.12.2021, nr. 51/22.12.2021, nr. 52/22.12.2021, No. 53/22.12.2021, No. 13/23.03.2022, No. 18/21.06.2022, No. 43/14.10.2022, No. 53/19.12.2022, No. 15/19.04.2023, No. 24/20.06.2023, No. 39/24.10.2023 and No. 11/21.03.2024;
 - setting the general limits of the remuneration and other benefits to be granted by Transelectrica S.A. to the provisional members of the Board of Directors, including the fixed indemnity and other benefits granted to them;
 - setting June 6, 2024 as the "ex date", the calendar date from which the Company's shares subject to the resolution of the Ordinary General Meeting of Shareholders shall be traded without the rights deriving from that resolution;
 - setting the date of 7 June 2024 as the date of registration of the shareholders on whom the effects of the Resolution of the Ordinary General Meeting of Shareholders will be passed;
 - setting 27 June 2024 as the "payment date" for dividends distributed out of retained earnings existing in the balance at 31.12.2023.