

CNTEE Transelectrica SA
A dual-tier company



Simplified Interim Separate Financial Statements
on the date and for the six-month period ending on
30 June 2024

Drafted in accordance with
International Accounting Standard 34 - Interim Financial Reporting

CNTEE Transelectrica SA

Simplified separate statement of financial position as at 30 June 2024

(All amounts are in RON unless otherwise indicated)

	Note	30 June 2024	31 December 2023
Assets			
Fixed assets			
Tangible fixed assets		5,490,406,344	5,415,750,112
Fixed assets related to rights of use of leased assets - buildings		9,940,299	13,916,419
Intangible fixed assets		288,013,272	282,231,988
Financial fixed assets		85,767,355	85,767,355
Total fixed assets	4	5,874,127,270	5,797,665,874
Current assets			
Stocks		54,315,442	51,084,833
Trade and other receivables	5	3,389,844,079	2,115,557,772
Recoverable corporate tax		3,917,906	-
Other financial assets		-	-
Cash and cash equivalents	6	527,104,454	519,358,908
Total current assets		3,975,181,881	2,686,001,513
Total assets		9,849,309,151	8,483,667,387
Equity and debt			
Equity			
Share capital, of which:		733,031,420	733,031,420
- <i>Subscribed share capital</i>		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		1,572,768,291	1,634,711,533
Other reserves		238,770,667	195,710,506
Retained earnings		2,735,323,309	2,430,243,814
Total equity	7	5,476,342,523	5,190,146,109
Long-term debts			
Long-term deferred income	8	525,369,305	519,083,803
Loans	9	19,922,580	31,906,178
Other loans and similar liabilities - Leasing of buildings - long-term	10	2,182,520	6,481,491
Deferred tax liabilities		287,670,685	285,138,157
Employee benefit obligations		75,277,117	75,277,117
Total long-term liabilities		910,422,207	917,886,746
Current liabilities			
Trade and other payables	10	3,331,287,343	2,242,193,328
Other loans and similar liabilities - Leasing of buildings - short-term	10	8,730,079	8,641,987
Other taxes and social security contributions	11	16,272,481	18,507,735
Loans	9	24,416,778	24,528,217
Provisions	10	61,246,104	65,205,991
Short-term deferred income	8	20,591,636	16,137,336
Corporate tax payable		-	419,938
Total current liabilities		3,462,544,421	2,375,634,532
Total payables		4,372,966,628	3,293,521,278
Total equity and debt		9,849,309,151	8,483,667,387

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

CNTEE Transelectrica SA

Separate profit and loss account for the six-month period ended 30 June 2024

(All amounts are in RON unless otherwise indicated)

	Note	01 April - 30 June 2024	01 April - 30 June 2023	01 January - 30 June 2024	01 January - 30 June 2023
Revenue					
Transport service revenue		482,677,913	472,107,034	985,278,041	959,056,770
Income from system services		184,895,944	92,105,925	311,694,891	192,750,785
Balancing market income		1,896,721,756	509,697,264	3,229,089,384	1,017,616,030
Other revenue		132,679,828	18,033,948	159,126,942	30,316,419
Total revenue	13	2,696,975,441	1,091,944,171	4,685,189,258	2,199,740,004
Operating expenses					
Expenses for operating the system	14	(186,451,651)	(135,571,015)	(355,200,809)	(307,070,318)
Balancing market expenses	14	(1,896,938,639)	(509,286,041)	(3,229,285,561)	(1,017,157,046)
Expenses for system services	14	(195,586,467)	(121,088,490)	(300,957,046)	(230,734,632)
Amortisation	15	(86,616,097)	(84,895,430)	(171,642,879)	(167,075,991)
Staff expenditure	16	(99,996,785)	(83,481,084)	(187,493,102)	(158,011,004)
Repairs and maintenance		(28,127,632)	(25,326,524)	(51,876,416)	(44,008,953)
Materials and consumables		(1,658,080)	(1,814,493)	(3,191,807)	(3,615,051)
Other operating expenses	17	(61,657,685)	(48,890,062)	(118,343,254)	(94,829,457)
Total operating expenses		(2,557,033,036)	(1,010,353,139)	(4,417,990,874)	(2,022,502,452)
Operating profit		139,942,405	81,591,032	267,198,384	177,237,552
Financial income		17,552,775	9,561,801	19,734,482	26,453,907
Financial expenses		(1,277,023)	(8,928,015)	(3,540,000)	(24,434,114)
Net financial result	18	16,275,752	633,786	16,194,482	2,019,793
Profit before corporate tax		156,218,157	82,224,818	283,392,866	179,257,345
Corporate income tax	12	4,064,760	(894,967)	(19,731,722)	(17,667,166)
Profit for the year		160,282,917	81,329,851	263,661,144	161,590,179

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

CNTEE Transelectrica SA

Separate profit and loss account for the six-month period ended 30 June 2024

(All amounts are in RON unless otherwise indicated)

	<u>Note</u>	<u>01 April - 30 June 2024</u>	<u>01 April - 30 June 2023</u>	<u>01 January - 30 June 2024</u>	<u>01 January - 30 June 2023</u>
Profit for the year		160,282,917	81,329,851	263,661,144	161,590,179
Other comprehensive income		-	-	-	-
Total comprehensive income		160,282,917	81,329,851	263,661,144	161,590,179

The condensed interim condensed separate financial statements presented were signed by the Company's management on **05 August 2024**.

MANAGING BOARD,

Chairman
Stefan MUNTEANU

Member
Florin-Cristian TĂȚARU

Member
Cătălin-Constantin NADOLU

Member
Bogdan TONCESCU

Economic and Financial Director
Ana-Iuliana DINU

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

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

CNTEE Transelectrica SA

Separate statement of changes in equity as at 30 June 2024

(All amounts are in RON, unless otherwise indicated)

	Share capital	Share premiums	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
Debt on deferred tax on related to revaluation reserves	-	-	-	(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 period	-	-	-	931,478,749	-	72,291,273	1,003,770,022
Total comprehensive income for the period	-	-	-	931,478,749	-	285,902,579	1,217,381,328
Other items							
Increasing the legal reserve	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(92,953)	(92,953)
Total other items	-	-	-	-	-	(92,953)	(92,953)
Contributions from and distributions to shareholders							
Derecognition of fixed assets in the nature of public assets	-	-	-	-	-	-	-
Grants related to fixed assets belonging to the public domain	-	-	-	-	156,400,114	-	156,400,114
Dividend distribution	-	-	-	-	-	(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 period							
Profit for the year	-	-	-	-	-	263,661,144	263,661,144
Other comprehensive income, of which							
Recognition of actuarial gain/loss on defined benefit plan	-	-	-	-	-	-	-
Surplus on revaluation of tangible fixed assets.	-	-	-	-	-	-	-
Debt on deferred tax on related to revaluation reserves	-	-	-	-	-	-	-
Transfer of revaluation reserves to retained earnings	-	-	-	(61,943,242)	-	61,943,242	-
Total other comprehensive income	-	-	-	(61,943,242)	-	61,943,242	-
Total comprehensive income for the period	-	-	-	(61,943,242)	-	325,604,386	263,661,144
Other items							
Increasing the legal reserve	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(11)	(11)
Total other items	-	-	-	-	-	(11)	(11)
Contributions from and distributions to shareholders							
Derecognition of fixed assets in the nature of public assets	-	-	-	-	-	-	-
Grants related to fixed assets belonging to the public domain	-	-	-	-	43,060,161	-	43,060,161
Dividend distribution	-	-	-	-	-	(20,524,880)	(20,524,880)
Total contributions from and distributions to shareholders	-	-	-	-	43,060,161	(20,524,880)	22,535,281
Balance at 30 June 2024	733,031,420	49,842,552	146,606,284	1,572,768,291	238,770,667	2,735,323,309	5,476,342,523

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

CNTEE Transelectrica SA

Separate cash flow statement as at 30 June 2024

(All amounts are in RON unless otherwise indicated)

	6-month period ended at 30 June 2024	6-month period ended at 30 June 2023
Cash flows from operating activities		
Profit for the period	263,661,144	161,590,179
Adjustments for:		
Income tax expense	19,731,722	17,667,166
Amortisation expenses (including additional CPT)	171,642,879	167,075,991
Income from the production of intangible fixed assets (including additional CPT)	(23,866,156)	-
Expenses related to adjustments for impairment of trade receivables	15,079	948,275
Reversal of adjustments for impairment of trade receivables	(2,056,083)	(938,341)
Losses on sundry receivables and debtors	2,917,956	3,187
Net income/expenses with impairment adjustments on sundry debtors	1,610,114	(89,032)
Net income/expense on inventory impairment adjustments	779,843	(826,110)
Net profit/loss on sale of tangible fixed assets	4,382,543	(964,832)
Net expenditure on value adjustments in respect of tangible fixed assets	-	(1,627,393)
Net income on provisions for risks and charges	(4,256,249)	(4,168,559)
Interest expense, interest income and unrealised exchange rate gains from exchange rate differences	(16,714,205)	(1,282,398)
Cash flows before changes in working capital	417,848,587	337,388,133
Changes in:		
Customers and similar accounts - energy and other activities	(473,832,813)	1,494,492,886
Customers - balancing	(786,614,532)	239,864,921
Customers - cogeneration	(16,319,431)	28,470,987
Stocks	(4,010,452)	(9,425,308)
Trade and other accounts payable - energy and other activities	249,097,914	(1,439,645,291)
Debts - balancing	979,603,309	(281,957,294)
Debts - cogeneration	(111,539,978)	(8,470,859)
Other taxes and social security contributions	(2,235,254)	(510,040)
Deferred income	51,088,442	41,589,321
Cash flows from operating activities	303,085,792	401,797,456
Interest paid	(1,227,454)	(1,849,328)
Income tax paid	(20,970,475)	(20,962,733)
Net cash generated from operating activities	280,887,863	378,985,395
Cash flows from investing activities		
Purchases of tangible and intangible fixed assets	(256,214,304)	(186,350,778)
Exit from shareholding SELENE CC Societe Anonyme	-	242,140
Proceeds from EC grant funding	2,711,521	55,750,304
Interest received	3,431,751	2,411,463
Dividends received	14,649,757	1,203,983
Proceeds from the sale of tangible fixed assets	-	1,771,600
Net cash used in investment activity	(235,421,275)	(124,971,288)
Cash flows used in financing activities		
Repayments of long-term loans	(11,980,707)	(11,897,097)
Repayments of short-term loans	-	(67,617,751)
Building lease payments	(5,327,832)	(5,275,014)
Dividends paid	(20,412,502)	(12,962)
Net cash used in financing activities	(37,721,041)	(84,802,824)
Net increase/(decrease) in cash and cash equivalents	7,745,546	169,211,283
Cash and cash equivalents at 1 January	519,358,908	315,146,396
Cash and cash equivalents at the end of the period	527,104,454	484,357,679

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

1. General Information

The main activity of CNTEE Transelectrica SA ("the Company") consists in: provision of electricity transmission and system service, balancing market operator, administrator of the bonus support scheme, other related activities. These activities are carried out in accordance with the provisions of the operating licence no. 161/2000 issued by ANRE, updated by ANRE Decision no. 1413/10.07.2024, the General Conditions associated with the licence 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 registered office address is: 2-4 Olteni Street, Bucharest, District 3. Currently, the Company's executive activity is carried out at the registered office in Olteni Street 2-4, District 3, Bucharest.

The separate interim financial statements as at 30 June 2024 are unaudited.

2. Fundamentals**a) Declaration of compliance**

These simplified separate 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 material to an understanding of the changes in the Company's financial position and performance since the last separate annual financial statements as at and for the year ended 31 December 2023.

b) Professional judgements and estimates

The significant judgements 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 31 December 2023.

3. Significant accounting policies

The accounting policies applied in these simplified separate interim financial statements are the same as those applied in the Company's separate financial statements for the year ended 31 December 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 30 June 2024 compared to 31 December 2023 was due to the increase in the value of property, plant and equipment in progress concurrent with the recognition of depreciation on property, plant and equipment.

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

- Connecting Overhead Power Line 400 kV Isaccea - Varna and Overhead Power Line 400 kV Isaccea - Dobrudja to 400 kV Medgidia Sud substation, Stage I - Expansion of 400 kV Medgidia Sud substation – 92,724,996;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) – Reșița – 42,592,201;
- Connection of Overhead Power Line 400 kV Isaccea - Varna and Overhead Power Line 400 kV Isaccea - Dobrudja to the 400 kV Medgidia Sud substation, Stage II - Overhead Power Line 400 kV d.c. Connections to Medgidia South substation – 28,732,055;
- Overhead Power Line 400 kV d.c. Gutinaș - Smârdan – 19,664,287;
- Isaccea 400 kV Substation Upgrading - Stage II – 14,768,775;
- Baru Mare 220/110/20 kV substation upgrading – 13,821,228;
- Increasing the operational reliability of the Argeș - Vâlcea network area, realisation of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV 400/220 kV – 12,434,026;

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Notes to the separate interim financial statements as at 30 June 2024

(All amounts are in RON unless otherwise indicated)

- Substation 400 kV Stâlpu – 10,468,206;
- Increasing the transmission capacity of the 220 kV Stejaru - Gheorgheni - Fântânele – 10,064,803;
- Upgrading of the 400/110 kV Pelicanu transformer substation – 9,844,806;
- Metering and data management system for electricity metering on the wholesale market - 8.878.538;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitesti Express Road, section 4 – 7,693,736;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) - Resita – 6,978,534;
- Refurbishment of 220/110 kV Filești substation – 6,095,443;
- Relocation/protection of high voltage networks Overhead Power Line 400 kV s.c. Mintia - Arad for the rehabilitation of the railway line CF Frontieră - Curtici - Simeria, part of the Pan European Corridor IV for the circulation of trains with maximum speed of 160 km/h – 4,073,926;
- Implementation of new functions and software modifications in the EMS - SCADA computer system to implement European and national legislative requirements – 3,260,901;
- Upgrade to 400 kV of the 220 kV Brazi Vest - Teleajen - Stâlpu 220 kV substation, including purchase of 400MVA 400/220/20 kV HV 400/220/20 kV, extension works of the 400 kV and 220 kV substations, in the 400/220/110kV Brazi Vest substation – 2,194,169;
- Relocation/protection of high voltage networks 220 - Overhead Power Line 220 kV d.c. Reșița - Timișoara, the 220 kV Timișoara - Arad/Timișoara - Săcălaz and the 220 kV d.c. Mintia - Timișoara at the intersection with the Timișoara South Bypass – 1,822,000;
- Installation of two modern means of reactive power compensation at 400/220/110/20kV Sibiu Sud and 400/220/110/20kV Bradu stations – 1,534,666.

In the first half of 2024, the largest **transfers from property, plant and equipment in progress to property, plant and equipment**, totalling **359,593,067 RON**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) - Resita - 158.093.445;
- Baru Mare 220/110/20 kV substation upgrading - 73.813.126;
- Arefu 220/110/20 kV substation modernisation - 31.006.732;
- Upgrading of the 400/110 kV Pelicanu substation - 17.209.963;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitesti Express Road, section 4 - 16.938.698;
- Relocation of the 220 kV and 400kV networks for the construction of the Brăila- Galați express road - 10.148.828;
- Deviation of the 220 kV Overhead Power Line Ampoi- Alba Iulia area - 7.742.292;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA substations - 7.473.238;
- 110 kV, 220 kV and 400 kV mobile cells - 6,273,469;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut substation and modernisation of the control command system of 400/220/110/6 kV Iernut substation - 6.142.044;
- Relocation/protection of high voltage networks Overhead Power Line 400 kV s.c. Mintia - Arad for the rehabilitation of the railway line CF Frontiera - Curtici - Simeria, part of the Pan European Corridor IV for the circulation of trains with maximum speed of 160 km/h - 5.717.710;
- Installation of an embedded fibre optic protective conductor on the 400kV Roșiori - Mukacevo - 5.208.270;
- Metering and data management system for electricity metering on the wholesale market - 4.010.849;
- Upgrade of the 400 kV Bucharest South - Gura Ialomiței in light of reducing galloping effects - 2.635.566;
- Relocation/protection of high voltage networks 220 - Overhead Power Line 220 kV d.c. Reșița - Timișoara, the 220 kV Timișoara - Arad/Timișoara - Săcălaz and the 220 kV d.c. Mintia - Timișoara at the intersection with the Timișoara South Bypass - 2.486.367;
- AT and Transformer replacement in electrical substations - Stage 2, phase 2 - LOT 1 - LOT 2 - 2.053.357;
- CEF Izvoru Bărzii - Galic Sud, Halânga - 789.760;

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Notes to the separate interim financial statements as at 30 June 2024

(All amounts are in RON unless otherwise indicated)

- Video wall for CTSI control room - 294.099;
- Soundproofing system in UNO-DEN - 286.284;
- Air conditioners - 174.446;
- Execution of works in Tulcea Vest substation caused by the modification of Overhead Power Line 110 Tulcea Vest - Marmura by replacing the connection in the derivation of the production site CEE Sălbatica1 - 137.497;
- Batteries for power supply system at ST Bacău headquarters - 106.085.

The balance of **property, plant and equipment in progress** at 30 June 2024, in the amount of **RON 846,341,787**, is represented by projects in progress, the most significant of which are listed below:

- Overhead Power Line 400 kV d.c. Gutinaș - Smârdan - 236.373.874;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) – Reșița – 117.641.009;
- Connection of Overhead Power Line 400 kV Isaccea - Varna and Overhead Power Line 400 kV Isaccea - Dobruja to the 400 kV Medgidia Sud substation Stage II - Overhead Power Line 400 kV d.c. Connections to Medgidia South substation - 96.746.219;
- Refurbishment of 220/110 kV Filești substation - 49.657.436;
- Connection to the RET of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 through the new (400)/220/110 kV substation Banca - 46.884.983;
- Increasing the transmission capacity of the 220 kV Stejaru - Gheorgheni - Fântănele - 42.657.593;
- Upgrading of the 400/110/20 kV Smârdan substation - 32.145.671;
- Isaccea 400 kV Substation Upgrading - Stage II - 21.344.261;
- Metering and data management system for electricity metering on the wholesale market - 20.136.237;
- Refurbishment of 110 kV Medgidia Sud substation - 13.763.833;
- Extension of the 400 kV Gura Ialomiței substation with two cells: 400 kV Cernavodă 2 and 3 - 12.570.636;
- Refurbishment of 110 kV Timișoara 110 kV substation and 400 kV voltage upgrade of the Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis, phase II: 400 kV substation Timisoara - 8.904.600;
- 400 kV overhead power line Gădălin - Suceava, including interconnection to SEN (H.CA no. 7 / 08.07.2010) - 8.524.388;
- 220 kV overhead power line double circuit Ostrovu Mare - RET Stage I + Stage II (H.CA nr.17/2007) - 4.993.117;
- Site clearance and realisation of coexistence conditions between the objective "Suspension bridge over the Danube in the Brăila area" belonging to CNAIR SA and the electrical networks managed by CNTEE Transelectrica SA - 4.911.246;
- Integrated security system at substations, stage IV - 4.816.604;
- Upgrade of the 110 kV and 400 (220 kV) installations in Focșani Vest substation - 4.512.921;
- 400 kV Suceava - Balti power line, for the project portion on Romanian territory - 4.439.120;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Reșița - Timișoara - Săcălaz - 3.489.984;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA substations - 3.317.543;
- Implementation of new functions and software modifications in the EMS - SCADA computer system to implement European and national legislative requirements - 3.291.777;
- Expansion with new functionalities of the computerised access control and recording system in CNTEE Transelectrica SA objectives - 3.200.918;
- 110 kV, 220 kV and 400 kV mobile cells - 3,016,230;
- Upgrade to 400 kV of the 220 kV Brazi Vest - Teleajen - Stâlpu 220 kV substation, including purchase of 400MVA 400/220/20 kV HV 400/220/20 kV, extension works of the 400kV and 220kV substations, in the 400/220/110kV Brazi Vest substation - 2.914.424;
- Connection to the RET of CEE 136 MW Platonești, county of Ialomița, through the realisation of a 110 kV cell in the 400/110 kV Gura Ialomița 400/110 kV Gura Ialomița substation - 2.889.337;
- Integrated security system at substations, stage III (H.CA no. 2/2008) - 2.798.024;
- Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia 220/110/20 kV substation into a digital substation - 2.624.978;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) - Resita - 2.624.889;
- 110 kV Cetate 1 and 2 in the neighbourhood of 110/20/6 kV Ostrovul Mare substation - 2.578.438;

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- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi County, by realising a 110 kV line cell in the 220/110 kV FAI - 2.545.853 substation;
- Installation of two modern means of reactive power compensation in 400/220/110/20kV Sibiu Sud and 400/220/110/20 kV Bradu stations - 2.309.757;
- Connection of the production site CEF Satu Mare 1 (65,018 MW), located in Satu Mare, Satu Mare municipality, Satu Mare County, to the public electricity installations managed by CNTEE Transelectrica SA, in the 220/110/20 kV Vetiș substation - 2.001.574.

b) Intangible fixed assets

Intangible assets in course of construction

The balance of **intangible assets in progress** as at 30 June 2024, in the amount of **27,537,867 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 – 16,258,023;
- Replacement of hardware components, upgrading 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;
- Off-line programme for individual network modelling, steady state calculation, cross-border capacity calculation, CGMES format conversion module (cf. ENTSO-E requirements), in order to programme and operate the SEN on various time horizons – 1,117,500.

There were no transfers from intangible assets in progress to intangible assets in H1 2024.

Intangible fixed assets - additional CPT

As from 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 of electricity purchase made in the period 1 January 2022 - 31 March 2025, in order to cover own technological consumption and technological consumption, respectively, compared to the costs included in the regulated rates, 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 approved by the National Energy Regulatory Authority, applicable over the amortisation period of those costs and are recognised as a separate component.

The Company recognised additional CPT revenue calculated as the difference between the net CPT acquisition cost and the CPT cost recognised in the regulatory tariff in the amount of:

- 338,526,677 - for the year 2022,
- 13,735,364 - for the year 2023,
- 23,866,156 - for the first half of 2024.

At 30 June 2024, depreciation amounting to 117,621,721 is calculated on these capitalisations. Thus, the carrying amount of the intangible asset resulting from the capitalisation of the additional CPT is 258,506,476.

It should be noted that this income is non-monetary in nature, its collection to be carried out by the Company in instalments through the transport rates over the next five years from the date of capitalisation (2024-2028) in accordance with the relevant legislative provisions.

c) Financial fixed assets

The balance of financial fixed assets as at 30 June 2024 and 31 December 2023, amounting to 85,767,355, mainly consists of:

- the net value of shares held by the Company (81,503,833);
- of guarantees for the temporary occupation of land, calculated and retained in accordance with Art. 39 para. (1), para. (2) and para. (5) of Law no. 46/2008 on the Forestry Code, for the realisation of the investment objective Overhead Power Line 400 kV Reșița - Pancevo (Serbia) in the amount of 4.199.505.

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*(All amounts are in RON unless otherwise indicated)***d) Fixed assets related to the right of use of leased assets - buildings**

Fixed assets related to the rights of use of leased assets - buildings represent the right of use of the premises leased by the Company in the Platinum office building, in accordance with IFRS 16 - Leases.

Contract No. C232 entered into force on 01.10.2020, valid for a period of 5 years, has a value of 9.000.000 euro (excluding VAT).

As at 30 June 2024, the carrying amount of the right to use the premises leased by the Company in the Platinum office building amounts to RON 9,940,299.

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

5. Trade and other receivables

As at 30 June 2024 and 31 December 2023, trade and other receivables are as follows:

	30 June 2024	31 December 2023
Trade receivables	2,682,154,436	1,745,653,583
Other receivables	389,106,884	213,174,870
Advances to suppliers	324,958,369	151,620,057
VAT recoverable	202,901,276	215,086,522
Impairment adjustments for doubtful trade receivables	(123,480,126)	(125,521,130)
Impairment adjustments for other doubtful receivables	(85,796,760)	(84,456,130)
Total trade and other receivables	3,389,844,079	2,115,557,772

The structure of trade receivables is as follows:

	30 June 2024	31 December 2023
Customers on the electricity market, of which:	2,679,085,278	1,742,443,716
- customers - operational activity	1,138,242,183	1,004,534,583
- customers - balancing market	1,380,683,833	594,069,301
- customers - bonus support scheme to promote high efficiency cogeneration	160,159,262	143,839,832
Customers from other activities	3,069,158	3,209,867
Total trade receivables	2,682,154,436	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 ANRE President Decision no. 1413/10.07.2024, for the provision of the electricity transmission service, the provision of the system service and the management of the balancing market.

As at 30 June 2024, the customers outstanding from operating activities show an increase compared to 31 December 2023 mainly due to the increase in energy consumption in the first half of 2024 compared to the second half of 2023.

The increase in the volume of balancing market transactions in H1 2024 compared to H2 2024 also led to an increase in the balance of customers in contracts concluded for this type of activity.

The main customers in total trade receivables are represented by: Ciga Energy SA, Cinta Energy SA, Electrica Furnizare SA, IBEX, OPCOM, Hidroelectrica, MAVIR, RAAN, Engie Romania SA, Complexul Energetic Oltenia SA. Their share is 74.16% of total trade receivables.

- 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 with subsequent additions and amendments, *"the main tasks being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses"*.

As at 30 June 2024, the Company has receivables receivable from the bonus support scheme for the promotion of high efficiency cogeneration of approximately 6% (8% as at 31 December 2023) of total trade receivables.

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The customers in the bonus support scheme for the promotion of high-efficiency cogeneration are showing an increase in receivables at 30 June 2024 mainly due to the increase in the invoiced amount for the collection of the monthly contribution.

As at 30 June 2024, the Company has receivables receivable amounting to 160,159,262, 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;
- uncollected contribution for cogeneration from the suppliers of electricity consumers, in the amount of 20,574,482, 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 - 577,337 and others.

Up to the date of this financial report, the Company has collected all receivables related to the overcompensation of the activity related to the support scheme for the year 2023 (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 of 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 the claims arising from overcompensation and undue bonus from previous years, the Company has requested the producers qualified in the support scheme to make reciprocal compensations. For the producers (RAAN, CET Govora) that did not agree with this method of settlement of mutual claims and debts, the Company has applied and continues to apply the provisions of Art. 17 para. 5 of ANRE President's Order no. 116/2013 for the approval of the Regulation on establishing the manner of collecting the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration: *"where the producer has not paid the support scheme administrator in full the resulting payment obligations in accordance with the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of those amounts on the payment document"* and withheld from the payment the amounts of the support scheme due.

• The Court of Mehedinți - Second Civil, Administrative and Tax Litigation Section was registered case no. 9089/101/2013/a140, concerning "claims for the amount of 86,513,431", in which the Company is the plaintiff, the defendant being **Regia Autonomă pentru Activități Nucleare - RAAN**.

By the application brought by Transelectrica SA, Transelectrica SA sought an order that the defendant RAAN pay the sum of EUR 86 513 431 431.

On 19.05.2016, the Tribunal Mehedinți - Second Civil, Administrative and Tax Litigation Section delivered a judgment, by which it ordered the following: "On the basis of art. 413 p. 1 Civil procedure code The case is stayed pending the outcome of case no 3014/2/2014 pending before the High Court of Cassation and Justice. With appeal throughout the suspension. Delivered today 19 May 2016 in open court." Judgment on 06.06.2019. Please note that the case no. 3014/2/2014 pending before the High Court of Cassation and Justice has as object the appeal - annulment of ANRE Decision no. 743/28.03.2014, and RAAN (plaintiff) and ANRE (defendant) as parties.

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

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

By the interim judgement no. 10/28.01.2016, issued by the Mehedinți District Court - Second Civil, Administrative and Tax Litigation Section, the bankruptcy judge ordered the commencement of the bankruptcy proceedings of the debtor, pursuant to Art. 107 para. 1 lit. C of Lg. 85/2006, as well as the dissolution of the debtor and the cancellation of the debtor's right of administration. By Decision no. 563/14.06.2016, the Court of Appeal Craiova - Second Civil Section rejected the appeals filed against the interim judgement no. 10/28.01.2016, rendered by the Mehedinți Tribunal - Second Civil, Administrative and Tax Litigation Section.

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 for 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 being due in RAAN's accounting records". Moreover, the judicial liquidator considered that the request to enter the amount of 78,096,209 RON in the table was submitted late, as it

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related to the period 2011 - 2013, which is why the statement of claim should have been submitted at the time of the opening of the insolvency proceedings, namely on 18 September 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 judicial liquidator informs 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 deadline.

At the trial term of 14 February 2019, the Mehedinți District Court ordered the joinder of case no. 9089/101/2013/a152 to case no. 9089/101/2013/a140 (concerning claims - payment claim). The hearing of the case was postponed, as the court considered it useful for the resolution of the case to present the civil decision no. 2969/26.09.2018, rendered by the High Court of Cassation and Justice in case no. 3014/2/2014, regarding the annulment of ANRE President's decision no. 743/2014.

The Mehedinți Tribunal's solution: "Pass the challenge of forfeiture. The main action and the related appeal are allowed in part. Orders the defendant RAAN to pay to the plaintiff Transelectrica the amount of 16,950,117.14 RON, a claim arising in the course of the proceedings, ordering its entry in the table of creditors established against the debtor RAAN with this amount. Dismisses the remainder of the related claims. Under Article 453 para. 2 Civil procedure code Orders the defendant to pay the applicant 1,000 RON costs. Subject to appeal. Delivered today 20.06.2019 in open court". Document: Decision 163/2019 20.06.2019.

Transelectrica appealed within the legal deadline. The Craiova Court of Appeal set the first trial date for 30.10.2019. The appeal was dismissed as unfounded. Transelectrica has filed an application for review for contrary judgments, registered under case number 1711/54/2019, with a trial date of 26 March 2020 at the Craiova Court of Appeal, which was to send the case to the High Court of Cassation and Justice for competent decision.

On 26.03.2020, the court was adjourned until 21.05.2020.

On 21.05.2020, the case was removed from the docket with the following solution: the objection of lack of subject-matter jurisdiction of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Tax Litigation Section. Decision 140/21.05.2020. Deadline 03.02.2021.

At the hearing on 03.02.2021, the ICCJ admitted the plea of belatedness of the application for revision and did not rule on its inadmissibility.

In the bankruptcy case of RAAN registered under no. **9089/101/2013**, CNTEE Transelectrica SA was entered in the creditor's estate with the following claims: 2,162,138.86 RON + 16,951,117.14 RON.

Date for continuing bankruptcy proceedings: **03.10.2024**.

RAAN and Transelectrica are also involved in 2 other cases at different stages of the court proceedings. More details on this file are set out in Note 19 - Litigation and Contingencies.

- CNTEE Transelectrica SA has entered into an agreement with CET Govora SA for the set-off and instalment payment of the amounts representing the receivables from the overcompensation for the period 2011-2013 and the undue bonus for 2014 (Agreement No C 135/30.06.2015 and Additional Deed No 1/04.08.2015). The duration of the Agreement was 1 year (period July 2015-August 2016) and provided for the Company's right to calculate and charge penalties during the payment instalment period. On the basis of 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 judgement 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 has no longer complied with the obligations assumed by the Agreement.

As of 9 May 2016, general insolvency proceedings were opened for CET Govora. In order to recover the claims arising prior to the opening of the insolvency proceedings, the Company has followed the specific procedures provided by Law no. 85/2014 - Insolvency Law and applied to the court for the admission of the claims, in accordance with the law. In view of the above, as of 9 May 2016, the Company suspended the application of Article 17.5 of ANRE's President Order no. 116/2013 approving the Regulation on establishing the manner of collecting the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and paid the cogeneration bonus to CET Govora on a monthly basis.

By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal lodged by ANRE against the Civil Judgement no. 3185/27.11.2015, partially quashed the contested judgement and rejected the request for suspension filed by CET Govora, the judgement 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 applies 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 amount of the amounts related to the support scheme not paid to the Company. Transelectrica was entered in the preliminary and final table with a claim totalling 28,200,440.31, of which 25,557,189.98 relates to the support scheme. We 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

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registered 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, having as object the annulment of ANRE decision no. 738/28.03.2014.

At the term of 18.07.2018, the Tribunal Vâlcea pronounced the following solution:

- *The plan of reorganisation of the debtor SC CET Govora SA, 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.*
- *Dismisses 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 8 October 2018 as the substantive date for the continuation of the proceedings.*

With the right to appeal within 7 days from the date of communication, through the Insolvency Proceedings Bulletin. Delivered in open court today, 18 July 2018. Document: Judgement: 1196/18.07.2018.

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

In these circumstances, the Company included the amount of 22,188,224.16 related to the support scheme in the sundry debtors account, analysed separately - ANRE, with an impact on the net position of the support scheme.

The amount of 22,188,224.16 represents the amount receivable from CET Govora related to the support scheme (in the amount of 25,557,190), corrected by the bonus withheld by the Company in accordance with Article 17 paragraph. 5 of ANRE President 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 establishing the criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on the useful heat energy demand. Thus, the period of application of the support scheme is extended until 2033, exclusively for producers who fulfil the conditions for access to the extended support scheme.

The financial closure of the support scheme is also extended and will take place in the first half of 2034.

Other receivables

As at 30 June 2024, other receivables amounting to 389,106,884 include mainly:

- sundry debtors (**198,779,248**), of which:
 - late payment penalties calculated for bad debtors, totalling 95,560,326 (of which 35,145,561 are penalties related to the support scheme). The highest late payment penalties were recorded by customers: Romelectro (39,780,939), RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale București (9,409,174), OPCOM (3,632,976), Total Electric Oltenia (3,288,967), Pet Communications SRL (3,093,206), Multiservice G&G SRL (2,162,468), Petprod (1,894,232), ISPE Proiectare și Consultanță (1,068,302). Impairment adjustments have been recognised for penalties calculated for late payment of receivables from operating activities;
 - compensation due 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 recognised for compensation due from suppliers from operating activities;
 - the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- deferred expenses in the amount of **8,477,957** mainly represented by: domestic and international contributions (3,807,447), annual ANRE contribution for 2024 (1,181,012), taxes and duties for 2024 (1,834,625), insurance policies (595,064), rent and maintenance of office building (746,550) and others;
- other social debts in the amount of **1,398,256** representing sick leave paid by the employer to the employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Advances to suppliers

As at 30 June 2024, the advances paid to suppliers are represented by debtor suppliers for services rendered in the amount of **324,958,369** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (277,618,136 - for ICP and SDAC and 45,598,903 - for SIDC).

The implementation of the price coupling mechanism started on 19 November 2014, when the 4 Market Market Coupling (4MMC) project, which envisages the merging of the PZU (Next Day Market) electricity markets in Romania, Hungary, the 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 of the 4MMC countries with those of Poland, Austria and Germany.

Under the day-ahead price coupling mechanism, the power exchanges shall, on the basis of auctions, match day-ahead electricity

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transactions taking into account the interconnection capacity made available by the TSOs through which the implicit allocation of interconnection capacity is realised. CNTEE Transelectrica SA, as an OTS, transfers electricity, both physically and commercially, to the neighbouring OTS (MAVIR-Hungary) and manages the congestion revenues on the respective interconnection (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA it has the quality of 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 European Single Intraday Market Coupling (SIDC) was launched, with the first deliveries on 20 November. Seven countries - Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovenia, Croatia, Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovenia - have joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, the Netherlands, Norway, Portugal, Spain and Sweden - already operating a coupled scheme since June 2018.

The single intra-domestic market coupling mechanism ensures that bids and offers from market participants in a bidding area are continuously matched with bids and offers from within their own bidding area and from any other bidding area where cross-border capacity 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 the cooperation between the Designated Electricity Market Operators (DSOs) and the Transmission System Operators (TSOs) of Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and CNTEE Transelectrica SA. The aim of the SDAC is to create a single pan-European cross-border energy market for the day ahead. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and allowing more efficient use of generation resources across Europe.

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

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

VAT recoverable

VAT to be recovered (202,901,276) - amount related to the amounts for the period March - June 2024. Up to the date of this report, the Company has collected from the State the amount of 59,468,607, representing value added tax claimed for refund for the month of March 2024.

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

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

The largest impairment adjustments at 30 June 2024, calculated for trade receivables and related penalties, were recorded for: Romelectro (39,784,774), JAO (30,020,057), 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), OPCOM (8,487,394), Next Energy Partners (8,395,132).

The Company has taken the following measures to recover the impairment-adjusted receivables: legal action, registration in the creditor's estate, 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 inception that have an insignificant exposure to the risk of changes in fair value and are used by the Company for the management of short-term liabilities.

As at 30 June 2024 and 31 December 2023, cash and cash equivalents are as follows:

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	30 June 2024	31 December 2023
1. Current accounts with banks and deposits with original maturities up to 90 days, of which:	526,961,183	519,277,552
<i>a) current accounts with banks and deposits with original maturities of up to 90 days from current activity</i>	<i>196,405,986</i>	<i>82,610,379</i>
<i>b) current accounts with banks and deposits with original maturities of up to 90 days, of which:</i>	<i>330,555,197</i>	<i>436,667,173</i>
- cash and deposits from high efficiency cogeneration	201,745,422	295,063,039
- cash and deposits from revenues from the allocation of interconnection capacities used for network investments	14,264,966	47,392,976
- cash from the connection fee	56,888,538	57,387,012
- European funds	54,417	87,065
- other restricted accounts (energy market guarantees and dividends)	57,601,854	36,737,081
2. Cash at hand	72,941	81,356
3. Other cash equivalents	70,330	-
Total	527,104,454	519,358,908

7. Equity

In accordance with the provisions of GEO no. 86/2014 on establishing some reorganisation measures at the level of central public administration and amending and supplementing some normative acts, on 20 February 2015 the transfer of 43,020,309 shares from the account of the State of Romania in the administration of the General Secretariat of the Government to the account of the State of Romania in the administration of the Ministry of Economy, Trade and Tourism was registered in the Company's Shareholders' Register.

Based on the provisions of Article 2 of GEO no. 55/19 November 2015 on the establishment of some reorganisation measures at the level of central public administration and amending some normative acts, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganising and taking over the activities of the Ministry of Economy, Trade and Tourism, which was dissolved, and by taking over the activities 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.

In accordance with the provisions of GD no. 27/12 January 2017 on the organisation and functioning of the Ministry of Economy, the Company operated under the authority of the Ministry of Economy until 5 November 2019.

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

On 14.11.2019, the Central Depository S.A. registered 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 Government Emergency Ordinance no. 68/06.11.2019 on establishing some measures at the level of central public administration and amending and supplementing some normative acts.

On 30 June 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 managed pension fund NN with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders Legal Entities with 16,533,437 shares (22.55%) and other shareholders Individuals with 4,988,141 shares (6.80%).

At the end of each reporting period, the fully subscribed and paid-up share capital of the Company in the amount 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 shareholder structure at 30 June 2024 and 31 December 2023 is as follows:

CNTEE Transelectrica SA

Notes to the separate interim financial statements as at 30 June 2024

(All amounts are in RON unless otherwise indicated)

Shareholder	30 June 2024		31 December 2023	
	Number of shares	% of capital	Number of shares	% of capital
The Romanian State through GSG	43,020,309	58.69%	43,020,309	58.69%
Other legal entity shareholders	16,533,437	22.55%	16,231,423	22.14%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
Privately managed pension fund NN	4,007,688	5.47%	4,007,688	5.47%
Other individual shareholders	4,988,141	6.80%	5,290,155	7.21%
Total	73,303,142	100.00%	73,303,142	100.00%

The increase in equity as at 30 June 2024 compared to 31 December 2023 was mainly due to the recognition in retained earnings of the net profit amounting to 263,661,144 realised as at 30 June 2024.

8. Deferred income

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

At 30 June 2024, the statement of **deferred income** is as follows:

	30 June 2024	Of which: short-term portion at 30.06.2024	31 December 2023	Of which: short-term portion at 31 December 2023
Deferred revenue - interconnection capacity allocation	7,940,476	7,940,476	1,054,141	1,054,141
Deferred revenue - European funds	1,165,102	1,165,102	839,038	839,038
Funds from the connection fee	293,537,187	7,060,377	317,656,961	9,061,809
European Funds	222,282,610	3,434,577	194,199,509	4,198,190
Other subsidies	21,035,566	991,104	21,471,490	984,159
Total	545,960,941	20,591,636	535,221,139	16,137,336

Developments in **short-term income advances** from January to June 2024 are as follows:

	30 June 2024	31 December 2023
Balance at beginning of period	16,137,336	39,362,438
Interconnection capacity upfront payments	44,660,819	214,513,794
European funding	326,064	421,852
Transfer from long-term income advances	(2,758,100)	(7,414,453)
Revenues from the use of interconnection capacity	(37,774,483)	(229,686,295)
Income from EU funds	-	(1,060,000)
Total	20,591,636	16,137,336

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*(All amounts are in RON unless otherwise indicated)*Developments in **long-term income advances** from January to June 2024 are as follows:

	30 June 2024	31 December 2023
Balance at beginning of period	519,083,803	439,025,206
Subsidised connection	22,615,917	231,303,420
Non-reimbursable funds	29,958,736	(18,409,505)
Non-reimbursable funds to be repaid	-	-
Transfer to short-term income advances	(52,276,241)	(153,503,985)
Subsidies back to revenue	5,987,090	20,668,667
Total	525,369,305	519,083,803

9. Loans• *Long-term loans*

At 30 June 2024, the amount of long-term borrowings has decreased compared to 31 December 2023 mainly due to repayments under existing loan agreements.

Movements in borrowings during the six months ended 30 June 2024 are as follows:

	Currency	Interest rate	Book value	Maturity
Balance at 1 January 2024			55,893,387	
New drawdowns			-	
Reimbursements, of which:			(11,980,707)	
BEI 25709	EUR	3.596%	(5,981,204)	10-Sep-2025
BEI 25710	EUR	3.856%+2.847%	(5,999,503)	11-Apr-2028
Exchange rate differences at the date of reimbursement			9,164	
Balance at 30 June 2024			43,921,844	

At 30 June 2024 and 31 December 2023, the balances of long-term borrowings from credit institutions are as follows:

Description	30 June 2024	31 December 2023
BEI 25709	17,972,861	23,951,778
BEI 25710	25,948,983	31,941,609
Total long-term loans from credit institutions, of which:	43,921,844	55,893,387
Current portion of long-term loans	(23,999,264)	(23,987,209)
Total long-term loans net of current instalments	19,922,580	31,906,178

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

	30 June 2024	31 December 2023
Between 1 and 2 years	18,965,446	12,011,321
Between 2 and 5 years	957,134	19,894,857
Over 5 years	-	-
Total	19,922,580	31,906,178

The Company has not hedged its foreign currency obligations or interest rate risk exposures.

All long-term borrowings outstanding at 30.06.2024 bear fixed interest rates.

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Notes to the separate interim financial statements as at 30 June 2024

(All amounts are in RON unless otherwise indicated)• *Short-term loans*

Short-term loans are itemised as follows:

	30 June 2024	31 December 2023
Current portion of long-term loans	23,999,264	23,987,209
Short-term bank credit	-	-
Interest on long-term and short-term loans	417,514	541,008
Total short-term loans	24,416,778	24,528,217

• *Borrowing 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 overdraft, in the amount of RON 175,000,000, with an interest rate calculated based on the ROBOR 1M reference rate, plus a margin of 0% and a commission of 0.088%.

On 04.01.2023, Transelectrica entered into Additional Deed no. 1 to the credit agreement no. C624 concluded with Banca Comercială Română, with the purpose of extending the purpose of the credit line and to cover temporary working capital needs and extending the validity of the agreement by 12 months (from 30.03.2023 to 30.03.2024).

On 27.03.2024, Transelectrica entered into Additional Deed no. 2 to the credit agreement no. C624 concluded with Banca Comercială Română, with the purpose of extending the validity of the agreement 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 on the contribution for high efficiency cogeneration concluded with Electrica Furnizare SA, Enel Energie SA, Enel Energie Muntenia SA, EON Energie Romania SA.

At 30 June 2024 the credit line is not drawn down.

On 10 March 2022, Transelectrica entered into loan agreement no. **C588 with Banca Transilvania** for a period of 12 months to finance the Company's working capital in the amount of RON 200,000,000 with an interest rate calculated on the basis of 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 the temporary working capital needs for the timely payment of the Company's overdue obligations, with a utilisation period of 12 months, until 09.03.2023;
- 25 million RON in the form of a ceiling for the issuance of letters of guarantee, with a period of issuance of letters of guarantee of 12 months, until 09.03.2023 and a validity of letters of guarantee of 24 months.

On 09.05.2022, Transelectrica entered into Additional Deed no. 1 to the credit agreement no. C588 entered into with Banca Transilvania, with the purpose of extending the validity of the credit line to 24 months (credit line utilisation until 08.03.2024).

On 16.06.2022, Transelectrica entered into Additional Deed no. 2 to the credit agreement no. C588 concluded with Banca Transilvania, with the purpose of increasing the ceiling for the issuance of letters of guarantee from RON 25 million to RON 40 million (utilisation of the ceiling until 09.03.2023).

On 19.04.2023, Transelectrica entered into Additional Deed no. 3 to the credit agreement no. C588 entered into with Banca Transilvania, with the purpose of amending the guarantee agreements.

On 07.03.2024, Transelectrica entered into Additional Deed no. 4 to the credit agreement no. C588 concluded with Banca Transilvania, with the purpose of extending the validity of the credit line to 12 months (credit line utilisation 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 resulting from the contract on the provision of electricity transmission and system service concluded with Electrica Furnizare SA.

At 30 June 2024 the credit line is not drawn down.

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*(All amounts are in RON unless otherwise indicated)***10. Trade and other payables**

As at 30 June 2024 and 31 December 2023, trade and other payables are as follows:

	30 June 2024	31 December 2023
Suppliers energy market	2,378,888,772	1,340,921,907
Suppliers of fixed assets	139,537,882	177,733,800
Suppliers other activities	55,209,280	90,164,126
Amounts owed to employees	12,386,627	11,787,078
Other debts	756,177,381	636,709,895
Total	3,342,199,942	2,257,316,806

As at 30 June 2024 and 31 December 2023, the outstanding energy market liabilities amounting to 2,378,888,772 and 1,340,921,907, respectively, are structured as follows:

	30 June 2024	31 December 2023
Suppliers electricity market, of which:		
- suppliers - operational activity	761,359,277	591,455,744
- suppliers - balancing market	1,596,982,532	617,379,222
- suppliers - bonus support scheme for promoting high-efficiency cogeneration	20,546,963	132,086,941
Total	2,378,888,772	1,340,921,907

Suppliers on the electricity market are mainly represented by: Hidroelectrica SA, OPCOM, MAVIR, IBEX, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Electrocentrale București SA, CINTA Energy SA, Electrica Furnizare SA. At 30 June 2024, their share of total energy suppliers is 87.18%.

The increase in the "liabilities related to operating activity" balance in the period analysed was influenced by the supply and demand pricing model for electricity market coupling. The implicit allocations, where capacity and energy are provided simultaneously, have been strongly influenced by changes in the price of electricity on European power exchanges.

The increase in the "balancing market liabilities" balance was driven by an increase in the volume of transactions recorded on the balancing market in the first half of 2024 compared to the second half of 2023.

The decrease in "debts related to the support scheme" to suppliers (producers) was determined both by the decrease in the amount of the monthly bonus for high efficiency cogeneration in June 2024, compared to December 2023, and by the payments made to RAAN in May and June 2024 for the cogeneration bonus withheld from payment, according to the enforceable civil decisions no. 806/20.05.2024 (case no. 28460/3/2017) and no. 898/03.06.2024 (case no. 3694/3/2016) rendered by the Bucharest Court of Appeal.

As at 30 June 2024, there are payment obligations to suppliers (producers) in the amount of 3,368,966 (CET Govora SA), representing the monthly cogeneration bonus and the ante overcompensation for 2015. The amounts representing the Company's debts related to the support scheme to CET Govora have been withheld for payment on the basis of Art. 17 para. 5 of ANRE President's Order no. 116/2013, as the supplier (producer) has payment obligations towards the Company under the bonus support scheme.

The company requested from the supplier (producer) that did not pay the overcompensation invoices, the agreement to carry out the mutual debt compensation at their minimum level through the Institute of Management and Informatics (IMI) that manages all the information received from taxpayers in a unitary manner, based on the provisions of G.D. no. 773/2019.

CET Govora did not agree with this way of settling mutual claims and debts, which is why the Company has applied and continues to apply the provisions of Article 17 para. 5 of ANRE President's Order no. 116/2013 for the approval of the Regulation on the establishment of the manner 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 the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of the amounts concerned on the payment document"* and withheld from payment the amounts of the support scheme due.

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CNTEE Transelectrica SA has entered into an agreement with CET Govora SA for the set-off and instalment payment of the amounts representing the receivables from the overcompensation for 2011-2013 and the undue bonus for 2014 (Agreement No C 135/30.06.2015 and Additional Deed No 1/04.08.2015). The duration of the Agreement was 1 year (period July 2015-August 2016) and provided for the Company's right to calculate and charge penalties during the payment instalment period.

On the basis of 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 Judgement 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 has no longer complied with the obligations assumed by the Agreement. As of 9 May 2016, general insolvency proceedings were opened for CET Govora. Taking into account the provisions of Law no. 85/2014 - the 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 for the approval of the Regulation on the establishment of the procedure for the collection of the contribution for high efficiency cogeneration and the payment of the bonus for electricity produced in high efficiency cogeneration and pays the cogeneration bonus due to CET Govora on a monthly basis. By Civil Decision No 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal lodged by ANRE against Civil Judgement No 3185/27.11.2015, partially quashed the contested judgement and rejected the request for suspension filed by CET Govora. Thus, as of 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, taking full effect.

Under these circumstances, the Company applies 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 amount of the amounts related to the support scheme not paid to the Company.

The decrease in the **"fixed assets suppliers"** balance at 30 June 2024 compared to 31 December 2023 was due to payments falling due.

Amounts owed to **"suppliers other activities"** are mainly represented by amounts owed for services rendered by third parties not yet due, which have decreased since 31 December 2023.

At 30 June 2024, the Company has no outstanding debts to suppliers (state budget, local budget or other public institutions).

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

	30 June 2024	31 December 2023
Sundry creditors	339,835,569	312,041,482
Customers - Creditors	329,946,250	246,451,202
Dividends payable	305,355	192,977
Payables - Short-term building leases	8,730,079	8,641,987
Liabilities - Long-term building leases	2,182,520	6,481,491
Other debts	75,177,608	62,900,756
Total	756,177,381	636,709,895

- "Sundry creditors", amounting to **339,835,569** as at 30 June 2024, represent mainly:
 - the net position of the support scheme for high efficiency cogeneration, debt position, totalling 326,724,931.
 The net position of the support scheme is the difference between:
 - the amount of the contribution to be collected from the suppliers of electricity consumers, the amount of overcompensation for high-efficiency cogeneration of electricity and heat production, the undue bonus to be collected from producers, in accordance with ANRE decisions, and
 - the amount of the cogeneration bonus, the pre-compensation and the unallocated bonus to be paid to high-efficiency cogeneration producers, beneficiaries of the support scheme, on the other hand
- 13,150,682 solution study contracts for connection to the RET and others.
- "Customer creditors" as at 30 June 2024 amount to **329,946,250**, of which 328,675,448 represent amounts received in advance under transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single

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Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from OPCOM (174,231,137), IBEX (144,978,188), MAVIR (8,785,945), Bursa Română de Mărfuri (647,195) and JAO (32,983).

- At 30 June 2024, dividends due to shareholders of the Company and unpaid amount to **305,355**. These amounts are available to shareholders via the paying agent.
- At 30 June 2024, the **liability for property, plant and equipment related to rights of use of leased assets - buildings**, in accordance with IFRS 16 - Leases, amounts to 10,912,599, of which:
 - short-term debt: 8,730,079
 - long-term debt: 2,182,520.
- "Other payables" totalling **75,177,608** are mainly represented by guarantees of good payment of the electricity market contracts concluded by CNTEE Transelectrica SA in the amount of 47,875,409, VAT not recoverable during the reporting period in the amount of 27,017,423 and other.

Provisions

As at 30 June 2024 and 31 December 2023, the statement of provisions is as follows:

	30 June 2024	31 December 2023
Provisions for litigation	24,601,016	24,601,016
Provisions for mandate contracts	36,554,420	40,490,875
Other provisions	90,668	114,100
TOTAL	61,246,104	65,205,991

The provisions for litigation outstanding at 30 June 2024, amounting to 24,601,016, are mainly represented by the provisions set aside for the following litigations:

- *Case no. 36755/3/2018 - plaintiff Conaid Company SRL (17.216.093)* - more details on this case are set out in Note 19 - Litigation and Contingencies.
- *File no. 15561/3/2022 - claimant SMART SA (4.467.108)* - more details on this file are set out in Note 19 - Litigation and Contingencies.
- *File no. 3083/3/202020 - complainant NUCLEARELECTRICA SA (1.472.785)*

On 26.06.2020, Nuclearelectrica sued the Company for the payment of 1,290,533,156 RON representing the negative imbalance and 182,251.94 RON, legal interest.

After several adjournments of the case (26.06.2020, 16.10.2020, 11.12.2020), for various reasons, at the deadline of 22.12.2020, the Court ordered the Company to pay the plaintiff the amount of 1,290,533,156 RON, as compensatory damages, to pay the amount to be updated with the inflation rate from 27.09.2018 and until the date of actual payment, the payment of the amount of RON 182,251.94 representing legal penalty interest calculated from 27.09.2018 until 31.01.2020, as well as the further payment of the legal penalty interest, calculated from 01.02.2020 until the date of actual payment. It also ordered the defendant to pay to the plaintiff the sum of 23,441.66 RON by way of legal costs, consisting of stamp duty. Dismissed the defendant's claim for costs as unfounded. Subject to appeal within 30 days of notification. (Decision 2698/2020 22.12.2020).

CNTEE Transelectrica SA has lodged an appeal. In the sitting of 25.11.2021, the Bucharest Court of Appeal admits the appeal. Partially amends the civil judgment under appeal to the effect that: The action is dismissed as unfounded. Upholds the order of the Court of First Instance dismissing as unfounded the defendant's claim for costs. Orders the respondent-claimant to pay to the respondent-appellant the sum of EUR 20,591.66 as costs of the appeal. With appeal within 30 days from the date of the communication, the appeal application to be filed at the Bucharest Court of Appeal - Section VI Civil.

Ruled by making the solution available to the parties by the court registry, today, 25.11.2021. Document: Decision 1927/2021 25.11.2021.

Nuclearelectrica lodged an appeal, which was stayed pending the outcome of the action for annulment of the order. Term 12.10.2022.

Under Article 413 para. (1), paragraph 1 of the Civil Procedure Code, suspends the judgement of the appeal lodged by the appellant-claimant SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. against the civil decision no. 1927/A/25.11.2021, rendered by the Bucharest Court of Appeal - Section VI Civil, until the final resolution of case no. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Tax Litigation Section. Definitive.

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*(All amounts are in RON unless otherwise indicated)***"Provisions for agency contracts"** amounting to 36,554,420, as at 30 June 2024, represent:

- the variable component related to the OAVT packages allocated and not valorised during the terms of office executed in the period 2013-2017, for executive and non-executive directors;
- the remuneration representing the variable component, the non-competition indemnity and that of the remaining gross monthly fixed allowances until the end of the term of office for the members of the Supervisory Board/Management Board who are dismissed, i.e. until 2024.

"Other provisions" amounting to 90,668 represent untaken holidays.**11. Other taxes and social insurance contributions**

At 30 June 2024 and 31 December 2023, other taxes and social security liabilities comprise:

	30 June 2024	31 December 2023
Contribution to social security funds	11,377,646	14,531,541
Payroll tax	2,114,297	2,615,461
Other taxes payable	2,780,538	1,360,733
Total	16,272,481	18,507,735

As at 30 June 2024, the Company has accrued liabilities for social security contributions, payroll and other taxes, which were due and payable in July 2024.

12. Corporate income tax

The Company's current and deferred income taxes are determined at a statutory rate of 16%.

The income tax expense for the second quarter of 2024 and the second quarter of 2023, as well as the income tax expense as of 30 June 2024 and 30 June 2023, is presented as follows:

	Q II 2024	Q II 2023	30 June 2024	30 June 2023
Current corporate tax	(3,771,540)	3,100,367	17,199,205	24,047,727
Corporate tax deferred	(293,220)	(2,205,400)	2,532,517	(6,380,561)
Total	(4,064,760)	894,967	19,731,722	17,667,166

13. Operating revenue**Q2 2024 compared with Q2 2023**

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

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

	Average fare for transport service	Tariff for system service
Order No 15/29.05.2024 for the period from 01 June to 30 June 2024	-	12.84 ^{*)}
Order No 116/20.12.2023 for the period 01 April - 31 May 2024	-	9.17
Order No 109/20.12.2023 for the period 01 April - 30 June 2024	31.67 ^{**))}	-
Order No 67/25.05.2023 for the period 01 June - 30 June 2023	-	6.64
Order No 144/21.12.2022 for the period from 01 April to 31 May 2023	-	7.73
Order No 28/29.03.2023 for the period 01 April - 30 June 2023	31.20	-

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*) 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 entered into force on 01 January 2024, in accordance with the provisions of the regulatory framework issued by ANRE;

**) The tariff for the transmission service of 31.67 RON/MWh, in force as of 01 January 2024, includes the main component of 30.41 RON/MWh and the component related to the additional costs with CPT of 1.26 RON/MWh (ANRE Order no. 109/2023).

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

The quantity of electricity delivered to consumers to which the tariffs for the services provided on the electricity market have been applied is as follows:

	Q II 2024	Q II 2023
Quantity of electricity delivered to consumers (MWh)	12,175,471	11,965,813

Operating income realised in Q2 2024 and Q2 2023 is presented as follows:

	Q II 2024	Q II 2023
Transport service revenue	376,469,572	379,527,305
Revenues from the allocation of interconnection capacity	56,855,140	78,660,169
Revenue from reactive energy	351,592	3,818,998
Income from Inter TSO Compensation (ITC)	7,469,808	1,560,370
CPT transaction income	41,531,801	8,540,192
Transport revenue - total	482,677,913	472,107,034
Income from system services	127,629,718	88,552,443
Income from disaster aid	57,266,226	3,553,482
Income from system services - total	184,895,944	92,105,925
Balancing market income	1,896,721,756	509,697,264
Income from other benefits and other operating income	116,182,811	18,033,948
Income from capitalisation of CPT	16,497,017	-
Other revenue	132,679,828	18,033,948
Total revenue	2,969,975,441	1,091,944,171

Transport service revenue

Revenues from transmission service decreased in Q2 2024 compared to Q2 2023 by 3,057,733, due to the decrease in the average transmission service tariff realised during the period under review, as the amount of electricity delivered to consumers increased by 1.75%, i.e. by 209,658 MWh.

Revenues from the allocation of interconnection capacity

Interconnection capacity allocation revenue decreased in Q2 2024 compared to Q2 2023 by 21,805,029 in Q2 2024, corresponding to the level of utilisation of available interconnection capacity by electricity market traders.

The market for the allocation of interconnection capacity is volatile, with prices fluctuating according to demand and the need of electricity market participants to purchase interconnection capacity. Thus, the fall over the period analysed was influenced by the supply and demand price formation model. The implicit allocations, where capacity and energy are provided simultaneously, are strongly influenced by changes in the price of electricity on European exchanges.

Income from Inter TSO Compensation (ITC)

Revenues from the application of the ITC mechanism come mostly from scheduled exchanges of electricity with the countries considered as perimeter countries of the mechanism, namely Ukraine and the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, monthly settlements can also be recognised as income.

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Thus, in the second quarter of 2024, the income recorded following the application of the ITC mechanism showed an increase of 5,909,438 compared to the second quarter of 2023, due to:

- change in the tariff for trade with perimeter countries from 15.06.2023, from EUR 1.2/MWh to EUR 3/MWh, which led to an increase in revenues compared to the same period last year;
- the significant increase in energy exchanges recorded in the analysed period of 2024 with both perimeter countries (Ukraine and Republic of Moldova), in contrast to the similar period of 2023, when exchanges were only with the Republic of Moldova.

CPT transaction income

Revenues from energy trading 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 Intra-Day market managed by OPCOM and, respectively, from the difference between the forecast CPT and the CPT actually realised on the Balancing Market. These revenues were higher in Q2 2024 compared to Q2 2023 by 32,991,609.

In the structure of these revenues, transactions on the Intra-Domestic 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 mechanism of MACCEE (Mechanism for Centralised Electricity Procurement), and prices on the short-term markets decreased compared to the previous year, with some negative price intervals. The revenues from transactions on the Balancing Market were significantly higher than those realised in the same period of the previous year, given that the energy system was predominantly in surplus during the period analysed, which led to significant negative prices on the Balancing Market.

Starting with 01.04.2024, the mechanism of centralised purchase of electricity MACCEE was amended by GEO no. 32/2024, in the following sense:

- reducing the regulated purchase price to 400 RON/MWh;
- removing the obligation for producers to participate in the mechanism;
- changing the period of application of the mechanism from 31 March 2025 to 31 December 2024;
- allowing other producers with production capacities below 10MW to participate in the scheme.

The changes introduced by GEO 32/2024 lead to a gradual phasing out of the support scheme and a return to competitive market mechanisms.

Income from system services

Revenues from system services recorded an increase in Q2 2024 compared to Q2 2023 of 39,077,275, determined both by the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period analysed, presented above) and by the increase in the quantity of electricity delivered to consumers by 1.75%, i.e. by 209,658 MWh.

Income from disaster aid

In the second quarter of 2024, a total of 57,266,226 in disaster aid was granted. Breakdown aid has been granted to Ukraine, following damage to the energy infrastructure in that country as a result of armed conflicts and to Serbia, due to the accidental shutdown of groups in that country.

Balancing market revenues

The revenue realised on the balancing market showed a significant increase in Q2 2024 compared to Q2 2023, amounting to 1,387,024,492, mainly due to the following:

- the accelerated increase in installed capacity at prosumers, from around 420 MW at the beginning of 2023 to around 1,500 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 level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the 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 no. 220/2008);
- a sharp increase in supply prices in the balancing market (positive upwards and negative downwards respectively), with an impact on the marginal prices recorded in particular for energy activated for secondary regulation, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in a predominantly surplus system, the balancing market is characterised by a high volume of selections at derating, i.e. significant negative prices in the Balancing Market, which determines, on the one hand, significant revenues for producers that have offered negative prices at derating, and on the other hand, considerable costs for PREs that have recorded positive imbalances;
- the evolution of contractual imbalances recorded at the level of electricity suppliers on the balancing market;
- hydraulic evolution;

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- the evolution of electricity production and consumption;
- the evolution of the output of power stations on trial.

Income from capitalisation of own technological consumption (CPT)

According to Art. III of *GEO no. 119/2022 amending and supplementing GEO no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period 1 April 2022 - 31 March 2023, and amending and supplementing some normative acts in the energy sector, and approved by Law no. 357/13.12 . 2022*, for the licensed economic operators, providers of electricity transmission services, the additional costs for the purchase of electricity incurred in the period 1 January 2022 - 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.

Accordingly, in Q2 2024, the Company has recorded CPT capitalisation income of 16,497,017 representing additional CPT calculated as the difference between the net CPT acquisition cost and the CPT cost included in the regulatory tariff for the period 01 April to 30 June 2024.

Income from other benefits and other operating income

Income from other benefits and other operating income increased in Q2 2024 compared to Q2 2023 by 98,148,863, mainly due to the recording of income from indemnities, fines and penalties as a result of the legal recovery, in accordance with Civil Judgement no. 6169/2023, pronounced on 20 December 2023 by the ICCJ - Administrative and Tax Litigation Section and communicated to the Company on 15 May 2024, of amounts (additional payment obligations established by Tax Assessment Decision no. F-MC 439/30.06.2017) executed in 2017 by ANAF, based on enforceable title no. 13540/22.08.2017.

H1 2024 compared to H1 2023

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

	Average fare for transport service	Tariff for system service
Order No 15/29.05.2024 for the period from 01 June to 30 June 2024	-	12.84 ^{*)}
Order No 116/20.12.2023 for the period 01 January - 31 May 2024	-	9.17
Order No 109/20.12.2023 for the period 01 January - 30 June 2024	31.67 ^{**))}	-
Order No 67/25.05.2023 for the period 01 June - 30 June 2023	-	6.64
Order No 144/21.12.2022 for the period from 01 January to 31 May 2023	-	7.73
Order No 28/29.03.2023 for the period 01 April - 30 June 2023	31.20	-
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28.10	

^{*)} 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 entered into force on 01 January 2024, in accordance with the provisions of the regulatory framework issued by ANRE;

^{**))} The tariff for the transmission service of 31.67 RON/MWh, in force as of 01 January 2024, includes the main component of 30.41 RON/MWh and the component related to the additional costs with CPT of 1.26 RON/MWh (ANRE Order no. 109/2023).

The quantity of electricity delivered to consumers in the first half of 2024 and the first half of 2023 is as follows:

	Semester I 2024	Semester I 2023
Quantity of electricity delivered to consumers (MWh)	25,402,341	24,971,219

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The operating revenues realised in the first half of 2024 and the first half of 2023 are as follows:

	Semester I 2024	Semester I 2023
Transport service revenue	800,888,516	747,507,356
Revenues from the allocation of interconnection capacity	101,900,336	180,918,834
Revenue from reactive energy	758,012	7,241,679
Income from Inter TSO Compensation (ITC)	11,631,554	1,982,823
CPT transaction income	70,099,623	21,406,078
Transport revenue - total	985,278,041	959,056,770
Income from system services	251,393,138	189,197,303
Income from disaster aid	60,301,753	3,553,482
Income from system services - total	311,694,891	192,750,785
Balancing market revenues	3,229,089,384	1,017,616,030
Income from other benefits and other operating income	135,260,786	30,316,419
Income from capitalisation of CPT	23,866,156	-
Other revenue	159,126,942	30,316,419
Total revenue	4,685,189,258	2,199,740,004

Transport service revenue

Revenues from the transmission service recorded an increase in H1 2024 compared to H1 2023 of 53,381,160, determined both by the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period analysed, presented above), and by the increase in the quantity of electricity delivered to consumers by 1.73%, i.e. by 431,122 MWh.

Revenues from the allocation of interconnection capacity

Revenues from interconnection capacity allocation showed a decrease in H1 2024 compared to H1 2023, amounting to 79,018,498, corresponding to the level of utilisation of available interconnection capacity by electricity market traders.

The market for the allocation of interconnection capacity is volatile, with prices fluctuating according to demand and the need of electricity market participants to purchase interconnection capacity. Thus, the fall over the period analysed was influenced by the supply and demand price formation model. The implicit allocations, where capacity and energy are provided simultaneously, are strongly influenced by changes in the price of electricity on European exchanges.

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. Auctions on the Romania-Serbia border, long-term auctions on the borders with Hungary and Bulgaria and daily auctions on the borders with Moldova and Ukraine are explicit - only transmission capacity is tendered, while daily (borders with Hungary and Bulgaria) and intra-daily (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) was commissioned, thus initiating the 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, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia, Slovenia, the Czech Republic, the Netherlands, Belgium, Croatia, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia).

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

Since November 2019, the 2nd wave of the European Single Intraday Market Coupling (SIDC) has been launched. The single intra-domestic market coupling mechanism ensures that bids and offers from market participants in a bidding area are continuously matched with bids and offers from within their own bidding area and from any other bidding area 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 (within the framework of the CIS).

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The use of the 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 electricity market, as a source of financing investments for the modernisation and development of interconnection capacity with neighbouring systems.

Extending market coupling has the effect of making energy prices uniform across Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing guidelines on capacity allocation and congestion management".

Income from Inter TSO Compensation (ITC)

Revenues from the application of the ITC mechanism come mostly from scheduled exchanges of electricity with the countries considered as perimeter countries of the mechanism, namely Ukraine and the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, monthly settlements can also be recognised as income.

Thus, in the first half of 2024, the income recorded following the application of the ITC mechanism showed an increase of 9,648,731 compared to the first half of 2023, due to:

- change in the tariff for trade with perimeter countries from 15.06.2023, from EUR 1.2/MWh to EUR 3/MWh, which led to an increase in revenues compared to the same period last year;
- the significant increase in energy exchanges recorded in the analysed period of 2024 with both perimeter countries (Ukraine and Republic of Moldova), in contrast to the similar period of 2023, when exchanges were only with the Republic of Moldova.

CPT transaction income

Revenues from energy trading 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 Intra-Dil market managed by OPCOM and, respectively, from the difference between the forecast CPT and the CPT actually realised on the Balancing Market. These revenues were significantly higher in H1 2024 compared to H1 2023 by 48,693,545.

In the structure of these revenues, transactions on the Intra-Domestic 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 mechanism of MACEE (Mechanism for Centralised Electricity Procurement), and prices on the short-term markets decreased compared to the previous year, with some negative price intervals. The revenues from transactions on the Balancing Market were significantly higher than those realised in the same period of the previous year, given that the energy system was predominantly in surplus during the period analysed, which led to significant negative prices on the Balancing Market.

Starting with 01.04.2024, the mechanism of centralised purchase of electricity MACEE MACEE was amended by GEO no. 32/2024, in the following sense:

- reducing the regulated purchase price to 400 RON/MWh;
- removing the obligation for producers to participate in the mechanism;
- changing the period of application of the mechanism from 31 March 2025 to 31 December 2024;
- allowing other producers with production capacities below 10MW to participate in the scheme.

The changes introduced by GEO 32/2024 lead to a gradual phasing out of the support scheme and a return to competitive market mechanisms.

Income from system services

Revenues from system services recorded an increase in H1 2024 compared to H1 2023 of 62,195,835, determined both by the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period analysed, presented above), and by the increase in the quantity of electricity delivered to consumers by 1.73%, i.e. by 431,122 MWh.

In H1 2024, system services revenue was lower by 49,563,908 compared to the system services procurement expenditure realised.

For the activity of system services, the specific regulatory framework contains regularisation mechanisms to ensure that any excess or shortfall of revenues over or in relation to the level of expenditure necessary to carry out that activity is offset. Thus, according to ANRE's regulations, the surplus/deficit of income compared to the recognised costs resulting from this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the respective surplus/deficit was recorded. The surplus/deficit of income over the costs of carrying out this activity shall be calculated by tariff programme periods.

Income from disaster aid

In the first half of 2024, disaster aid totalling 60,301,753 was granted to Ukraine, as a result of the damage to its energy infrastructure caused by armed conflicts and to Serbia, due to the accidental shutdown of groups in that country.

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*(All amounts are in RON unless otherwise indicated)***Balancing market revenues**

The revenues realised on the balancing market recorded a significant increase in H1 2024 compared to H1 2023, amounting to 2,211,473,354, mainly due to the following:

- the accelerated increase in installed capacity at prosumers, from around 420 MW at the beginning of 2023 to around 1,500 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 level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the 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 no. 220/2008);
- a sharp increase in supply prices in the balancing market (positive upwards and negative downwards respectively), with an impact on the marginal prices recorded in particular for energy activated for secondary regulation, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in a predominantly surplus system, the balancing market is characterised by a high volume of selections at derating, i.e. significant negative prices in the Balancing Market, which determines, on the one hand, significant revenues for producers that have offered negative prices at derating, and on the other hand, considerable costs for PREs that have recorded positive imbalances;
- the evolution of contractual imbalances recorded at the level of electricity suppliers on the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption;
- the evolution of the output of power stations on trial.

Income from capitalisation of own technological consumption (CPT)

According to Art. III of *GEO no. 119/2022 amending and supplementing GEO no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period 1 April 2022 - 31 March 2023, and amending and supplementing some normative acts in the energy sector, and approved by Law no. 357/13.12.2022*, for the licensed economic operators, providers of electricity transmission services, the additional costs for the purchase of electricity incurred in the period 1 January 2022 - 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.

Accordingly, as at 30 June 2024, the Company has recognised CPT capitalisation income of 23,866,156, representing additional CPT calculated as the difference between the net CPT acquisition cost and the CPT cost included in the regulatory tariff, for the period 01 January to 30 June 2024.

Income from other benefits and other operating income

Income from other services and other operating income increased in the first half of 2024 compared to the first half of 2023 by 104,944,367, mainly due to the recording of income from indemnities, fines and penalties as a result of the legal recovery, in accordance with Civil Judgement no. 6169/2023, handed down on 20 December 2023 by the ICCJ - Administrative and Tax Litigation Section and communicated to the Company on 15 May 2024, of amounts (additional payment obligations established by Tax Assessment Decision no. F-MC 439/30.06.2017) enforced in 2017 by ANAF, based on enforceable title no. 13540/22.08.2017.

14. System operation and balancing market expenses**Q2 2024 compared with Q2 2023**

The expenditure realised in Q2 2024 compared to Q2 2023 is presented as follows:

	Q2 2024	Q2 2023
Expenditure on own technological consumption	153,186,443	113,954,686
Congestion charges	107,222	88,286
Expenditure on electricity consumption in RET stations	11,327,703	14,379,986
CPT expenses transit RED (as per ANRE decision)	12,840,055	-
Inter TSO Compensation (ITC) expenses	8,990,228	7,148,057
Total operational expenditure	186,451,651	135,571,015

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	Q2 2024	Q2 2023
Expenditure on system services	195,586,467	121,088,490
Balancing market expenses	1,896,938,639	509,286,041
Total	2,278,976,757	765,945,546

Expenditure on own technological consumption

These represent expenses for the purchase of electricity from the free energy market to cover own technological consumption in the transmission grid and were higher in Q2 2024 than in Q2 2023 by 39,231,757, taking into account a number of aspects, as follows:

- due to its characteristics, the Technological Own Consumption (TOC) in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity production and consumption at national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional energy market;
- following the provisions of GEO no. 153/2022 amending and supplementing 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 400 RON/MWh for energy contracted starting 1 April 2024 (according to GEO no. 32/2024);
- the accelerated increase in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1,500 MW at the beginning of 2024), together with the increasing share of wind and solar energy, have led to a decrease in energy prices on the short-term markets. Thus, the average price of energy purchased from the PZU in the period from April to June 2024 was significantly lower than the price in the similar period of 2023;
- the average imbalance price set on the PE was higher, which led to a significant increase in spending in this market compared to the same period in 2023.

Congestion expenses

Congestions (network restrictions) are requests for transmission of electricity beyond the technical capacity limits of the network, requiring corrective actions by the transmission system operator, and occur when, in scheduled or real-time operation, the flow of power between two nodes or system zones leads to non-compliance with the safety parameters in the operation of an electricity system.

In the second quarter of 2024, there were 107,222 congestions. With the simultaneous unavailability of the 400 kV Bradu - Braşov and 400 kV Tântăreni - Sibiu Sud power lines, which are located in the south - north direction of the SEN, and a very high transit of electricity through Romania from the south - east of Europe to the centre - north of Europe, as a result of transactions on the European electricity market, high production in wind power plants and scorching temperatures, it was necessary to select units in the southern part of Romania (Oltenia and Dobrogea areas) for power reduction in order to manage network congestion. The 400 kV Bradu - Braşov power line has been taken out of service to remove a tree fallen on the line, cut by unknown persons. The 400 kV Tântăreni - Sibiu South power line has been put back into operation, after the completion of the line inspection.

Expenditure on electricity consumption in RET stations

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

These expenses decreased by 3,052,283 in Q2 2024 compared to Q2 2023.

CPT expenses transit RED (as per ANRE decision)

In June 2024, CPT expenses related to additional transits of electricity from the networks of concessionary distribution operators at the 110kV voltage level (for the quota assigned to the OTS) were recorded in the amount of 12,840,055.

By ANRE Decisions no. 2642/14.11.2023 and no. 2643/14.11.2023, the forecast CPT quantities and the corresponding costs for additional transits of electricity from the 110 kV electricity grids for 2024 were approved for Distribuție Energie Oltenia S.A. and E-Distribuție Dobrogea S.A.

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*(All amounts are in RON unless otherwise indicated)***Inter TSO Compensation (ITC) expenses**

ITC expenditure represents the monthly payment obligations/collection rights for each TSO. They are established under the mechanism of compensation/dispensation of the effects of the use of the transmission electricity network (RET) for electricity transits between TSOs of the countries that have joined this mechanism under ENTSO-E. In Q2 2024, these expenses were higher by 1,842,171 compared to the same period of the previous year.

Expenditure on system services

System service expenses increased significantly in Q2 2024 compared to Q2 2023 in the amount of 74,497,977.

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

The purchase of system services is carried out both in a competitive regime 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 in a regulated regime, based on ANRE Decisions (in the case of reactive energy reserves).

In the second 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 Energia Electrice în Hidrocentrale "Hidroelectrica" SA.

We point out that in line with the trend observed on the balancing market, there has been a steep increase in the purchase price of the Fast Tertiary Reserve - power curtailment from April 2024. Thus, there were increases in the purchase price of the reserve from 9.82 RON/hMW to values of up to 250 RON/hMW (purchase price for the Tertiary Fast Reserve - power reduction registered on 20.04.2024). We note that the same trend was observed at the Secondary Reserve, where on 20.04.2024 prices of 100 RON/hMW were recorded.

Starting with 01.06.2024, with the applicability of the provisions of ANRE President's Order no. 18/30.05.2024 (for a period of 3 months), the price trend has been contracting, with prices below the maximum limit imposed by the authority.

Balancing market expenses

The balancing market expenses realised in Q2 2024, amounting to 1,896,938,639, were significantly higher by 1,387,652,598 compared to Q2 2023. These expenses result from notifications/realisations of market participants.

The evolution of electricity production and consumption at national level and the European context of evolution of the electricity market, the way of realisation of contracting on the markets prior to the balancing market, have had and will continue to have a significant impact on the evolution of revenues/costs on the balancing market.

H1 2024 compared to H1 2023

The expenses realised in H1 2024 compared to H1 2023 are as follows:

	Semester I 2024	Semester I 2023
Expenditure on own technological consumption	296,081,042	261,204,570
Congestion charges	107,222	88,286
Expenditure on electricity consumption in RET stations	25,567,731	25,456,482
CPT expenses transit RED (as per ANRE decision)	12,840,055	-
Inter TSO Compensation (ITC) expenses	20,604,759	20,320,980
Total operational expenditure	355,200,809	307,070,318
Expenditure on system services	300,957,046	230,734,632
Balancing market expenses	3,229,285,561	1,017,157,046
Total	3,885,443,416	1,554,961,996

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Expenditure on own technological consumption

These represent expenses for the purchase of electricity on the free electricity market, i.e. the Centralised Bilateral Contracts Market (PCCB), the Day-ahead Market (PZU), the Balancing Market (PE) and the Intra-day Market (PI) to cover own technological consumption (CPT) in the transmission electricity network (RET).

Technological own consumption expenditure was higher by 34,876,472 in H1 2024 compared to H1 2023, taking into account a number of aspects as follows:

- due to its characteristics, the Technological Own Consumption (TOC) in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity production and consumption at national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional energy market;
- following the provisions of GEO no. 153/2022 amending and supplementing GEO no. 27/2022, CNTEE Tranelectrica 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 for the first three months of the year, then the value will be reduced to 400 RON/MWh for energy contracted from 1 April 2024 (in accordance with GEO no. 32/2024);
- the accelerated increase in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1,500 MW at the beginning of 2024), together with the increasing share of wind and solar energy, have led to a decrease in energy prices on the short-term markets. Thus, the average price of energy purchased from the PZU in the period from January to June 2024 was significantly lower than the price in the similar period of 2023;
- the average imbalance price set on the PE was much higher, which led to a significant increase in spending in this market compared to the same period in 2023.

Congestion expenses

In the first half of 2024, there were 107,222 congestions. With the simultaneous unavailability of the 400 kV Bradu - Braşov and 400 kV Tântăreni - Sibiu Sud power lines, which are located in the south - north direction of the SEN, and a very high transit of electricity through Romania from the south - east of Europe to the centre - north of Europe, as a result of transactions on the European electricity market, high production in wind power plants and scorching temperatures, it was necessary to select units in the southern part of Romania (Oltenia and Dobrogea areas) for power reduction in order to manage network congestion. The 400 kV Bradu - Braşov power line has been taken out of service to remove a tree fallen on the line, cut by unknown persons. The 400 kV Tântăreni - Sibiu South power line has been put back into operation, after the completion of the line inspection.

Expenditure on electricity consumption in RET stations

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

These expenses increased by 111,249 in H1 2024 compared to H1 2023.

CPT expenses transit RED (as per ANRE decision)

In the first half of 2024, CPT expenses related to additional transits of electricity from the networks of concessionary distribution operators at the 110kV voltage level (for the quota allocated to the OTS) were recorded in the amount of 12,840,055.

By ANRE Decisions no. 2642/14.11.2023 and no. 2643/14.11.2023, the forecast CPT quantities and the corresponding costs for additional transits of electricity from the 110 kV electricity grids for 2024 were approved for Distribuţie Energie Oltenia S.A. and E-Distribuţie Dobrogea S.A.

Inter TSO Compensation (ITC) expenses

ITC expenditure represents the monthly payment obligations/collection rights for each TSO. They are established under the mechanism of compensation/dispensation of the effects of the use of the transmission electricity network (RET) for electricity transits between TSOs of the countries that have joined this mechanism of ENTSO-E. In H1 2024, these expenses were 283,779 higher than in the same period of the previous year.

The factors influencing the cost/revenue values of the ITC mechanism are the electricity exchanges - import, export, transit on the interconnection lines of the SEN, correlated with the electricity flows transited 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 level of operational safety of the SEN and the quality of the electricity transported at the parameters required by the technical standards in force, based

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on the needs established by the National Energy Dispatching (organisational unit within the Company) responsible for ensuring the stability and safety of the SEN operation.

Expenditure on system services increased by 30.43% in H1 2024 compared to H1 2023, i.e. by 70,222,414.

The purchase of system services is carried out both in a competitive regime 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 in a regulated regime, based on ANRE Decisions (in the case of reactive energy reserves).

In the first half of 2024, the contracting of system services under the regulated regime was carried out only for reactive energy, in accordance with ANRE Decision no. 1078/2020, being provided by Societatea de Producere a Energia Electrice în Hidrocentrale "Hidroelectrica" SA.

In accordance with the provisions of Article II of ANRE Order no. 18/30.05.2024, for a period of 3 months, in accordance with Regulation 2019/943 of the European Parliament and of the Council of 5 June 2019, in the period 01.06.2024-31.08.2024, the purchase of balancing capacity services for frequency stability contracted by CNTEE Transelectrica SA is carried out as follows:

- at a maximum price of 82.30 RON/hMW for the secondary regulating reserve/frequency restoration reserve with automatic increase activation and for the automatic decrease activation;
- at a maximum price of 37.94 RON/hMW for the fast tertiary regulating reserve on boost/reset reserve with manual activation on boost;
- at a maximum price of 16.38 RON/hMW for the fast tertiary dimming reserve/manually activated frequency restoration reserve at manual dimming.

We point out that, in line with the trend observed in the balancing market, there has been a steep increase in the purchase price of the Fast Tertiary Reserve - power curtailment from April 2024. Thus, there were increases in the purchase price of the reserve from 9.82 RON/hMW to values of up to 250 RON/hMW (purchase price for the Tertiary Fast Reserve - power reduction registered on 20.04.2024). We note that the same trend was observed at the Secondary Reserve, where on 20.04.2024 prices of 100 RON/hMW were recorded.

Starting with 01.06.2024, with the applicability of the provisions of the ANRE President's Order no. 18/30.05.2024, the price trend has been contracting, with prices below the maximum limit imposed by the authority.

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

Balancing market expenses

The balancing market expenses realised in H1 2024 showed an increase of 217.48% as compared to the similar period of 2023, i.e. by an amount of 2,212,128,515. These expenses result from the notifications/realisations of the participants on this market and are significantly influenced by the evolution of electricity production and consumption at national level, the European context of the electricity market evolution and the way contracting is realised on the markets prior to the balancing market.

15. Amortisation

	Q II 2024	Q II 2023
Depreciation and amortisation of tangible and intangible fixed assets	66,646,479	65,981,035
Amortisation of intangible assets - additional CPT	17,981,559	16,926,334
Depreciation of assets related to rights of use of leased assets	1,988,059	1,988,061
Total	86,616,097	84,895,430

	Semester I 2024	Semester I 2023
Depreciation and amortisation of tangible and intangible fixed assets	132,072,099	129,247,203
Amortisation of intangible assets - additional CPT	35,594,661	33,852,668
Depreciation of assets related to rights of use of leased assets	3,976,119	3,976,120
Total	171,642,879	167,075,991

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Depreciation of tangible and intangible fixed assets in the amount of 132,072,099 represents the depreciation recorded in the first half of 2024, calculated at the revalued amount of the assets at 31 December 2023, correlated with the commissioning of the investment works and the acceptance of the assets.

Expenses with the amortisation of intangible assets - additional CPT in the amount of 35,594,661 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of *GEO no. 27/2022 on the measures applicable to end 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 some normative acts in the energy sector.*

According to Article III of GEO no. 119/2022 approved by Law no. 357/13.12.2022 with subsequent amendments and additions, for licensed economic operators, providers of electricity transmission services, the additional costs of electricity purchase incurred 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, are capitalised on a quarterly basis, and the assets resulting from the capitalisation are depreciated over a period of 5 years from the date of capitalisation.

Intangible asset amortisation expense recognised under IFRS 16 in the amount of 3,976,119 (the Company partly operates in leased office premises). In accordance with *IFRS 16 - Leases*, the right to use the premises leased by the Company in the Platinum office building in Platinum str. Olteni nr. 2-4, as an asset valued at the level of the rent to be paid until the end of the lease. The asset recognised in accordance with IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator 'depreciation and amortisation expense on tangible and intangible assets'.

16. Staff expenditure

	Q II 2024	Q II 2023
Expenditure on staff salaries	85,243,115	69,767,059
Social expenditure	4,477,407	3,266,380
Expenditure on vouchers granted to employees	4,033,240	7,269,630
Expenses related to the mandate contract and other committees, commissions	1,253,283	1,076,804
Social security and social protection expenditure	6,858,018	5,421,518
Provisions set aside for salaries and similar charges	(1,868,278)	(3,324,837)
Other expenditure	-	4,530
Total	99,996,785	83,481,084

	Semester I 2024	Semester I 2023
Expenditure on staff salaries	162,833,818	134,676,502
Social expenditure	4,912,948	4,210,070
Expenditure on vouchers granted to employees	8,446,880	10,657,680
Expenses related to the mandate contract and other committees, commissions	2,362,408	2,279,000
Social security and social protection expenditure	12,896,846	10,327,013
Provisions set aside for salaries and similar charges	(3,959,886)	(4,151,033)
Other expenditure	88	11,772
Total	187,493,102	158,011,004

The total staff expenses realised in Q2 and H1 2024 show an increase compared to the same period of the previous year, mainly due to the increase in some expense items such as: staff salary expenses, social expenses, expenses related to the directors' contract and other committees and commissions, insurance and social protection expenses, as well as the reversal to income of part of the provisions made for dismissed executive and non-executive directors, representing the variable component relating to the packages of OAVTs allocated and not utilised during the terms of office executed in the period 2013-2017 and compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with the payments made on the basis of enforceable court judgments received by the Company.

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17. Other operating expenses

	Q II 2024	Q II 2023
Other expenditure on services performed by third parties	32,310,516	26,895,725
Postage and telecoms charges	217,949	227,470
Royalties and rents	1,662,306	1,618,074
(Net) operating expenses related to impairment adjustments on current assets	558,397	(877,555)
Other expenses, of which:	26,908,517	21,026,348
- losses on sundry receivables and debtors	258,093	3,187
- (net) expenditure on provisions for other operating charges	(287,473)	(5,693)
- compensation expenses on the basis of mandate contracts/ OAVTs as per court decision	1,750,862	3,260,713
- expenditure on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes)	4,159,819	7,545,901
- expenditure on goods	4,865,257	2,167,209
- expenditure on international subscriptions	1,913,102	1,751,347
- travelling expenses	1,795,976	1,738,955
- expenditure on energy purchased for administrative consumption	1,874,441	838,399
- sponsorship expenses	2,446,700	1,488,226
- expenditure on fines and penalties	4,240,856	308,051
- other operating expenditure	3,890,884	1,930,053
Total	61,657,685	48,890,062

In the second quarter of 2024, these expenses increased in the amount of 12,767,623 compared to the second quarter of 2023, mainly due to the variation in certain expense items, such as:

- the increase of some expenditure items, namely: civil protection and security costs, costs related to the implementation of pan-European codes, Teletrans maintenance costs, staff training costs, costs related to goods, costs related to energy purchased for administrative consumption, etc.;
- decrease in certain items of expenditure, such as: expenditure on taxes, duties and similar charges, expenditure on natural gas consumption, etc.;
- the recording of expenses related to the OAVTs paid on the basis of enforceable court judgements (performance bonus related to the OAVT Certificates granted to former executive and non-executive and non-valorised members, remuneration under the mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgements granted to former executive and non-executive members who were dismissed, representing compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024;
- the recording of expenses with fines and penalties representing, mainly, late payment penalties to Regia Autonomă pentru Activități Nucleare, according to the civil decision no. 806/20.05.2024 rendered by the Bucharest Court of Appeal - Section VI Civil in case no. 28460/3/2017 and civil decision no. 898/03.06.2024 rendered by the Bucharest Court of Appeal - Section VI Civil in case no. 3694/3/2016;
- the recording of adjustments for impairment of receivables (ROMELECTRO SA, OPCOM SA, etc.), adjustments for inventory depreciation, as well as the reversal to income of adjustments for impairment of current assets (ROMELECTRO SA etc.), respectively adjustments for inventory depreciation etc.

	Semester I 2024	Semester I 2023
Other expenditure on services performed by third parties	62,572,152	51,474,076
Postage and telecoms charges	458,624	419,828
Royalties and rents	3,441,929	3,184,558
(Net) operating expenses related to impairment adjustments on current assets	348,953	(905,207)
Other expenses, of which:	51,521,596	40,656,202
- losses on sundry receivables and debtors	2,917,956	3,187
- (net) expenditure on provisions for other operating charges	(296,363)	(17,527)
- compensation expenses on the basis of mandate contracts/ OAVTs		

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	Semester I 2024	Semester I 2023
<i>as per court decision</i>	3,236,348	4,060,142
-expenditure on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes)	8,545,404	14,658,699
- expenditure on goods	8,278,318	2,835,968
- expenditure on international subscriptions	3,796,943	3,498,171
- travelling expenses	3,528,017	2,870,901
- expenditure on energy purchased for administrative consumption	3,324,344	1,175,583
- sponsorship expenses	3,902,800	1,665,800
- expenditure on fines and penalties	4,271,007	308,682
- other operating expenditure	10,016,822	9,596,596
Total	118,343,254	94,829,457

In H1 2024, these expenses increased by 23,513,797 compared to H1 2023, mainly due to the variation in certain expense items such as:

- the increase of some expenditure items, namely: civil protection and security costs, costs related to the implementation of pan-European codes, Teletrans maintenance costs, staff training costs, costs related to goods, costs related to energy purchased for administrative consumption, etc.;
- the reduction of certain items of expenditure, such as: expenditure on taxes, duties and similar charges, other non-deductible operating expenses for tax purposes, etc.;
- the recording of expenses related to the OAVTs paid on the basis of enforceable court judgements (performance bonus related to the OAVT Certificates granted to former executive and non-executive and non-valorised members, remuneration under the mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgements granted to former executive and non-executive members who were dismissed, representing compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024;
- the recording of expenses with fines and penalties representing, mainly, late payment penalties to Regia Autonomă pentru Activități Nucleare, according to the civil decision no. 806/20.05.2024 rendered by the Bucharest Court of Appeal - Section VI Civil in case no. 28460/3/2017 and civil decision no. 898/03.06.2024 rendered by the Bucharest Court of Appeal - Section VI Civil in case no. 3694/3/2016;
- the recording of adjustments for the impairment of receivables (ROMELECTRO SA, OPCOM SA, etc.), adjustments for the impairment of inventories, as well as the reversal to income of adjustments for the impairment of current assets (ROMELECTRO SA, CET GOVORA SA, etc.), respectively adjustments for the impairment of inventories, etc.

18. Net financial result

	Q II 2024	Q II 2023
Interest income	2,295,405	1,562,214
Foreign exchange gains	605,843	6,794,032
Other financial income	14,651,527	1,205,555
Total financial income	17,552,775	9,561,801
Interest-related expenses	(534,506)	(824,454)
Expenses from exchange rate differences	(742,517)	(8,103,561)
Total financial expenditure	(1,277,023)	(8,928,015)
Net financial result	16,275,752	633,786

	Semester I 2024	Semester I 2023
Interest income	3,438,349	2,408,870
Foreign exchange gains	1,603,660	22,551,214
Other financial income	14,692,473	1,493,823
Total financial income	19,734,482	26,453,907
Interest-related expenses	(1,364,737)	(2,143,037)
Expenses from exchange rate differences	(2,175,263)	(22,048,937)
Other financial charges	-	(242,140)
Total financial expenditure	(3,540,000)	(24,434,114)
Net financial result	16,194,482	2,019,793

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As at 30 June 2024, the Company recorded a net financial result (profit) in the amount of 16,194,482, higher by 14,174,689 compared to the same period of the previous year. This was mainly influenced by the dividends received from the subsidiary OPCOM SA in the total amount of 14,649,757, the increase in interest income received during the period under review, as well as the evolution of the exchange rate of the national currency against the foreign currencies in which the Company has bank loans to finance investment programmes (Euro).

The level of exchange rate 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.

At 30 June 2024, totalling 1,364,737 (interest expense), the amount of 260,776 represents the interest calculated on fixed assets related to the rights of use of leased assets - buildings, in accordance with IFRS 16 - Leases.

The national currency exchange rates on 30 June 2024 compared to 30 June 2023 are as follows:

Currency	30 June 2024	30 June 2023
RON / Euro	4.9771	4.9634

19. Disputes and contingencies**i) Ongoing litigation**

The management regularly reviews the situation of ongoing litigation and, in consultation with its legal representatives, decides on the need to create/cancel provisions for the amounts involved or to disclose them in the financial statements.

Based on the information available, the Company's management believes that, as of the date of these financial statements, there are no material litigations pending in which the Company is a defendant, except for the following:

- **REGIA AUTONOMĂ PENTRU ACTIVITĂȚI NUCLEARE (RAAN)**

In case no. **9089/101/2013**, on 19.09.2013, the Mehedinți Court ordered the opening of general insolvency proceedings against RAAN.

On 09.03.2015, the Mehedinți Court confirmed the reorganisation plan of the debtor Regia Autonomă Pentru Activități Nucleare proposed by the insolvency administrator Tudor&Asociații SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

On 14.06.2016, bankruptcy proceedings were ordered against RAAN.

CNTEE Transelectrica SA filed an objection to the supplementary table of claims, which was the subject of file no. 9089/101/2013/a152 against the debtor RAAN, as the judicial liquidator did not enter a claim in the amount of 78,096,209 RON on the grounds that "it does not appear as being due in RAAN's accounting records." Moreover, the judicial liquidator considered that the request to enter the amount of 78,096,209 RON in the table was submitted late, as it related to the period 2011 - 2013, which is why the statement of claim should have been submitted at the time of the opening of the insolvency proceedings, namely on 18 September 2013. Within the legal time limit, an appeal to the Supplementary Table of Claims was filed, the Mehedinți Tribunal accepting the evidence of the accountant's expert's report. By Judgment 163/20.06.2019, the solution of the Mehedinți Tribunal is: The plea of forfeiture is allowed. The main action and the related appeal are allowed in part. Orders the defendant to pay to the claimant the amount of 16,950,117.14 RON, a claim arising in the course of the proceedings, ordering its entry in the table of creditors established against the debtor RAAN with this amount. Dismisses the remainder of the related claims. Under Article 453 para. 2 C. pr. civ. orders the defendant to pay the applicant 1,000 RON costs. Subject to appeal. Delivered in open court. Document Decision 163/20.06.2019. Transelectrica appealed within the legal deadline. At the trial date of 06.11.2019, the Craiova Court of Appeal dismissed Transelectrica's appeal as unfounded. Final decision. Decision 846/06.11.2019.

In the bankruptcy case of RAAN registered under No **9089/101/2013**, CNTEE Transelectrica SA was entered in the creditor's estate with the following claims: 2,162,138.86 RON + 16,951,117.14 RON.

Date to continue the procedure for the collection of claims, the realisation of assets and the performance of other liquidation operations: **03.10.2024**.

RAAN and Transelectrica are also involved in 2 other cases at various stages of judgement, as follows:

a) Case no. 28460/3/2017 - Bucharest Tribunal - 6th Department - Civil. Re: order the undersigned to pay the total amount of 12,346,063.10 RON.

The TMB solution in brief: Dismisses the application brought by the applicant Regia Autonomă pentru Activități Nucleare against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica SA, as unfounded. Dismisses the parties'

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application for costs as unfounded. Subject to appeal within 30 days of notification. The appeal is filed at the Bucharest Tribunal - 6th Civil Department. Document: Decision No 777/24.06.2020. RAAN filed an appeal, which was heard on 27 September 2021. The CAB solution: Allow the appeal. Amends the judgment under appeal to the effect that: The application is granted. Orders the defendant to pay the plaintiff the amount of 12,346,063.10 RON, representing the principal debt and penalties. With the right to appeal within 30 days from the date of communication, to be lodged with the Bucharest Court of Appeal, 6th Department. Delivered by placing the solution at the disposal of the parties through the court registry, today, 20.05.2024. Document: civil decision no. 806/20.05.2024.

b) Case no. **3694/3/2016** - Bucharest Tribunal - Civil Section VI.

By its application, the applicant R.A.A.A.N. seeks an order that the undersigned be ordered to pay the total amount of RON 15,698,721.80. By the statement of defence, CNTEE Transelectrica SA requested the court to reject the claim regarding the late payment penalties and to declare that the mutual debts are set off by operation of law and that they are extinguished up to the amount of the lower of the two, namely, the total amount of 12,727,101.99 RON, representing the counter value of the bonus for electricity produced in high-efficiency cogeneration and delivered to SEN for the period from March to September 2015 and the pre-settlement of the overcompensation for the period from 01.01.2014 to 31.12.2014, as requested by the claimant in the application.

At the hearing on 11.06.2020, The TMB's summary judgment: dismissed the application as unfounded. With an appeal within 30 days of notification. Document: Decision No 630/11.06.2020.

RAAN appealed, which was allowed by the CAB.

CAB solution: Allow the appeal. Amends the judgment under appeal in its entirety to the effect that: The application is granted. Orders the defendant to pay to the applicant the amount of 12,727,101.99 RON, representing the value of the bonus and regularisation of the pre-award for which invoices SRTF series no. 1500031 of 24.04.2015, SRTF series no. 1500033 of 22.05.2015, SRTF series no. 1500036 of 22.06.2015, SRTF series no. 1521311 of 23.07.2015, SRTF series no. 1500041 dated 17.08.2015, SRTF series no. 1500045 dated 23.09.2015, SRTF series no. 1521339 dated 26.10.2015 and SRTF series no. 1521282 dated 8.04.2015, as well as the amount of RON 2,917,619.81, representing late payment penalties related to the principal debit, for which invoices SRTF series no. 1500059 dated 31.12.2015 and SRTF series no. 1500060 dated 31.12.2015 were issued. Subject to appeal within 30 days of notification. The appeal is to be submitted to the Bucharest Court of Appeal - 6th Civil Department. Delivered, today, 03.06.2024, and made available to the parties through the court registry. Document: Decision 898/03.06.2024

• COURT OF AUDITORS OF ROMANIA

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during this audit. The Company lodged several appeals against the measures ordered by the Court of Auditors of Romania (CoA) by Decision no. 8/27.06.2017, requesting their cancellation, as well as against the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Audit Report no. 19211/26.05.2017. The appeals were filed before the Bucharest Court of Appeal, among which case no. **6581/2/2017** concerning the annulment of the findings in paragraph 6 and the measure ordered in paragraph II.9, at the trial term of 31.03.2023: According to the minutes of 29.03.2023, case no. **6581/2/2017** was filed in the 12th Panel of first instance of the Eighth Administrative and Tax Litigation Department under no. **6581/2/2017*** The solution in brief: In order to give the parties the opportunity to submit written submissions and to deliberate, the Court adjourns the hearing to the following deadlines 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on **26 May 2023**, the application was granted. Partial annulment of Decision No 77/03.08.2017, as regards the rejection of point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 as regards the findings in point 6 and the measure ordered in point 11.9, and Control Report No 19211/26.05.2017 as regards the findings in point 3.2. Orders the defendant to pay to the applicant the costs totalling 10,450 RON, representing the court stamp duty and the fees of the court expert. With appeal within 15 days of notification. Decision 920/2023 26.05.2023.

Judgment fixed for **23.01.2025**.

Between January and July 2020, the Court of Accounts of Romania carried out a control action at all CNTEE Transelectrica's Territorial Transmission Units, and between 25.05-27.08.2020, the verification action continued at the Company's executive headquarters. The subject of the CCR's control action was "control of the situation, evolution and management of the state's public and private patrimony, as well as the legality of the realisation of revenues and expenses for the period 2017-2019" at CNTEE Transelectrica SA.

After finalising the control on the management of the State's public and private patrimony, as well as the legality of the realisation of revenues and the legality of the expenses for the period 2017-2019, control finalised on 06.10.2020, the Control Report was issued with 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 deadline for implementation of 31.05.2021, which was extended by the Court of Accounts of Romania, at the Company's request, until 31.12.2021.

The company objected and filed Appeal No 50090/26.11.2020, registered at the Court of Accounts under No 139775/26.11.2020, requesting the cancellation of the measures. Following the CCR auditors' examination and analysis of the Appeal lodged by the

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Company, by Decision no. 2 of 10.03.2021, one of the 10 measures ordered was annulled.

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

At the term of 10.12.2021, CAB dismisses 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 the right to appeal within 15 days from the date of communication and with the right to appeal within 5 days from the date of communication with regard to the claim regarding the suspension; the appeal shall be filed with the Bucharest Court of Appeal.

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

At the term of 07.03.2024, the ICCJ dismissed the appeal lodged by the plaintiff Compania Națională de Transport de al Energiei Electrice "Transelectrica" SA against Judgment no. 1889 of 10 December 2021 of the Bucharest Court of Appeal - Ninth Section of Administrative and Tax Litigation, as unfounded. Definitive. Delivered today, 7 March 2024, by placing the judgment at the disposal of the parties through the court registry.

• OPCOM

The Bucharest Court of First Instance has registered case no. **22567/3/2019**, which has as its object "claims", in which the Company is the plaintiff, the defendant being OPCOM SA.

By its application, the applicant CNTEE Transelectrica SA requested the court to order, by the judgement to be delivered:

- order the defendant OPCOM SA to pay the amount of 4,517,460 RON, corresponding to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the VAT value of the contribution made by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under Loan Agreement no. 7181RO/2003, a commitment to finance the investment project "Electricity Market Project";

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

- order the defendant OPCOM SA to pay the costs.

At the term of 03.07.2020, the court put to the parties the OPCOM's request for suspension of the judgement of the case no. 22567/3/2019, and the case remained pending.

At the hearing on 17.07.2020, the court delivered the following summary judgment: Suspends the judgement of the case until the final resolution of case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (in which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final). With appeal throughout the suspension. Delivered by placing the judgment at the disposal of the parties through the court registry, today, 17.07.2020. Document: Termination - Suspension 17.07.2020.

After the final decision in **case no. 31001/3/2017**, CNTEE Transelectrica SA filed a request for the reopening of case no. 22567/3/2019, as the reason for the suspension of the case no longer existed. The Bucharest Tribunal put the case back on the docket and set the trial date for 05.11.2021.

At that term, after the appeal in the case, the court gave the parties the floor on the "plea of limitation of the substantive right of action". After the parties' oral submissions on this objection, the court reserved judgement on this objection and adjourned the judgment to 03.12.2021.

On 03.12.2021, the Bucharest Tribunal pronounced the following short solution: "Admit the plea of limitation of the substantive right of action. Dismisses the action as time-barred. With the right to appeal within 30 days from the date of communication, to be lodged with the Bucharest Tribunal, 6th Civil Section. Delivered by placing the judgment at the disposal of the parties through the court registry, today, 03.12.2021. Document: Decision 3021/2021 03.12.2021".

The company has appealed. The Court dismisses the appeal as unfounded. Orders the appellant to pay the respondent the sum of 11,325.21 RON by way of costs. Subject to appeal within 30 days of the judgement. Delivered today, 12 October 2022, by making the judgment available to the parties through the court registry. Document: Judgement 1532/12.10.2022.

Transelectrica filed an appeal against the civil decision no. 1532/12.10.2022 rendered by the CAB, the case being submitted to the ICCJ where it was resolved by judgement no. 1640/19.09.2023: *"Admit the main appeal lodged by the appellant-claimant Compania Națională de Transport al Energiei Electrice "TRANSELECTRICA" S.A. and the cross-appeal lodged by the appellant-defendant Operatorul Pieteii de Energie Electrică si Gaze Naturale "OPCOM" S.A. against the civil decision no. 1532 of 12 October 2022, rendered by the Bucharest Court of Appeal - Fifth Civil Section, which it reverses and sends the case for a new trial to the same court. Definitive"*.

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On the Bucharest Tribunal's docket, the case no. **24242/3/2021**, in which OPCOM SA is the plaintiff and CNTEE Transelectrica SA is the defendant, is pending before the Bucharest Tribunal.

This case concerns the nullity of the act - contribution in kind, materialised by intangible assets, the trading platform - the Commercial Exchange and the Regional Electricity Exchange, financed by loans contracted by CNTEE Transelectrica SA from the IBRD, under loan agreement no. 7181RO/17.07.2003, and by CNTEE Transelectrica SA's own sources, which were realised under service and deliverables contracts no: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialised by AGEA Decision No 6/15.06.2016 and, subsequently, AGOA Decision No 2/25.05.2017 and AGOA Decision No 7/24.05.2018.

At the hearing on 11.04.2022, the court put to the parties the objections raised by CNTEE Transelectrica SA, by way of defence. The evidence proposed to be given in this case was also discussed at that time. The court adjourned the hearing of the case to the fixed date of 22.11.2022, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several postponements, the next date is set for 27.06.2023 for lack of expert's report. At the term 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 term is set for 10.10.2023. The court adjourned the hearing of the case to the fixed date of 07.11.2023.

At the court hearing on 07.11.2023, the court's solution is: It qualifies the plea of inadmissibility as a substantive defence. The action is dismissed as unfounded. With the right to appeal within 30 days from the date of communication for the parties, the appeal to be filed at the Bucharest Tribunal, Section VI Civil. Delivered today, 07.11.2023, on the basis of art. 396 paragraph 2 C.C.P.Civ. by making the solution available to the parties at the court registry.

OPCOM lodged an appeal and a hearing was set for **12 September 2024**.

• CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an additional act 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 unrealised profits for the period 2013-2033 in the amount of EUR 722,756,000. So far, the Company has not concluded an additional act 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, by which time the technical connection permit expired. The **case no. 5302/2/2013** is pending before the High Court of Cassation and Justice, Administrative and Tax Litigation Section, with the object to compel the issuance of an administrative act, procedural stage - appeal, the deadline for the judgement is 09.12.2015. On that date, the High Court of Cassation and Justice allowed, in principle, the appeals and set a date for the appeals to be heard on the merits on 8 April 2016. Panel 4, with summons to the parties.

The hearing of the case was postponed to 17.06.2016, when the court remained in judgment, postponing the judgement to 29.06.2016, when it rendered Decision no. 2148/2016, by which it ordered the following: "Dismisses the objections raised by the appellant-plaintiff Conaid Company S.R.L., through the insolvency administrator RVA Insolvency Specialists SPRL and the defendant-appellant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admit the appeal lodged by the defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. against the hearing of 18 February 2014 and the civil judgment no. 1866 of 11 June 2014, delivered by the Bucharest Court of Appeal - 8th Department - Administrative and Tax Litigation. Sets aside the contested conclusion and the judgment in part and refers the case back to the Bucharest Tribunal - Section VI Civil Division for the resolution of the applicant's action against the National Electricity Transmission Company Transelectrica S.A. Maintains the other provisions of the judgment with regard to the applicant's action against the National Energy Regulatory Authority. Dismisses the appeals lodged by the plaintiff Conaid Company S.R.L., through its receiver RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against the civil judgment no. 1866 of 11 June 2014, delivered by the Bucharest Court of Appeal - 8th Department - Administrative and Tax Disputes. Dismisses the appeal filed by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the judgment of 25 March 2014, delivered by the Bucharest Court of Appeal - 8th Department - Administrative and Tax Litigation. Definitive. Delivered in open court on 29 June 2016.

The case was registered with the Bucharest Tribunal - Section VI Civil, under no. 12107/3/2017. By Civil Judgment No 4364/23.11.2017, the General Court accepts the plea of inadmissibility and dismisses the application as inadmissible. The application to intervene in the applicant's interest is dismissed. With appeal within 30 days of communication. The appeal was lodged with the Bucharest Tribunal, Civil Section VI and was made available to the parties through the clerk's office, on 23 November 2017.

On 02.11.2018, on the Bucharest Tribunal - Civil Section VI - was registered a new application for summons filed by Conaid Company SRL, in case no. **36755/3/2018**, by 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 obligations by the defendant, in the amount of 17,216,093.43 RON, consisting of the actual loss suffered and the unrealised benefit, provisionally estimated at 100,000 euro. Given the unjustified refusal of Transelectrica SA to conclude and sign an additional act to Contract no. C154/27.04.2012, and in the event that the court considers that, from a formal point of view, the obligation regarding the suspensive conditions cannot be considered as having been fulfilled by the applicant, this non-fulfilment is due to the exclusive fault of Transelectrica SA, the defendant having prevented the fulfilment of the conditions".

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At the hearing on 15 October 2019, dismisses as unfounded the objections of lack of standing and lack of interest. Joins the exception of prescription to the merits. With appeal on the merits. Delivered by delivery of the judgment to the parties through the court registry.

The parties are summoned to appear on 26.11.2019 for further investigation of the case. With appeal on the merits. Delivered by delivery of the judgment to the parties through the court registry.

The case is adjourned for the taking of expert evidence and a deadline is set for 21.01.2020.

On 21.01.2020, the case is adjourned in order to carry out the expertise and the next date is 31.03.2020.

At the deadline of 31.03.2020, the short solution was as follows: Suspended by right on the basis of Article 42 paragraph 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 entire period of the state of emergency.

After several adjournments, the next deadline is set for 28.09.2022, with a view to the taking of expert evidence.

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

On 07.12.2022, the case is adjourned for failure to reply to the objections and the next date is 22.02.2023 and then 03.05.2023 for the same cause.

On 03.05.2023, the case is adjourned to take cognisance of the reply to the objections and the next date is 13.09.2023. A trial date was set for 06.12.2023.

On 06.12.2023, the Bucharest Tribunal remained in pronouncement, postponing the judgement 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, submitted by exp. Chirilă Adelaida Adriana Adriana, as unfounded. The plea of limitation of the substantive right to bring proceedings, raised by way of defence, is admissible. Dismisses the application as time-barred". With an appeal within 30 days of notification. The appeal is filed with the Bucharest Tribunal, Civil Section VI. Delivered by the clerk of the court, today, 03.01.2024.

• REȘIȚA MUNICIPALITY

File no. **2494/115/2018*** - **file no. 2494/115/2018****, registered with the Caras Severin Court of Caras Severin, has as its object the application for summons, by which the plaintiff Municipality of Resita requests that the defendant Transelectrica SA be ordered to pay the amount of 17,038,126.88 RON representing land rents for the years 2015, 2016, 2018, 2019, 2020, 2021, 2022 and 2023, plus legal penalty interest from the due date until actual payment.

Solution in brief: Admitted the objection of lack of territorial jurisdiction of the Tribunal Caraș-Severin. Declares that the Court of Bucharest has jurisdiction to resolve the claim brought by the plaintiff Municipality of Reșița - through the Mayor, in contradiction with the defendant National Company for the Transmission of Electricity "Transelectrica" SA, in favour of the Bucharest Tribunal. No appeal, according to art.132 paragraph 3 of the Civil Procedure Code. Delivered in open court. Decision 313/11.03.2019.

At the term of 25.10.2019, the plea of lack of territorial jurisdiction of the Bucharest Tribunal is admitted. Declares that the Court of Caras-Severin has jurisdiction to hear the case. Declares that there is a negative conflict of jurisdiction between the Bucharest Tribunal and the Caras-Severin Tribunal. Suspends the case and forwards the file to the High Court of Cassation and Justice, with a view to resolving the negative conflict of jurisdiction. No recourse. The judgement will be pronounced by making the solution 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 competence to resolve the case in favour of the Caras Severin Court - Civil Section I.

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

At the deadline of 22.03.2021, the short solution is: Suspends the judgement on the application brought by the plaintiff Municipality of Reșița, through the Mayor, against the defendant National Company for the Transport of Electricity "Transelectrica" SA, having as its object claims, pursuant to Article 413 paragraph (1), item 1 of the Civil Procedure Code. With appeal to the higher court for as long as the trial is suspended.

The stay of proceedings was ordered until the final judgement in case no 3154/115/2018* of the Caras Severin Court.

At the deadline of 19.01.2023, the short solution is: Dismisses the plea that the application is not time-barred as the defendant does not have standing to rely on the method of assessment of the stamp duty. Dismisses the plea that the application to amend the application initiating the proceedings is out of time. Postpones the discussion on the exception of the positive effect of res judicata until the deadline for the submission in full of the decision of the High Court of Cassation and Justice in case no. 3154/115/2018**. The Court adjourns the ruling on the requests for the taking of evidence consisting of the defendant's cross-examination and the accountant's report. The case shall be adjourned and a judgment shall be delivered on 02.03.2023.

At the term of 02.03.2023, the short decision is: suspends the judgement on the application for the institution of proceedings brought by the plaintiff Municipality of Reșița, against the defendant National Company for the Transport of Electricity "Transelectrica" SA, with claims. With right to appeal throughout the stay of the trial. The court ordered a retrial and set a date for 16.11.2023. Judgment was reserved for 22 February 2024.

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

At the term of 06.06.2024, the court rejects the request for postponement made by the plaintiff Municipiul Reșița, to adjourn the judgement of the case, due to the absence of the expert's report to 27.06.2024 for when the parties have a term in knowledge on the basis of art. 229 of the Civil Procedure Code, through authorised representatives.

At the term of 27.06.2024, the court orders the communication to the expert of a copy of the notes of the hearing, on pages 172-174, submitted by the defendant Compania Națională de Transport al Energiei Electrice "Transelectrica" SA. Orders the communication to the expert of a copy of the clarifications submitted by the plaintiff Municipiul Reșița following the request made by the expert. Adjourn the hearing of the case, due to the absence of the expert's report, to **19.09.2024**, for when the parties have a term of hearing on the basis of art. 229 of the Code of Civil Procedure.

• SMART SA

File no. **15561/3/2022**, registered at the Bucharest Court of First Instance, has as subject-matter of the application for summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the amount of 4,467,108 RON, representing the amount of tax liabilities related to the increased income due to the increase in the tax base resulting from the adjustment of income for the years 2014, 2015 and 2016 + costs.

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

After several adjournments, due to the absence of the expert's report, the court is set for **17.10.2024**.

• ANAF

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

The general tax inspection started on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA. As a result of the finalisation of the inspection, ANAF - DGAMC established additional tax obligations to be paid by the Company, namely corporate income tax and VAT, as well as accessory tax obligations (interest/late payment increases and late payment penalties) related to the system technology system services (STS) invoiced by energy suppliers, considered non-deductible following the tax inspection.

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

Mainly, the ANAF tax inspection report recorded the following additional payment obligations: corporate income 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 work point in the Millenium Business Center building in Millenium Business Center, Millenium str. Armand Călinescu nr. 2-4, sector 2, where the Company was operating), special regime documents.

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 challenged within the legal deadline, in accordance with OG no. 92/2003 on the Fiscal Procedure Code, the tax assessment decision no. F-MC 439/30.06.2017.

ANAF has issued enforceable title no. 13540/22.08.2017 on the basis of which the additional payment obligations established by the tax assessment decision no. F-MC 439/30.06.2017 have been executed.

The company applied for the cancellation of the enforceable title no. 13540/22.08.2017 at the Court of Appeal - file no. **7141/2/2017**. Solution in brief: Admit the objection of lack of material jurisdiction of the Bucharest Court of Appeal - SCAF. Declares in favour of the District 1 Bucharest Court the material jurisdiction to settle 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, case no. **8993/29999/2018** was registered on the District Court of Sector 1, whereby the Company challenged the enforcement of execution initiated on the basis of enforceable title no. 13540/22.08.2017, which is based on the Tax Assessment Decision no. F-MC 439/30.06.2017.

After the Company challenged 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 unfounded the appeal filed by CNTEE Transelectrica SA, the decision being received on 16.03.2018, after the filing of the application for the summons subject of file no. 1802/2/2018.

Solution in brief: The appellant's application for a stay of the proceedings is granted. Based on Article 413 para. (1) item 1 of the Civil Procedure Code suspends the judgement until the final resolution of case no. 1802/2/2018, pending before the Bucharest Court of Appeal, 8th Department Administrative and Tax Litigation. With appeal for the entire duration of the suspension, the appeal application to be lodged with the District Court of Bucharest. Delivered in open court - Document: Adjournment - Suspension 17.04.2018.

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On the Court of Appeal's docket is the case no. **1802/2/2018** by which the Company challenged the tax administrative act Decision no. F-MC 439/30.06.2017.

At the trial on 06.11.2018, the expert evidence in the field of accounting - taxation was admitted. Judgement date: 12.05.2020.

At the CAB judgment of 21.07.2020, the case was adjourned.

On 30.07.2020, the case was reinstated for further clarifications.

At the trial of 20.10.2020, the application was admitted in part with the following brief solution: the pending applications were admitted in part, Decision No 122/13.03.2018, on the settlement of the appeal lodged against the tax assessment decision No F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Settlement of Appeals, the tax assessment decision No F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Assessment 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 the issuance of the tax assessment decision, in the sense that: - the obligation to pay corporate income tax in the amount of RON 18,522,280, VAT in the amount of RON 5,694,636 and the tax accessories related to these main tax debts, in the amount of RON 48,436,653, tax obligations established for the 349 tax invoices with special regime found missing from the applicant's management. - removes the non-deductible character for the calculation of taxable profit of the amount of 27,001,727 RON, representing system technological services invoiced by energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims in relation to this amount. - removes the non-deductible character in 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 character in the calculation of taxable profit of the amount of 230.685.491 RON, representing expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims in relation to this amount - removes the non-deductibility of VAT in the amount of 46,417.1 RON, corresponding to 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-deductibility of VAT in the amount of 37.693,88 in respect of the sum of RON 230.685,49, representing expenditure on products of a promotional and protocol nature, and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the entry relating to the obligation of the Sibiu Transmission Branch of CNTEE Transelectrica S.A to record the amount of 576,846.80 RON as taxable income, at the latest on 30.06.2010, the date on which the audited entity was accepted for registration in the creditors' creditors' assets with this amount, 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 Tax Code with subsequent amendments and additions, in conjunction with item 23 lit. d of HG 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, chapter on corporate income tax, respectively chapter VII on the function of the accounts of Order no. 3055 of 29 October 2009 for the approval of the Accounting Regulations in accordance with the European Directives and the obligation to pay the principal 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 plaintiff, thus resulting in a difference in the amount of 13 141 RON' (Annex no. 15) and the obligation to pay the principal and ancillary tax claims in relation to that amount - dismisses the obligation to pay the penalties for late payment which have a punitive legal regime, 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 were upheld by the court in the present judgment, as established by Tax Assessment Decision no.F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, by the Tax Assessment Decision no. 122/13.03.2018, on the settlement of the appeal lodged against the Tax Assessment Decision No F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Settlement of Appeals. Maintains the other provisions of Decision No 122/F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Settlement of Appeals, Tax Decision No. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Assessment 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 stamp duty. Orders the defendants, jointly and severally, to pay to the plaintiff the costs in the amount of 4,000 RON, representing the fee for the expert's report in the speciality of accounting-tax expertise, in proportion to the admission of the claim. **With the right to appeal** within 15 days from the date of the communication, the appeal shall be filed with the Bucharest Court of Appeal. **Decision No 382/20.10.2020.**

The parties appealed in March 2022.

On 12.04.2022, the Bucharest Court of Appeal adjourned the case to 10.05.2022, in order to give the plaintiff the opportunity to acquaint himself with the content of the statement of defence.

At the sitting of 24.05.2022, the CAB rejected as unfounded the request for clarification and for the supplementing of the operative part. Grant the application for rectification of the substantive error to the effect that the amounts of the principal and ancillary tax liabilities in respect of the 349 tax invoices, as set out in the contested tax assessment decision, are to be recognised as correct. Orders that the clerical error be rectified so as to remove the erroneous name of the applicant from the contested judgment. With appeal within 15 days of notification.

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The parties have appealed. The case is in the filtering procedure at the ICCJ. Dead 13.12.2023.

On 13.12.2023, the ICCJ remained in pronouncement until 20.12.2023 when by judgement no. 6169/2023 it ordered the following:

- ✓ Admit the appeals filed by the plaintiff Compania Națională de Transport al Energiei Electrice "Tranelectrica" S.A., the defendant Directorate General 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 - 8th Department - Administrative and Tax Litigation.

- ✓ Sets aside the judgment under appeal in part and, on appeal: Rejects the application for cancellation of the Decision on the settlement of the appeal No 122/13.03.2018 and of the tax assessment decision No F-MC 439/30.06.2017 regarding:

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

- withholding the non-deductibility of expenses in the amount of 230.685, representing the value of promotional and protocol goods and the related VAT;

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

- ✓ Fixes the amount of the costs to which the defendants are 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.

- ✓ Admit the appeals lodged by the plaintiff Compania Națională de Transport a Energiei Electrice "Tranelectrica" S.A. and by the defendant Direcția Generală de Administrare a Marilor Contribuabili against the civil judgment no.134 of 24 May 2022, rendered by the Bucharest Court of Appeal - 8th Department - Administrative and Tax Litigation. Partially quashes civil judgment No 134 of 24 May 2022 and,

rejudging:

- ✓ Admit in part the request for clarification and completion of the operative part of civil judgment No 382 of 20 October 2020, filed by the plaintiff Compania Națională de Transport al Energiei Electrice Tranelectrica S.A.

- ✓ Orders the following to be added to the operative part of civil judgment No 382 of 20 October 2020:

- also cancels Tax Inspection Report No ... F-MC 222/30.06.2017 in so far as the tax assessment decision No. F-MC 439/30.06.2017 has been cancelled;

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

- annula the tax administrative acts with regard to the non-deductibility of expenses with SMART's share of benefits.

- ✓ Removes the entries relating to the amounts of corporation tax and ancillary tax cancelled in respect of the 349 tax invoices from both the judgment correcting the substantive 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 "Tranelectrica" S.A. the amount of 200 RON, representing the costs of the appeal.

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

Civil judgment no. 6169/2023, handed down on 20 December 2023 by the ICCJ - Administrative and Tax Litigation Division, was notified to the Company on **15 May 2024**.

• OTHERS

The company is involved in significant litigation, notably for debt recovery (e.g.: Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Govora, Nucleoelectrica, CET Brașov, Elsaco Energy SRL, Areco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL MULTISERVICE G&G S.R.L, ICCO Energ SRL and others).

The company recognised impairment adjustments for customer and other receivables in dispute and for customers in bankruptcy.

The Company is also involved in litigation with former members of the Management and Supervisory Boards in relation to the contracts of mandate concluded between the Company and them. For these litigations, the Company has made a provision.

ii) Contingencies

At 30 June 2024, **contingent liabilities** amount to RON 36,761,877. They relate to disputes concerning claims representing additional costs following the increase in the minimum wage in the construction sector for investment contracts, of which we list the most significant:

- *File no. 20780/3/202020 - complainant ENERGO MONTAJ SA (7,092,389)*

The case concerns claims for additional costs relating to an increase in the minimum wage in the construction sector and an order

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to conclude an addendum to contract C54/2018.

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

At the court hearing on 24.04.2023, the summary judgment is: "Admit in part the application brought by the applicant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the claimant the amount of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase of the minimum wage in the construction sector to the amount of 3,000 RON/month for the works carried out under Works Contract No C54/27.02.2018 for the period January 2019 - January 2021. Obliges the defendant to conclude an Additional Deed to the Works Contract no. C54/27.02.2018 with the object of updating 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 construction sector to the amount of 3,000 RON/month as of 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 days of notification. The appeal is filed with the Bucharest Tribunal, 6th Civil Department. Delivered by making the solution available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023."

Transelectrica has appealed. Deadline 27.10.2023.

At the term 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 judgement no. 1035/24.04.2023, pronounced in case no. 20780/3/202020 by the Bucharest Tribunal - Section VI Civil. Amends the judgment under appeal in its entirety in the sense that 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 stated above. Orders the respondent-claimant Electromontaj S.A. to pay to the respondent-appellant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. the amount of 39,787.82 RON as costs of the appeal. Dismisses, as unfounded, the appeal lodged by the appellant-claimant Electromontaj S.A. against the same judgment. Dismisses, as unfounded, the appellant-claimant's application for costs on appeal. Definitive.

ENERGOMONTAJ SA lodged an application for review and an appeal for annulment, and at the deadline of 12.01.2024: Dismisses, as unfounded, the request for rectification of material error made by the appellant-claimant Electromontaj S.A. Final.

- *File no. 25896/3/202020 - plaintiff Electromontaj Bucharest (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 - *Transition to 400 kV voltage of the axis Porțile de Fier - Reșita - Timisoara - Sacalaz - Arad /Overhead Power Line 400 kV Portile de Fier (Anina) - Reșita*.

Judgement date: 25.08.2022 - Expert report submission.

At the hearing on 25.08.2022, judgement was adjourned until 13.09.2022. On 13.09.2022, the TMB rejects the objections to the expert's report in the accounting speciality formulated by the defendant as unfounded. Admits the objections to the expert's report specialising in accountancy submitted by the applicant. The expert Cojocarui Mihaela Cojocarui will be addressed to respond to the objections and to submit her reply to the file. With appeal on the merits.

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

At the hearing on 16.05.2023, the court adjourned the case to 12.09.2023 to file a response to the expert's objections.

At the hearing on 12.09.2023, the court adjourned the case to 26.09.2023 and set a date for hearing on 07.11.2023.

After several adjournments, at the date of 18.01.2024, the TMB dismissed the action as unfounded. Subject to appeal within 10 days of notification.

Electromontaj SA lodged an appeal and set a deadline for **13.09.2024**.

- *Case no. 27001/3/2021 - complainant 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 110 kV stations Bacău Sud and Roman Nord related to the 400 kV Moldova axis*.

The case is adjourned to 28.04.2023 due to the absence of the expert's report.

At the term of 23.06.2023, a date for the continuation of the trial on 06.10.2023.

At the term of 06.10.2023, a further term of 19.01.2024 is granted for the continuation of the trial.

At the term of 19.01.2024, the solution in brief is: Dismisses the application for suspension on the basis of Article 242 of the Code of Civil Procedure as unfounded. The Court sets 15.03.2024 for the continuation of the trial.

After several postponements, at the deadline of 05.04.2024, the TMB: partially admits the claim, obliges the defendant to pay the amount of 3,689,768.27 RON, as an adjustment of the price of the Works Contract no. C264/14.12.2017 for the labour related to the works remaining to be executed on 01.01.2019, as a result of the increase of the minimum wage in the construction sector to the amount of 3,000 RON/month. Obliges the defendant to conclude an Addendum to the Works Contract no. C264/14.12.2017 with the object of adjusting the Contract price by the amount of 3,689,768.27 RON, representing the labour cost of the works remaining to be executed on 01.01.2019, as a result of the increase of the minimum wage in the construction sector to the amount of 3,000 RON/month. Orders the defendant to pay in favour of the plaintiff late payment penalties of 0.02%/day, calculated on the principal debt, from 01.02.2019 until the principal debt is paid. The remainder of the

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application is dismissed as unfounded. Notes that the applicant has applied for separate costs. Subject to appeal within 30 days of notification.

At the deadline of 19.07.2024 CAB: Allow the appeal. Partially alters the judgment under appeal in so far as it dismisses as unfounded also the heads of claim which were upheld by the Court of First Instance. Upholds the remainder of the judgment under appeal. Orders ROMELECTRO SA to pay CNTEE Transelectrica SA the amount of 4,500 RON by way of costs on appeal. Dismisses as unfounded the respondent-appellant's application for costs on appeal. Definitive. Document: Decision 1074/2024 19.07.2024.

- *Case no. 22368/3/2021 - complainant Romelectro (2.275.653)*

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

At the hearing on 24 June 2022, dismiss the application as unfounded. With appeal within 10 days of communication. The appeal is to be filed with the Bucharest Tribunal - 6th Civil Department. Document: Decision No 1555/2022.

Romelectro has appealed.

At the hearing on 29.02.2024, the CAB dismisses the appeal as unfounded. Definitive. Delivered by the clerk of the court, today, 29.02.2024. Document: Decision 358/2024 29.02.2024.

- *Case no. 30801/3/2021 - complainant 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 Sud substation*.

At the meeting of 20.04.2022, the TMB solution is: "Consent to the evidence of expert accountancy with the following objectives:

- the expert to determine whether Romelectro fulfils the condition laid down in Article 66 of GEO 114/2018, i.e. whether 80% of Romelectro's turnover is realised 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 the realisation of the works related to Contract No C145/2018, during the reference period and the first two months prior to the reference period, respectively:

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

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

- c) What is the difference between the previous salary and the salary imposed by GEO no. 114/2018;

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

- e) Specify the actual cumulative cost difference in the actual aggregate cost difference in the salary of the human resources utilised by Romelectro in the actual performance of the works covered by Contract No C145/2018, for the reference period.

- the expert to determine, on the basis of the analytical estimates, the percentage, i.e. the amount by which Transelectrica has to adjust the price of Contract no. C145/2018 for the labour related to the works remaining to be executed on 01.01.2019, as a result of the legislative amendments introduced by GEO no. 114/2018 in the sense of increasing the minimum wage in the construction sector to the amount of 3000 RON/month;

- the expert to determine the days/months of delay 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. due to Transelectrica's refusal to pay the price at the adjusted value, respectively how the execution schedule was influenced by Transelectrica's failure to adjust the Contract price following the legislative changes introduced by GEO 114/2018 in the sense of increasing the minimum wage in the construction sector to the amount of 3000 RON/month.

Sets a date of 29 April 2022, at 9:00 a.m., for hearing the parties. At the term of 29 April 2022, the case is adjourned for the taking of evidence and adjourned to 14.10.2022.

After several adjournments of the trial of the case, at the term of 12.01.2024, the summary solution is: grants a term on 08.03.2024 to take cognisance of the content of the expert's report.

After several adjournments, at the deadline of 27.05.2024, the solution in brief: Dismisses the request of the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTLECTRICA SA for the expert's report to be supplemented as unfounded. Admit the request for a new expert's report submitted by the plaintiff ROMELECTRO S.A. Instructs the expert to redo the expert's report. Instructs the expert to take into account all the documents provided by the parties, including the subcontracting agreements, when drawing up the new expert report. Sets the deadline for the submission of the expert's report on 18 October 2024, for when the parties will be summoned. Instructs the expert to submit the expert's report at least 10 days before the deadline of **18 October 2024**.

- *Case no. 8193/3/2022 - complainant Tempus Sev (2.437.253)*

The subject matter of the case is claims representing claims - OUG 114/2018 for contract C80/2018 - *Refurbishment of 220/110kV Hășdat substation*.

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The case is adjourned until 10 June 2022, and adjourned until 14.10.2022.

At the hearing on 14.10.2022, the judgement was adjourned to 21.10.2022. Solution: "Pursuant to Article 258 and Article 255 of the Civil Procedure Code, it authorises for both parties the production of documentary evidence and for the defendant it also authorises the production of evidence of the applicant's cross-examination and of the accountant's expert's report. The Court orders that the accountant's 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 of Evidence filed at the hearing on 14 October 2022, as well as the objectives indicated by the plaintiff in the Notes of the hearing filed at the same hearing. Orders the applicant to file the documents requested by the defendant in the Note of 14 October 2022. The applicant is requested to 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, by delivery of the judgment to the parties by the court registry." Judgment date 05.05.2023.

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

After several adjournments, at the deadline of 14.06.2024, the solution in brief: In the absence of the expert's report, the case is adjourned to **18.10.2024**.

- *Case no. 8442/3/2022 - complainant Tempos Sev (1.429.832)*

The subject matter of the case is claims representing claims - GEO no. 114/2018 for contract C80/2018 - *Refurbishment of 220/110kV Hășdat substation*.

At the hearing on 16.09.2022, the plea of connectedness is allowed. Refers the case to the panel first responsible for dealing with case No 8193/3/2022, namely panel 12 of the Court of First Instance, in order to join case No 8442/3/2022 to case No 8193/3/2022. With appeal on the merits. Delivered, today, 16.09.2022, by the court registry making the solution available to the parties. Document: Final resolution (divestment) 16.09.2022.

Following the joinder of case no 8442/3/2022 with case no 8193/3/2022, as set out above, the issues to be discussed will be analysed in the first case (8193/3/2022).

- *Case no. 8440/3/2022 - complainant Tempos Sev (2.437.253)*

The subject matter of the case is claims representing claims - OUG 114/2018 for contract C80/2018 - *Refurbishment of 220/110kV Hășdat substation*.

At the hearing on 13.09.2022, the case was adjourned to 08.11.2022, for the taking of the evidence ordered.

At the hearing on 08.11.2022, the case is adjourned.

The case was put back on the docket and a deadline of 12.09.2023 was granted.

At the trial of 12.09.2023, the solution in brief: In order to give the defendant the opportunity to take cognisance of the pleadings filed, the case is adjourned to 07.11.2023.

After several adjournments, at the trial of 11.06.2024, the solution in brief: For the taking of expert evidence on construction, the case is adjourned to **10.12.2024**.

All amounts in cases involving claims for additional costs claimed by the claimants and covered by 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.

- *Audit by the Court of Auditors of Romania*

As of 04 September 2023, the Court of Auditors, through the 6th Department, is carrying out 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, evolution and management of public and private state assets, as well as the legality of revenue realisation 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.

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*(All amounts are in RON unless otherwise indicated)***20. Related parties***i) Transactions with subsidiaries owned by the Company*

Entity	Country of Origin	30 June 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 the shares held by the Company in its subsidiaries is 78,038,750 as at 30 June 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 its head office at the working point in B-dul Gheorghe Șincai, nr. 3, "Formenerg" Building, 1st floor, District 4, Bucharest, whose main object of activity is to carry out maintenance works for the transport-dispector system, was established by HG no. 710/19.07.2001 on 1 November 2001.

The Extraordinary General Meeting of the Shareholders of S Smart SA approved with the 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 attestation of ownership was obtained.

On 30.12.2014, the Trade Register Office of the Bucharest Court of First Instance has resolved the application for registration of the share capital increase of S Smart SA.

As of 25 January 2016, the National Trade Register Office has made the change in the shareholding structure of S Smart SA, namely the mention regarding the management of the state portfolio, a change required under Article 10 of GEO no. 86/2014, amended and updated.

Thus, on 30 June 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 RON 10, fully subscribed and paid in by the Company.

TELETRANS SA

The company TELETRANS SA with registered office at B-dul Hristo-Botev, no. 16 - 18, District 3, Bucharest and with its head office at the working point in Stelea Spătarul Street, no. 12, District 3, Bucharest has as its main object of activity the process and managerial computer maintenance services, specific telecommunications and information technology services in RET, telephony, data transmissions and was established by AGA Decision no. 3/2002.

The share capital on 30 June 2024 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

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 Government Decision no. 1065/04.09.2003.

In the Company's accounting records, as at 30 June 2024, the share capital of the Subsidiary Icemenerg SA amounts to 1,083,450, fully subscribed and paid up.

*) On 07.04.2014, was admitted by the National Trade Register Office, 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 authorisation of officials), the "National Institute for Energy Research and Development Bucharest" was registered at the Trade Register (HGR no. 925/2010). The company lodged a complaint against the

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resolution of the ORC director ordering the deregistration of the ICEMENERG SA Bucharest branch from the trade register. The Bucharest Tribunal, Civil Section VI, by Judgment no. 3569/14.07.2014 rendered in case no. 15483/3/2014, in which the Company was in conflict with the defendants Filiala Institutul de Cercetări și Modernizări Energetice "Icemenerg" S.A. Bucharest and Institutul Național de Cercetare-Dezvoltare pentru Energie-Icemenerg Bucharest, rejected the Company's complaint, on the grounds that HG no. 925/2010 was not annulled until the moment of deregistration at the Trade Register Office. On 24.02.2015, the Court of Appeal communicated the decision rendered in case no. 15483/3/2014 și.e. Decision no. 173/2015, rejecting the appeal of CNTEE Transelectrica SA as unfounded, the decision being final.

Against Decision no. 173/2015, ruled by the Bucharest Court of Appeal, Transelectrica SA filed an appeal for annulment, which is the subject of case no. 1088/2/2015, pending before the Bucharest Court of Appeal - 6th Civil Department, with a deadline for judgment on 13.05.2015. On 13.05.2015, by Decision no. 777/2015, the Bucharest Court of Appeal rejected the annulment appeal 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, the 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 Government Decision no. 925/2010.

OPCOM SA

The company OPCOM SA with registered office at 16-18 Hristo Botev Boulevard, District 3, Bucharest, with legal personality, has as its main object of activity the organisation, management and supervision of the energy market and was established by Government Decision no. 627/2000.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company OPCOM SA ("OPCOM SA"), the Operator of the Electricity and Natural Gas Market, by the amount of 678,790 RON through a contribution in kind represented by the value of the land for which the company obtained the Certificate of Attestation 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 valuer appointed by the Trade Register Office. 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 from the date of the decision of the General Meeting the powers of the person involved, a number of 67,879 new registered shares with a nominal value of 10 RON each.

On 20.03.2019, the National Trade Register Office of the Bucharest Court of First Instance resolved the application for registration of the share capital increase of OPCOM SA.

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 for approval by OPCOM to the AGM, being presented as fully subscribed and unpaid share capital.

On 30 June 2024, the share capital is 31.366,090, of which 8,778,790 is fully subscribed and paid up share capital. The 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 30 June 2024, the share capital of OPCOM SA is RON 31,366,090, representing 3,136,609 registered shares with a share value of RON 10 and a profit and loss participation 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, nr. 3, District 4, Bucharest, with legal personality, has as its main object of activity the initial and continuous vocational training in all fields of activity of energy personnel, as well as other beneficiaries and was established by AGA Decision no. 33/2001.

The share capital on 30 June 2024 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, 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. was approved.

The Company recognised in 2016 an impairment adjustment in the amount of 493,000 for shares held in the subsidiary

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The share capital on 30 June 2024 is 493,000, fully subscribed and paid up.

**) On 09.06.2017, the Bucharest District Court, 7th Civil Department, ordered the debtor ICEMENERG SERVICE - SA, the subsidiary company ICEMENERG SERVICE - SA, to file for bankruptcy by simplified procedure, appointing Solvendi SPRL as provisional liquidator.

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

In case no. 18051/3/2017, according to the Insolvency Proceedings Bulletin no. 9152/26.05.2022, the Bucharest Tribunal - 7th Civil Department, by civil judgement no. 2429, approved the final report of the judicial liquidator, and, based on Article 175 paragraph 2 of Law no. 85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor "Icemenerg-Service" SA by striking it from the Bucharest Trade Register. The company has not been notified of the judgment until 30.06.2024.

Balances with subsidiaries owned by the Company are analysed as follows:

ENTITY AFFILIATED	Receivables	Trade*)	Payables	trade
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
SMART SA	304,297	505,575	7,985,380	26,136,624
TELETRANS SA	122,641	163,073	25,216,652	32,618,057
FORMENERG SA	-	-	-	-
OPCOM SA	238,366,143	137,025,151	247,177,489	170,043,524
TOTAL	238,793,081	137,693,799	280,379,521	228,798,205

*) Trade receivables are shown gross.

Transactions with the Company's subsidiaries during the reporting period are detailed as follows:

ENTITY AFFILIATED	Sales			
	Q2 2024	Q2 2023	Semester I 2024	Semester I 2023
SMART SA	249,037	206,695	624,050	507,897
TELETRANS SA	185,315	604,973	419,126	747,909
FORMENERG SA	-	-	-	-
OPCOM SA	560,233,759	116,468,290	734,626,402	407,816,614
TOTAL	560,668,111	117,279,958	735,669,578	409,072,420

ENTITY AFFILIATED	Procurement			
	Q2 2024	Q2 2023	Semester I 2024	Semester I 2023
SMART SA	21,173,087	21,452,475	41,975,235	39,229,391
TELETRANS SA	13,435,894	12,636,146	26,430,881	23,971,058
FORMENERG SA	-	1,459	-	1,624
OPCOM SA	309,223,912	941,916,674	1,090,555,523	2,163,844,136
TOTAL	343,832,893	976,006,754	1,158,961,639	2,227,046,209

In Q2 2024, the Company received dividends from its subsidiary OPCOM amounting to 14,649,757.

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*(All amounts are in RON unless otherwise indicated)**ii) Salary of the Company's management*

Salaries paid to management for services rendered consist mainly of base salary, as well as termination and post-employment benefits. These are detailed as follows:

	Q2 2024	Q2 2023	Semester I 2024	Semester I 2023
Short-term benefits	5,869,814	6,002,564	11,533,680	11,998,916
Other long-term benefits	-	30,650	26,580	79,250
Total	5,869,814	6,033,214	11,560,260	12,078,166

21. Credit risk

Credit risk is the risk that the Company incurs a financial loss as a result of the non-performance of contractual obligations by a customer or counterparty to a financial instrument. 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. The external success factors - which have an effect on risk reduction in a systematic way are: decentralisation of the energy sector where generation, transmission, distribution and supply are distinct activities and the interface for the customer is the supplier, electricity trading on the Romanian market in two market segments: regulated market and competitive market. Internal success factors in the treatment of 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 mainly trade receivables and cash and cash equivalents. The company has put in place a number of policies to ensure that the sale of services is realised to customers with adequate collection, by including in commercial contracts their obligation to provide financial guarantees. The value of the receivables, net of allowances for impairment losses, represents the maximum amount exposed to collection risk.

The maximum exposure to collection risk at the reporting date was:

	30 June 2024	31 December 2023
Financial assets		
Net trade receivables	2,558,674,310	1,620,132,453
Other net receivables and advances to suppliers	628,268,493	280,338,797
VAT recoverable	202,901,276	215,086,522
Cash and cash equivalents	527,104,454	519,358,908
Other financial assets	-	-
Total	3,916,948,533	2,634,916,680

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

	Gross value	Impairment adjustment	Gross value	Impairment adjustment
	30 June 2024	30 June 2024	31 December 2023	31 December 2023
Not yet at maturity	2,467,846,588	-	1,531,342,224	330,772
1 - 30 days overdue	833	-	(329,026)	-
31 - 90 days overdue	1,620,091	-	169,704	-
90 - 180 days overdue	191,569	-	200,418	15,266
180 - 270 days overdue	40,233	1,388	30,019,270	30,014,000
270 - 365 days overdue	(4,879)	12,559	206,356	17,254
More than a year	212,460,001	123,466,179	184,044,637	95,143,838
Total	2,682,154,436	123,480,126	1,745,653,583	125,521,130

CNTEE Transelectrica SA

Notes to the separate interim financial statements as at 30 June 2024

*(All amounts are in RON unless otherwise indicated)*The ageing of **other receivables** at the date of the statement of financial position is shown below:

	Gross value 30 June 2024	Impairment adjustment 30 June 2024	Gross value 31 December 2023	Impairment adjustment 31 December 2023
Not yet at maturity	800,221,846	342,478	468,005,322	1,841,664
1 - 30 days overdue	3,722,177	5,520	11,004,350	-
31 - 90 days overdue	1,889,967	1,825,664	16,352,177	347,123
90 - 180 days overdue	1,615,944	1,514,800	481,065	15,824
180 - 270 days overdue	26,953,527	23,781,669	142,180	34,948
270 - 365 days overdue	29,327	17,229	372,881	1,770,073
More than a year	82,533,741	58,309,400	83,523,474	80,446,498
Total	916,966,529	85,796,760	579,881,449	84,456,130

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

The largest impairment adjustments at 30 June 2024, calculated for trade receivables and related penalties, were recorded for: Romelectro (39,784,774), JAO (30,020,057), 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), OPCOM (8,487,394), Next Energy Partners (8,395,132),..

The Company has taken the following measures to recover the impairment-adjusted receivables: legal action, registration in the creditor's estate etc.

The evolution of the **doubtful receivables impairment adjustments** is analysed as follows:

	30 June 2024	31 December 2023
Balance at 1 January	125,521,130	132,837,163
Recognition of impairment adjustments	15,079	31,664,485
Reversal of impairment adjustments	2,056,083	38,980,518
Balance at end of period	123,480,126	125,521,130

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

	30 June 2024	31 December 2023
Balance at 1 January	84,456,130	76,330,845
Recognition of impairment adjustments	4,669,536	25,239,079
Reversal of impairment adjustments	3,328,906	17,113,794
Balance at end of period	85,796,760	84,456,130

Financial assets that may subject the Company to collection risk are mainly trade receivables and cash and cash equivalents. The company has put in place a number of policies to ensure that the sale of services is realised to customers with adequate collection, by including in commercial contracts their obligation to provide financial guarantees. The value of the receivables, net of allowances for impairment losses, represents the maximum amount exposed to collection risk. The collection risk related to these claims 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. Further events

• Convening of the Extraordinary General Meeting of Shareholders

In accordance with the provisions of the Companies Law no. 31/1990, republished, with subsequent amendments and additions, of the Law no. 24/2017 on issuers of financial instruments and market operations, republished, with subsequent amendments and additions, of the A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations, with subsequent amendments and additions, as well as of the Company's Articles of Incorporation in force, the Company's Board of Directors convened the Extraordinary General Meeting of Shareholders on 12 August 2024, with the following agenda:

- Approval of the participation of the National Electricity Transmission Company "Transelectrica" -S.A. in the share capital of a new Joint Venture company based in Romania in application of the Agreement between the Governments of the Republic of Azerbaijan, Georgia, Romania and Hungary on the Strategic Partnership in the field of Green Energy Development and Transport - "Green Energy Corridor" Project;
- Approval of the procurement of legal services for the implementation of projects and transactions with a foreign element in which the National Electricity Transmission Company "Transelectrica" -S.A. is involved in the application of governmental decisions or, where appropriate, in the application of European regulations arising from its status as a transmission and system operator in the electricity sector.

• Request to complete the agenda of the Extraordinary General Meeting of Shareholders of 12/13 August 2024

The Company has informed investors that the majority shareholder, the Romanian State, through the General Secretariat of the Government, pursuant to Article 105 paragraph (3) of Law no. 24/2017 on issuers of financial instruments and market operations, republished, in conjunction with the provisions of Art. 1171 of the Companies Act no. 31/1990, republished, with subsequent amendments and supplements, has requested to supplement the agenda of the Extraordinary General Meeting of Shareholders convened for 12/13.08.2024 with the ***Approval of the RET Development Plan for the period 2024 - 2033***.

• Request to complete the AGEA agenda of August 12/13, 2024

On June 1, 2024, the positive adjustment of the tariff was carried out based on the fulfillment of the provisions of Art. 22 and Art. 23 of the Methodology for establishing the tariff for the acquisition of system services, approved by ANRE Order no. 116/2022.

Thus, based on the provisions of the articles presented above, on August 1, 2024, CNTEE Transelectrica SA is obliged to submit to ANRE, the intermediate verification and for the first semester of 2024 of important deviations from the forecast values of the cost and income situation.

Following this analysis, if it is found that in the first semester of 2024 the provisions of Art. 22 and Art. 23 have been met again, ANRE will adjust the tariff accordingly starting on September 1, 2024.