NPG CO. Transelectrica SA Company managed under a two-tier system



Separate financial statements as at and for the financial year ended on December 31, 2024

Elaborated accordance with
Order of the Minister of Public Finance no. 2844/2016
approving the Accounting Regulations
International Financial Reporting Standards,
with subsequent amendments and additions

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-	Note	December 31, 2024	December 31, 2023
Assets			
Non-current assets			
Tangible assets	5	5.774.758.870	5.415.750.112
Assets related to rights of use of leased assets - buildings	6	5.964.180	13.916.419
Intangible assets	7	312.464.795	282.231.988
Financial assets	8	85.767.355	85.767.355
Total non-current assets		6.178.955.200	5.797.665.874
Current assets			
Inventories	9	47.175.766	51.084.833
Trade and other receivables	10	3.778.692.640	2.115.557.772
Recoverable income tax	18	-	-
Other financial assets	12	-	-
Cash and cash equivalents	11	671.557.851	519.358.908
Total current assets		4.497.426.257	2.686.001.513
Total assets		10.676.381.457	8.483.667.387
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733.031.420	733.031.420
- Subscribed share capital		733.031.420	733.031.420
Share premium		49.842.552	49.842.552
Legal reserves		146.606.284	146.606.284
Revaluation reserves		1.514.138.168	1.634.711.533
Other reserves		256.706.249	195.710.506
Result carried forward		3.114.650.000	2.430.243.814
Total Shareholders' equities	13	5.814.974.673	5.190.146.109
Non-current liabilities			
Non-current deferred income	14	537.371.101	519.083.803
Borrowings	15	7.918.172	31.906.178
Other borrowings and similar liabilities - Building leasing - Non-current	17 (a)	-	6.481.491
Deferred tax liabilities	18	243.910.434	285.138.157
Employee benefit obligations	16	88.335.459	75.277.117
Other non-current liabilities	17 (a)	5.612.979	-
Total non-current liabilities		883.148.145	917.886.746

	Note	December 31, 2024	December 31, 2023
Current liabilities			
Trade and other liabilities	17 (a)	3.861.508.368	2.242.193.328
Other borrowings and similar liabilities - Building leasing - current	17 (a)	6.607.203	8.641.987
Other taxes and social security contributions	20	18.431.750	18.507.735
Borrowings	15	24.287.300	24.528.217
Provisions	17 (b)	32.595.447	65.205.991
Current deferred revenues	14	22.211.901	16.137.336
Income tax payable	18	12.616.670	419.938
Total current liabilities		3.978.258.639	2.375.634.532
Total liabilities		4.861.406.784	3.293.521.278
Total Shareholders' equities and liabilities		10.676.381.457	8.483.667.387

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

Chairman	Member	Member	Member	Member
Ştefăniță	Cosmin-Vasile	Florin-Cristian	Cătălin-Constantin	Victor
MUNTEANU	NICULA	TĂTARU	NADOLU	MORARU

Economic and Financial Directorate Manager

Ana-Iuliana DINU

Accounting Department Manager

Georgiana-Beatrice ŞTEFAN

	Note	2024	2023
Revenues			
Transmission revenues		2.024.456.845	1.956.026.997
System service revenues		633.276.882	390.661.225
Revenues from the balancing market		4.965.724.579	2.269.419.063
Other revenues	<u>.</u>	255.994.335	102.000.907
Total revenue	21	7.879.452.641	4.718.108.192
Operating expenses			
Expenses for operating the system	22	(715.612.506)	(640.425.922)
Balancing market expenses	22	(4.965.535.185)	(2.268.980.883)
Expenditure on system services	22	(523.611.184)	(499.184.926)
Depreciation	23	(356.463.082)	(334.287.483)
Personnel expenses	24	(373.147.353)	(348.295.588)
Repairs and maintenance expenses		(128.676.506)	(114.757.407)
Expenses on materials and consumables	9	(8.805.493)	(8.109.699)
Other operating expenses	25	(228.857.078)	(270.033.399)
Total operating expenses		(7.300.708.387)	(4.484.075.307)
Operating result		578.744.254	234.032.885
Financial revenues		27.228.783	35.900.704
Financial expenses	-	(13.777.396)	(35.632.848)
Net financial result	26	13.451.387	267.856
Result before income tax		592.195.641	234.300.741
Income tax	18	(6.271.330)	(20.689.435)
Time Interval Result		585.924.311	213.611.306
Basic and diluted earnings per share (lei/share)	19	7,993	2,914

	Note	2024	2023
Outcome of the exercise		585.924.311	213.611.306
Other comprehensive income Items that will not be reclassified to the income statement, of which:			
- Tax effect related to the revaluation reserve	18	-	(193.974.505)
- Surplus/(reduction) on revaluation of tangible assets	5	-	1.192.510.070
- Actuarial (loss)/surplus related to the defined benefit plan	16	(1.535.364)	5.234.457
Other comprehensive income (AERG)		(1.535.364)	1.003.770.022
Total comprehensive result		584.388.947	1.217.381.328

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

Chairman	Member	Member	Member	Member
Ştefăniță	Cosmin-Vasile	Florin-Cristian	Cătălin-Constantin	Victor
MUNTEANU	NICULA	TĂTARU	NADOLU	MORARU

Economic and Financial Directorate Manager

Ana-Iuliana DINU

Accounting Department Manager Georgiana-Beatrice ŞTEFAN

Separate statement of changes in equity for the financial year ending December 31, 2024 (All amounts are provided for in LEI unless otherwise indicated)

	Capital	Share premium	Legal Reserves	Revaluation reserves	Other reserves	Retained result	Total
Balance at January 1, 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 result for the period Result of the time interval	-	-	-	- -	-	213.611.306	213.611.306
Other comprehensive income, of which: Recognition of actuarial loss on defined benefit plan Surplus on revaluation of tangible assets Deferred tax liability related to revaluation reserve Transfer of revaluation reserves to retained earnings Total other comprehensive income	- - - -	- - - -	- - - -	1.192.510.070 (193.974.505) (67.056.816) 931.478.749	- - - -	5.234.457 - - 67.056.816 72.291.273	5.234.457 1.192.510.070 (193.974.505) - 1.003.770.022
Total comprehensive result 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 through the registration of GD no. 615, 682 and 683 of 2019 amending the inventory of assets in the public domain Subsidies related to fixed assets belonging to the state public domain Dividend distribution	- - -	- - :	- - :	-	156.400.114	- - (52.045.231)	156.400.114 (52.045.231)
Total contributions from and distributions to shareholders	<u> </u>		<u> </u>	<u> </u>	156.400.114	(52.045.231)	104.354.883
Balance at December 31, 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

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

ChairmanMemberMemberMemberMemberStefan MUNTEANUCosmin-Vasile NICULAFlorin-Cristian TĂTARUCătălin-Constantin NADOLUVictor MORARU

Economic and Financial Directorate Manager Ana-Iuliana DINU

Accounting Department Manager Georgiana-Beatrice ŞTEFAN

Separate statement of changes in equity for the financial year ending December 31, 2024 (All amounts are provided for in LEI unless otherwise indicated)

	Capital	Share premium	Legal Reserves	Revaluation reserves	Other reserves	Retained result	Total
Balance at January 1, 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 result for the period Result of the time interval	-	-	-	-	-	585.924.311	585.924.311
Other comprehensive income, of which: Recognition of actuarial profit on defined benefit plan Surplus on revaluation of tangible assets Deferred tax liability related to revaluation reserve Transfer of revaluation reserves to retained earnings	- - -	- - -	:	- - (120.542.130)	- - -	(1.535.364) - - 120.542.130	(1.535.364)
Total other comprehensive income	-	-	- -	(120.542.130)	-	119.006.766	(1.535.364)
Total comprehensive result for the period	_			(120.542.130)		704.931.077	584.388.947
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 through the registration of GD no. 615, 682 and 683 of 2019 amending the inventory of assets in the public domain	-	-	-	(31.235)	-	-	(31.235)
Subsidies related to fixed assets belonging to the state public domain Dividend distribution	-	-	-	-	60.995.743	(20.524.880)	60.995.743 (20.524.880)
Total contributions from and distributions to shareholders	-			(31.235)	60.995.743	(20.524.880)	40.439.628
Balance at December 31, 2024	733.031.420	49.842.552	146.606.284	1.514.138.168	256.706.249	3.114.650.000	5.814.974.673

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

ChairmanMemberMemberMemberMemberStefan MUNTEANUCosmin-Vasile NICULAFlorin-Cristian TĂTARUCătălin-Constantin NADOLUVictor MORARU

Economic and Financial Directorate Manager Ana-Iuliana DINU

Accounting Department Manager Georgiana-Beatrice ŞTEFAN

Cash flows from operating activities		
Profit for the time interval	585.924.311	213.611.306
Adjustments for:		
Income tax expense	6.271.330	20.689.435
Depreciation expenses (including additional OTC)	356.463.082	334.287.483
Income from the production of intangible assets (including additional OTC)	(102.019.913)	(13.735.364)
Expenses on impairment allowances for trade receivables	(3.016)	31.664.485
Reversal of impairment adjustments for trade receivables	(2.429.183)	(38.980.519)
Losses on sundry receivables and debtors	3.043.161	54.047.014
Net expense/ revenues on impairment adjustments of sundry debtors	(13.428.381)	8.682.330
Net expenses on inventory impairment	(1.479.602)	(1.310.251)
Net profit/loss on sale of tangible assets	2.122.218	437.717
Net expenses on value adjustments in respect of tangible assets	9.383	18.362.710
Net income on provisions for risks and charges	(24.225.695)	2.159.032
Interest expense, interest revenues and unrealized revenues from exchange rate differences	(15.405.339)	170.178
Cash flows before working capital changes	794.842.356	630.085.556
Changes in:		
Customers and similar accounts - energy and other activities	(1.588.011.216)	1.211.806.644
Customers - balancing	(73.792.225)	(29.962.009)
Customers - cogeneration	11.489.305	(12.346.693)
Inventories	5.388.669	(7.727.388)
Trade and other accounts payable - energy and other activities	1.644.295.053	(1.317.856.551)
Liabilities - balancing	94.597.586	34.281.467
Liabilities - cogeneration	(87.140.878)	95.539.493
Other taxes and social security contributions	(75.985)	5.789.198
Deferred revenues	42.863.543	96.088.781
Cash flows from operating activities	844.456.208	705.698.498
Interest paid	(2.031.567)	(3.090.121)
Income tax paid	(29.123.048)	(32.618.616)
Net cash generated from operating activities	813.301.593	669.989.761
Cash flows used in investing activities		
Purchases of tangible and intangible assets	(674.300.382)	(438.924.862)
Exit from shareholding SELENE CC Societe Anonyme	-	242.140
Proceeds from EC grant funding	42.494.343	117.144.828
Interest received	6.829.286	6.051.521
Dividends received	15.760.658	1.988.071
Proceeds from the sale of tangible assets	3.331.928	1.771.600
	(605.884.167)	(311.726.702)

	The year 2024	The year 2023
Cash flows used in financing activities		
Repayments of non-current borrowings	(23.978.287)	(23.850.498)
Use of cogeneration credit line	-	-
Use of working capital credit line	-	-
Repayments of current borrowings - change	-	(67.617.751)
Building lease payments	(10.655.952)	(10.581.712)
Dividends paid	(20.584.244)	(52.000.586)
Net cash used in financing activities	(55.218.483)	(154.050.547)
Net increase/(decrease) in cash and cash equivalents	152.198.943	204.212.512
Cash and cash equivalents at 1 January	519.358.908	315.146.396
Cash and cash equivalents at the end of the period	671.557.851	519.358.908

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

Chairman	Member	Member	Member	Member
Ştefăniță	Cosmin-Vasile	Florin-Cristian	Cătălin-Constantin	Victor
MUNTEANU	NICULA	TĂTARU	NADOLU	MORARU

Economic and Financial Directorate Manager

Ana-Iuliana DINU

Accounting Department Manager

Georgiana-Beatrice ŞTEFAN

1. ACTIVITY DESCRIPTION AND GENERAL INFORMATION

The main activity of NPG CO. Transelectrica SA ("the Company") consists in: provision of electricity transmission service 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 license No. 161/2000 issued by ANRE, updated by ANRE Decision No. 1413/10.07.2024, the General Conditions associated with the license approved by ANRE Order No. 104/2014, as amended and supplemented, and the final certification of the Company as transmission and system operator of the National Electricity System according to the ownership unbundling model ("ownership unbundling") by ANRE Order No. 164/07.12.2015.

The address of the registered office is: Strada Olteni, nr. 2-4, Bucharest, sector 3. Currently, the Company's executive activity is carried out at the registered office.

Since 2006, the Company's shares are traded on the BUCHAREST under the symbol TEL.

In accordance with the Resolution of the Extraordinary General Meeting of Shareholders of July 18, 2012, the Company has switched from a unitary to a two-tier management system in order to achieve a clear separation of management and control activities. The Company is thus managed by a Directorate under the supervision of a Supervisory Board.

Establishment of the Company

Pursuant to Government Decision ("GD") no. 627 on the reorganization of Companiei Naţionale de Electricitate - SA ("Predecessor Entity"), issued on 31 July 2000 by the Romanian Government, the latter was divided into four newly created entities ("Successor Entities"). The Sole Shareholder of the Successor Entities was the Romanian State, through the Ministry of Economy ("ME"). Following this reorganization, NPG CO. Transelectrica SA, as a joint-stock company with the main object of activity the transmission, dispatching of electricity, organization and management of the electricity market.

As presented in Note 13, the shareholders of NPG CO. Transelectrica SA as of December 31, 2024 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 16.442.683 shares (22.43%) and other shareholders Individuals with 5.078.895 shares (6.92%).

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

On November 14, 2019, the Central Depository S.A. registered the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by NPG CO. 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 certain measures at the level of central public administration and amending and supplementing certain normative acts.

Company Mission

The Company's mission is to ensure the safety and security of the National Energy System (NES), in compliance with the standards and performance stipulated by the technical regulations in force and to provide a public service for all users of the electricity transmission networks, under conditions of transparency, non-discrimination and fairness for all market participants.

Other information related to the Company's activity

The participation of European Transmission System Operators (TSOs) in ENTSO-E is governed by the European legislation in force (Regulation 2019/943 on the internal market in electricity, recast of Regulation 2009/714 on conditions for access to the network for cross-border exchanges in electricity): "All transmission system operators and transmission system operators shall cooperate at Community level through ENTSO-E for Electricity in order to promote the completion and functioning of the internal market in electricity and cross-zonal trade, and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network."

NPG CO. Transelectrica SA's membership in ENTSO-E is an essential condition for access to the decision-making process on European strategy and legislation in the field and for the defense and support of the Company's interests in the activities/projects carried out at the level of the association and the European Commission.

ENTSO-E was created in 2009, as a non-profit association based in Brussels, by merging the associations of European TSOs organized according to synchronous interconnected regions (UCTE, ETSO, BALTSO, NORDEL, UKTSOA, ATSOI).

Since October 2004, Transelectrica has become a partner of electricity transmission companies across Europe, as a member of

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

UCTE, ETSO and since 2009 is a member of ENTSO-E, the Romanian power system being part of the Continental Europe Regional Group.

NPG CO. Transelectrica SA is an affiliate member of the following international organizations:

ENTSO - E - European Network of Transmission System Operators for Electricity; CIGRE - International Council of Large High Voltage Electric Networks;

LWA - International Association of Live Working;

WEC - World Energy Council.

NPG CO. Transelectrica SA has the obligation to ensure the long-term ability of the system to meet reasonable demands for the transmission of electricity, to operate, maintain and develop under economic conditions a secure, reliable and efficient transmission system, which respects the environment, in close cooperation with neighboring transmission system operators and distribution operators, fulfilling the provisions of EU Directive 2019/944, Article 40.

On January 17, 2025, the credit rating agency *Moody's Investors Service* published its updated credit opinion, assessing the Company's present and future ability to meet its payment obligations to creditors, giving the rating **Baa3** stable outlook (reconfirmation of the previous year's rating). NPG CO. Transelectrica SA is for the fourth consecutive year in the *investment-grade* Baa3 category (moderate investment risk), given the strategic importance of the Company, the continuous improvement of the regulatory framework, and the benefit of government support in case of financial difficulties.

Obtaining the Baa3 rating with stable outlook reinforces a favorable position on the Company's ability to meet its present and future financial obligations, showing that Transelectrica operates in an improved regulatory environment, with a sound financial profile, low leverage and strong, stable and predictable financial values.

Legislative environment

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution, which has as its object: to develop, approve and monitor the implementation of the set of mandatory regulations at national level necessary for the functioning of the sector and the electricity, thermal and natural gas market in conditions of efficiency, competition, transparency and consumer protection.

ANRE has the following main tasks and competences in the electricity and thermal energy produced in cogeneration sector: it grants, suspends or withdraws authorizations and licenses, develops and approves the methodologies for calculating tariffs and regulated prices, approves tariffs and regulated prices, establishes framework contracts, approves technical and commercial regulations, etc.

ANRE sets tariffs for electricity transmission and system services. Therefore, decisions taken by ANRE may have significant effects on the Company's activity.

The Company's operational activity is carried out on the basis of the license no. 161/2000 for the transmission of electricity and system service provision issued by ANRE, valid until 2025, updated by ANRE Decision no. 1413/10.07.2024 and the General Conditions associated with the license approved by ANRE Order no. 104/2014, with subsequent amendments and additions.

Given that the Company's activity and revenues are regulated by ANRE, the most important risks related to this aspect are the following:

- The regulatory framework is subject to constant change, which may affect the Company's performance;
- ANRE decisions regarding the adoption of future tariffs may affect the Company's activities.

Final certification of Transelectrica as TSO of the NES, according to the ownership unbundling model

In accordance with the provisions of the Law on Electricity and Natural Gas No. 123/2012, as amended, the National Energy Regulatory Authority (ANRE) approved by Order No. 164/07.12.2015 the certification of the National Electricity Transmission Company "Transelectrica" SA as the transmission and system operator of the National Electricity System according to the ownership *unbundling* model.

The ownership unbundling model became available to the Company under the Law No. 123/2012 on Electricity and Natural Gas transposing Directive 2009/72/EC.

The ANRE Order no. 164/07.12.2015 accompanied by the European Commission's Opinion C (2015) 7053 final/12.10.2015, as an integral part of the Order, was published in the Official Gazette no. 908/08.12.2015 and together with its Approval Report shall be communicated by ANRE to the European Commission.

This Order implements the provisions of EU and national legislation on the certification of the transmission system operator.

The certification notification was transmitted to the European Union, which published it in the EU Journal on 08.01.2016, in accordance with Art.10 para. (2) of Directive 2009/72/EC.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

↓ Tariff for electricity transmission serviceand system service

The activity of electricity transmission is an activity of general interest in the field of electricity, authorized and monitored by a public authority (public service), with the character of a natural monopoly. The tariffs charged by the Company for transmission and system services are established and approved by ANRE (see Note 28, point f).

The year 2024 is the fifth year of the series of five consecutive years that make up the fourth multiannual tariff regulation period for electricity transmission activity (January 1, 2020 - December 31, 2024). The main coordinates of the fourth regulatory period have been established by ANRE on the basis of the specific regulatory framework, i.e. the methodology for setting the tariff for electricity transmission activity, approved by ANRE Order no. 171/2019, as subsequently amended and supplemented Compared to the previous forms of the methodology on the basis of which the tariffs were established in the third regulatory period (July 1, 2014 - June 30, 2019) and in the transition period (June 30, 2019 - December 31, 2019) from the third regulatory period to the fourth regulatory period, the methodology applicable to the establishment of tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements that make up the regulated income and how it is formed, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the nature of the incentive elements, the way in which the regulated income is collected), they have remained unchanged, ensuring continuity and predictability of the regulatory framework. The detailed tariff settings for the entire Multi-annual Regulatory Period IV were initially set during 2019.

During 2020, in accordance with the applicable methodology, a revision of the previously approved period coordinates took place. This revision was also necessary in view of the modification of the tariff configuration in order to merge the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merger of these two tariffs took place by absorbing into the transmission tariff the tariff for the functional services component of the system services activity. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and the approved cost scheduling for the horizon of the regulatory period in order to include the assets and costs related to the system functional services activity in the starting settings and in the multiannual scheduling of the fourth regulatory period. Previously, the cost schedule for system functional service activity costs was reviewed and set annually at the time of the approval of the tariff for system functional services, the previous methodology did not provide for the setting and approval of a multi-annual schedule for these costs.

In addition to the merging of the two aforementioned tariffs presented above, the revision of the coordinates of the regulatory period IV also included some elements initially approved for the transmission activity, such as the investment plan (revised slightly downwards to correct a technical error made when initially setting the schedule - the schedule values were initially reported in nominal terms, for scheduling purposes it was necessary to adjust the values initially reported by extracting estimated inflation for the regulatory period), the value of the Regulated Assets Base as of January 1, 2020 (revised based on investments actually made in the second half of 2019), the starting point and required efficiency slope for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs realized in the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified to non-controllable costs in the fourth regulatory period, the efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation realized in the second half of 2019).

In the context of the significant increase in electricity prices on the wholesale markets from the summer of 2021, a series of measures have been implemented in the legislative and regulatory framework to mitigate the significant impact of this development on the costs incurred by the operators of public electricity transmission and distribution networks with the purchase from the wholesale market of the energy necessary to cover their own technological consumption in the networks:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that entered into force on January 1, 2022, the revenue component included in the tariff intended to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased, compared to the value initially set for 2022 in the multiannual programming of costs for the regulatory period 2020-2024;
- ➤ In accordance with the legislative framework (GEO no. 27/2022), on April 1, 2022, the electricity transmission tariff was modified in an increasing direction compared to the period January 1 March 31, 2022, with extended applicability to the first quarter of 2023. The purpose of this tariff increase was to ensure the Company's recovery of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased on the wholesale market to cover its own technological consumption in the transmission network. This measure brought forward the deficit recovery process in 2021, which according to ANRE regulations would have been realized one year later, i.e. in 2023;
- in accordance with the legislative framework (GEO no. 119/2022), the measure of capitalization of the additional costs of own technological consumption was introduced, i.e. the difference between the cost realized and the cost included in the transmission tariff. Thus, when establishing the transmission tariff applicable in the period April 1, 2023 December 31, 2023, the component related to the additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period April 1, 2022 March 31, 2023. The recovery through the transmission tariff of this difference is to be realized in a phased manner over a five-year period. For the difference capitalized in the year 2022, the recovery through the transmission tariff will be realized in the period 2023-2027.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

> By Law no. 357/13.12.2022 approving GEO no. 119/2022, the capitalization measure was extended for the period from January 1, 2022 to March 31, 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, as the Company's own technological consumption costs increased significantly amid the large increase in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, applied on January 1, 2022, April 1, 2022, April 1, 2023 and January 1, 2024, also contributed to reducing the pressure that the increased costs exerted on cash flows.

♣ Regulated Asset Base (''RAB'')

The determination of the transmission tariff is based, inter alia, on the regulated asset base. The regulated assets base includes the net value of tangible and intangible assets corresponding to the Company's private patrimony and the net value of assets belonging to the State's public domain financed entirely from own sources, recognized by ANRE and used in the provision of the electricity transmission service.

In the year 2024, the regulated rate of return on assets for the electricity transmission activity, expressed in real pre-tax terms, had the following values:

- 6.39% value established in ANRE regulations and applied between January 01, 2024 - December 31, 2024.

Compared to the value of 6.39%, it should be noted that ANRE's regulations also established an incentive for new investments made in the transmission grid in the form of a supplement to the regulated rate of return of one percentage point and an incentive of two percentage points above the approved regulated rate of return for fixed assets related to investments in the network put into operation from February 1, 2021 and made from own funds within the framework of projects co-financed by non-reimbursable European funds. Thus, new investments made in the electricity transmission network from 2021 onwards shall be remunerated with a regulated rate of return totaling 7.39%.

At the beginning of the year 2024, the value of the RAB for the electricity transmission activity, established by ANRE on the basis of the investments made by NPG CO. Transelectrica SA in the third regulatory period, on the basis of the investments made in the transitional tariff period - the second semester of 2019 and on the basis of the investments made in the next four years (2020, 2021, 2022 and 2023) of the fourth regulatory period - is approx. RON 3,297 million, this amount includes the revaluation of fixed assets as of December 31, 2023, accepted by ANRE in the amount of approx. RON 833 million. By realized investments we mean completed investments, i.e. objectives put into operation and recorded as fixed assets in the Company's accounting records.

The total investment volume approved for the fourth regulatory period is approx. RON 1,587 million. Of this total volume, it was forecast that a part in the amount of approx. RON 644 million representing approx. 40% of the total approved investment volume will be financed from non-reimbursable European funds and from the revenues obtained by Transelectrica from the allocation of cross-border interconnection capacity. Thus, in the programming of the Regulated Assets Base for the fourth regulatory period a volume of RON 943 million was included in the programming of the Regulated Assets Base for the fourth regulatory period, representing approx. 60% of the total approved investment volume, i.e. the part of the total approved investment volume that is not expected to be financed from the above-mentioned non-reimbursable sources.

♣ The inclusion of Transelectrica in local and international stock market indices

Since August 29, 2006, the shares issued by Transelectrica are traded on the regulated market, administered by the BVB, in category I, under the symbol TEL. Transelectrica's shares are part of the BET index, which reflects the evolution of the 20 most traded companies on the regulated market of the BVB, excluding financial investment companies (SIFs).

As of January 5, 2015, the Company is included in the Premium category of the regulated market administered by the BVB.

Company revenues

The main revenue generating activities for the Company are represented by the following services:

- Electricity transmission service;
- System services;
- Balancing market operator.

♣ Electricity transmission service

The transmission service consists in ensuring the efficient and secure transmission of electricity between two or more points of the electricity transmission network ("ETG"), in compliance with the performance standards in force.

The company ensures non-discriminatory and regulated access to all electricity market participants. The transmission activity is carried out through eight territorial transmission branches based in Bucharest, BUCHCHAREST, Cluj-Napoca, Constanta, Craiova, Pitesti, Sibiu and Timisoara.

Transelectrica's electricity transmission activity consists in ensuring the technical conditions and maintaining the ETG parameters at the moment of the introduction/takeover of energy into/from the ETG.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

♣ System services

The Company has the task to maintain at all times the safe operation of the national power system in compliance with the quality standards laid down in the technical code of the transmission system. For this purpose, the Company purchases system services from electricity producers.

System services are purchased on the basis of a competitive procedure regulated by ANRE, from producers, at the request of NPG CO. Transelectrica SA, in order to maintain the level of operational reliability of the NES, as well as the quality of the transported energy at the parameters required by the legislation in force. NPG CO. Transelectrica SA re-invoices the entire value of the system services purchased from the generators (with the exception of the active energy component to cover losses in the ETG) to the electricity suppliers licensed by ANRE, which ultimately benefit from these services.

♣ Balancing market operator

The functioning of the balancing market is stipulated in:

- Regulation (EU) 2195/2017 laying down a guideline for balancing the electricity system, hereinafter referred to as "Regulation (EU) 2195/2017".
- Regulation (EU) No 1485/2017 laying down guidelines for the operation of the electricity transmission system;
- Order of the President of ANRE no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions
 for balancing service providers and for frequency stabilization reserve providers and of the Regulation on the terms
 and conditions for the parties responsible for balancing and for the amendment and repeal of some orders of the
 President of the National Energy Regulatory Authority published in the Official Gazette no. 1196 of 17 December
 2021, with subsequent amendments and additions.
- Electricity and Natural Gas Law No 123/2012, as amended and supplemented.

The Balancing Market allows balancing the production-consumption balance in real time, using resources offered in a competitive system. The balancing market also guarantees the full fulfillment of the contractual obligations undertaken by energy market participants.

The purpose of the balancing market is to balance the production and consumption of electricity and to improve the accuracy of the forecasts made for this purpose by all market participants. Transelectrica, on the basis of procedures and regulations approved by ANRE, has to approve all participants in the balancing market, collect, verify, process all bids and carry out settlement procedures.

The most important contribution to the functioning of the balancing market is made by the National Energy Dispatcher. The National Energy Dispatcher is responsible for overseeing the proper and safe operation of the NES, ensuring at all times, the balancing of production - consumption balance.

The balancing market is used by Transelectrica to ensure real time balancing of consumption with production, to guarantee the secure and stable operation of the NES and to manage any restrictions within the NES.

The contracts concluded by Transelectrica with all participants in the balancing market are based on two agreements: the framework agreement for assumption of balancing responsibility (concluded with market participants as parties responsible for balancing) and the framework agreement for participation in the balancing market (concluded, as a rule, with balancing service providers, holders of UFR/GFR).

In accordance with the provisions of the ANRE President Order no. 127/08.12.2021, NPG CO. Transelectrica SA as TSO (transmission and system operator) and ODPRE (operator for the settlement of imbalances of the parties responsible for balancing) is responsible for setting the quantities and closing prices on the balancing market.

Transelectrica is also involved in the balancing activity, as follows:

- The National Energy Dispatcher contracts the electricity needed to balance the production consumption balance on the balancing market;
- The OMEPA Measurement Directorate is responsible for measuring the actual quantities.

At the same time, as of October 2023, Transelectrica has the quality of ODPE.

According to the provisions of the ANRE President's Order no. 127/08.12.2021, with subsequent amendments and additions, in order to ensure the functioning of the Electric Energy Market, the TSO - respectively Transelectrica collects:the amounts owed by the PRE (Parties Responsible for Balancing) for:

- the amount of PRE's payment obligations for the negative imbalances produced in the contract month, determined for that month according to the Information Notice for the monthly settlement of PRE imbalances or the Monthly Regularization Notice, issued by ODPRE (the imbalance settlement operator of the balancing parties);
- the amount of the payment obligations of the PRE for the provision of services corresponding to the value in the module for the positive imbalances produced in the contract month presented with a negative sign, in the Information Note for the monthly settlement of imbalances of the PRE or in the Monthly Settlement Note, issued by the TSO in its capacity as a ODPRE:
- additional costs from balancing the system.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

amounts owed by the FSE (balancing service providers) for:

- the payment obligations of the FSE for the amounts of the quantities of balancing energy actually delivered at derating, within the final transactions for the delivery of balancing energy, established according to the Monthly Settlement Information Notice on PE or the Monthly Regularization Notice, issued by the TSO;
- the payment obligations of the FSE for the provision of services, corresponding to the value in the module for the amount of balancing energy actually delivered at the power increase, shown with a negative sign in the Monthly Settlement Information Note per PE or in the Monthly Regularization Note, issued by the TSO;

and pay

PRE for:

- the amount of collection rights for the positive imbalances produced in the contract month, determined for that
 month according to the Information Notice for the monthly settlement of the PRE imbalances or the Monthly
 Regularization Notice, issued by ODPRE;
- the amount of the collection rights for the provision of services corresponding to the value in the mode for the negative imbalances produced in the contract month, presented with a negative sign, in the Information Note for the monthly settlement of the imbalances PRE or in the Monthly Regularization Note, issued by the TSO in its capacity as a ODPRE.
- additional revenue from balancing the system

FSE (balancing service providers) for:

- the collection rights of the ESF for the amounts of the quantities of balancing energy actually delivered at the power increase, within the final transactions for the delivery of balancing energy, established according to the Monthly Settlement Information Notice on the PE or the Monthly Regularization Notice, issued by the TSO;
- PPE's collection rights for the service provision values, corresponding to the value in the module for the amount of balancing energy actually delivered at derating, shown with a negative sign, in the Monthly Settlement Information Note on the EP or in the Monthly Regularization Note, issued by the TSO.

Intentional energy exchanges and common settlement rules for unintentional energy exchanges (FSKAR calculation methodology)

Following the application of Regulation (EU) No 1485/2017 laying down a guideline on the operation of the electricity transmission system and Regulation (EU) No 2195/2017 laying down a guideline on the balancing of the electricity system, common settlement rules for intentional energy exchanges and common settlement rules for unintentional energy exchanges have been developed and approved by the Transmission System Operators at the level of ENTSO - E. It should be noted that the new set of common rules for the settlement of intentional and unintentional energy exchanges provides for a financial settlement between the Transmission and System Operators, thus eliminating the compensation in kind determined according to the ENTSO-E methodology by the Settlement Centers of Brauweiler (Germany) and Laufenburg (Switzerland), which NPG CO. Transelectrica SA traded on the Day-Ahead Market and recorded them separately in the Income and Expenditure Budget with the Party Responsible for Balancing Unplanned Exchanges as a result of energy trading on the Day-Ahead Market.

The FSKAR calculation methodology, called *Accounting and Financial Settlement of kAf, ACE and Ramping period,* entered into force on June 1, 2021. The Settlement Centers in Brauweiler (Germany) and Laufenburg (Switzerland) transmit the results to each TSO in the form of daily files containing the intended and unintended exchanges (quantities - prices) calculated for the respective TSO for each settlement interval. The price established shall be the weighted average of the prices from trading on the Day-ahead Markets of all ENTSO - E Member States, with prices expressed in Euro/MWh.

The costs and revenues evidenced in the invoice received from JAO on the settlement of energy related to unintended exchanges will be included in the settlement calculation of the Balancing Market, in accordance with the provisions of ANRE Order no. 33/2021, on the amendment and completion of the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing - single imbalance price approved by Order of the President of the National Energy Regulatory Authority no. 213/2020.

Imbalance Netting between all Transmission System Operators - IN Platform (Imbalance Netting)

As of 01.01.2021, the European platform, International Grid Control Cooperation (IGCC) or IN (Imbalance Netting) Platform for the process of imbalance netting between all TSOs, which performs the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, has become operational.

We point out the fact that International Grid Control Cooperation (IGCC) is the project that was chosen in 2016 by ENTSO-E to become the future European platform for the imbalance compensation process as defined in Commission Regulation (EU) No 2017/1485 of August 2, 2017 laying down a guideline for the operation of the electricity transmission system (Art. 22). The IGCC initiative was started in 2010 by operators in Germany and was subsequently extended to the European core systems, representing a way to optimize the secondary frequency - power exchange power regulation by reducing the counterdirectional actions of the member operators' regulators, resulting in an optimized use of the system-wide "Automatically Activated Frequency Restoring Reserve" of the RRF.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

♣ High efficiency cogeneration

Since April 1, 2011, NPG CO. Transelectrica SA is the administrator of the support scheme for the promotion of high efficiency cogeneration. The objective of this support scheme is to promote high-efficiency cogeneration electricity production systems, with the advantage of producing energy with low polluting emissions. The aim is to facilitate market access for high-efficiency cogeneration production systems by granting a cogeneration bonus, where the costs of producing electricity and heat in cogeneration plants are higher than the market prices of the two forms of energy. The scheme is intended for electricity and heat producers that own or commercially operate high-efficiency cogeneration plants in order to stimulate new investment in cogeneration systems and the retrofitting of existing plants. The effective implementation of the support scheme in Romania took place on April 1, 2011, after the adoption by the National Energy Authority (ANRE) of the regulatory framework necessary for the implementation of this scheme.

The support scheme for the promotion of high efficiency cogeneration is one of the mechanisms developed at the European Union (EU) level for each Member State to achieve its greenhouse gas (GHG) emission reduction targets (by reducing the amount of primary energy needed to generate the same amount of processed energy - electricity and heat - compared to separate production).

The bonus-type support scheme was established in Romania by GD no. 219/2007 on the promotion of cogeneration based on useful heat energy (transposition of EC Directive no. 8/2004) and implemented by GD no. 1215/2009 on the establishment of criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat energy demand, for producers with installed electrical capacity above 1 MW.

The support mechanism was authorized by the European Commission, Decision C(2009)7085, amended by Decision C(2016)7522 final. According to these decisions, the State aid is operating aid to cover the difference between the costs and revenues of high-efficiency cogeneration electricity and heat production, ensuring a maximum return of 9%.

The bonus support scheme is thus designed to support and promote high-efficiency cogeneration electricity and heat production systems, thus encouraging new investments in cogeneration technology, as well as replacement/rehabilitation of existing installations.

The scheme applies to producers of electricity and heat in cogeneration that have applied to ANRE for the bonus for electricity produced in high-efficiency cogeneration, delivered in the NES, for cogeneration capacities included in the list of producers of electricity and heat in high-efficiency cogeneration by December 31, 2016. Producers benefit from the support scheme for a maximum period of 11 consecutive years, not exceeding 2023, the year at the end of which the scheme ends. The bonus, granted on request, represents the amount (in RON) received by producers for each MWh produced in high-efficiency cogeneration and delivered to the NES networks, is set annually by ANRE and is calculated as the difference between the total production costs of an equivalent cogeneration plant with high-efficiency electricity production and the revenues that can be obtained by it using the market price of electricity, i.e. the unit cost of thermal energy resulting for an equivalent thermal power plant, the difference being the electricity delivered to the NES by the cogeneration plant.

Government Decision no. 1215/2009 establishes the legal framework, in accordance with the European Union regulations, necessary for the implementation of the bonus-type support scheme for the promotion of high-efficiency cogeneration, based on the demand for useful thermal energy, in order to cover the difference between the cost of producing energy in high-efficiency cogeneration and its selling price. ANRE approved the reference bonus amounts per megawatt hour of electricity produced and delivered to the grid from high-efficiency cogeneration plants. The beneficiaries of the scheme are producers who meet certain criteria set by ANRE.

In accordance with the provisions of Article 14 of Government Decision no. 1215/2009, NPG CO. Transelectrica SA is designated as the responsible for the administration of the support scheme. The main tasks of the Company as administrator of the support scheme are the collection of the contribution from the suppliers of electricity consumers in a separate bank account from the basic activity and the payment of the bonus to the producers of electricity and heat in high efficiency cogeneration; the conclusion of contracts with the suppliers for the collection of the contribution and with the producers who will be the beneficiaries of the scheme; verifying the amount of the collected contribution; issuing invoices to suppliers; returning the contribution for high-efficiency cogeneration to suppliers that introduce into Romania electricity produced in high-efficiency cogeneration in other EU Member States; monitoring and reporting to ANRE on the administration of the support scheme.

The company acts as an agent of the state in the monthly collection of the cogeneration contribution and the monthly bonus payment and under these conditions, the operations related to the support scheme do not influence the income and expenditure accounts, except for the own administration expenses recognized by ANRE for the operation of the support scheme and which are self-invoiced.

On 08.12.2016, by Government Decision no. 925, it was adopted the amendment and completion of GD 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. The main amendments refer to the following aspects:

- in order to receive the bonus, producers must not be in debt to the administrator of the support scheme or have concluded agreements to offset liabilities and claims;
- overcompensation shall be recovered in accordance with national and EU state aid law;

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

- the undue overcompensation/bonus that remains unpaid by the producers, for which all legal steps have been taken, will be recovered by including the amount in the cogeneration contribution, according to the methodology issued by ANRE:
- 7The decisions of ANRE on the amount of overcompensation and/or undue bonus shall be binding on producers and shall be enforced with a view to recovery by a decision issued by the scheme administrator in accordance with State aid law:
- The financial closure of the support scheme is made in the first semester of 2024, according to the regulatory framework developed by ANRE.

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 the year 2033, exclusively for producers who meet the conditions for access to the extended support scheme.

Following the issuance of GD no. 409/2022, ANRE updated the applicable regulatory framework by issuing:

- ✓ **ANRE President's Order no. 34/2022** on the amendment of the Methodology for establishing and adjusting the prices for electricity and heat produced and delivered from cogeneration plants benefiting from the support scheme, respectively the bonus for high efficiency cogeneration, approved by the Order of the President of the National Energy Regulatory Authority no. 15/2015
- ✓ ANRE President's Order no. 35/2022 on the amendment and completion of the Procedure for the approval of new or retrofitting projects of cogeneration plants, approved by the Order of the President of the National Energy Regulatory Authority no. 115/2013.

Producers who have benefited from the support scheme for 11 years until March 31, 2022 and who meet the conditions for accessing the extension of the support scheme mentioned above, may benefit, based on a decision approved by the President of ANRE, from the extension of the state aid starting April 1, 2022.

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

♣ Price coupling mechanism for electricity markets

The implementation of the price coupling mechanism started on November 19, 2014, when the "4 Market Market Coupling (4MMC)" project, which envisages the merging of the DAM (Day-Ahead Market) electricity markets in Romania, Hungary, Czech Republic and Slovakia, entered the operational phase.

On June 17, 2021, the Interim Coupling Project (ICP) was launched, which is the coupling of the day-ahead markets of the 4MMC countries with those of Poland, Austria and Germany.

On October 27, 2021 the Bulgaria-Romania border was also integrated into the Single Day-Ahead Coupling (SDAC).

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

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

The single intra-domestic market coupling mechanism ensures that the bids and offers of 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.

From the point of view of the internal regulatory framework, the roles and responsibilities of the operators involved, NPG CO. Transelectrica SA and OPCOM SA, as well as the operations carried out within the market coupling are set out in the Regulation on the organization and functioning of the day-ahead electricity market, in compliance with the price coupling mechanism of the markets and the amendment of some normative acts regulating the day-ahead electricity market, approved by ANRE Order no. 82/2014 (Regulation).

The target model for the day-ahead market, based on the Price Coupling of Regions (PCR) principle, uses a unique algorithm for correlating bids and setting the price.

Where coupling is not possible, the TSOs of the countries concerned apply fallback procedures, whereby cross-border capacity is allocated.

Art. 138 of the Regulation provides that in the post-coupling process, Transmission System Operators (TSOs) act as transfer agents of the electricity resulting from the coupling algorithm as transferred between two adjacent bidding zones.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

Under the day-ahead price coupling mechanism, the power exchanges shall, on the basis of auctions, match day-ahead electricity transactions based on the interconnection capacity made available by the TSOs through which the default allocation is made.

NPG CO. Transelectrica SA, as an TSO, transfers electricity, both physically and commercially, to neighboring TSOs (MAVIR - Hungary and IBEX - Bulgaria) and manages the congestion revenues on the respective interconnection related to the DAM (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 and Intra-day Market (IP).

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

Thus, under the regional market price coupling mechanism, NPG CO. Transelectrica SA:

- acts as a default participant on the DAM and IDM and has the quality of transfer agent;
- shall make interconnection capacity available for the physical delivery of electricity traded on the DAM and PI, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

The congestion revenues shall be shared between the TSOs and the SSOs on a monthly basis and the exchange rate differences shall be retained or provided, as appropriate, by the TSO.

The Company has approved that the transactions related to the regional markets price coupling mechanism should not affect the income and expense accounts, except for the income from congestion management on interconnection lines, the income/expenses with exchange rate differences and the expenses with bank commissions resulting from the settlement of transactions carried out by the Company as transfer agent.

Energy delivered for balancing support to neighbouring TSOs in emergency situations ("emergency aids")

Taking into account European directives and regulations, national legislation and ENTSO-E rules, one of the obligations of the Transmission System Operator (TSO) is to coordinate actions and mutual support between neighboring TSOs in order to provide electricity to restore the normal operation of power systems in case of emergency situations.

Within the interconnected operation of the European energy system, an operational means of mutual support of TSOs is the delivery of balancing anergy to interconnected (neighbouring) systems in emergency situations defined by lack of sufficient reserves and/or sources to cover consumption, as provided for in the corresponding general provisions of Regulation (EU) 2017/1485 establishing a guideline on the operation of the electricity transmission system and Regulation (EU) 2017/2195 establishing guidelines for balancing the electricity system

The implementation of this possibility is based on the "Synchronous Area Framework Agreement for Regional Group Continental Europe - SAFA", which details the provisions of the Regulations, respectively paragraphs e), f) and g) and Art. B-12 of this operational agreement. Thus, the Company signed bilateral agreements for the purpose of emergency power supply with neighboring TSOs in Hungary, Bulgaria and Serbia during 2017 - 2019 and with neighboring TSOs in Ukraine and Republic of Moldova during 2022 (bilateral contracts with TSOs in Ukraine and Republic of Moldova were signed on an emergency basis, against the background of the conflict situation in Ukraine and synchronization of the two systems to the Continental European Power System - 16.03.2022).

On the basis of bilateral contracts with neighboring TSOs, electricity can be supplied reciprocally in case of major breakdowns in the production structure or in the transmission network (energy referred to in the contract as "Emergency Energy"), on commercial principles. Emergency Energy may also be granted from the Romanian power system to the Ukrainian/Moldovan power system in order to ensure (respect) the scheduled energy exchanges from the Ukraine - Republic of Moldova Control Block to the Continental Europe Synchronous Area, in case of activation of the measures provided for by the decision of the Continental Europe Regional Group (CE RG) of ENTSO-E aimed at reducing the physical flow of electricity or ceasing the synchronous operation of the Ukraine - Republic of Moldova Control Block with the Continental Europe Synchronous Area.

2. THE BASIS FOR PREPARATION

Declaration of conformity

The separate financial statements as at December 31, 2024 ("financial statements") have been prepared in accordance with the Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations in compliance with International Financial Reporting Standards ("OMFP No. 2844/2016"), as amended and supplemented. In the meaning of Order No. 2844/2016, International Financial Reporting Standards are the standards adopted in accordance with the procedure provided for by Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards ("EU IFRS").

The financial statements are available at the registered office of NPG CO. Transelectrica SA located at 2-4 Olteni Street, Sector 3, Bucharest and on the Company's website.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

The separate financial statements as of and for the year ended December 31, 2024 have been audited by the Company's financial auditor -PKF Finconta S.R.L.

The financial year shall correspond to the calendar year.

4 Business continuity

These financial statements have been prepared on a going concern basis. In making this judgment, management considers current performance and access to financial resources in light of the strategic importance and the Company's position as a natural monopoly of national interest within the national energy system.

🖶 Evaluation basics

The financial statements are prepared at historical cost, except for tangible assets other than tangible assets in progress, which are stated at revalued amount, while liabilities related to cash-settled share-based payment arrangements are stated at fair value.

♣ Functional and presentation currency

The financial statements are presented in Romanian LEI ("LEI" or "RON") in accordance with the applicable accounting regulations, which is also the Company's functional currency.

Using estimates and judgment

The preparation of financial statements in accordance with EU IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income and expenses, fair value assumptions (see Note 4), accruals and contingencies (see Note 28), on the recognition of non-refundable funds receivable (see Note 14 - Revenue in vans), on adjustments for impairment losses on receivables (see Note 10), on obligations related to cash-settled share-based payment transactions (see Note 30) and on obligations related to defined benefit plans (see Note 16).

Actual results may differ from the estimated values. Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimates are revised, as well as in future periods affected.

Information about assumptions and estimates involving significant uncertainties is included in the following notes:

- Note 14 Company management's assessment that there is reasonable assurance that the conditions attached to the grant funds will be met and that the funds will be received;
- Note 16 measurement of defined benefit plan obligations;
- Note 28 recognition and measurement of provisions, commitments and contingencies; key assumptions about the probability and magnitude of an outflow of resources.

Information on the accounting policy rationale for service concession arrangements is presented in the following paragraphs.

In 2004, the Company (concessionaire) entered into a 49-year concession agreement with the Ministry of Economy (grantor) under which the Company has the right to use public assets including the electricity transmission grid and the land on which it is located in exchange for the provision of electricity transmission service (see Note 3 - b).

Given the fact that the majority of the Company's shares are owned by the State, the Company's management considers that the Company is a public company and therefore does not fall under IFRIC 12 "Service Concession Arrangements".

Given that there is no other international financial reporting standard specific to service concession arrangements, the Company has considered whether to apply IFRIC 12 nevertheless, based on the hierarchy set out in SIC 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which requires that the provisions of other IFRSs dealing with similar issues should be considered first.

Thus, in considering the application of IFRIC 12, the Company considered whether the following characteristics of public-private service concession arrangements are applicable to the concession contract entered into with ME at the date IFRIC 12 is required to be adopted:

- the grantor controls or regulates the type of services that the concessionaire must provide within the infrastructure, to whom it must provide them and at what price;
- the grantor controls by ownership, beneficial or otherwise any significant residual interest in the infrastructure at the end of the term of the agreement: 49 years;
- The contractual provisions would include the same provisions if the agreement had been concluded with a private company.

An analysis of the characteristics of public-private service concession agreements shows the following:

- The services provided by the Company are regulated by ANRE, therefore the Grantor (Ministry of Economy) does not control and regulate the type of services that the Company has to provide;

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

- at the end of the contractual period, the residual interest in infrastructure is approximately zero, most of the assets belonging to the public domain of the State being fully depreciated;
- At present, there are no similar contracts, as the Company has a monopoly position for electricity transmission.

The Company has concluded that an accounting of the concession contract under IFRIC 12 will not reflect the economic substance of the transaction, as the Company pays an annual fee in the form of a royalty for the use of the assets referred to in the concession contract in the amount of 4/1000 of the gross revenues realized from the transmission and transit of electricity through the national transmission systems owned by the State, which is significantly lower than the depreciation that the Company would have recorded for those assets if the concession contract had not been signed.

As a result, IFRIC 12 is not applicable and the Company has applied the accounting policies as described in Note 3, paragraphs a) and b).

3. ACCOUNTING POLICIES

The accounting policies detailed below have been applied consistently for all periods presented in these financial statements, except as disclosed in Note 3(x) which discloses changes in accounting policies.

(a) Tangible assets

Own assets

Tangible assets, except tangible assets in progress, are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Tangible assets in progress are stated at cost. The cost of self-constructed assets includes the cost of materials, direct salaries, initial estimates, where applicable, of dismantling and removal costs and site restoration, and a share of indirect expenses.

Recognition

Tangible assets are initially measured at cost.

Cost includes expenditure directly attributable to the acquisition of the asset. The cost of assets constructed by the entity includes:

- cost of materials and direct personnel costs;
- other costs directly attributable to bringing the assets to the location and condition/state necessary for their intended use;
- capitalized borrowing costs.

Depreciation adjustments shall be recorded in respect of unused or used tangible assets.

Subsequent expenses

The Company recognizes in the carrying amount of an item of tangible assets the cost of replacing part of an item of tangible assets if at the time the cost is incurred it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs are recognized in the income statement as incurred.

Depreciation

Tangible assets are depreciated using the straight-line method over their useful lives as follows:

	of operation
	(years)
Buildings and special installations	40-60
Machinery and equipment	15-40
Measurement and control equipment	7-12
Vehicles	5-8
Other tangible assets	3-5

Normal duration

Land is not depreciated. When items of tangible assets have different useful lives, they are recognized as separate items (major components) of an asset. Depreciation methods for assets, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

Re-evaluation

The company has opted to present tangible assets at revalued amount, except for advances and tangible assets in progress which are presented at historical cost.

Revaluations shall be carried out by independent valuers with sufficient regularity so that the carrying amount does not differ materially from the amount that can be determined on the basis of the fair value at the reporting date.

(b) Public assets

In accordance with the provisions of Law no. 123/2012, with subsequent amendments and additions, the electricity transmission network existing on the territory of Romania is the public property of the State for the assets granted to the National Company for the Transmission of Electricity "Transelectrica" - S.A., as well as for the return assets according to the concession contract and legal provisions.

Government Decision no. 627/2000 sets out in Annex no. 8 the inventory of immovable property forming the public domain of the state, taken into operation by the Company since August 1, 2000 and which is inventoried and updated whenever necessary, by legislative act (HG).

In accordance with the provisions of Law No. 213/1998 and Law No. 219/1998, the Ministry of Economy and Trade (currently the Ministry of Economy, Digitalization, Entrepreneurship and Tourism) has granted the transmission network (high voltage lines and substations) and the land on which it is located to the Company on behalf of the State. Thus, on June 29, 2004, concession contract No. 1 was concluded between the Ministry of Economy and Trade and the Company for all tangible assets in the public patrimony in balance as of December 31, 2003 for a duration of 49 years.

Following the signing of the concession contract with the Ministry of Economy and Trade on behalf of the Romanian State on June 29, 2004, the nature of the relationship between the Romanian State and the Company changed and, as a result, the Company proceeded to derecognize the assets from the public patrimony, including the public patrimony reserve within the equity. Subsequent to the conclusion of the concession agreement, the Company treats the assets over which it has a right of use as operating leases. Concession contract payments (royalty) are recognized as an expense in the income statement by the Company during the year.

The concession contract No 1/2004 was published in the Official Gazette of Romania No 298 bis of April 30, 2015. During the years 2005-2013, seven additional acts to the concession contract were concluded.

Taking into account the provisions of Government Decision no. 1009/2012 and Government Decision no. 984/2012 approving the amendment of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of the state public domain assets under concession to the Company, as a result of the inventory of the state public domain assets in 2012 and the revaluation / revaluation of these assets, on 14.02.2013 the Additional Act no. 7 to the Concession Contract no. 1/29.06.2004 was concluded with the Ministry of Economy.

By Government Decision no. 1032 of December 11, 2013, published in the Official Gazette no. 22 of January 13, 2014, were approved the amendment and completion of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of goods in the public domain of the state, following the inventory of goods belonging to the public domain of the state in 2012.

By Government Decision no. 615 of September 05, 2019, published in the Official Gazette no. 730 bis 2019, it was approved the amendment and completion of Annex no. 7 to Government Decision no. 1705/2006 for the approval of the centralized inventory of the assets in the public domain of the State, following the inventory of the assets belonging to the public domain of the State in 2017 for the period 2013-2017, but until this moment the Act no. 8 to the Concession Contract no. 1/2004 has not been concluded.

The main terms of the concession contract are as follows:

- ✓ The subject of the concession contract is the operation of the electricity transmission network ETG and the land on which it is located;
- ✓ The company has the right to use these assets for a period of 49 years, from June 1, 2004 until May 31, 2053;
- ✓ The annual fee paid by the Company as a royalty for the use of these assets is set by the MoE and represents 1/1000 of the revenues realized from the electricity transmission activity, for the quantity actually transported;
- ✓ The assets will be taken over by the ME upon termination or expiry of the contract; the contract can be unilaterally terminated by either party;
- ✓ The company is obliged to use the assets in accordance with the provisions of the concession contract and operating license.

As of November 12, 2020, the Electricity Law no. 123/2012 was amended and supplemented, which in Art. 19, para. (1^1) provides that "the annual concession fee for the concession in the field of electricity transmission is 0.4% of the value of the gross revenues realized from the transmission and transit operations of electricity and is payable by the transmission and system operator as concessionaire".

The fee paid by the Company under the concession agreement and Electricity Law No. 123/2012, as amended, for the period January 1 to December 31, 2024 is significantly lower than the depreciation the Company would have recorded for the assets had the concession agreement not existed. However, the Company has not recorded in the financial statements any amount

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

related to this possible benefit because the Company cannot estimate the amount paid for the use of these assets by a third party in an objectively determined price transaction.

Investments made by the Company from its own financing sources in assets subject to the concession contract are capitalized and depreciated over the remaining life of the assets. After the recovery of the depreciation of the investment, they will be included in the inventory of assets in the State's public domain.

In the case of assets representing completed fixed assets, made from own sources of financing, they will be included in the inventory of assets in the public domain of the state after the recovery of the depreciation of the investment, respectively at the end of the normal duration of use of the concession or lease contract, according to the legal provisions in force, based on a normative act adopted in this regard.

(c) Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated depreciation and accumulated impairment losses on intangible assets. Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. The majority of intangible assets recorded by the Company consists of intangible assets in progress and dedicated software. These are depreciated on a straight-line basis over a period of 3 years.

Asset depreciation methods and useful lives are reviewed at each reporting date and adjusted if necessary.

Subsequent expenses

Subsequent expenses are capitalized only if it is probable that future economic benefits associated with the future expenses will flow to the Company.

(d) Foreign exchange transactions

Transactions in foreign currency are provided for in LEI by applying the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency at the year-end are provided for in LEIs at the exchange rate at that date. Realized and unrealized foreign exchange gains and losses are recognized in the profit and loss account for the year. The exchange rates at December 31, 2024 and December 31, 2023 are as follows:

Currency	December 31, 2024	December 31, 2023		
1 EUR	4,9741	4,9746		
1 USD	4,7768	4,4958		

Non-monetary assets and liabilities denominated in a foreign currency are measured at fair value at the exchange rate at the date of the transaction.

(e) Receivables

Trade receivables are initially recognized at fair value and subsequently measured using the effective interest method less impairment losses. Impairment losses are recognized when there is clear evidence that the receivables will not be collectible when due. Significant financial difficulties of the debtor, the likelihood of the debtor entering bankruptcy or financial reorganization, late payments (more than 180 days) are considered as indications that these receivables may require an impairment adjustment.

An impairment loss on an asset is the difference between its carrying amount and the present value of expected future cash flows discounted using the asset's original effective interest rate. The carrying amount is written down through the use of an impairment account and the loss is recognized in the income statement within 'Other operating expenses'.

(f) Inventories

Inventories consist of:

- raw materials, materials, spare parts that do not meet the definition of tangible assets and other consumable materials to be used in the course of the Company's core business;
- safety and intervention inventories intended for the rapid remedying of faults occurring at ETG installations in order to ensure the safe operation of the NES. These materials are recorded as inventories at the time of purchase and expensed when consumed or capitalized as appropriate.

Inventories are valued at the lower of cost and net realizable value. The cost of inventories consumed is determined on the basis of the FIFO method and includes acquisition expenses. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion, if any, and selling expenses.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

The Company's policy is to record a 100% write-down for inventories older than 365 days and which will not be used in the future, with the exception of security and intervention inventories.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and bank deposits with an original maturity of up to 3 months that are subject to an insignificant risk of changes in fair value.

(h) Revaluation reserves

After recognition as an asset, an item of tangible assets whose fair value can be measured reliably is carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined using fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, that increase is recognized directly in equity in revaluation reserves. However, the increase is recognized in profit or loss to the extent that it offsets a decrease from a revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an item of tangible assets is decreased as a result of a revaluation, that decrease is recognized in profit or loss. However, the decrease is effected by reducing revaluation surplus reserves to the extent that there is a credit balance in the revaluation surplus for that item of tangible assets.

The revaluation surplus included in equity in respect of an item of tangible assets is transferred directly to retained earnings as the revalued item of tangible assets is depreciated and when the asset is derecognized.

As from May 1, 2009, reserves from the revaluation of tangible assets, including land, carried out after January 1, 2004, which are deducted in calculating taxable profit by means of tax depreciation or expenses relating to assets disposed of and/or scrapped, shall be taxed at the same time as the deduction of tax depreciation, or at the time of the write-off of such fixed assets, as the case may be.

The Company recorded deferred tax on the liability for reserves related to the revaluation of fixed assets, including land, performed after January 1, 2004.

Reserves from the revaluation of tangible assets, including land, carried out up to December 31, 2003, as well as the portion of the revaluation carried out after January 1, 2004 and relating to the period up to April 30, 2009 will not be taxed when transferred to retained earnings.

The Company has not recorded deferred tax on the liability for reserves related to the revaluation of fixed assets, including land, carried out up to December 31, 2003.

Reserves from the revaluation of tangible assets are taxable in the future, in the event of a change in the use of the reserves in any form, liquidation, merger of the Company, including its use to cover accounting losses, except for the transfer, after May 1, 2009, of reserves related to valuations performed after January 1, 2004 to retained earnings, which are taxed at the same time as the deduction of tax depreciation.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is evidence of impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of value in use and fair value less costs to sell. In determining value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment testing, assets that cannot be tested individually are grouped at the level of the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets ('cash-generating unit').

Impairment losses are recognized in the income statement. Impairment losses recognized in relation to cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit (group of cash-generating units), if any, and then pro-rata to reduce the carrying amount of the other assets within the cash-generating unit (group of cash-generating units).

An impairment loss on goodwill is not reversed. For other assets the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized.

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

(j) Share capital

Ordinary shares are classified as part of equity. The additional costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction of equity, net of tax effects.

(k) Dividends

Dividends are recognized as a liability when the shareholder's right to receive payment is established.

(l) Trade and other payables

Accounts payable to suppliers and other payables are recorded at depreciated cost and include the value of invoices issued by suppliers of products, work performed and services rendered.

(m) Interest-bearing borrowings

Borrowings are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at depreciated cost with any difference between cost and redemption value recognized in the income statement over the period of the borrowings on an effective interest rate basis.

(n) Recognition and de-recognition of non-derivative financial instruments

Non-derivative financial assets

The Company initially recognizes receivables on the date they are originated. All other financial assets are initially recognized on the trade date when the Company becomes a party to the contractual terms of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows generated by the asset expire or when the rights to receive the contractual cash flows of the financial asset are transferred in a transaction in which the risks and rewards of ownership of the financial asset are substantially transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognized separately as an asset or liability.

Financial assets and financial liabilities are offset, and the statement of financial position presents the net amount only when the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's non-derivative financial assets consist mainly of trade and other receivables and cash and cash equivalents

Non-derivative financial liabilities

The Company initially recognizes issued debt instruments and subordinated debt on the date they are originated. All other debt (including debt designated at fair value through the income statement) is initially recognized on the trade date when the Company becomes a party to the contractual terms of the instrument.

The company derecognizes a financial liability when contractual obligations are paid or are canceled or expire.

The Company classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at depreciated cost using the effective interest method.

Other Non-derivative financial liabilities comprise loans, trade and other payables.

(o) Income tax

The income tax expense comprises current tax, deferred tax and global minimum tax - Pillar Two. Current tax, deferred tax and global minimum tax are recognized in the income statement unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

(i) Current tax

Current tax is the tax expected to be paid or received on the taxable profit or tax loss realized in the current year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to prior years' income tax liability.

(ii) Deferred tax

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

Deferred tax is recognized for temporary differences arising between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used for the tax computation.

Deferred tax is not recognized for:

- temporary differences that arise on initial recognition of assets and liabilities arising from transactions that are not business combinations and that do not affect profit or loss for accounting or tax purposes;
- temporary differences arising from investments in subsidiaries or jointly controlled entities, to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on initial recognition of goodwill.

The deferred tax valuation reflects the tax consequences that would result from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is calculated based on the tax rates that are expected to be applicable to temporary differences when they reverse, based on legislation enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax assets and liabilities and if they relate to taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, but which intend to settle current tax assets and liabilities on a net basis or whose tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the tax loss can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that realization of the related tax benefit is no longer probable

(iii) Global minimum tax - Pillar Two

The overall minimum tax is an additional tax calculated at the Group level in a jurisdiction for which an effective tax rate of less than 15% ("minimum tax rate") applied to qualifying net income is achieved. It is computed in accordance with the provisions of Law No. 431/2023, on ensuring a global minimum tax rate for multinational enterprise groups and large domestic groups, for which additional guidance provided by the Organization for Economic Co-operation and Development (OECD) has been taken into account as a source of illustration or interpretation to ensure consistent application of the applicable law.

(iv) Income tax exposure

The Company considers the impact of the uncertain tax position and whether additional taxes and interest may be due in determining the amount of current, deferred and aggregate minimum tax. This assessment is based on estimates and assumptions and may involve judgment about future events. New information may become available that may cause the Company to change its professional judgment as to the adequacy of existing tax liabilities; such changes in tax liabilities may impact the income tax expense in the period in which such determination occurs.

(p) Employee benefits

Other long-term employee benefits

The Company's net long-term employee benefit obligation, other than pension plans, is the amount of future benefits that employees have earned in exchange for services rendered in the current and prior periods. This benefit is discounted to determine its fair value and the fair value of any related asset is deducted. These benefits are estimated using the projected credit factor method. Any actuarial gains or losses are recognized in other comprehensive income in the period in which they arise. Other long-term employee benefits consist of retirement bonuses.

Cash-settled share-based payment transactions

The fair value of the liability due to employees for stock appreciation rights that are settled in cash is recognized as an expense corresponding to an increase in the liability over the period in which the employees earn the unconditional right to payment. Until the liability is settled, the Company is required to remeasure the fair value of the liability at each reporting date and at the settlement date, with any changes in fair value recognized in the income statement for the period.

The company recognizes the services received and a liability to pay for those services as employees render the services. Certain stock appreciation rights vest immediately and therefore employees are not required to complete a specified period of service in order to be entitled to the cash payment. In such cases, the Company recognizes the full amount of the award as an expense at the date of grant.

Short-term employee benefits

Notes to the financial statements for the year ended December 31, (All amounts are provided for in LEI unless otherwise indicated)

Short-term benefit obligations measured on an undiscounted basis and are recognized as an expense as services are rendered. A provision is recognized at the estimated amount expected to be paid for short-term employee benefits in the form of bonuses or profit sharing only if the Company has a present legal or constructive obligation to pay that amount for past services rendered by employees and that obligation can be estimated. Short-term employee benefits consist primarily of salaries. In the normal course of business, the Company makes payments on behalf of its employees to the pension fund. All Company employees are members of the Romanian State pension plan. These payments are expensed as services are rendered by the employees.

(q) Revenues

Revenue is recognized when the significant risks and rewards have been transferred to the buyer, the economic benefits are probable and the associated costs can be reasonably estimated. Revenue consists mainly of transmission service, system service and balancing market revenues calculated based on the volume of energy delivered to customers. Transmission and system service tariffs are regulated by ANRE. Revenues also include the value of transactions carried out on the balancing market, as described in Note 1.

The Romanian State, through ANRE, regulates the tariffs charged by the Company for the electricity transmission service and for the system operator service. The Romanian State fulfills several roles in addition to that of majority shareholder and, as a result, may have broader objectives and goals than an investor whose main interest is the return on investment.

As mentioned in Note 1, the Company is also the administrator of the bonus support scheme for the promotion of high efficiency cogeneration. The Company acts as an agent as it is involved in the collection and distribution of the money.

Also, the Company and OPCOM SA are involved in the price coupling mechanism of the regional markets on the basis of ANRE Order 82/2014 (see Note 1).

Thus, under the regional market price coupling mechanism, NPG CO. Transelectrica SA:

- acts as a default participant on the DAM and IDM and has the quality of transfer agent;
- shall make interconnection capacity available for the physical delivery of electricity traded on the DAM and PI, i.e. the transfer of energy from one bidding zone to another via interconnection lines, limited by their available transfer capacity.

Connection fees

IFRIC 18 "Transfers of Assets from Customers" applies to contracts with customers in which the Company receives cash from a customer when that cash is to be used solely for the construction or acquisition of an item of tangible assets and the Company is then required to use that item of tangible assets to connect the customer to the network.

The Law on Electricity and Natural Gas No. 123/2012, as amended and supplemented, provides in Article 25 para. (1) the following: "...Connection to the public interest electricity grids and access to the public interest electricity grids are mandatory services, under regulated conditions, which must be performed by the transmission and system operator, as well as the distribution operator, including the citizens' energy communities that manage the distribution networks."

The connection charge is a regulated tariff which represents the charge incurred by a network operator for the cost of connecting a user's place of consumption and/or production to the electricity grid.

Where the connection of a customer to the electricity transmission system is not a separate component of the connection contract, connection fees are recognized in the income statement on a systematic basis over the useful life of the asset.

The Company recognizes the cash received from the connection fee as a credit to the "Deferred revenue" account in the statement of financial position and subsequently recognizes the revenue in "Other income" in the income statement, on a systematic basis over the useful life of the asset.

(r) Net financing costs

Net financing costs include interest expense on borrowings calculated using the effective interest rate method, less borrowing costs capitalized as part of the costs of long-lived assets, dividend income, favorable and unfavorable foreign exchange differences, fees and risk commissions.

In accordance with the revised SIC 23 'Borrowing Costs' and invoking the optional exception from retrospective application under IFRS 1 'First-time Adoption of IFRS', the Company capitalizes borrowing costs related to assets that take a long period to put into use or sale for which financing was obtained after January 1, 2011, the date of transition to IFRS.

Interest income is recognized in the income statement in the year in which it arises using the effective interest method. Dividend income is recognized in the income statement on the date the Company's right to receive dividends is recognized.

(s) Grants

Grants related to assets are initially recognized as "deferred revenue" at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grants, and then the grants are recognized in the income statement as other operating income over the useful life of the asset to which they relate. Grant funds are recognized as assets when there is reasonable assurance that they will be received by meeting the related conditions.

(t) Provisions

A provision is recognized when, and only when, the following conditions are met:

- The company has a present obligation (legal or constructive) as a result of a past event;
- it is probable (that is, more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation;
- when a fair estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(u) Earnings per share

In accordance with SIC 33 'Earnings per share', earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares for the period.

The weighted average number of shares outstanding during the year is the number of shares at the beginning of the period, adjusted by the number of shares in issue, multiplied by the number of months the shares were outstanding during the year.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, or that ordinary shares are issued upon the satisfaction of certain specified conditions. The objective of diluted earnings per share is similar to that of basic earnings per share, namely, to measure the interest of each ordinary share in the performance of an entity.

(v) Contingencies

Contingent liabilities are not recognized in the accompanying financial statements. They are disclosed when the outflow of resources embodying economic benefits is possible and not probable.

A contingent asset is not recognized in the accompanying financial statements but is disclosed when an inflow of economic benefits is probable.

(w) Operational segments

An operating segment is a component of an entity:

- that engages in activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- and whose operating results are reviewed periodically by the entity's chief decision maker to make decisions about resources segment and assess its performance; and
- for which separate financial information is available.

The company has its operations in several locations in Romania, which are engaged in both transportation and dispatching activities. The Company's management considers the operations in their totality as "a single segment".

Operating segments are presented in a manner consistent with the internal reporting provided by the entity's chief operating decision maker in order to make decisions about the allocation of resources to segments and to assess its performance.

(x) Implications of the new International Financial Reporting Standards (EU IFRS)

• The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU are effective for the current reporting period:

Norm/Interpretation	Norm/Interpretation Nature of the impending change in policy				
[IAS 8.31 (a), 8.31(c)]	[IAS 8.31 (b)]	statements			
		$[IAS\ 8.31\ (e)]$			
Amendments to IAS 1 'Presentation of	The amendments issued in January 2020 provide a	The adoption of the			
Financial Statements' - Classification of	more general approach to the classification of	amendments had no material			
Liabilities into Current and Non-	liabilities under IAS 1 starting from the contractual	impact on the individual			
current Liabilities, issued by the IASB	arrangements existing at the reporting date. The	financial statements.			
on January 23, 2020, and Amendments	amendments issued in October 2022 clarify how				
to IAS 1 'Presentation of Financial	conditions that an entity must satisfy within twelve				
Statements' - Non-current Liabilities	months after the reporting period affect the				
with Financial Indicators issued by the	classification of a liability and establish the effective				
IASB on October 31, 2022	date for both amendments for annual periods				
	beginning on or after January 1, 2024				
Amendments to IAS 7 Cash Flow	According to the amendments, requirements on the	The amendments did not result			
Statements and IFRS 7 Financial	information to be provided are added, as well as	in material changes to the			
Instruments: Disclosures - Financing	indications within the existing information	financial statements			
Arrangements in Supplier	requirements for the provision of qualitative and				
Relationships issued by the IASB on	quantitative information on the financing agreements				
May 25, 2023.	in relation to suppliers				
Amendments to IFRS 16 Leases - Lease	The amendments provide for the seller-lessee to	The amendments did not result			
liabilities in a sale and leaseback	subsequently measure lease liabilities arising from a	in material changes to the			
transaction, issued by the IASB on	leaseback transaction so as not to recognize any gain	financial statements			
September 22, 2022	or loss on the retained right of use. The new				
	requirements do not preclude the seller-lessee from				
	recognizing gains or losses in the profit or loss				
	account from the partial or total termination of a lease				
	contract				

• The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) that are not yet effective for the annual financial reporting period ending December 31, 2023 and have not yet had an impact on, or have not been applied in the preparation of these financial statements: [IAS 8.31 (a)]

Norm/Interpretation	Nature of the impending change in policy	Possible impact on			
$[IAS\ 8.31\ (a),\ 8.31(c)]$	[IAS 8.31 (b)]	financial statements			
		[IAS 8.31 (e)]			
Amendments to IAS 21 'The Effects of	The amendments contain guidance for entities to state	The adoption of these			
Changes in Foreign Exchange Rates' -	when a currency is convertible and how to determine	amendments will not have a			
Non-Convertibility issued by the IASB	the exchange rate when it is not convertible	material impact on the			
on August 15, 2023, effective from		financial statements in the			
January 1, 2025		future.			

• At the date of approval of these financial statements, the following existing standards have been issued by the IASB but have not yet been adopted by the EU:

Norm/Interpretation	Nature of the impending change in policy	Possible impact on		
[IAS 8.31 (a), 8.31(c)]	[IAS 8.31 (b)]	financial statements		
		[IAS 8.31 (e)]		
Amendments to IFRS 9 and IFRS 7 -	The amendments clarify the classification of financial	The Company anticipates		
Amendments to Classification and	assets that have environmental, social, corporate	that the adoption of these		
Measurement of Financial	governance (ESG) and similar characteristics. The	amendments to the existing		
Instruments issued by the IASB on	amendments also clarify the date at which a financial asset	accounting standards will		
May 30, 2024	or financial liability is derecognized and introduce	not have a material impact		
	additional disclosure requirements with respect to	on the Company's		
	investments in equity instruments designated at fair value	performance in the future		
	through other comprehensive income and financial			
	instruments that have contingent features			
Amendments to IFRS 10	The amendments resolve the inconsistency between the	The Company anticipates		
Consolidated Financial Statements	requirements of IAS 28 and IFRS 10 and clarify that in a	that the adoption of these		
and IAS 28 Investments in	transaction involving a joint venture, gains or losses are	amendments to the existing		
Associates and Joint Ventures - Sale	recognized when the assets sold or contributed represent	nt accounting standards will		
of or Contribution of Assets between	an enterprise. This change could be applied only if the	e not have a material impact		
an Investor and its Associates or	entity had not developed an accounting policy to that	on the Company's		
Joint Ventures, issued by the IASB on	effect	performance in the future		

(All amounts are provided for in LEI unless otherwise indicated)

Norm/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of the impending change in policy [IAS 8.31 (b)]	Possible impact on financial statements [IAS 8.31 (e)]
September 11, 2014		
IFRS 19 Non-publicly accountable subsidiaries: disclosures issued by the IASB on May 9, 2024	The standard allows subsidiaries to provide restricted disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for eligible subsidiaries and establishes disclosure requirements for subsidiaries that choose to apply it	The Company anticipates that the adoption of these new accounting standards will not have a material impact on the Company's performance in the future
IFRS 14 Deferral accounts related to regulated activities issued by the IASB on January 30, 2014	This standard is intended to allow first-time IFRS adopters that currently recognize deferral accounts for regulated activities under previous GAAP to continue to do so on transition to IFRS	The Company anticipates that the adoption of these new accounting standards will not have a material impact on the Company's performance in the future
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 issued by the IASB on July 18, 2024	These amendments include clarifications, simplifications, corrections and modifications in the following areas: (a) hedge accounting adopted by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) presentation of the deferred difference between fair value and transaction price (IFRS 7); (d) the introduction and disclosures about credit risk (IFRS 7); (e) derecognition of lease liabilities by the lessee (IFRS 9); (f) the transaction price (IFRS 9); (g) the establishment of a 'de facto representative' (IFRS 10); (h) the cost-based method (IAS 7).	The Company anticipates that the adoption of these amendments to the existing accounting standards will not have a material impact on the Company's performance in the future
IFRS 18 Presentation and Disclosures in Financial Statements issued by the IASB on April 9, 2024 will replace IAS 1 Presentation of Financial Statements	The standard introduces three sets of new requirements for companies to improve their financial performance reporting and to give investors a better basis for analyzing and comparing companies. The main changes in the new standard compared to IAS 1 relate to: (a) the introduction of categories (operating, investing, financing, income tax related and discontinued operations) and sub-totals defined in the statement of profit or loss; (b) the introduction of requirements for improved aggregation and disaggregation; (c) the introduction of disclosures on Management Performance Measures (MPCs) in the notes to the financial statements. Although IFRS 18 does not affect the recognition or measurement of items in the financial statements, its impact on presentation is significant, in particular with regard to the statement of financial performance and the inclusion of management-defined performance measures in the financial statements	The Company anticipates that the adoption of these new accounting standards will not have a material impact on the Company's performance in the future

4. DETERMINATION OF FAIR VALUE

Certain of the Company's accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. In determining the fair values of assets and liabilities, the Company uses observable market values whenever possible. Fair values are categorized into several levels in the fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- Level 1: quoted prices (unadjusted) from active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices);
- Level 3: inputs for assets and liabilities that are not based on observable market data.

Fair values have been determined for measurement and/or disclosure purposes using the methods described below:

(i) Tangible assets

The fair value of items of tangible assets is mainly based on the revaluation model taking into account the particularities of tangible assets owned by the Company, except for assets in progress, which are accounted for in accordance with the cost-based model

NPG CO. Transelectrica SA

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

5. TANGIBLE ASSETS

Between January 1, 2023 and December 31, 2024, tangible assets changed as follows:

	Land and land im- provements	Buildings and special installations	Machinery and equipment	Measuring instruments and control	Vehicles	Other tangible assets	Tangible assets in progress	Total
COST								
Balance at January 1, 2023	73.527.884	1.495.028.597	1.990.453.650	195.316.187	14.288.222	282.972.664	1.057.313.549	5.108.900.753
Inputs	_	4.085.005	_	_	_	_	497.007.179	501.092.184
Increase/decrease in revaluation reserve	43.607.900	340.543.592	739.951.560	36.271.841	12.145.093	-	-	1.172.519.986
Transfers from imob. tangible assets in progress	119.988	398.846.686	137.382.265	12.760.481	4.684.903	231.524	(554.025.847)	-
Reclassifications between fixed asset accounts	-	12.854	(12.620)	-	-	(234)	-	-
Outputs	-	(2.464.754)	(2.449.430)	(165.602)	(297.586)	(4.035.426)	(2.245.466)	(11.658.264)
Impact of the reassessment		(362.156.589)	(600.518.935)	(103.909.845)	(12.532.968)			(1.079.118.337)
Balance at December 31, 2023	117.255.772	1.873.895.391	2.264.806.490	140.273.062	18.287.664	279.168.528	998.049.415	5.691.736.322
Balance at January 1, 2024	117.255.772	1.873.895.391	2.264.806.490	140.273.062	18.287.664	279.168.528	998.049.415	5.691.736.322
Inputs	-	3.092.488	3.392.430	7.336.696	-	-	634.016.882	647.838.496
Increase/decrease in revaluation reserve	-	-	-	-	-	-	-	-
Transfers from tangible assets in progress	523.646	428.576.529	125.235.859	97.229.751	502.799	553.808	(652.622.392)	-
Reclassifications between fixed asset accounts	-	-	-	-	-	-	2.802.160	2.802.160
Outputs	(31.516)	(462.094)	(5.383.082)	(28.097)	(17.020)	(7.563.224)	(122.961)	(13.607.994)
Impact of the reassessment	-	_	_	_				
Balance at December 31, 2024	117.747.902	2.305.102.314	2.388.051.697	244.811.412	18.773.443	272.159.112	982.123.104	6.328.768.984
Accumulated depreciation								
Balance at January 1, 2023	138.179	296.323.189	447.922.045	77.270.051	10.627.302	261.729.935		1.094.010.701
Depreciation expense	_	67.840.944	153.500.302	26.804.911	2.012.610	6.670.425	-	256.829.192
Accumulated depreciation of outputs	-	(2.007.544)	(903.412)	(165.117)	(106.944)	(4.023.163)	-	(7.206.180)
Impact of the reassessment	-	(362.156.589)	(600.518.935)	(103.909.845)	(12.532.968)	-	-	(1.079.118.337)
Balance at December 31, 2023	138.179	-	-	-		264.377.197	-	264.515.376
Balance at January 1, 2024	138.179					264.377.197		264.515.376
Depreciation expense	-	85.320.727	154.017.004	39.710.589	2.206.698	4.758.873	-	286.013.891
Accumulated depreciation of outputs Impact of the reassessment	-	(387.459)	(31.416)	(17.986)	-	(7.562.509)	-	(7.999.370)
Balance at December 31, 2024	138.179	84.933.268	153.985.588	39.692.603	2.206.698	261.573.561	-	542.529.897

NPG CO. Transelectrica SA

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

	Land and land im- provements	Buildings and special installations	Machinery and equipment	Measuring instruments and control	Vehicles	Other tangible assets	Tangible assets in progress	Total
IMPAIRMENT ADJUSTMENTS								
Balance at January 1, 2023							13.098.227	13.098.227
Impairment adjustment expense							(1.627.393)	(1.627.393)
Balance at December 31, 2023				_			11.470.834	11.470.834
Impairment adjustment expense				_			9.383	9.383
Balance at December 31, 2024							11.480.217	11.480.217
ACCOUNTING VALUE								
Balance at January 1, 2023	73.389.705	1.198.705.408	1.542.531.605	118.046.136	3.660.920	21.242.729	1.044.215.322	4.001.791.825
Balance at December 31, 2023	117.117.593	1.873.895.391	2.264.806.490	140.273.062	18.287.664	14.791.331	986.578.581	5.415.750.112
Balance at December 31, 2024	117.609.723	2.220.169.046	2.234.066.109	205.118.809	16.566.745	10.585.551	970.642.887	5.774.758.870

Total net tangible assets increased as of December 31, 2024 compared to December 31, 2023 due to an increase in the amount of tangible assets in progress mainly represented by the completion of capital expenditures on high-voltage substations and power lines, as follows:

- Transition to 400 kV of the axis Porțile de Fier Reşița Timișoara Săcălaz Arad Stage I 400 kV power line s.c. Porțile de Fier (Anina) Reşița 91.160.249;
- 400 kV d.c. Gutinaş Smârdan OHL 88.227.030;
- Increasing the operational reliability of the Argeş Vâlcea network area, realization of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV 400/220 kV 80.404.816;
- Upgrading of the 400/110 kV Pelicanu transformer substation 34.210.526;
- Increasing the transmission capacity of the 220 kV Stejaru Gheorgheni Fântânele OHL 31.609.993;
- Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu Sud and 400/220/110/20/20 kV Bradu 31.581.410;
- 220 kV double circuit Ostrovu Mare ETG OHL Stage I + Stage II (H.CA nr. 17/2007) 30.401.265;
- Connection of the 400 kV Isaccea Varna OHL and the 400 kV Isaccea Dobrudja OHL to the 400 kV Medgidia Sud Station, Stage II - 400 kV d.c. OHL Connections to the Medgidia Sud Station – 28.732.155;
- Station 400 kV Stâlpu 28.732.149;
- Metering and data management system for electricity metering on the wholesale market 28.405.987;
- Isaccea 400 kV Station Upgrade Stage II 27.987.522;
- Increasing the security of supply to consumers in the southern area of Bucharest, connected to the 400/220/110 kV Bucharest South substation 14.771.466;
- Upgrade of the 220/110/20 kV Baru Mare 220/110/20 kV Station 13.806.656;
- 110 kV Medgidia South Medgidia 110 kV Station Upgrade 12.761.068;
- Relocation of 220 kV and 400 kV networks Urecheşti Domneşti, Ţânţăreni Bradu, Bradu Braşov, Bradu Stupărei and Bradu Târgovişte for the Craiova Pitesti Express Road, section 4 7.693.736;
- Transition to 400 kV voltage of the axis Porțile de Fier Reșița Timișoara Săcălaz Arad Stage I 400kV power line s.c. Porțile de Fier (Anina) Reșița 7.114.854;
- Upgrading of the 400/110/20 kV Smårdan Station OHL 6.458.115;
- Optimization of the operation of the existing 400 kV OHL in the NES, used in interconnection and for power
 evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line
 systems (SMART GRID type) 6.412.352;
- Increasing the transmission capacity of the 400 kV Bucharest South Pelicanu (8 km) 6.302.817;
- Refurbishment of 220/110 kV Fileşti Station 6.095.443;
- Implementation of new functions and software changes in the EMS SCADA computer system to implement European and national legislative requirements -4.250.678;
- Relocation of high voltage electricity networks 400 kV (220kV) Gutinaş -Focşani Vest joint circuit OHL with 400 (220) kV Focşani Vest-Barboşi OHL and Buzău -Focşani highway Design Execution 4.083.241;
- Relocation/protection of high voltage networks OHL 400 kV s.c. Mintia Arad OHL for the rehabilitation of the CF line 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;
- Relocation of the 220 kV networks for the Bucharest ring highway, km 0+000 km 52+770, LOT 4 km 47+600 km 52+070 3.989.600;
- Site clearance and realization of coexistence conditions for Sibiu-Pitești Highway, section 4: Tigveni-Curtea de Arges, Km 81+900 km 91+761 Relocation/Protection of 400 kV OHL s.c. Tânțăreni Sibiu Sud 2.690.000;
- Regulation of the 400 kV Roşiori-Oradea South OHL with the objective of increasing accessibility on county roads in the metropolitan area of Oradea - sector 1- DJ767E, DJ767J, Bihor county, in the area of poles 348-349-350-351 -2.536.902;
- Relocation of the 400 kV d.c. Gura Ialomiței Stâlpu power line for the execution of the Ploiești Buzău Highway, Section 2 km 21+000 km 49+350 2.517.827;
- Upgrade to 400 kV of the 220 kV Brazi Vest Teleajen Stâlpu OHL, 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 400/220/110 kV Brazi Vest 2330 Brazi Vest substation 2.329.532;
- Realization of the works in the 220/110 kV Iaz substation for the connection of the TMD Friction Production Hall to the ETG - 2.318.275;

- Connection to the public electricity grid of the production site CEF 7.5 MW Anasun Energy SRL located in the area of Ulmi - Jud. Dimboviţa - 2.202.079;
- Replacement of the heating and air-conditioning system in the administrative building of the Bucharest Branch (S.F+P.T+C.S) 2.136.649;
- Pilot project "DigiTEL Smart Vision" Increasing safety in operation and maintenance activities in Domneşti Station by using digital technologies 2.013.258;
- Site clearance and realization of coexistence conditions between the road connecting DN 69 with A1 and the 220 kV Arad Calea Aradului OHL 1.927.357;
- Relocation/protection of high voltage 220 220 kV d.c. Reşiţa Timişoara OHL, 220 kV d.c. Timişoara Arad/Timişoara Săcălaz OHL and 220 kV d.c. Mintia Timişoara OHL at the intersection with the Timişoara South Bypass 1.822.000;
- Relocation of the 400 kV Mintia Arad OHL, Arad bypass 1.564.000;
- Modernization of 110 kV and medium-voltage cells in Stâlpu Power Station 1.270.074;
- Performance of works in the 400/110/20 kV Medgidia Sud substation belonging to NPG CO. Transelectrica SA, related to the 110kV Medgidia Sud-FCM II circ. 1 and 2 OHL, belonging to E-Distribuţie Dobrogea SA 1.195.657;
- Center for research and development of live working technologies (LST) and rapid intervention in NES phase II -1.147.068;
- Relocation/protection of 220 kV and 400 kV high-voltage networks 220 kV Arefu-Bradu s.c. OHL at the intersection with Craiova-Piteşti Express Road, section 4 1.054.507;
- Upgrade of 400 kV Isaccea Station Phase I Replacement of compensation coils, related cells and 400 kV Stupina cell - 964;
- Relocation of Arad Calea Aradului OHL, Arad Arad Arad bypass 928.000;
- CEF Izvoru Bărzii GalicSud, Halanga 789.760;
- Connection to NES of CEF 60,2 MW Teius, Jud. Alba 712.633;
- 220/110 kV Calafat 692.037;
- Modernization of the OHL Işalniţa-CraiovaN,circ2-replacement of the existing conductor with a new one OPGW -638.984;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş,
 Suceava and Roşiori stations 638.425;
- Connection of the production site CEF Satu Mare 1 (65,018 MW), located in Satu Mare, Satu Mare locality, Satu Mare County, to the public electricity installations managed by NPG CO. Transelectrica SA, in the 220/110/20 kV Vetiş substation 574.040;
- Power supply systems for telecommunication cameras 568.337;
- DigiTEL Power Lines of the Future Pilot Project Transition of the 400 kV OHL Isaccea Tulcea West 400 kV Isaccea Tulcea West from single circuit to double circuit 567.600;
- Rehabilitation of data transportation network for telecontrol 443.489;
- Replacement of battery batteries nr. 1 and nr. 2 220 V d.c. SI 220 kV from 400/220/110 kV Slatina 411.706.

In 2024, the largest **transfers from tangible assets in progress to tangible assets**, totaling **652.622.392**, are primarily represented by the commissioning of capital projects, of which we list the most significant:

- Transition to 400 kV voltage of the axis Porțile de Fier Reşița Timișoara Săcălaz Arad Stage I 400 kV power line s.c. Porțile de Fier (Anina) Reşița 160.718.334;
- Racordarea OHL 400 kV Isaccea Varna şi OHL 400 kV Isaccea Dobrudja în Stația 400 kV Medgidia Sud, Etapa I
 Extinderea Stației 400 kV Medgidia Sud 96.738.769;
- Refurbishment of the 220/110/20kV Baru Mare 220/110/20kV Station 73.798.554;
- Increasing the transmission capacity of the 220 kV OHL Stejaru Gheorgheni Fântânele 49.371.189;
- Metering and data management system for electricity metering on the wholesale market 48.753.355;
- Refurbishment of 220/110 kV Fileşti Station 48.370.284;
- Arefu 220/110/20 kV substation modernization 31.006.861;
- Upgrade of 400/110 kV Pelicanu Station 19.125.790;
- Relocation of 220 kV and 400 kV networks Urecheşti Domneşti, Ţânţăreni Bradu, Bradu Braşov, Bradu Stupărei and Bradu Târgovişte for the Craiova Pitesti Express Road, section 4 16.938.698;
- Extension of the 400 kV Gura Ialomitei station with two cells: OHL 400 kV Cernavodă 2 and 3 12.570.636;
- Relocation of the 220 kV and 400kV networks for the construction of the Brăila- Galați express road 10.148.828;

- Purchase and installation of 21 monitoring systems for transformer units in NPG CO. Transelectrica SA substations -9.972.780;
- 220 kV OHL diversion Ampoi Alba Iulia area 7.742.292;
- Increasing the transmission capacity of the 400 kV OHL Bucharest South Pelicanu (8 km) 6.505.617;
- 110 kV, 220 kV and 400 kV switchgear 6.273.469;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut substation and modernization of the control command system of 400/220/110/6 kV Iernut substation 6.142.044;
- Relocation/protection of high voltage networks OHL 400 kV s.c. Mintia Arad for the rehabilitation of the CF line 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 fiber optic protective conductor on the 400kV OHL Rosiori Mukacevo 5.208.270;
- Site clearance and realization of coexistence conditions between the objective "Suspended bridge over the Danube in
 the Brăila area" belonging to CNAIR SA and the electrical networks managed by NPG CO. Transelectrica SA 4.911.246;
- Site clearance and realization of coexistence conditions for Sibiu-Pitești Highway, section 4: Tigveni-Curtea de Argeș, km 81+900 km 91+761 Relocation/Protection of 400 kV OHL s.c. Ţânţăreni Sibiu Sud 2.690.000;
- Modernization in order to reduce the effects of galloping on the 400 kV OHL Bucharest South Gura Ialomiței -2.635.566;
- Regulation of the 400 KV Roşiori-Oradea South OHL with the objective of increasing accessibility on county roads in the metropolitan area of Oradea - sector 1-DJ767E, DJ767J, Bihor County, in the area of poles 348-349-350-351 -2.536.902;
- Relocation of the 400 kV d.c. Gura Ialomiței Stâlpu power line for the execution of the Ploiești Buzău Highway,
 Section 2 km 21+000 km 49+350 2.517.827;
- Relocation/protection of 220 kV high voltage networks 220 kV d.c. OHL Reşiţa Timişoara, 220 kV d.c. OHL Timişoara Arad/Timişoara Săcălaz and 220 kV d.c. OHL Mintia Timişoara at the intersection with the Timişoara South Bypass 2.486.367;
- Performance of the works in the 220/110 kV Taz substation for the connection of the TMD Friction Production Hall to the ETG - 2.322.425;
- Connection of the production site CEF Satu Mare 1 (65,018 MW), located in Satu Mare, Satu Mare locality, Satu Mare County, to the public interest electricity installations managed by NPG CO. Transelectrica SA, in the 220/110/20 kV Vetiş Station 2.225.750;
- HV and Trafo replacement in electrical substations Stage 2, phase 2 LOT 1 LOT 2 2.053.357;
- Pilot project "DigiTEL Smart Vision" Increasing safety in operation and maintenance activities in Domnești Station by using digital technologies 2.013.258;
- Relocation of the 400 kV OHL Mintia Arad, Arad bypass 1.564.000;
- Temporary works on OHL 220 kV Lacu Sărat-Fileşti, in order to ensure the conditions for the relocation of utilities, by releasing the site and realizing the coexistence conditions between "Suspension Bridge over the Danube in the area of Brăila - 1.528.380;
- Relocation/protection of 220 kV and 400 kV high-voltage networks 220 kV OHL Arefu-Bradu s.c. at the intersection with Craiova-Piteşti Express Road, section 4 - 1.054.507;
- Relocation of the Arad Calea Aradului OHL bypass Arad Calea Aradului 928.000;
- CEF Izvoru Bărzii Galic Sud, Halânga 789.760;
- Connection to NES of CEF 60,2 MW Teiuş, Alba county 712.633;
- Modernization of OHL Işalniţa Craiova Nord, circuit 2 replacement of the existing conductor with a new one OPGW - 638.984;
- Power supply systems for telecommunication cameras 568.337;
- Rehabilitation of data transport network for telecontrol 443.489;
- Grid extension for the supply of electricity to the industrial area in Remetea commune, Harghita county Volume 4 Installation of PDL in the 220/110/20 kV Gheorgheni substation 307.345;
- Video wall for CTSI control room 294.099;
- DEN 286.284;
- Replacement of battery batteries 1 and 2 220/110/20 kV Tg. Jiu Nord -2 pcs. 267.021;
- Realization of fiber optic communication between Piteşti Sud Station and remote control and supervision center of STT Piteşti (SF) - 257.171;

- Graphic stations 231.744;
- 400 kV Roşiori Oradea Sud power line and connection road between Oradea and Sânmartin Commune, Bihor County - 205.000;
- Air conditioners 174.446;
- Execution of works in the Tulcea Vest Station determined by the modification of the OHL 110 Tulcea Vest Marmura by replacing the connection in the derivation of the production site CEE Sălbatica 1 137.497;
- Technical computing hardware and software ultra portable multipurpose equipment 114.576;
- Batteries for power supply system at STT Bacău headquarters 106.085.

In 2024, an **outflow from tangible assets in progress** was recorded by recognizing on the Company's operating costs for the project "Off-grid photovoltaic system Gutinas station" in the amount of 33 thousand lei.

The December 31, 2024 **construction in progress** balance of **980.767.306** consists of projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaș Smârdan OHL 304.936.616;
- Transition to 400 kV voltage of the axis Porțile de Fier Reşița Timișoara Săcălaz Arad Stage I 400kV power line s.c. Porțile de Fier - (Anina) - Reşița - 167.623.327;
- Increasing the operational reliability of the Argeş-Vâlcea network area, realization of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV 400/220 kV 82.827.420;
- Connection to ETG of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV substation Banca - 46.884.983;
- Upgrading of the 400/110 kV Pelicanu transformer substation 39.821.139;
- Upgrading of the 400/110/20 kV Smardan Station 38.603.786;
- Station 400 kV Stâlpu 38.152.787;
- 220 kV double circuit OHL Ostrovu Mare ETG (H.CA nr. 17/2007) 35.283.225;
- Upgrading of Isaccea 400 kV Station Stage II 34.563.008;
- Installation of two modern means of reactive power compensation in 400/220/110/20kV stations Sibiu Sud and Bradu 32.356.501;
- 110 kV Medgidia South Medgidia 110 kV Station Upgrade 26.524.901;
- Increasing the security of supply to consumers in the southern area of Bucharest, connected to the 400/220/110 KV BUCHAREST Bucharest South Station 15.186.947;
- Increasing the transmission capacity of the 220kV OHL Stejaru Gheorgheni Fântânele 14.831.594;
- Upgrade of the 110 kV Timisoara 110 kV Station and 400 kV Transition of the Porţile de Fier Anina Resita Timisoara Timisoara Săcălaz Arad axis, phase II: 400 kV Timisoara 8.904.600;
- 400 kV OHL Gădălin Suceava, including interconnection to NES (H.CA no. 7/08.07.2010) 8.524.388;
- Optimization of the operation of the existing 400kV OHL in the NES, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line systems (SMART GRID type) - 6.639.416;
- Modernization of the 110 kV and 400 (220 kV) installations in Focsani Vest substation 4.512.921;
- 400 kV OHL Suceava Balti, for the project portion on Romanian territory 4.471.234;
- Implementation of new functions and software modifications in the EMS SCADA computer system to implement European and national legislative requirements 4.281.554;
- Integrated security system at substations, stage IV 4.277.804;
- Relocation of high voltage electricity networks 400kV(220KV) OHL Gutinaş Focşani Vest joint circuit with 400 (220) kV OHL Focşani Vest-Barboşi and Buzău Focşani highway Design Execution 4.083.242;
- Relocation of 220 kV networks for Bucharest Ring Road, KM 0+000 KM 52+770, LOT 4 KM 47+600 KM 52+070 3.989.600;
- Transition to 400 kV voltage of the Porțile de Fier Resita Timisoara Săcălaz Arad axis, phase II, 400 kV d.c.
 OHL Resita Timisoara Săcălaz 3.489.984;
- Expansion with new functionalities of the computerized access control and record system in the objectives of NPG CO. Transelectrica SA 3.200.918;
- Upgrade to 400 kV of the 220 kV OHL Brazi Vest Teleajen Stâlpu, including acquisition of 400 MVA 400/220/20 kV HVDC, extension works of the 400 kV and 220 kV substations, in the 400/220/110kV Brazi Vest 3.050 substation 3.049.786;
- 110 kV, 220 kV and 400 kV switchgear 3.016.230;

- Connection to ETG of 136 MW Platonești EEC, jud. Ialomița, through the realization of a 110 kV cell in the 400/110 kV Gura Ialomiței - 2.889.337;
- Integrated security system at substations, stage III (H.CA no. 2/2008) 2.798.024;
- Center for research and development of live working technologies (LST) and rapid intervention in NES phase II -2.680.973;
- Pilot Project Refurbishment of the 220/110/20 kV Alba Iulia 220/110/20 kV substation into a digital substation -2.624.978;
- Deviation of OHL 110 kV Cetate 1 and 2 in the vicinity of 110/20/6 kV Ostrovul Mare Station 2.578.438;
- Connection to the ETG of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by realization of a 110 kV line cell in the 220/110 kV FAI -substation 2.545.853;
- Connection to the public electricity grid of the production site CEF 7.5 MW Anasun Energy SRL located in Ulmi Jud. Dâmboviţa 2.202.079;
- Replacement of the heating and air-conditioning system in the administrative building of the Bucharest Branch (S.F+P.T+C.S) 2.181.649;
- Site clearance and realization of coexistence conditions between the road connecting DN 69 with A1 and the 220 kV OHL Arad Calea Aradului 1.927.357;
- Modernization of 110 kV and medium-voltage cells in Stâlpu Power Station 1.789.670;
- Isaccea 400 kV Isaccea Phase I Replacement of compensation coils, related cells and 400 kV Stupina cell -1.679.068;
- Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinas, Suceava and Rosiori stations - 1.491.549;
- Performance of works in the 400/110/20 kV Medgidia Sud Medgidia Sud substation belonging to NPG CO.
 Transelectrica SA, related to the 110kV OHL Medgidia Sud-FCM II circ. 1 and 2, belonging to E-Distribuţie Dobrogea SA 1.195.657;
- Integrated security system at the new (400) 220/110 kV Bank -1.133.202;
- Modernization of 220/110 kV Calafat 866.106;
- 400 kV d.c. OHL (1 w.c.) Constanța Nord-Medgidia Sud 812.865;
- Transition of the Porțile de Fier Anina Resita Timișoara Săcălaz Arad axis to 400 kV. 400 kV OHL Timișoara - Arad (stage III) - 724.450;
- Power Quality Monitoring System (PQMS) 697.207;
- Operational Headquarters DET Craiova 622.842;
- Upgrade of the 110 kV station and upgrade to 400 kV Arad station 595.000;
- Extension of the 400 kV Cernavodă Station Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 580.456;
- DigiTEL Power Lines of the Future Pilot Project Transition of the 400 kV OHL Isaccea Tulcea Vest 400 kV
 Isaccea Tulcea Vest from single circuit to double circuit 567.600;
- Security solution for implementing security measures for classified information 495.107;
- Realization of electricity metering and power quality monitoring systems in the 220/110/20 kV Piteşti Sud -468 128.
- Connection to ETG of Agighiol Valea Nucarilor 34 MW works in 110 kV Tulcea Vest 463.716;
- Compensation coils 100 MVAR, 400 kV for 400 kv stations Arad, Bucharest and Bradu 456.628;
- Replacement of circuit breakers in substations Stage II 455.988;
- CISD Consultancy 445.385;
- 220 kV station Ostrovu Mare (H.CA no. 17 / 2007) 414.702;
- Replacement of battery batteries no. 1 and no. 2 220 V d.c. SI 220 kV from 400/220/110 kV Slatina 411.706.

In accordance with the provisions of Article 46 of the ANRE Order no. 59/2013 for the approval of the Regulation on the connection of users to the public electricity networks, the reception of the installations resulting from the works for the realization of the connection installations and their commissioning is carried out in accordance with the legal provisions in force.

For the project financed by the connection tariff "Connection to the ETG of CEE 56 MW Bogdănești, CEE 112,5 MW Deleni, CEE 20,8 MW Viișoara Nord 1, CEE 52,8 MW Viișoara Nord 1, CEE 47,5 MW Viișoara Sud, in the area of some localities in Vaslui County, through the new 400/220/110 kV Banca substation" - the work is completed, it has a Minutes of completion of

works no. 34759/14.11.2013, but the technical conditions for the realization of the Commissioning Minutes were not met. The contract is in force on 31.12.2024, total value of the ongoing investment - **48.018.186** lei.

The last revaluation of the assets was performed on 31 December 2023, thus the Company recorded in the accounting records the result of the revaluation report performed by Appraisal&Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorized by the National Union of Authorized Appraisers in Romania (ANEVAR).

The land was revalued at December 31, 2023 using the direct comparison method.

In 2024, on the basis of GD no. 1327/2023, the expropriation of a 325 sq.m. land surface belonging to the private domain of the Company for the work of public utility of national interest - *Metropolitan Train Gilău-Florești-Cluj-Napoca-Baciu-Apahida-Jucu-Bonțida - phase I* - was recorded in the accounting records, based on GD no. 1327/2023. In this regard, the value of the land belonging to the Company was decreased by the amount of 31.516 lei, on the "other reserves" accounts

Buildings and specialized plant are presented in the financial statements at net value. The Company changed the method of recording revaluation as of December 31, 2015 from gross to net in order to present a clearer, more concise and more relevant picture to users of the financial statements without the influence of an artificial distortion of the gross carrying amount and depreciation.

The buildings were revalued at December 31, 2023 to fair value using the following approaches:

- the market approach the direct comparison method, in the case of residential buildings such as apartments;
- the cost approach, in the case of non-residential buildings such as office buildings, warehouses, workshops, garages, cabins.

Special plant, plant, machinery, equipment, measuring and control devices and vehicles are presented in the financial statements at net value. The Company changed the method of recording revaluation at December 31, 2019 from gross to net in order to present a clearer, more concise and more relevant picture to users of the financial statements without the influence of an artificial distortion of the gross carrying amount and depreciation

<u>Technical installations and means of transport</u> were revalued at December 31, 2023 using the cost-based method. Under the cost-based method, gross replacement cost was determined using the indirect method. The cost based method has been used for reasons relating to the specialization of assets for which insufficient market information and/or no active market was identified.

The assets belonging to the public domain of the state and granted in concession to the Company, representing completed tangible assets, carried out from own financing sources, shall be included in the inventory of assets in the public domain of the state after the recovery of own financing sources, at the moment of approval, by Government Decision, of the inventory of assets belonging to the public domain of the state.

At December 31, 2024 and December 31, 2023, the Company has no pledged or mortgaged assets.

Fair value of tangible assets

The Company's tangible assets, other than tangible assets in progress, are presented in the financial statements at revalued amount, which is the fair value at the measurement date less accumulated depreciation and impairment adjustments.

The fair value of the Company's land was determined using the direct comparison method.

This method is recommended for properties where there is sufficient and reliable data on transactions or offers for sale with similar properties in the area. The analysis of transaction prices or asking or bid prices for comparable properties is followed by price adjustments to quantify the differences between the prices paid, asked or offered due to differences in the specific characteristics of each property, called comparators.

The fair value of buildings, equipment and measuring instruments was determined using the cost approach.

This method assumes that the maximum value of an asset to an informed buyer is the amount that would be required to purchase or construct a new asset of equivalent utility. When the asset is not new, all forms of depreciation attributable to the asset up to the valuation date should be subtracted from the gross current cost.

Information about the fair value hierarchy at December 31, 2024 and December 31, 2023:

	Level 1	Level 2	Level 3	December 31, 2024
Land and land improvements	-	117.609.723		117.609.723
Buildings and special installations	-	_	2.220.169.046	2.220.169.046

Machinery and equipment Measurement and control equipment Vehicles Other tangible assets TOTAL	- - - -	117.609.723	2.234.066.109 205.118.809 16.566.745 10.585.551 4.686.506.260	2.234.066.109 205.118.809 16.566.745 10.585.551 4.804.115.983
	Level 1	Level 2	Level 3	Fair value at December 31, 2023
Land and land improvements	-	117.117.593		117.117.593
Buildings and special installations	-	-	1.873.895.391	1.873.895.391
Machinery and equipment	-	-	2.264.806.490	2.264.806.490
Measurement and control equipment	-	-	140.273.062	140.273.062
Vehicles	-	-	18.287.664	18.287.664
Other tangible assets			14.791.331	14.791.331
TOTAL	-	117.117.593	4.312.053.938	4.429.171.531

During both 2024 and 2023 there were no transfers between fair value levels.

The carrying amount of tangible assets is the fair value of tangible assets from which the amount of the revaluation reserve at December 31, 2024 and December 31, 2023 has been deducted and is presented below:

	Value at cost	Value at cost
	December 31, 2024	December 31, 2023
Land and land improvements	18.110.477	17.587.112
Buildings and special installations	1.663.323.272	1.260.464.237
Machinery and equipment	1.486.970.033	1.312.784.652
Measurement and control equipment	178.283.704	99.680.469
Vehicles	7.913.032	6.337.041
Other tangible assets	10.585.551	14.791.331
TOTAL	3.365.186.069	2.711.644.842

6. FIXED ASSETS RELATING TO RIGHTS OF USE OF LEASED ASSETS - BUILDINGS

The fixed assets related to the rights of use of leased assets - buildings represent the right to use 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).

At December 31, 2024, the carrying amount of the right to use the premises leased by the Company in the Platinum office building is RON 5,964,180.

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.

As of December 31, 2024 and December 31, 2023, fixed assets related to rights to use leased assets are as follows:

	Fixed assets related to rights of use of leased assets (buildings)	Total
COST		
Balance at January 1, 2023	39.761.197	39.761.197
Inputs, of which:	-	_

	Fixed assets related to rights of use of leased assets (buildings)	Total
Outputs	-	-
Balance at December 31, 2023	39.761.197	39.761.197
Balance at January 1, 2024	39.761.197	39.761.197
Inputs, of which:	-	
Outputs	-	-
Balance at December 31, 2024	39.761.197	39.761.197
ACCUMULATED DEPRECIATION		
Balance at January 1, 2023	17.892.539	17.892.539
Depreciation expense	7.952.239	7.952.239
Accumulated depreciation of outputs	-	-
Balance at December 31, 2023	25.844.778	25.844.778
Balance at January 1, 2024	25.844.778	25.844.778
Depreciation expense	7.952.239	7.952.239
Accumulated depreciation of outputs	-	-
Balance at December 31, 2024	33.797.017	33.797.017
IMPAIRMENT ADJUSTMENTS		
Balance at January 1, 2023		-
Impairment adjustment expense		-
Balance at December 31, 2023		-
Impairment adjustment expense		-
Balance at December 31, 2024		-
ACCOUNTING VALUE		
Balance at January 1, 2023	21.868.658	21.868.658
Balance at December 31, 2023	13.916.419	13.916.419
Balance at December 31, 2024	5.964.180	5.964.180

7. INTANGIBLE ASSETS

As of December 31, 2024 and December 31, 2023, the balance of intangible assets (including capitalization of additional OTC) is as follows:

	Licenses and software	Additional OTC	Intangible assets in progress	Total
COST Balance at January 1, 2023	64.352.228	338.526.677	10.159.532	413.038.437
Inputs Transfers from intangible assets in	277.301	13.735.364	5.778.501 (277.301)	19.513.865
progress Transfers from tangible assets in	-	-	-	-
progress Outputs	(3.937.971)	-	(5.474.291)	(9.412.262)

	Licenses and software	Additional OTC	Intangible assets in progress	Total
Balance at December 31, 2023 Balance at January 1, 2024	60.691.558 60.691.558	352,262,041 352,262,041	10.186.441 10.186.441	423.140.040 423.140.040
Inputs Transfers from intangible assets in progress Transfers from tangible assets in	2.347.472	102.019.913	7.333.621 (2.347.472)	109.353.534
progress Outputs	(20.538)	-	(2.802.160)	(2.822.698)
Balance at December 31, 2024	63.018.492	454.281.954	12.370.430	529.670.876
ACCUMULATED DEPRECIATION				
Balance at January 1, 2023	61.349.941	13.987.373	-	75.337.314
Depreciation expense	1.469.022	68.039.687	-	69.508.709
Accumulated depreciation of outputs	(3.937.971)	-	-	(3.937.971)
Balance at December 31, 2023	58.880.992	82.027.060	-	140.908.052
Balance at January 1, 2024	58.880.992	82.027.060	-	140.908.052
Depreciation expense Accumulated depreciation of outputs Balance at December 31, 2024	1.840.029 (20.538) 60.700.483	74.478.538 - 156.505.598	- - -	76.318.567 (20.538) 217.206.081
IMPAIRMENT ADJUSTMENTS Balance at January 1, 2023	<u>-</u>	-	-	
Impairment adjustment expense Balance at December 31, 2023	- -		-	
Impairment adjustment expense Balance at December 31, 2024	-	-		- -
ACCOUNTING VALUE				
Balance at January 1, 2023 Balance at December 31, 2023 Balance at December 31, 2024	3.002.287 1.810.566 2.318.009	324.539.304 270.234.981 297.776.356	10.159.532 10.186.441 12.370.430	337.701.123 282.231.988 312.464.795

a) Intangible assets in progress

The balance of **intangible assets in progress** at December 31, 2024, in the amount of **12,370,430 lei**, is represented by projects in progress, the most significant of which are listed below:

- Replacement of hardware components, upgrading and development of specific applications of the Balancing Market Platform II DAMAS, Component Purchase of migration and upgrade services for specific applications of the Balancing Market 7.607.441;
- MARI platform development 2.531.563;
- Off-line program for the realization of individual network models, steady state calculation, cross-border capacity calculation, CGMES format conversion mode (according to ENTSO-E requirements), in order to program and operate the NES on different time horizons 1.117.500;
- PICASSO platform development 550.146;
- Increasing the operational reliability of the Argeş-Vălcea network area, realization of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV 400/220 kV 536.839.

The largest transfers from intangible assets in progress to intangible assets are represented by:

- System software, operating, process, SCADA application, antivirus for SLO-HMI Fileşti Station 1.198.280;
- On-line monitoring system software licenses for 21 monitoring systems for transformer units in NPG CO. Transelectrica SA substations 818.000.

b) Intangible assets - additional OTC

As of September 30, 2022, the Company applies the provisions of GEO no. 119/2022 for amending and supplementing GEO no. 27/2022 and approved by Law no. 357/13.12.2022, whereby the additional costs of electricity purchase incurred in the period from January 1, 2022 to March 31, 2025, in order to cover its own technological consumption and technological consumption, respectively, compared to the costs included in the regulated tariffs, are capitalized on a quarterly basis. Thus, the capitalized costs are depreciated over a period of 5 years from the date of capitalization and are remunerated at 50% of the regulated rate of return approved by the National Energy Regulatory Authority, applicable during the depreciation period of such costs and are recognized as a separate component

The Company has recorded revenue representing additional OTC calculated as the difference between the net OTC acquisition cost and the OTC cost recognized in the regulatory tariff through December 31, 2024 in the amount of **454,281,954**, as follows:

- 338.526.677 for the year 2022;
- 13.735.364 for the year 2023;
- 102.019.913 for the year 2024.

As of December 31, 2024, depreciation in the amount of **156,505,598** is calculated on these capitalizations. Thus, the carrying amount of the intangible asset resulting from the capitalization of the additional OTC is in the amount of **297,776,356**.

It should be noted that this income is non-monetary in nature, its collection will be made by the Company in a staggered manner through the transport tariff over the next five years from the date of capitalization (2024-2029) in accordance with the relevant legislative provisions.

8. FINANCIAL ASSETS

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

- the net value of shares held by the Company (81,503,833);
- 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, in order to realize the investment objectives: 400 kV OHL Reşiţa Pancevo (Serbia) in the amount of 4.199.505.

Financial assets also include the net value of shares held by the Company in the amount of RON 81,503,833 at December 31, 2024, as follows:

Shares held in FORMENERG	1.948.420
Shares held in ICEMENERG	-
Shares held in OPCOM	30.687.300
Shares held in SMART	38.528.600
Shares held in TELETRANS	6.874.430
Shares held in ICEMENERG SERVICE	-
Shares held in BRM	26.000
Shares held in TSC NET	2.207.160
Shares held in Joint Allocation Office SA	1.231.923

Total shares held in affiliated and associated entities

9. INVENTORIES

At December 31, 2024 and December 31, 2023, inventories (at net value) are as follows:

	December 31, 2024	December 31, 2023
Spare parts	25.771.610	25.199.142
Consumables and other materials	19.026.944	23.368.334
Auxiliary materials	1.174.915	1.214.028
Other inventories	1.202.297	1.303.329
Total	47.175.766	51.084.833

As of December 31, 2024 and December 31, 2023, inventory impairment adjustments are as follows:

	December 31, 2024	December 31, 2023
Adjustments for depreciation of consumables	5.956.130	6.304.400
Adjustments for depreciation of other materials	5.249.933	6.332.299
Packaging impairment adjustments	121.729	217.733
Total	11.327.792	12.854.432

As of December 31, 2024 and December 31, 2023, the changes in inventory impairment adjustments are as follows:

	<u>December 31, 2024</u>	December 31, 2023
Balance at January 1	12.854.432	14.167.730
Record inventory impairment adjustments Reversal of inventory impairment adjustments	1.767.899 (3.294.539)	1.311.153 (2.621.451)
Balance at end of period	11.327.792	12.854.432

During the year 2024, the expenditure incurred on the consumption of materials and spare parts is as follows:

	December 31, 2024	December 31, 2023
Snava ports avnanditura	2.364.055	2.298.571
Spare parts expenditure Expenses on other consumables	1.590.492	1.275.056
Expenses on other materials	1.589.945	1.345.933
Expenses on ancillary materials	95.225	155.613
Fuel expenditure	3.165.776	3.034.526
Total	8.805.493	8.109.699

10 TRADE AND OTHER RECEIVABLES

As of December 31, 2024 and December 31, 2023, trade and other receivables are as follows:

	December 31, 2024	December 31, 2023
Trade receivables	2.701.899.740	1.745.653.583
Other claims	231.066.730	213.174.870

The structure of trade receivables is as follows:	December 31, 2024	December 21, 2022
Total trade and other receivables	3.778.692.640	2.115.557.772
Adjustments for impairment of other doubtful receivables	(72.904.970)	(84.456.130)
Impairment adjustments for doubtful trade receivables	(123.088.931)	(125.521.130)
VAT to be recovered	271.906.743	215.086.522
Advances to suppliers	769.813.328	151.620.057

	December 31, 2024	December 31, 2023
Customers on the electricity market, of which:	2.698.954.123	1.742.443.716
- customers - operational activity	1.898.742.070	1.004.534.583
- customers - balancing market	667.861.526	594.069.301
- customers - bonus support scheme to promote high efficiency cogeneration	132.350.527	143.839.832
Customers from other activities	2.945.617	3.209.867
Total trade receivables	2.701.899.740	1.745.653.583

- NPG CO. Transelectrica SA carries out its operational activity on the basis of the Operating License no. 161/2000 issued by ANRE, updated by ANRE President Decision no. 1413/10.07.2024, for the provision of electricity transmission service, for the provision of system service and for the management of the balancing market.

As of December 31, 2024, customers outstanding from operating activities show an increase compared to December 31, 2023 primarily driven by an increase in transaction volumes resulting from the energy market coupling in the fourth quarter of 2024 compared to the fourth quarter of 2023.

The increase in the volume of balancing market transactions in Q4 2024 compared to Q4 2023 also led to an increase in the customer balance on contracts entered into for this type of activity.

The main customers in the total trade receivables are represented by OPCOM, IBEX, MAVIR, Electrica Furnizare SA, Ciga Energy SA, Cinta Energy SA, Hidroelectrica, Bursa Română de Mărfuri, RAAN, JAO. Their share is over 77% of total trade receivables.

- NPG CO. 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 of December 31, 2024, the Company has receivables receivable from the bonus support scheme for the promotion of high efficiency cogeneration of approximately 5% (decreasing from December 31, 2023) of total trade receivables.

The customers in the bonus support scheme for the promotion of high-efficiency cogeneration are showing a decrease in receivables at December 31, 2024 mainly due to the decrease in the invoiced amount for the collection of the monthly contribution.

As of December 31, 2024, the Company has receivables receivable amounting to 132,350,527, 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 amounting to 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 suppliers of electricity consumers, in the amount of 20,781,045, 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 473,940 and others.

Up to the date of this financial report, the Company has collected all receivables related to the overcompensation of the activity overcompensation 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 Griviţa, Electro Energy Sud, Electrocentrale Bucureşti, Electrocentrale Craiova, Electroutilaj SA, Municipiul Iaşi, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

(All amounts are in LEI unless otherwise indicated)

In order to settle the claims generated by overcompensation and undue bonuses from previous years, the Company has requested the producers qualified in the support scheme to carry out reciprocal compensations. For the producers (RAAN, CET Govora) that did not agree with this way of settling reciprocal claims and liabilities, the Company 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: 'if the producer has not fully paid to the support scheme administrator the payment obligations resulting in accordance with the provisions of this Regulation, the support scheme administrator shall pay to the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations relating to the support scheme, with explicit mention on the payment document of the respective amounts' and withheld from the payment the amounts relating to the support scheme due.

• The Court of Mehedinți - Second Civil, Administrative and Tax Litigation Section was registered case file no. 9089/101/2013/a140, concerning "claims for the amount of 86.513.431", in which the Company is the plaintiff, the defendant being the **Independent Authority for Nuclear Activities - 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.

On 19.05.2016, the Tribunal Mehedinţi - 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 file 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 file no. 9089/101/2013, the opening of general insolvency proceedings was ordered against the debtor Autonomous Regie for Nuclear Activities R.A. (RAAN).

By judgment no. 387/20.03.2014, the Mehedinți Court confirmed the reorganisation plan of the debtor Autonomous Regie for Nuclear Activities , 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, NPG CO. 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 78.096.208,76RON 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 78.096.208,76 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.

Following the partial entry of the total amount requested by Transelectrica in the amount of 89,361 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 time limit.

At the trial term of 14 February 2019, the Mehedinți District Court ordered the joinder of case file no. 9089/101/2013/a152 to case file 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 file 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 creditors' list 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 1000 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 time limit. 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. Hearing 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, NPG CO. Transelectrica SA was entered in the creditor's estate with the following claims: 2.162.138,86 lei + 16.951.117,14.

Date for continuing bankruptcy proceedings: 26.03.2025.

RAAN and Transelectrica are also involved in two other cases at different stages of the court proceedings.

NPG CO. 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 Addendum 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 registered under the suspensive condition of a final court decision in favour of ANRE in case file 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 hearing 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 Curtisoara 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 file 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.

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

Other receivables

As of December 31, 2024, other receivables in the amount of **231.066.730** include principally:

- sundry debtors (135.343.557), of which:
 - late payment penalties calculated for defaulting customers, amounting to 8.,488.621 (of which 25.852.638 represent penalties related to the support scheme). The highest late payment penalties were recorded by the following customers: Romelectro (24.464.318), RAAN (16.901.449), Electromontaj SA (12.656.254), CET Govora (9.606.504), OPCOM (3.969.934), Total Electric Oltenia (3.288.967), Multiservice G&G SRL (2.162.468), Petprod (1.894.232), ISPE Proiectare și Consultanță (1.079.342), Romenergy Industry (600.060). Impairment adjustments have been recorded for penalties calculated for late payment of receivables from operating activities;
 - compensation due from suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2.541.312) and Next Energy Partners (8.395.132). Impairment adjustments have been recorded for compensation due from suppliers 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.
- amounts received as a subsidy (9.865.883), related to contracts for connection to the ETG;
- Deferred charges amounting to **14.941.772** represented mainly by: internal and international dues (7.953.618), OTC (4.240.000), insurance policies (1.743.993), rent and maintenance of office building (746.235), OPCOM tariffs (66.780), miscellaneous services (98.022), other tariffs (45.447) and others;
- other social liabilities in the amount of **2.736.907** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Advances to suppliers

As of December 31, 2024, advances paid to suppliers are represented by debtor suppliers for services rendered in the amount of **769.813.328** 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*) (684.781.561- for ICP and SDAC and 83.363.759 - for SIDC).

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

Under the day-ahead price coupling mechanism, the power exchanges, on the basis of auctions, match day-ahead electricity transactions taking into account the interconnection capacity made available by the TSOs through which the implicit allocation of the day-ahead capacity is realized. NPG CO. Transelectrica SA, as an TSO, transfers electricity, both physically and commercially, to neighbors (MAVIR-Hungary) and manages congestion revenues on the respective interconnection (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA and Bursa Română de Mărfuri SA - BRM SA (as of November 2024) it has the quality of an Implicit Participant in the Day-Ahead Market.

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

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

The single intra-domestic market coupling mechanism ensures that the bids and offers of 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, NPG CO. Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, BRM SA, MAVIR and IBEX.

October 28, 2021 marked 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, namely IBEX EAD, OPCOM SA, ESO EAD and NPG CO. Transelectrica SA. The aim of the SDAC is to create a single cross-border pan-European day-ahead energy market. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

As the transfer agent for Romania's bidding zone, NPG CO. Transelectrica SA has the role of settling the energy traded

between OPCOM SA, BRM 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, optimizing the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Belgium, Croatia, the Czech Republic, Poland, Romania, Slovakia, Slovenia, the Netherlands, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered

VAT to be recovered (271.906.743) - amount related to the settlements for the period September through December 2024. As of the date of this report, the Company has collected 142.937.344 from the State in the amount of value added tax claimed for refund for the months of September and October 2024.

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

Transelectrica's policy is to record 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 within a period of more than 180 days, excluding outstanding receivables generated by the support scheme. The Company also conducts an individual analysis of trade and other uncollected receivables.

The highest impairment adjustments at December 31, 2024, calculated for trade receivables and related penalties, were recorded for JAO (30.001.963), CET Govora (24.645.019), Romelectro (24.468.153), Arelco Power (14.513.236), Total Electric Oltenia SA (14.185.577), Romenergy Industry (13.512.997), Elsaco Energy (9.276.118), OPCOM (8.818.089), RAAN (8.516.707), Next Energy Partners (8.395.132).

In order to recover the impairment-adjusted receivables, the Company has taken the following main steps: legal action, registration in the creditor's estate

11. 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 insignificant exposure to the risk of changes in fair value and are used by the Company to manage current liabilities.

At December 31, 2024 and December 31, 2023, cash and cash equivalents are as follows:

	December 31, 2024	December 31, 2023
1. Current accounts with banks and deposits with original maturities up to 90 days, of which:	671.481.765	519.277.552
a) current accounts with banks and deposits with original maturities up to 90 days from current activity	164.871.298	82.610.379
b) current accounts with banks and deposits with original maturities of up to 90 days, of which:	506.610.467	436.667.173
- cash and deposits from high efficiency cogeneration	300.321.261	295.063.039
- cash and deposits from revenues from the allocation of interconnection capacity used for network investments	3.902.857	47.392.976
- cash from the connection fee	88.098.871	57.387.012
- European funds	54.384	87.065
- other restricted accounts (energy market guarantees and dividends)	109.416.549	36.737.081
- modernization funds	4.816.545	-
2. Cash	76.086	81.356
3. Other cash equivalents	<u>-</u>	
Total	671.557.851	519.358.908

12. OTHER FINANCIAL ASSETS

Other financial assets include bank deposits with original maturity over 90 days. At December 31, 2024, there are no bank deposits with an original maturity of more than 90 days.

13. SHAREHOLDERS' EQUITY

Share capital

In accordance with the provisions of GEO no. 86/2014 on establishing some reorganization 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 Romanian State in the administration of the General Secretariat of the Government to the account of the Romanian State in the administration of the Ministry of Economy, Trade and Tourism was registered in the Company's Shareholders Register.

Based on the provisions of Article 2 of GEO no. 55/19 November 2015 on establishing some reorganization 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 reorganizing 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.

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

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

On November 14, 2019, the Central Depository S.A. registered the transfer of 43.020.309 shares (representing 58.69% of the share capital) issued by NPG CO. 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 certain measures at the level of central public administration and amending and supplementing certain normative acts.

On December 31, 2024, the shareholders of NPG CO. Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds 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 16.442.683 shares (22.43%) and other shareholders Individuals with 5.078.895 shares (6.92%).

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 lei/share and corresponds to that registered with the Trade Register Office.

The shareholder structure at December 31, 2024 and December 31, 2023 is as follows:

	December	31, 2024	Decembe	r 31, 2023
Shareholder	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State through SGG	43.020.309	58,69%	43.020.309	58,69%
Other legal entity shareholders	16.442.683	22,43%	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	5.078.895	6,92%	5.290.155	7,21%
Total	73.303.142	100,00%	73.303.142	100,00%

The Company recognizes changes in the share capital under the conditions provided for by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration with the Trade Register Office.

As of December 31, 2024 and December 31, 2023, the share capital is as follows:

	December 31, 2024	December 31, 2023
Share capital (nominal value)	733.031.420	733.031.420
Balance of share capital	733.031.420	733.031.420

December 21 2024

December 21 2022

Shareholders are entitled to dividends and each share carries one voting right at the Company's meetings.

The amount of dividends due to the shareholders, distributed from the retained earnings related to the surplus realized from revaluation reserves existing in the balance as at 31.12.2023, according to the GMS Decision no. 3/29.04.2024, is in the amount of 20.524.880, and their payment was made through the Central Depository and the paying agent BRD - Groupe Societe Generale as of 27 June 2024.

Share premium

All shares issued as part of the share capital increase that took place through the initial public primary offering in 2006 were subscribed and fully paid at the issue price. The share premium amounting to 49.842.552, i.e. the difference between the issue price of the shares and their nominal value, was recorded in the Company's reserves account.

Legal reserves

The legal reserves in the amount of 146.606.284 at December 31, 2024 and December 31, 2023, represent legal reserves established in accordance with applicable legislation in force and are non-distributable.

The company shall transfer to the legal reserve at least 5% of the annual accounting profit (GEO 64/2001, Law 227/2015 and Law 31/1991) until the cumulated balance reaches 20% of the paid-up share capital.

During 2024, the Company did not establish a legal reserve, as as of December 31, 2022, the cumulative legal reserve balance reached one-fifth of paid-in capital stock.

Revaluation reserves

Revaluation reserves amount to 1,514,138,168 at December 31, 2024 and 1,634,711,533 at December 31, 2023.

The last revaluation of tangible assets classified in Group 1 - Constructions and Group 2 - Technical installations, means of transport recorded in the Company's private assets was performed on December 31, 2023 by Appraisal & Valuation, the valuation and consulting division of NAI Romania, an independent appraiser authorized by the National Association of Authorized Appraisers in Romania.

Other reserves

At December 31, 2024, other reserves totaled 256,706,249 compared to 195,710,506 at December 31, 2023. The increase in the balance of other reserves at December 31, 2024 compared to December 31, 2023 in the amount of 60,995,743 is mainly due to grants related to fixed assets belonging to the public domain received for the following investment objectives:

- Relocation of 220 kV and 400 kV networks Urecheşti Domneşti, Ţânţăreni Bradu, Bradu Braşov, Bradu Stupărei and Bradu Târgovişte for the Craiova Pitesti Express Road, section 4 1.6938.698;
- Relocation of the 220 kV and 400 kV networks for the construction of the Brăila Galati express road 10.148.828;
- 220 kV OHL diversion in Ampoi Alba Iulia area 7.742.292;
- Relocation/protection of high voltage networks OHL 400 kV s.c. Mintia Arad for the rehabilitation of the CF line 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;
- Site clearance and realization of coexistence conditions between the objective "Suspended bridge over the Danube in the Brăila area" belonging to CNAIR SA and the electrical networks managed by NPG CO. Transelectrica SA 4.911.246:
- Site clearance and coexistence conditions for the Sibiu-Pitești highway, section 4: Tigveni-Curtea de Argeș, Km 81+900 km 91+761 Relocation/Protection of 400 kV OHL s.c. Tânțăreni Sibiu Sud 2.690.000;
- Regulation of the 400 kV OHL Roşiori-Oradea South with the objective Increased accessibility on county roads in the metropolitan area of Oradea - sector 1 - DJ767E, DJ767J, Bihor County, in the area of poles 348-349-350-351 -2.536.902:
- Relocation of the 400 kV d.c. Gura Ialomiței Stâlpu power line for the execution of the Ploiești Buzău Highway, Section 2 km 21+000 - km 49+350 - 2.517.827;
- Relocation/protection of 220 kV high voltage networks 220 kV d.c. Reşiţa Timişoara, 220 kV d.c. Timişoara Arad/Timisoara Săcălaz and 220 kV d.c. Mintia Timişoara at the intersection with the Timişoara South Bypass 2.486.367:
- Relocation of the 400 kV Mintia Arad, Arad bypass 1.564.000;

- Provisorat works on the 220 kV OHL Lacu Sărat-Fileşti, for ensuring the conditions for the execution of the utilities relocation, by releasing the site and realizing the conditions of coexistence between "Suspension Bridge over the Danube in the area of Brăila - 1.528.380;
- Relocation/protection of 220 kV and 400 kV high voltage networks 220 kV Arefu-Bradu s.c. at the intersection with Craiova-Piteşti Express Road, section 4 - 1.054.507;
- Relocation of Arad Calea Aradului, Arad Arad Arad bypass 928.000.

Retained result

The retained result at December 31, 2024 is 3.114.650.000 (December 31, 2023: 2.430.243.814)

As of December 31, 2024, the Company records a positive retained result mainly due to the transfer of revaluation reserves on the depreciation of fixed assets to retained earnings in the amount of 120.542.130.

At December 31, 2024, the actuarial loss recognized in retained earnings amounts to 1.535.364 (December 31, 2023, gain: 5.234.457). This amount resulted from the application of IAS 19 - Employee Benefits (Note 16).

The net book profit realized as of December 31, 2024, in the amount of 585.924.311, is allocated to "Other reserves" as follows:

- the amount of 240.981.311, which represents the distribution to reserves of the amount of profit for which the company benefited from the income tax exemption, starting July 1, 2014, in accordance with the provisions of Article 22 of Law no. 227/2015 on the Fiscal Code, as amended and supplemented;
- the amount of 35.347.095, which represents the distribution of the net revenues from the allocation of interconnection capacities realized in 2024. In accordance with Regulation (EU) No 2019/943 and ANRE Order No 171/2019, the revenues from the allocation of interconnection capacities shall be used to make investments in the transmission electricity network for the maintenance or increase of interconnection capacities.
 - Allocation of net profit at December 31, 2024

The proposed distribution to the legal destinations of the accounting profit remaining after deduction of income tax at December 31, 2024, amounting to 585.924.311, is as follows

No.	Destination	The year 2024	The year 2023
1	Accounting profit remaining after deduction of income tax at December 31, 2024	585.924.311	213.611.306
	Allocation of accounting profit to the following destinations:		
a	Legal reserve - the cumulative balance has reached 20% of the paid-up share capital	-	-
b	Other tax incentive reserves - exemption from tax on reinvested earnings	240.981.311	125.636.653
c	Coverage of prior years' accounting losses, excluding the accounting loss carried forward arising from adjustments required by the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'	-	-
d	Other allocations provided by law - revenues realized in 2024 from the allocation of interconnection capacity (net of income tax)	35.347.095	87.974.653
2	Profit still to be distributed (1-a-b-c)	309.595.905	0
e	Employee profit-sharing	-	-
f	Dividends to be paid to shareholders out of the profit available for distribution	155.402.661	-
g	Other reserves constituted as own sources of financing	154.193.244	-
h	Retained earnings	-	-
3	Total breakdowns (a+b+c+d+e+f+g+h)	585.924.311	213.611.306

The proposed distribution of the accounting profit remaining after deduction of income tax as of December 31, 2024 complies with the provisions of the legislation in force, namely:

- GO no. 64/2001 - on the distribution of profit in national companies, national companies and commercial companies with full or majority state capital, as well as in independent authorities, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;

- OMFP no. 144/2005 on the approval of the Specifications for the determination of the amounts subject to profit distribution according to OG no. 64/2001 on profit distribution in national companies, national companies and commercial companies with full or majority state capital, as well as in independent authorities, approved with amendments by Law no. 769/2001, with subsequent amendments and additions;
- OMFP no. 128/2005 on some accounting regulations applicable to economic agents;
- Law no. 227/2015 on the Tax Code, with subsequent amendments and additions;
- Regulation (EU) No 943/2019 of the European Parliament and of the Council of June 5, 2019 on the internal market in electricity;
- Council Regulation (EU) No 2022/1854 of October 6, 2022 on emergency intervention to tackle high energy prices;
- ANRE Order no. 171/2019, with subsequent amendments and additions on the approval of the Methodology for establishing tariffs for the electricity transmission service;
- The report for the approval of the order regarding the approval of the average tariff for the electricity transmission service, of the components of the transmission tariff for the introduction of electricity into the grid (Tg) and for the extraction of electricity from the grid (Tl) and of the price for reactive electricity, practiced by NPG CO. Transelectrica SA, valid from January 1, 2024, submitted by ANRE with address no. 2222/10.01.2024.
- References for the approval of the orders approving the tariff for the system service, practiced by NPG CO. Transelectrica SA, valid for the periods: January 1 April 30, 2024, May 1 August 31, 2024 and September 1 December 31, 2024, submitted by ANRE with the addresses no. 2222/10.01.2024, no. 86627/21.06.2024 and no. 134580/04.10.2024.

Thus, the accounting profit for 2024 remaining after deduction of income tax is allocated to the following destinations:

- ✓ other reserves representing tax incentives provided by law in the amount of 240.981.311 represented by the exemption from payment of tax on reinvested profit, in accordance with the provisions of Article 22 of Law no. 227/2015 on the Tax Code, as amended and supplemented;
- ✓ other distributions provided by law in the amount of 35.347.095 represented by the income realized in 2024 from the allocation of interconnection capacity (amounts net of income tax), distributed in accordance with the provisions of Article 1 letter d) of OG no. 64/2001 on the distribution of profit to national companies, national companies and commercial companies with full or majority state capital, as well as to independent authorities, with subsequent amendments and additions, in conjunction with the provisions of Regulation (EU) no. 943/2019, of Regulation (EU) No. 2022/1854 and of ANRE Order No. 171/2019, which provide for the use of revenues from the allocation of interconnection capacities for the realization of network investments for the maintenance or increase of interconnection capacities.

14. DEFERRED REVENUE

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

Deferred revenue at December 31, 2024 is presented as follows:

	December 31, 2024	Of which: current portion at 31.12.2024	December 31, 2023	Of which: current portion at 31.12.2023
Deferred revenues - capacity allocation from interconnection	6.728.118	6.728.118	1.054.141	1.054.141
Deferred revenue - European funds	3.334.602	3.334.602	839.038	839.038
Funds from the connection fee	296.793.165	7.154.699	317.656.961	9.061.809
EU funds	232.179.802	2.298.734	194.199.509	4.198.190
Other subsidies	20.547.315	2.695.748	21.471.490	984.158
Total	559.583.002	22.211.901	535.221.139	16.137.336

Developments in current revenue advances from January through December 2024 are as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of period	16.137.336	39.362.438
Upfront receipts related to interconnection capacity	93.714.147	214.513.794

(All amounts are in LEI unless otherwise indicated)

Studs from EU funds	2.584.899	421.852
Transfer from non-current revenue advances	(2.094.976)	(7.414.453)
Revenues from the use of interconnection capacity	(88.040.170)	(229.686.295)
Revenue from EU funds	(89.335)	(1.060.000)
Total	22.211.901	16.137.336

The evolution of the **non-current deferred revenues** over the period January through December 2024 is as follows:

	December 31, 2023	December 31, 2024
Balance at beginning of period	519.083.803	439.025.206
Connection subsidies	47.520.391	231.303.420
Non-reimbursable funds	43.189.235	(18.409.505)
Non-reimbursable funds to be repaid	-	· _
Transfer to current deferred revenues	(85.943.609)	(153.503.985)
Subsidies back to revenue	13.521.281	20.668.667
Total	537.371.101	519.083.803

15. BORROWINGS

Non-current borrowings

As of December 31, 2024 and December 31, 2023, the balance of non-current borrowings from credit institutions is as follows:

Description	December 31, 2024	December 31, 2023
EIB 25709 (i)	11.974.686	23.951.778
EIB 25710 (i)	19.928.285	31.941.609
Total non-current borrowings from credit institutions, of which:	31.902.971	55.893.387
Less: Current portion of non-current borrowings	(23.984.799)	(23.987.209)
Total non-current borrowings net of current instalments	7.918.172	31.906.178

Situation of non-current borrowings as at 31.12.2024:

No.	Loan name	Date of granting	Value of the Loan (currency)	Balance on 31.12.2024 (currency)	Balance on 31.12.2024 (RON)	Interest rate	Loan maturity
1	EIB 25709	05.08.2010	32.500.000,0 0 EUR	2.407.407,50 EUR	11.974.686	3,596%	10.09.2025
2	EIB 25710	05.08.2010	32.500.000,0 0 EUR	4.006.410,21 EUR	19.928.285	3.856% and 2.847%	11.04.2028
	TOTAL				31.902.971		

Non-current borrowings are detailed as follows:

a) and b) European Investment Bank (EIB) loan

Loans EIB 25709 and EIB 25710 were granted by the EIB on August 5, 2010 to finance the modernization and rehabilitation of the Romanian Transmission Grid. The amount of each loan is EUR 32.500.000. 25709 is unsecured, while 25710 is

guaranteed by BNP Paribas SA Bucharest Branch. The repayment period is 15 years, with a grace period of 2 years. Repayment is from 2012 until 2025 for EIB loan 25709 (on March 10 and September 10 of each year) and from 2013 until 2028 for EIB loan 25710 (on April 11 and October 11 of each year). The interest rate is 3.596% for EIB loan 25709 and 3.856% and 2.847% for EIB loan 25710.

The amount outstanding at December 31, 2024 for the EIB loan 25709 is EUR 2.407.407,50 and for the EIB loan 25710 is EUR 4.006.410.21.

The EIB 25709 loan agreement contains certain financial covenants: (i) the ratio of EBITDA to interest on non-current borrowings disbursed during the year must be at least 4.2; (ii) the ratio of non-current liabilities to equity must not exceed 0.95; (iii) the ratio of total net debt to EBITDA must be a maximum of 3.5.

EIB Loan 25710 is guaranteed by BNP Paribas SA Bucharest Branch. The guarantee contract was concluded on 20.12.2019 for a period of 3 years, guarantee fee of 0.40% per annum calculated at 115% on the amount of the loan outstanding. On 31.10.2022, Amendment No. 2 was signed, which guarantees the EIB 25710 loan until 11.11.2028. For this period, the guarantee fee is 0.6% per annum calculated at 115% of the outstanding amount of the loan.

As of December 31, 2024, the financial indicators related to the loan agreements have been met.

The non-current portion of the loans will be repaid as follows:

	December 31, 2024	December 31, 2023
Between 1 and 2 years Between 2 and 5 years Over 5 years	6.483.336 1.434.836	12.011.321 19.894.857
Total	7.918.172	31.906.178

The Company has not hedged any of its foreign currency obligations or interest rate exposures. All non-current borrowings outstanding at December 31, 2024 bear fixed interest.

Current borrowings

Current borrowings are detailed as follows:

	December 31,	December 31, 2023
Current portion of current borrowings Interest on non-current and current borrowings	23.984.799 302.501	23.987.209 541.008
Total current borrowings	24.287.300	24.528.217

• Borrowings taken for current activity

On 30.03.2022 Transelectrica entered into loan 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 175.000.000, with an interest rate calculated based on the reference rate ROBOR 1M, plus a margin of 0% and a commission of 0.088%.

On 04.01.2023 Transelectrica concluded the Addendum no. 1 to the credit agreement no. C624 concluded with Banca Comercială Română, 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 concluded the Addendum 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:

- movable mortgage on the bank account opened with the bank;
- movable 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.

As of December 31, 2024, the line of credit is unused.

On 10.03.2022 Transelectrica entered into loan agreement no. C588 with Banca Transilvania for a period of 12 months to

finance the working capital of the Company, in the amount of 200.000.000 with an interest rate calculated based on the reference rate ROBOR 1M, plus a margin of 0.05%.

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

- RON 175 million revolving credit line used to cover the temporary working capital needs for the timely payment of the Company's maturing obligations, with a utilization period of 12 months, until 09.03.2023;
- RON 25 million 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 Addendum no. 1 to the credit agreement no. C588 concluded with Banca Transilvania, with the purpose of extending the validity of the credit line to 24 months (use of credit line until 08.03.2024).

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

On 19.04.2023 Transelectrica entered into Addendum 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 Addendum 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 (use of credit line until 09.03.2025). The credit line is secured by:

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

As of December 31, 2024, the line of credit is unused.

16. EMPLOYEE BENEFIT OBLIGATIONS

Pursuant to the collective bargaining agreement, effective 2024, the Company provides non-current benefits to employees based on length of service and seniority with the Company. Benefits provided to management employees are disclosed in *Note 30 - Salaries of the Company's Management*.

The long-term benefits granted by the Company include the following:

- retirement bonus ranging from 1 to 5 gross basic monthly salaries depending on the number of years of service in the Company at the date of retirement;
- retirement bonuses between 1 and 5 monthly gross basic salaries depending on the number of years of seniority in the Company:
- aid in the event of retirement due to total loss of working capacity (total disability), in which case the Company pays 6 gross basic monthly salaries;
- help in the event of death from other causes, in which case the company pays the family 22.000 lei;
- death benefit in the event of death due to an accident at work or occupational disease, in which case the Company pays the family 11 gross monthly basic salaries;
- material aid granted on retirement for electricity, representing the equivalent of the electricity quota paid to an employee for 12 months, for employees with at least 10 years of uninterrupted service in the Company.

The actuarial calculations of post-employment and other long-term employee benefits have been determined by an authorized actuary under a service contract with Proficariere SRL.

December 31 2024

December 31 2023

Employee benefit obligations are as follows:

December 31, 2024	December 31, 2023
49.202.806	48.698.891
34.232.075	24.116.406
171.782	-
1.565.100	-
315.059	-
2.848.637	2.461.820
88.335.459	75.277.117
	49.202.806 34.232.075 171.782 1.565.100 315.059 2.848.637

At December 31, 2024 and December 31, 2023, the Company has a long-term employee benefit obligation of 88.335.459 and 75.277.117, respectively.

16. EMPLOYEES BENEFITS OBLIGATIONS (continued)

	December 31, 2023	Interest cost	Cost of past service	Current service cost	Payments from provision	Actuarial (gain)/loss for the period	December 31 2024
Retirement premium obligations for current employees	48.698.891	3.293.144		7.480.102	(4.681.864)	(5.587.467)	49.202.806
Retirement grant obligations of current employees	24.116.406	1.510.397	-	3.756.802	(1.368.866)	6.217.335	34.232.074
Total incapacity benefit (disability) obligations	-	-	-	-	-	171.782	171.782
Liabilities related to death benefits granted for death from other causes	-	-	-	487.638	(22.000)	1.099.462	1.565.100
Obligations relating to benefits granted in the event of death due to accidents at work	-	-	-	29.705	-	285.355	315.060
Electricity benefits to be paid to current employees on retirement	2.461.820	164.770		1.167.150	(294.000)	(651.103)	2.848.637
	75.277.117	4.968.311		12.921.397	(6.366.730)	1.535.364	88.335.459

17. TRADE AND OTHER PAYABLES

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

	December 31, 2024	December 31, 2023
Suppliers energy market	2.253.148.039	1.340.921.907
Suppliers of fixed assets	158.164.085	177.733.800
Suppliers other activities	77.353.875	90.164.126
Amounts owed to employees	12.833.281	11.787.078
Other liabilities	1.372.229.270	636.709.895
Total	3.873.728.550	2.257.316.806

As of December 31, 2024 and December 31, 2023, the outstanding energy market liabilities of 2,253,148,039 and 1,340,921,907, respectively, have the following structure:

	December 31, 2024	December 31, 2023
Suppliers electricity market, of which:		
- suppliers - operational activity	1.496.225.168	591.455.744
- suppliers - balancing market	711.976.808	617.379.222
 suppliers - bonus support scheme promoting high-efficiency cogeneration 	44.946.063	132.086.941
Total	2.253.148.039	1.340.921.907

Suppliers on the electricity market are mainly represented by MAVIR, IBEX, Hidroelectrica SA, OMV PETROM, OPCOM, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Bursa Română de Mărfuri, Electrica Furnizare SA. At December 31, 2024, their share in the total energy suppliers is 86.30%.

The increase in the "liabilities from operating activities" balance during the period under review was influenced by the supply and demand pricing model for electricity market coupling. The implicit allocations, where capacity and energy are simultaneously provided for, were strongly influenced by changes in the price of electricity on the European power exchanges.

The increase in the "balancing market liabilities" balance was driven by an increase in the volume of transactions recorded in the balancing market in the fourth quarter of 2024 compared to the fourth quarter of 2023.

The decrease in "liabilities related to the support scheme" to suppliers (producers) was determined by the decrease in the value of the monthly bonus for high efficiency cogeneration in December 2024, compared to December 2023, as well as 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 file no. 28460/3/2017) and no. 898/03.06.2024 (case file no. 3694/3/2016) issued by the Bucharest Court of Appeal.

As of December 31, 2024, there are payment obligations to suppliers (producers) in the amount of 3,539,953 (CET Govora SA) and the National University of Science and Technology Politehnica Bucharest, representing monthly cogeneration bonus and ante overcompensation for 2015. The amounts representing the Company's liabilities related to the support scheme to CET Govora were withheld from payment based on art. 17 para. 5 of ANRE President's Order no. 116/2013, since 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, based on the provisions of HG no. 773/2019.

CET Govora did not agree with this way of settling mutual claims and liabilities, which is why 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: 'if the producer has not fully paid to the support scheme administrator the payment obligations resulting in accordance with the provisions of this Regulation, the support scheme administrator shall pay to the producer the difference between the value of the invoices issued by the producer and the

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producer's payment obligations related to the support scheme, with explicit mention on the payment document of the respective amounts' and withheld from the payment the amounts related to the support scheme due.

NPG CO. Transelectrica SA has entered into an agreement with CET Govora SA for the set-off and installment 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 Addendum 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 collect penalties during the period of the payment installment.

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

Following the suspension in court, by Civil Judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014, which established the amount of overcompensation for the period 2011-2013, CET Govora SA has no longer complied with the obligations assumed by the Agreement. As of May 9, 2016, general insolvency proceedings were opened for CET Govora. In view of the provisions of Law no. 85/2014 - the Insolvency Law, the Company has, as of May 9, 2016, suspended the application of the provisions of Article 17.5 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 and pays the cogeneration bonus due to CET Govora on a monthly basis to CET Govora. By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal lodged by ANRE against Civil Judgment no. 3185/27.11.2015, partially quashed the contested judgment 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, and are fully effective.

Under these circumstances, the Company applies the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual liabilities 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 balance of "suppliers of fixed assets" at December 31, 2024 compared to December 31, 2023 was due to the payments due.

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

At December 31, 2024, the Company has no outstanding liabilities to suppliers (state budget, local budget or other public institutions).

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

	December 31, 2024	December 31, 2023
Sundry creditors	385.402.830	312.041.482
Customers - Creditors	834.707.577	246.451.202
Dividends payable	133.613	192.977
Payables - Current building leases	6.607.203	8.641.987
Liabilities - Non-current building leases	-	6.481.491
Other current liabilities	139.765.068	62.900.756
Other non-current liabilities	5.612.979	
Total	1.372.229.270	636.709.895

- "Sundry creditors", in the amount of **385,402,830** as of December 31, 2024, mainly represent:
- the net position of the high efficiency cogeneration support scheme, debt position, amounting to 363.119.816. 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 the activity of electricity and heat production in high efficiency cogeneration,

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

- the undue bonus to be collected from producers, according to ANRE decisions, on the one hand, 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;
- 14.280.959 solution study contracts for connection to the ETG;
- 4.937.362 OTC caused by additional transits of energy in the networks of the concessionary distribution operators at the voltage level of 110 kV, for the share allocated to generators owning power plants with installed capacity above 5MW connected to the respective distribution networks;
- 1.686.460 royalty Q4 2024 and others.
- "Accounts Receivable" as of December 31, 2024, total 834.707.577, of which 830.721.381 represent amounts received in advance under transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from: JAO (8.277.736), MAVIR (38.652.494), BRM (49.325.060), IBEX (174.895.724) and OPCOM (559.570.367).
- As of December 31, 2024, dividends due to the Company's shareholders and unpaid amount to **133.613**. These amounts are available to shareholders through the paying agent.
- As of December 31, 2024, the **liability for fixed assets related to rights to use leased assets buildings**, in accordance with IFRS 16 Leases, amounts to 6.607.203, of which:
 - current debt: 6.607.203
 - non-current debt: -
- "Other current payables", in the amount of **139.765.068**, are mainly represented by guarantees of good payment of electricity market contracts concluded by NPG CO. Transelectrica SA in the amount of 110.832.839, VAT not chargeable during the reporting period in the amount of 28.616.492 and others.
- "Other non-current liabilities", in the amount of **5.612.979**, represents the Group's estimated global minimum tax liability, as a result of the application of the provisions of *Law 431/2023* on the provision of a global minimum tax level for multinational enterprise groups and large national groups.

b) Provisions

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

	December 31, 2023	December 31, 2023
Provisions for litigation	23.950.036	24.601.016
Provisions for mandate contracts	8.600.444	40.490.875
Other provisions	44.967	114.100
TOTAL	32.595.447	65.205.991

Provisions for litigation outstanding at 12/31/2024, amounting to 23.950.036, are mainly represented by provisions set aside for the following litigation:

- Case file no. 36755/3/2018 plaintiff Conaid Company SRL (17.216.093) more details on this case are set out in Note 28 Commitments and Contingencies.
- Case file no. 15561/3/2022 claimant SMART SA (4.467.108) more details on this file are given in Note 28 Commitments and Contingencies.
- Case file no. 3083/3/202020 complainant NUCLEARELECTRICA SA (1.472.785)

On 26.06.2020, Nuclearelectrica filed a lawsuit against the Company for the payment of the amount of 1.290.533 RON, representing a negative imbalance, and 182.251 RON as statutory interest.

After multiple hearings in which the case was postponed (26.06.2020, 16.10.2020, 11.12.2020) for various reasons, at the hearing on 22.12.2020, the Court ordered the Company to pay the claimant the amount of 1.290.533 RON as

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compensatory damages, to update this amount with the inflation rate from 27.09.2018 until the actual payment date, to pay the amount of 182.251,94 RON representing penal statutory interest calculated from 27.09.2018 until 31.01.2020, as well as to continue paying the penal statutory interest calculated from 01.02.2020 until the actual payment date. Additionally, the Court ordered the defendant to pay the claimant the amount of 23.441,66 RON as legal expenses, consisting of the court stamp duty. The Court rejected the defendant's request for the reimbursement of legal expenses as unfounded. The decision is subject to appeal within 30 days from the date of communication. (Decision 2698/2020 of 22.12.2020).

NPG CO. Transelectrica SA filed an appeal. At the hearing on 25.11.2021, the Bucharest Court of Appeal admitted the appeal. It partially modified the contested civil ruling, ruling as follows: It rejected the claim as unfounded. It upheld the first-instance court's decision to reject the defendant's request for the reimbursement of legal expenses as unfounded. The Court ordered the respondent-claimant to pay the appellant-defendant the amount of 20.591,66 RON as legal expenses in the appeal. The decision is subject to a second appeal within 30 days from the date of communication, the appeal being required to be filed with the Bucharest Court of Appeal – Sixth Civil Division. The ruling was pronounced by making the solution available to the parties through the court registry on 25.11.2021. Document: Decision 1927/2021 of 25.11.2021.

Nuclearelectrica filed a second appeal, which was suspended pending the resolution of the action for annulment of the order. The next hearing is scheduled for 12.10.2022.

Pursuant to Article 413 para. (1) item 1 of the Code of Civil Procedure, the Court orders the suspension of the proceedings of the second appeal filed by the appellant-claimant SOCIETATEA NAŢIONALĂ NUCLEARELECTRICA S.A. against Civil Decision no. 1927/A/25.11.2021, issued by the Bucharest Court of Appeal – Sixth Civil Division, until the final resolution of case no. 2659/2/2020, pending before the High Court of Cassation and Justice – Administrative and Tax Litigation Division. Definitive.

"Provisions for agency contracts", amounting to 8.600.444 as of December 31, 2024, represent:

- the variable component relating to the F FVOV packages allocated and not valorized during the terms of office executed in the period 2013-2017, for executive and non-executive directors, claimed by them in court;
- the remuneration representing the variable component, the non-competition compensation and that of the gross monthly gross fixed allowances remaining until the end of the term of office for the dismissed members of Supervisory Board/Directorate, respectively for the 2020-2024 terms of office.

18. INCOME TAX

The income tax for the years 2024 and 2023 is as follows:

		2023
Current income tax expense	(41.886.084)	(37.027.527)
Deferred tax expense/(income)	41.227.733	16.338.092
Global minimum tax expense - TEL group	(5.612.979)	-
Total	(6.271.330)	(20.689.435)

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The Company's current and deferred income taxes for the years 2024 and 2023 are determined at a statutory rate of 16%, effective in 2024 and 2023.

In 2024, the Company recognized an estimated global minimum tax related to the Group in the amount of 5.612.979, as a result of the application of the provisions of *Law no. 431/2023 on ensuring a global minimum level of taxation for multinational enterprise groups and large national groups*, for which the tax is required to be declared and paid by 30.06.2026.

Based on the amendments to IAS 12 - "Income Taxes", the Company has not recognized deferred tax in relation to the effective minimum tax relating to the group.

Reconciliation of the effective income tax rate:

[&]quot;Other provisions" amounting to 44,967 represent untaken vacation leave.

NPG CO. Transelectrica SA

Notes to the financial statements for the year ended December 31, 2024

(All amounts are in LEI unless otherwise indicated)

	2024	2023
Income tax at the statutory rate of 16%	101.347.740	40.102.213
Effect of non-deductible expenditure	27.142.506	35.080.518
The effect of non-taxable income	(39.846.677)	(17.402.966)
Taxable revaluation reserve	44.575.484	9.714.086
Legal reserve	-	-
Exempt profit tax	(6.169.121)	(3.216.298)
Other effects	(85.163.848)	(27.250.026)
Total	(41.886.084)	(37.027.527)

NPG CO. Transelectrica SA

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

18. INCOME TAX (continued)

The 2024 and 2023 Deferred Tax Deferred Tax Liability Motion Table is presented as follows:

	Balance on January 1	Recognized in profit and	Recognized directly in	Balance on December 31	Recognized in profit and	Recognized directly in	Balance on December 31,
Elements	2023	loss	AERG	2023	loss	AERG	2024
Tangible assets - life expectancy	41.475.153	668.411	-	42.143.564	863.848	-	43.007.412
Tangible assets - revaluation reserves	91.012.754	(9.510.576)	193.974.505	275.476.683	(44.110.209)	-	231.366.474
Tangible assets financed by grants	(5.859.020)	(377.487)	-	(6.236.507)	(1.310.180)	-	(7.546.687)
Employee benefit obligations	(11.285.336)	(759.003)	-	(12.044.339)	(2.089.334)	-	(14.133.673)
Estimated interconnection	(1.760.000)	(4.000.000)	-	(5.760.000)	4.560.000	-	(1.200.000)
Provisions for litigation	(3.948.462)	12.300	-	(3.936.162)	(323.048)	-	(4.259.210)
Stock adjustments	(2.226.357)	169.648	-	(2.056.709)	244.262	-	(1.812.447)
Production supplier estimates	-	(2.448.372)	-	(2.448.372)	936.937	-	(1.511.435)
Tax (asset)/debt	107.408.732	(16.245.079)	193.974.505	285.138.158	(41.227.724)	<u>-</u> _	243.910.434

The deferred tax consists of:

	As	Asset		Liabilities		Net	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	
Tangible assets - useful lives	(50.101.103)	(4.837.517)	93.108.515	46.981.081	43.007.412	42.143.564	
Tangible assets - revaluation reserves	(44.110.209)	(9.603.585)	275.476.683	285.080.268	231.366.474	275.476.683	
Tangible assets financed by grants	(9.179.041)	(741.163)	1.632.354	(5.495.344)	(7.546.687)	(6.236.507)	
Employee benefit obligations	(14.133.673)	(12.044.339)	-	-	(14.133.673)	(12.044.339)	
Estimated interconnection	(1.200.000)	(5.760.000)	-	-	(1.200.000)	(5.760.000)	
Provisions for litigation	(4.259.210)	(3.936.162)	-	-	(4.259.210)	(3.936.162)	
Stock adjustments	(1.812.447)	(2.056.709)	-	-	(1.812.447)	(2.056.709)	
Production supplier estimates	(1.511.435)	(2.448.372)	-	-	(1.511.435)	(2.448.372)	
Net tax (asset)/debt	(126.307.118)	(41.427.847)	370.217.552	326.566.005	243.910.434	285.138.158	

NPG CO. TRANSELECTRICA

Notes to the financial statements for the year ended December 31, (All amounts are in LEI unless otherwise indicated)

19. EARNINGS PER SHARE

At December 31, 2024 and December 31, 2023, earnings per share are:

	2024	2023
Resultfor the financial year	585.924.311	213.611.306
Number of ordinary shares at beginning and end of period	73.303.142	73.303.142
Basic and diluted earnings per share (lei/share)	7,993	2,914

20. OTHER TAXES AND SOCIAL SECURITY CONTRIBUTIONS

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

	December 31, 2024	December 31, 2023
Contribution to social security funds	14.303.638	14.531.541
Payroll tax	2.861.321	2.615.461
Other taxes payable	1.266.791	1.360.733
Total	18.431.750	18.507.735

As of December 31, 2024, the Company has accrued liabilities for social security contributions, payroll and other taxes, which were paid in January 2025.

21. OPERATING REVENUES

Operating revenues comprise revenues realized 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 are as follows:

	Average tariff for transmissionservice	Tariff for system service
Order No 57/28.08.2024		11,51*)
for the period September 01 - December 31, 2024		7-
Order No 15/29.05.2024		12,84
for the period June 01 - August 31, 2024 Order No 116/20.12.2023		
for the period January 01 - May 31, 2024	-	9,17
Order No 109/20.12.2023	21 (7**)	
for the period January 01 - December 31, 2024	31,67**)	-
Order No 67/25.05.2023		6,64
for the period June 01 - December 31, 2023	-	0,04
Order No 144/21.12.2022	_	7,73
for the period January 01 - May 31, 2023		1,13
Order No 28/29.03.2023	31,20	_
for the period April 01 - December 31, 2023	21,20	
Order No 33/23.03.2022	28,10	
for the period January 01 - March 31, 2023	, , , , , , , , , , , , , , , , , , ,	

^{*)} The change in the value of the tariff for the system service 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 June 01, 2024, in accordance with the provisions of the regulatory framework issued by ANRE:

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

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:

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

	2024	2023
Quantity of electricity delivered to consumers (MWh)	51.824.802	50.394.667
Operating revenues realized in the years 2024 and 2023 are as follows:		
	2024	2023
Revenues from transport services	1.619.446.488	1.544.812.538
Revenues from the allocation of interconnection capacity	282.079.876	343.178.649
Reactive energy revenues	1.659.786	8.060.394
Income from Inter TSO Compensation (ITC)	25.790.184	13.162.500
OTC transaction income	95.480.511	46.812.916
Transport revenue - total	2.024.456.845	1.956.026.997
Income from system services	571.077.743	358.896.264
Income from emergency aid	62.199.139	31.764.961
Income from system services - total	633.276.882	390.661.225
Balancing market revenues	4.965.724.579	2.269.419.063
Income from other benefits and other operating income	153.974.422	88.265.543
OTC capitalization income	102.019.913	13.735.364
Other revenue - total	255.994.335	102.000.907
Total operating income	7.879.452.641	4.718.108.192

Revenue from transmission service

Revenues from the transmission service increased in 2024 compared to 2023 by 74.633.950, 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 analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 2.84%, i.e. by 1,430,135 MWh.

Revenues from the allocation of interconnection capacity

Interconnection capacity allocation revenues decreased in 2024 compared to 2023 61.098.773, corresponding to the level of utilization of available interconnection capacity by electricity market traders.

The market for the allocation of interconnection capacity is fluctuating, with prices evolving according to demand and the need of electricity market participants to purchase interconnection capacity. Thus, the decrease during the period under review 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 power exchanges.

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

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

As of October 27, 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.

As of November 2019, the 2nd wave of the European Single Intraday Market Coupling (SIDC - Single Intraday Coupling) has been launched. The single intraday market coupling mechanism ensures the continuous matching of bids and offers from market participants in a bidding area 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-domestic auctions are only on the borders with Serbia and Moldova, while on the borders with Bulgaria and Hungary they are implicit (within the ICSD).

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

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 modernization and development of interconnection capacity with neighboring 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".

Revenues from Inter TSO Compensation (ITC)

Revenues from the application of the ITC mechanism come mostly from scheduled electricity exchanges with the countries considered perimeter countries of the mechanism, namely Ukraine and the Republic of Moldova.

As of July 01, 2024, Ukraine joined the ITC mechanism and was no longer considered a perimeter country. As a result, only trade with the Republic of Moldova was taken into account.

For the first semester of 2024, the tariff applied to exchanges with perimeter countries was 2.8 EUR/MWh. As from July 01, 2024, since Ukraine's entry into the mechanism, the tariff decreased to 2.5 EUR/MWh, being applied only to exchanges on the border with the Republic of Moldova, which led to a reduction in the quantities and amounts invoiced respectively.

In general, Romania is a paying country under the mechanism, but exceptionally, monthly settlements can also be recorded.

Thus, in 2024, the revenues recorded from the application of the JTI Facility were 12.627.684 higher than in 2023. This increase is mainly due to:

- the change in the tariff for trade with perimeter countries in the period 15.06.2023 30.06.2024 from 1.2 EUR/MWh to 3 EUR/MWh, which led to an increase in revenues compared to the same period last year;
- energy exchanges in 2024 with both perimeter countries (Ukraine and the Republic of Moldova), as opposed to 2023, when exchanges were only with the Republic of Moldova.

Revenues from OTC transactions

Revenues from energy trading for OTC were mainly obtained from the sale of surplus energy at positive price, resulting from the difference between the long and medium term forecast and the short term forecast (per settlement interval) on the Intra-day Market managed by OPCOM and, respectively, from the difference between the forecast OTC and the OTC actually realized (per settlement interval) on the Balancing Market.

These revenues were higher in 2024 compared to 2023 by 48.667.595.

In the structure of these revenues, transactions on the Intradomestic Market were lower than in the previous year, as a large part of the required OTC was purchased on the long-term markets through the mechanism of MACEE (Mechanism for Centralized Electricity Purchase), and prices on the short-term markets decreased compared to the previous year, with some negative price intervals.

Revenues from transactions on the Balancing Market were significantly higher than those realized in the same period of the previous year, given the very high prices recorded on the Balancing Market, as well as the fact that the imbalances recorded for OTC were in the opposite direction to the system, which led to the purchase of energy at a negative price, which constitutes revenue for the Company. This trend was more pronounced in the first half of 2024, with the second half of 2024 recording revenues comparable to the previous year.

Revenues from system services

Revenues from system services recorded an increase in 2024 compared to 2023 by the amount of 212.181.479, 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 analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 2.84%, i.e. by 1.430.135 MWh.

In accordance with the provisions of the regulatory framework issued by ANRE, the approved tariff for system services was amended during 2024 due to 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 January 1, 2024.

For the activity of system services, the specific regulatory framework contains regularization mechanisms that ensure the compensation of the excess or deficit of revenues in relation to the level of expenses necessary to carry out the activity. Thus, according to ANRE's regulations, the surplus/deficit of income in relation to the recognized costs resulting from the performance of this activity shall 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 revenue over the costs resulting from the carrying out of this activity shall be calculated per tariff scheduling period.

Revenues from emergency aid

(All amounts are in LEI unless otherwise indicated)

At the request of the neighboring TSOs, during 2024, emergency aid totaling 62.199.139 was granted to provide the energy needed to cover domestic consumption in the respective countries. Emergency aid was granted to Ukraine, due to the damage to the energy infrastructure in this country as a result of armed conflicts, and to Serbia, due to the accidental shutdown of groups in this country.

Revenue on the balancing market

Revenues realized in the balancing market increased significantly in 2024 compared to 2023 by 2.696.305.516, mainly due to the following:

- Accelerated growth in prosumer installed capacity from around 420 MW in early 2023 to around 1,500 MW in 2024;
- Lack of control/monitoring at the supplier level for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting 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 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 balancing, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in the conditions of a predominantly surplus system, the balancing market is recording a high volume of selections at power reduction, i.e. significant negative prices in the Balancing Market which have resulted, on the one hand, in significant revenues for producers who have offered negative prices at power reduction, and, on the other hand, in considerable costs for PREs that have recorded positive imbalances;
- the evolution of contractual imbalances registered at the level of electricity suppliers on the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption.

Starting with July 01, 2024, the ANRE Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and for frequency stabilization reserve providers and the Regulation on the terms and conditions for the parties responsible for balancing and for the amendment and repeal of some orders of the President of the National Energy Regulatory Authority, with subsequent amendments and additions, entered into force.

Revenues from capitalisation of own technological consumption (OTC)

According to art. III of GEO no. 119/2022 for amending and supplementing GEO no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period April 1, 2022 - March 31, 2023, and for amending and supplementing some normative acts in the energy sector, and approved by Law no. 357/13.12.2022, as subsequently amended and supplemented, for licensed economic operators, providers of electricity transmission services, the additional costs with the purchase of electricity realized in the period from January 1, 2022 to March 31, 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalized on a quarterly basis, and the assets resulting from the capitalization shall be depreciated over a period of 5 years from the date of capitalization.

Accordingly, as of December 31, 2024, the Company recorded OTC capitalization revenue of 102.019.913, representing additional OTC calculated as the difference between the net OTC acquisition cost and the OTC cost included in the regulatory tariff, for the year 2024.

Income from other benefits and other operating income

Revenues from other services and other operating income increased in 2024 compared to 2023 by 65.708.879, mainly due to the recording of income from indemnities, fines and penalties as a result of the legal recovery, according to Civil Judgment no. 6169/2023, rendered on December 20, 2023, by the ICCJ - Administrative and Tax Litigation Section and communicated to the Company on May 15, 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.

22. SYSTEM OPERATION AND BALANCING MARKET EXPENSES

System operating and balancing market expenses realized in the years 2024 and 2023 are as follows:

	2024	2023
Expenses on own technological consumption	609.329.971	519.730.609
Congestion expenses	107.222	89.903
Expenses on electricity consumption in stations	45.849.658	37.669.282

(All amounts are in LEI unless otherwise indicated)

OTC expenses transit RED (cf. ANRE decision)	12.840.055	-
Expenses with Inter TSO Compensation (ITC)	47.485.600	82.936.128
Total operational expenditure	715.612.506	640.425.922
Expenses on system services	523.611.184	499.184.926
Balancing market expenses	4.965.535.185	2.268.980.883
Total expenses	6.204.758.875	3.408.591.731

Expenses on own technological consumption

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

Technology Own Consumption expenditures were higher by 89.599.362 in 2024 compared to 2023 due to a number of factors as follows:

- ✓ Due to its characteristics, the Own technological consumption (OTC) in the Electricity Transmission Grid (TTR) 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 neighboring power systems, its value being 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, NPG CO. Transelectrica SA purchased electricity to cover 75% of the quantity of the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE). For 50% of the validated needs, the energy was purchased through annual allocation, at a regulated purchase price of 450 lei/MWh. For the remaining energy requirements, monthly allocations were made at the price of 450 lei/MWh and 400 lei/MWh respectively (from April 01, 2024);
- ✓ as of 01.04.2024, the centralized electricity purchase mechanism (MACEE) was amended by GEO no. 32/2024, in the following sense:
 - reducing the regulated purchase price to 400 lei/MWh;
 - removing the obligation for producers to participate in the mechanism;
 - changing the period of application of the mechanism from 31.03.2025 to 31.12.2024;
 - allowing other producers with production capacities below 10 MW to participate in the scheme.
- ✓ The changes introduced by GEO 32/2024 led to a gradual exit from the support scheme and a return to competitive market mechanisms. As a result, starting with the monthly allocations for the month of August, the amount allocated for OTC coverage through MACEE was almost zero. The required energy was purchased through bilateral contracts and from DAM;
- ✓ 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, led to a decrease in energy prices in short-term markets. Thus, the average price of energy purchased from the DAM in January-December 2024 was similar to the price in 2023;
- ✓ The price of DAM is highly dependent on weather conditions (drought, rainfall, extreme events) and European market prices. The Day-ahead market is an unpredictable market with a high degree of volatility, with prices increasing by as much as 30-40% in a week;
- ✓ As of July 01, 2024, a number of amendments to the Regulation on Terms and Conditions for Balancing Parties, in line with the requirements of the European Codes, came into force, which led to very high prices in the Balancing Market. These prices have a high degree of volatility and uncertainty and can vary widely. As a result, the costs resulting from hedging energy imbalances in this market were higher compared to 2023.

Congestion expenses

In the year 2024, congestion amounted to 107.222. With the simultaneous unavailability of the 400 kV Bradu - Braşov and 400 kV Ţânţăreni - Sibiu Sud power lines, which are located in the south - north direction of the NES, a very high transit of electricity through Romania from the south - east of Europe to the center - 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 line was taken out of service to remove a tree fallen on the line, cut by unknown persons. The 400 kV line Ţânţăreni - Sibiu Sud was put back into operation after the completion of the line inspection.

Electricity consumption expenses in ETG and RED stations

In order to carry out the activity of electricity transmission in the power stations and to operate the National Electricity System in safe conditions, NPG CO. Transelectrica SA must purchase electricity to cover the consumption related to the internal

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

services of the high voltage power stations under the Company's management. These expenses increased by 8.180.376 in 2024 compared to 2023.

OTC expenses transit RED (acc. to ANRE decision)

In the year 2024, OTC expenses related to additional transits of electricity from the networks of concessionary distribution operators at the voltage level of 110 kV (for the quota allocated to the TSO) 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 OTC 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.

Expenses with Inter TSO Compensation (ITC)

TCI expenses are the monthly payment obligations/collection fees for each transmission system operator (TSO). They are determined under the mechanism of compensation/dispensation of the effects of the use of the transmission electricity network (ETG) for electricity transits between TSOs of the countries that have joined this mechanism under ENTSO-E. In 2024, these expenses were lower by 35.450.528 compared to 2023.

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

Expenses on system services

System service expenses increased in 2024 compared to 2023 in the amount of 24.426.258.

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

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

In 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 the Society for the Production of Electricity in Hydropower Plants "Hidroelectrica" SA.

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

- ✓ at a maximum price of 82,30 lei/hMW for the secondary regulating reserve / frequency restoration reserve with automatic increase activation and for the frequency restoration reserve with automatic decrease activation;
- ✓ at a maximum price of 37,94 lei/hMW for the fast tertiary regulating reserve on boost / frequency restoration reserve with manual activation on boost;
- ✓ at a maximum price of 16,38 lei/hMW for the fast tertiary dimming reserve at discount / frequency reset reserve with manual activation at discount.

Also, in accordance with the provisions of art. I, point 3 of ANRE Order no. 18/30.05.2024, as of 01.09.2024 the maximum prices are no longer applicable, and the tender procedure is organized at the level of NPG CO. Transelectrica SA on the basis of the offer price.

As of July 01, 2024, ANRE Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on the terms and conditions for parties responsible for balancing and for the amendment and repeal of some orders of the President of the National Energy Regulatory Authority, with subsequent amendments and additions, which defines the new types of reserves to be purchased by NPG CO. Transelectrica SA, in accordance with the requirements of the European codes, entered into force. These are the Frequency Stabilization Reserve (symmetrical band), the Frequency Restoration Reserve with automatic and manual activation, and the Replacement Reserve. These reserves will be qualified as standard reserves, based on ANRE Order no. 89/2021 on the approval of the technical qualification for the provision of system services.

In the balancing capacity market, in line with the trend in the balancing market in 2024, the following has been observed:

- a steep increase in the purchase price of fast tertiary reserve power curtailment. Thus, there were increases in the reserve purchase price from 9.82 lei/hMW to values up to 250 lei/hMW;
- The same trend was observed for the secondary reserve between January and May 2024;

- in the period June August 2024, the purchase prices of balancing capacities RRFa, RRFm, for increasing and reducing power, were maintained at the level of the prices regulated by the provisions of Article II of ANRE Order no. 18/30.05.2024, with prices below the maximum limit imposed by the authority;
- in September 2024, with the elimination of the capped prices, in accordance with the provisions of Article II of ANRE Order no. 18/30.05.2024, there was an upward trend in the purchase price for RRFa at increasing and reducing power and RRfm at reducing power.

Balancing market expenses

The balancing market expenses realized in 2024 showed an increase of 118.84% compared to 2023, i.e. by 2.696.554.302. These expenses result from the notifications/realizations 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 evolution of the electricity market and the way of realization of contracting on the markets prior to the balancing market.

23. DEPRECIATION

	2024	2023
Depreciation and amortization of tangible and intangible assets	274.032.304	258.295.556
Depreciation of intangible assets - additional OTC	74.478.538	68.039.687
Depreciation of assets related to rights of use of leased assets	7.952.240	7.952.240
Total	356.463.082	334.287.483

Depreciation and amortization expense on tangible assets and intangible assets in the amount of 274.032.304 represents the depreciation recorded in 2024, calculated at the revalued amount of the assets as of December 31, 2023, correlated with the commissioning of capital expenditures and the acceptance of the assets.

Expenses with depreciation of intangible assets - additional OTC in the amount of 74.478.538 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 amending and supplementing GEO no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period from April 1, 2022 to March 31, 2023, as well as for amending and supplementing 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 capitalized quarterly, and the assets resulting from capitalization are depreciated over a period of 5 years from the date of capitalization.

Intangible assets depreciation expenses recognized under IFRS 16 in the amount of 7.952.240 (the Company partially operates in leased office premises). In accordance with IFRS 16 - Leases, the right to use the premises leased by the Company in the Platinium office building at 2-4 Olteni Street, Platinium Platinium, is recognized as an asset measured at the level of the rent payable until the end of the lease contract. The asset recognized in accordance with IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "Depreciation and amortization of tangible and intangible assets".

24. PERSONNEL EXPENSES

i) Personnel expenses

	2024	2023
Expenses on personnel salaries	333.121.835	289.410.183
Social expenses		
	16.006.744	12.122.550
Expenses on vouchers granted to employees	16.326.960	18.827.870
Expenses related to the service contract and other committees,		
commissions	5.029.337	4.348.466
Social security and social protection expenses	28.015.406	20.769.444
Provisions set aside/(reversals) for payroll and related costs	(25.344.985)	2.793.634

Other expenses	(7.944)	23.441
Total	373.147.353	348.295.588

The total personnel expenses realized in 2024 show an increase of 24.851.765 compared to 2023 mainly due to:

- increases in certain items of expenditure, such as: expenditure on personnel salaries, social expenditure, expenditure related to mandate contracts, expenditure on social security and social protection in accordance with the applicable legal provisions;
- update of the provisions set aside for the dismissed executive and non-executive directors, representing compensation based on the mandate contracts concluded in 2020 for the period 2020-2024 (as actuarially calculated);
- updating of the provisions set aside/reversal to income of a part of the provisions set aside, at the same time as the payment made for the OAVT certificates (OAVT = remuneration of executive and non-executive directors consisting of the variable component related to the packages of OAVTs allocated and not valorized during the term of office executed in the period 2013-2017), payments made on the basis of enforceable court judgments received by the Company (according to the actuarial calculation);
- updating the provision for employee benefit obligations (as actuarially calculated).

ii) Number of employees

As at December 31, 2024 and December 31, 2023, the actual number of employees with an individual employment contract of indefinite duration is as follows:

	2024	2023
Number of employees	2.026	2.037

25. OTHER OPERATING EXPENSES

	2024	2023
Other expenses on services performed by third parties	132.277.544	108.832.081
Postage and telecommunication expenses	927.027	746.048
Royalties and rents	6.967.272	6.608.237
(Net) operating expenses related to impairment adjustments current assets	(17.340.182)	56.046
Other expenses, of which:	106.025.417	153.790.987
- losses on sundry receivables and debtors	3.043.161	54.047.014
expenses (not of provisions for other operating charges	1.119.289	(634.601)
 expenses (net of provisions for other operating charges (net) impairment adjustments fixed assets 	9.383	(1.627.393)
	22.950.616	24.765.631
- expenses related to taxes, duties and similar charges (ANRE tax, natural monopoly tax, AMEPIP monitoring tariff, other local taxes)		
- (net) expenditure on revaluation of tangible assets	-	19.990.103
- other non tax-deductible operating expenses	1.540.293	7.900.141
- Expenses on compensation on the basis of mandate contracts/OTTs cf.	16.798.374	8.111.572
- expenditure on goods	18.313.005	6.437.861
- international dues expenses	7.564.625	6.996.343
- internal and external travel expenses	7.954.500	6.435.375
- expenses on administrative energy consumption	5.543.402	4.766.317
- sponsorship expenses	5.501.600	4.654.900
- other operating expenses	15.687.169	11.947.724
Total	228.857.078	270.033.399

In 2024, these expenditures decreased in the amount of 41.176.321 as compared to 2023, primarily due to variances in certain expense items such as:

- a decrease in certain items of expenditure, such as: taxes, duties and similar charges, other operating expenses not deductible for tax purposes, loss of receivables, revaluation of tangible assets, etc.;
- the increase of some items of expenditure with services performed by third parties, namely: civil protection and security costs, costs related to the implementation of pan-European codes, Teletrans maintenance costs, personnel training costs, etc.:
- increase in other items of expenditure, such as: expenditure on goods (recovery of waste resulting from the maintenance/refurbishment/modernization of stations), expenditure on international dues, expenditure on energy purchased for administrative consumption, etc.;
- the increase in expenditure on the FVOVs paid on the basis of enforceable court judgments (performance bonus related to the FVOV Certificates granted to former executive and non-executive and non-vested members, remuneration under the mandate contracts concluded in the period 2013-2017) and expenditure paid on the basis of enforceable court judgments 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;
- 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, ARELCO POWER SRL, etc.), provisions for litigation (ELM ELECTROMONTAJ CLUJ SA, ENERGOBIT SA, etc.) and adjustments for the impairment of inventories, etc.

26. NET FINANCIAL RESULT

	2024	2023
Interest income	6.832.600	6.049.004
Foreign exchange gains	4.589.702	27.570.358
Other financial income	15.806.481	2.281.342
Total financial income	27.228.783	35.900.704
Interest-related expenses	(7.200.049)	(7.907.195)
Exchange rate expenses	(6.577.347)	(27.483.513)
Other financial charges		(242.140)
Total financial expenditure	(13.777.396)	(35.632.848)
Net financial result	13.451.387	267.856

As of December 31, 2024, the Company recorded a net financial result (profit) in the amount of 13.451.387, higher by 13,183,531 compared to the previous year, mainly influenced by the increase in dividend income received from the subsidiaries OPCOM SA and TELETRANS SA in the total amount of 15.760.658

Compared to 2023, the level of realized foreign exchange gains and losses in 2024 was 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.

As at December 31, 2024, in the total amount of 7.200.049 (interest expense), the amount of 438.677 represents the interest calculated on the fixed assets related to the rights to use the leased assets - buildings, in accordance with IFRS 16 - Leases.

The exchange rate of the national currency recorded on December 31, 2024 compared to that recorded on December 31, 2023, is as follows:

Currency	31.12.2024	31.12.2023
Lei / Euro	4.9741	4,9746

27. LEGISLATIVE AND FISCAL FRAMEWORK

The Romanian legal-fiscal framework and its implementation in practice changes frequently and is subject to different interpretations by different control bodies. Income tax returns are subject to review and correction by the tax authorities, generally for a period of five years after the date of their completion. Management believes that it has adequately recorded tax liabilities in the financial statements. However, there remains a risk that the tax authorities may take different positions on the interpretation of these matters. Their impact could not be determined at this date.

28. COMMITMENTS AND CONTINGENCIES

a) Commit

As at December 31, 2024, the Company had commitments amounting to RON 1.391.497.534 representing ongoing contracts for investment works related to the modernization and upgrading of the transmission network.

b) Land used by the Company

In accordance with the Company's policy, the financial statements include only the value of land for which certificates of title have been obtained as of the date of the financial statements.

According to Law no. 99/1999, if the Company obtains the certificate of attestation of ownership for a land after the moment of privatization, the land will be considered as a contribution in kind of the Romanian State.

The Extraordinary General Shareholders' Meeting approved by Resolution no. 7/28.05.2020 the increase in principle of the share capital of NPG CO. Transelectrica SA with the contribution in kind represented by the value of 17 plots of land for which the Company has obtained the certificates of attestation of ownership and the submission to the Commercial Register Office of the Bucharest Court of First Instance and the proposal to appoint JPA Audit and Consultancy SRL as an authorized ANEVAR appraiser for the valuation under the law of the contribution in kind subject to the increase in share capital.

Following the validation by the ORCTB of the proposal of the General Shareholders' Meeting regarding the expert, JPA Audit și Consultanță SRL as ANEVAR authorized appraiser prepared and communicated to the Company the *Valuation Report no.* 21278/10.05.2019, updated by Valuation Report no. 1158/10.01.2022 establishing the fair value of the land as at 30.09.2021.

Until 31.12.2024, there were different opinions on the *application/interpretation of the relevant legislation*, *i.e. privatization legislation and capital market legislation*, and NPG CO. Transelectrica SA is objectively unable to increase the share capital by the value of the 17 plots of land for which the Company has obtained the certificates of attestation of ownership and for which the expert JPA Audit și Consultanță SRL has established a fair value

c) Ongoing disputes

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

- AUTONOMOUS REGIE FOR NUCLEAR ACTIVITIES (RAAN)

In case file 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 reorganization plan of the debtor Autonomous Regie for Nuclear Activities proposed by the insolvency administrator Tudor&Asociatii SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

On 14.06.2016, the opening of bankruptcy proceedings against RAAN was ordered.

NPG CO. 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 creditors' list 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 time limit. 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, NPG CO. 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.

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

At the hearing of 03.10.2024, the court grants a term on 23.01.2025, and at this term of 23.01.2025 a new term is granted for **26.03.2025** for the continuation of the proceedings, namely for the collection of the claims, the valuation of the assets, and for the performance of the other liquidation operations.

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 Civil Section.

Subject matter of the case: Obligation of the undersigned to pay the total amount of 12.346.063,10 RON.

TMB Ruling Summary: Dismisses the claim filed by the plaintiff, Autonomous Regie for Nuclear Activities, against the defendant, National Power Grid CompanyTranselectrica SA, as unfounded. Dismisses as unfounded the parties' requests for the award of legal costs. With the right to appeal within 30 days from communication. The appeal must be filed with the Bucharest Tribunal – 6th Civil Section. Document: Ruling No. 777/24.06.2020.

RAAN filed an appeal, which was scheduled for hearing on 27.09.2021.

CAB Ruling: The appeal is upheld. Modifies the appealed judgment as follows: Upholds the claim. Orders the defendant to pay the plaintiff the amount of 12,346,063.10 RON, representing principal debt and penalties. With the right to appeal within 30 days from communication, to be filed with the Bucharest Court of Appeal, 6th Section. Pronounced by making the solution available to the parties through the court registry on 20.05.2024. Document: Civil Decision No. 806/20.05.2024.

NPG CO. Transelectrica SA filed an appeal, with no hearing date set.

b) Case No. 3694/3/2016 – Bucharest Tribunal – 6th Civil Section.

By the statement of claim, the plaintiff R.A.A.N. requested the undersigned to be ordered to pay the total amount of 15,698,721.80 RON. By the statement of defense, NPG CO. Transelectrica SA requested the court to dismiss the claim regarding late penalties and to acknowledge the legal set-off of reciprocal debts and their extinction up to the amount of the lower debt, specifically the total sum of 12.727.101,99 RON, representing the counter-value of the bonus for high-efficiency cogeneration electricity fed into the SEN for the period March – September 2015 and the regularization of pre-overcompensation for the period 01.01.2014 - 31.12.2014, as requested by the plaintiff in the statement of claim.

At the hearing on 11.06.2020, TMB Ruling Summary: Dismisses the statement of claim as unfounded. With the right to appeal within 30 days from communication. Document: Ruling No. 630/11.06.2020.

RAAN filed an appeal, which was upheld by the CAB.

CAB Ruling: The appeal is upheld. Completely modifies the appealed judgment as follows: Upholds the claim. Orders the defendant to pay the plaintiff the amount of 12.727.101,99 RON, representing the counter-value of the bonus and the regularization of pre-overcompensation for which invoices were issued as follows: Invoice series SRTF No. 1500031 of 24.04.2015, series SRTF No. 1500033 of 22.05.2015, series SRTF No. 1500036 of 22.06.2015, series SRTF No. 1521311 of 23.07.2015, series SRTF No. 1500041 of 17.08.2015, series SRTF No. 1500045 of 23.09.2015, series SRTF No. 1521339 of 26.10.2015, and series SRTF No. 1521282 of 8.04.2015, as well as the amount of 2,917,619.81 RON, representing late penalties related to the principal debt, for which invoices were issued as follows: Invoice series SRTF No. 1500059 of 31.12.2015 and series SRTF No. 1500060 of 31.12.2015. With the right to appeal within 30 days from communication. The appeal must be filed with the Bucharest Court of Appeal – 6th Civil Section. Pronounced today, 03.06.2024, and made available to the parties through the court registry. Document: Ruling No. 898/03.06.2024.

The case is currently at the appeal stage before the High Court of Cassation and Justice, with no hearing date set.

- 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 dates 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 920/26.05.2023.

A court date was set for 23.01.2025. At the hearing on 23.01.2025, the High Court of Cassation and Justice (ICCJ) dismissed the appeal filed by the appellant-defendant, the Romanian Court of Accounts, against Civil Judgment No. 920 of 26 May 2023 of the Bucharest Court of Appeal - Section VIII Administrative and Fiscal Litigation, as unfounded. Final.

Between January and July 2020, the Romanian Court of Accounts conducted an audit at all Territorial Transport Units of NPG CO. Transelectrica, and between 25.05-27.08.2020, the verification action continued at the company's executive headquarters.

The theme of the audit conducted by the Court of Accounts was "the control of the situation, evolution, and administration of the public and private patrimony of the state, as well as the legality of revenue collection and expenditure execution for the period 2017-2019" at NPG CO. Transelectrica SA.

After completing the audit regarding the administration of public and private state assets, as well as the legality of revenue collection and expenditure execution for the period 2017-2019, which was finalized on 06.10.2020, the Control Report No. 40507/06.10.2020 was issued, and on 09.11.2020, the Romanian Court of Accounts, through Department IV, issued Decision No. 15, which contained 10 measures, with a time limit for implementation by 31.05.2021. This deadline was extended by the Court of Accounts at the Company's request until 31.12.2021.

The Company filed objections and submitted Contestation No. 50090/26.11.2020, registered at the Court of Accounts under No. 139775/26.11.2020, requesting the annulment of the measures. As a result of the examination and analysis conducted by the auditors of the Court of Accounts, through Ruling No. 2 of 10.03.2021, one of the ten measures was annulled.

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

At the hearing on 10.12.2021, the Bucharest Court of Appeal dismissed the action filed by the claimant, the National Electric Energy Transport Company "Transelectrica" SA, against the defendant, the Romanian Court of Accounts, as unfounded. It also rejected the suspension request as unfounded. The decision was subject to appeal within 15 days of communication and to an appeal within five days regarding the suspension request; the appeal was to be filed with the Bucharest Court of Appeal.

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

At the hearing on 07.03.2024, the ICCJ dismissed the appeal filed by the claimant, the National Electric Energy Transport Company "Transelectrica" SA, against Judgment No. 1889 of 10 December 2021 of the Bucharest Court of Appeal - Section IX Administrative and Fiscal Litigation, as unfounded. Final. Pronounced on 7 March 2024 by making the decision available to the parties through the court registry.

- OPCOM

The Bucharest Court of First Instance has registered case file no. 22567/3/2019, which has as its object "claims", in which the Company was the claimant and OPCOM SA was the defendant.

Through the legal action, the claimant, NPG CO. Transelectrica SA, requested the court to order:

- The defendant OPCOM SA to pay the amount of 4.517.460 lei, corresponding to invoice series TEL 16 AAA No. 19533/29.07.2016, representing the VAT amount related to the contribution brought by NPG CO. Transelectrica SA to the share capital of OPCOM SA, issued based on Loan Agreement No. 7181RO/2003, commitment for financing the investment project "Electricity Market Project";
- The defendant OPCOM SA to pay the amount of 1.293.778,27 lei, corresponding to invoices TEL 19 T00 No. 17/28.01.2019 and TEL 19 T00 No. 131/10.07.2019, representing the statutory penalty interest calculated for the non-payment on time of invoice series TEL 16 AAA No. 19533/29.07.2016.
- The defendant OPCOM SA to pay the litigation costs.

At the hearing on 03.12.2021, the Bucharest Tribunal rendered the following brief decision: "Admits the exception of the statute of limitations. Dismisses the claim as time-barred. The decision can be appealed within 30 days of communication, to be submitted to the Bucharest Tribunal, Section VI Civil. Pronounced by making the decision available to the parties through the court registry on 03.12.2021. Document: Judgment No. 3021/2021 03.12.2021."

The Company filed an appeal.

At the hearing on 12.10.2022, the Bucharest Court of Appeal rendered the following brief decision: "Dismisses the appeal as unfounded. Orders the appellant to pay the respondent the amount of 11.325,21 lei as litigation costs. The decision can be appealed within 30 days of communication. Pronounced on 12 October 2022 by making the decision available to the parties through the court registry. Document: Judgment No. 1532/12.10.2022.

NPG CO. Transelectrica SA filed a recourse against Civil Decision No. 1532/12.10.2022 issued by the Court of Appeal, and the case was forwarded to the ICCJ, which ruled through Judgment No. 1640/19.09.2023 as follows: "Admits the main appeal filed by the appellant-claimant, the National Electric Energy Transport Company 'TRANSELECTRICA' S.A., and the incidental appeal filed by the appellant-defendant, the Operator of the Electricity and Natural Gas Market 'OPCOM' S.A., against Civil Decision No. 1532 of 12 October 2022, issued by the Bucharest Court of Appeal - Section V Civil, annuls it and remands the case for a new trial before the same court. Final."

Given the ICCJ's decision to annul and remand the case for retrial, the case was forwarded to the Bucharest Court of Appeal, with a new appeal/retrial hearing scheduled for 26.11.2024.

At the hearing on 26.11.2024, the court postponed the ruling to 18.02.2025. At the hearing on 18.02.2025, the Bucharest Court of Appeal dismissed the appeal as unfounded.

Orders the appellant-claimant (NPG CO. Transelectrica SA) to pay the respondent-defendant (OPCOM) the amount of 28,777.79 lei as litigation costs. With the right to file a recourse within 30 days of communication, to be submitted to the Bucharest Court of Appeal - Section V Civil.

The case file no. 24242/3/2021 was pending before the Bucharest Tribunal, in which the claimant is OPCOM S.A., and NPG CO. Transelectrica S.A. is the defendant.

(All amounts are in LEI unless otherwise indicated)

The object of this case is the annulment of the legal act—contribution in kind—materialized through intangible assets, specifically the "Trading Platform – Commercial Exchange and Regional Electricity Exchange," financed from loans contracted by NPG CO. Transelectrica S.A. from the International Bank for Reconstruction and Development (IBRD) under loan agreement no. 7181RO/17.07.2003, as well as from NPG CO. Transelectrica S.A.'s own funds, realized based on service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125, and P081406-O-C.300/2005, materialized through General Meeting of Shareholders Resolution no. 6/15.06.2016 and, subsequently, General Ordinary Meeting of Shareholders Resolutions no. 2/25.05.2017 and no. 7/24.05.2018.

At the hearing on April 11, 2022, the court raised for discussion the exceptions invoked by NPG CO. Transelectrica S.A. in its statement of defense. Additionally, at this hearing, the evidence proposed for administration in this case was discussed. The court postponed the trial to the scheduled hearing on November 22, 2022, for the administration of financial-accounting expert evidence to be conducted in this case.

After multiple postponements, the next hearing was set for June 27, 2023, due to the absence of the expert report. At the hearing on June 27, 2023, based on the Resolution of the General Assembly of Judges of the Bucharest Tribunal no. 4/20.06.2023, the court ordered the postponement of the case, setting the next hearing for October 10, 2023. The court further postponed the case to the scheduled hearing on November 7, 2023.

At the hearing on November 7, 2023, the court rendered the following decision:

"Requalifies the exception of inadmissibility as a substantive defense. Dismisses the statement of claim as unfounded. With the right to appeal within 30 days from the date of communication for the parties, the appeal shall be submitted to the Bucharest Tribunal, Section VI Civil. Pronounced today, November 7, 2023, pursuant to Article 396(2) of the Civil Procedure Code, by making the decision available to the parties through the court registry."

OPCOM filed an appeal, and the hearing date was set for September 12, 2024. At the hearing on September 12, 2024, the case was postponed to October 24, 2024, with the court ordering OPCOM to pay the outstanding judicial stamp duty corresponding to the value of the contribution in kind.

At the hearing on October 24, 2024, the court acknowledged that OPCOM S.A. had paid the outstanding judicial stamp duty, ordered the administration of the evidence proposed by the parties, and deferred the administration of the interrogatory evidence to be answered by Transelectrica S.A. at least five days before the scheduled hearing for this evidence, as proposed by OPCOM. The court postponed the hearing to December 5, 2024.

At the hearing on December 5, 2024, the Court of Appeal scheduled the next hearing for February 13, 2025, for document verification and submission of additional evidence. At the hearing on February 13, 2025, the pronouncement was postponed to March 13, 2025, with the decision to be made available to the parties through the court registry.

At the hearing on March 13, 2025, the Bucharest Court of Appeal dismissed the appeal as unfounded. Orders the claimant (OPCOM) to pay the amount of 179.550,57 lei to the state, representing the judicial stamp duty. With the right to file a recourse within 30 days from the date of communication, the recourse shall be submitted to the Bucharest Court of Appeal – Section V Civil.

CONAID COMPANY SRL

In 2013, Conaid Company SRL sued NPG CO. Transelectrica for its unjustified refusal to sign an additional act to the In 2013 Conaid Company SRL sued NPG CO. for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensations for the expenses incurred up to that date amounting to 17.419.508 Lei and for unrealised profits in 2013-2033 amounting to 722.765.000 EUR. To date the Company has not concluded an addendum to the connection contract because the suspensive terms included in the contract were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File 5302/2/2013 was found on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, and pertained to an obligation to issue anadministrative deed; law court stage – appeal and hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and set a hearing term of such appeals, for the main issue, on 08 April 2016. Panel 4 was entrusted to summon the parties.

Case judgement was deferred to 17.06.2016, when the court postponed pronouncement to 29.06.2016, when it pronounced Ruling 2148/2016 whereby it decided as follows: "It denies the exceptions invoked by the recurrent-Plaintiff SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested conclusion

and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the Plaintiff's case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other ruling provisions as regards the Plaintiff's suit against the National Regulatory Authority in the Energy domain. It denies the appeals filed by Plaintiff SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica

(All amounts are in LEI unless otherwise indicated)

SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final". It was pronounced at public hearing on 29 June 2016.

The file was registered under no. 12107/3/2017 on the docket of Bucharest Tribunal. The Tribunal's civil sentence 4364/23.11.2017 admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request on the Plaintiff's behalf. Appeal right granted within 30 days from notification. The appeal was filed to the Appeal Court Bucharest, Section VI Civil and the court clerk office notified it on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil new summons were filed by Conaid Company SRL under file 36755/3/2018, by which the Plaintiff requested the court to compel Transelectrica SA to "repair the prejudice caused to the Plaintiff as a result of the defendant's culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100.000 EUR. Taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the Plaintiff's obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms".

On the 15.10.2019 term it denied as groundless the exceptions of absence of active processual capacity and absence of interest. It joined the exception of prescription to the main issue; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties' disposal by means of the court clerk.

It established the term on 26.11.2019 to continue investigating the case and summon the parties; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties' disposal by means of the court clerk.

It was deferred in order to bring the expertise evidence and a new term was established on 21.01.2020.

On 21.01.2020 the case was deferred provide the expertise and the next term was established on 31.03.2020.

On the 31.03.2020 term the settlement in brief was: Lawfully suspended according to article 42 para 6 from the Decree 195/2020 of Romania's president instituting the emergency state on Romanian territory, during the entire emergency period. After several adjournments, the next trial date is set for 28.09.2022, in order to administer the expert evidence.

On September 28, 2022, the case is adjourned for failure to reply to the objections and the next date is set for December 7, 2022.

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

On 03.05.2023, the case is adjourned to take cognizance of the reply to the objections and the next date is set for 09.13.2023. Set a date for trial on 06.12.2023.

On 06.12.2023, the Bucharest Tribunal remained in pronouncement, postponing the judgment to 20.12.2023, then to 03.01.2024 when it ordered the following: "Rejects the request for an increase in the expert's fees, made by exp. Chirilă Adelaida Adriana Adriana, as unfounded. Admits the plea of prescription of the substantive right to bring proceedings, raised in the statement of claim. Dismisses the claim as time-barred. With appeal within 30 days of communication. The appeal shall be filed with the Bucharest Tribunal, Section VI Civil. Pronounced by making the solution available to the parties by the court clerk, today, 03.01.2024.

Conaid Company SRL filed an appeal, the term for judgment set on 27.03.2025.

- REŞIŢA 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.

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

On the hearing term of 25.10.2019 the exception is admitted of territorial incompetence of Bucharest Tribunal. It declined the settlement competence of this case in favour of Caras-Severin Tribunal. It ascertains the occurrence of a negative competence conflict between Bucharest Tribunal and Caras Severin Tribunal. It suspended the case and referred the file to the High Court of Cassation and Justice, in order to settle the negative competence conflict. No appeal was granted. Ruling 2376/25.10.2019. The judgment will be delivered by making the judgment available to the parties through the court registry. Judgment 2376/25.10.2019.

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

At the hearing 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 NPG CO. Transelectrica SA, setting a new term of the case for 22.03.2021.

At the hearing of March 22, 2021, the summary judgment is: Suspends the judgment on the claim filed by the plaintiff Municipality of Resita, through the Mayor, against the defendant National Company for the Transmission of Electric Energy

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"Transelectrica" SA, having as its object claims, pursuant to art. 413 paragraph (1) item 1 C.pr.civ. With appeal, while the suspension of the course of the trial lasts, to the higher court.

The suspension of the judgment of the case was ordered until the final resolution of case file no. <u>3154/115/2018* of the Caras Severin Court.</u>

At the hearing of 19.01.2023, the solution in brief is: Rejects the plea that the application is out of time as the defendant does not have standing to invoke the method of establishing the stamp duty. Rejects the plea that the application to amend the application for the summons is out of time. Postpones the discussion of the exception of the positive effect of res judicata until the deadline for the filing in full of the decision of the High Court of Cassation and Justice in case file no. 3154/115/2018**. Adjourns the ruling on the requests for evidence consisting of the defendant's cross-examination and the accountant's expert's report. The case is adjourned and judgment is set for 02.03.2023.

At the hearing of 02.03.2023, the summary judgment is as follows: suspends the judgment on the application filed by the plaintiff Municipality of Reşiţa, against the defendant National Company for the Transmission of Electricity "Transelectrica" SA, in respect of claims. The court ordered the resumption of the trial and set a date for 16.11.2023. The judgment was set for 22.02.2024.

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

At the hearing of 06.06.2024, the court rejects the request for postponement made by the plaintiff Municipality of Resita, postpones the judgment of the case, due to the absence of the expert's report to the date of 27.06.2024 for when the parties have term in knowledge under art. 229 Civil Proced. Code through the representatives of the parties.

At the hearing 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 National Power Grid Company "Transelectrica" SA. Orders that a copy of the explanations submitted by the applicant, Municipiul Reşiţa, in response to the expert's request, be communicated to the expert. Postpones the judgment 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 through their representatives.

At the hearing on 19.09.2024, the court granted the plaintiff's request for an adjournment of the case and ordered that a copy of the expert's report be communicated to the plaintiff. Postpones the discussion of the final fee for the expert's report until both parties have studied it. Postpones the hearing of the case, in view of the absence of the expert's report, to 10.10.2024, when the parties shall have a term of notice pursuant to art. 229 of the Code of Civil Procedure, through their representatives.

On 10.10.2024, the court orders the plaintiff and the defendant to pay 1,000 lei each in expert fees. It orders an additional expert's report to be carried out:

- to calculate the statutory penalty interest by reference to the amount of 2,129,765.86 lei, representing the annual rent charged by the claimant and not to the amounts calculated by the expert as rent for temporary occupation of land in the national forest fund:
- to eliminate the calculation of the statutory penalty interest for 2017, since it is not the subject-matter of the claim;
- eliminating the calculation of the legal penalty interest for 2015 and 2016;
- calculating the rent for the period 28.09.2016-30.03.2018 by reference to the amount of 2.129.765,86 representing the annual rent and the legal penalty interest by reference to the amount of 2.129.765,86, representing the annual rent charged by the claimant and not to the amounts calculated by the expert as rent for the removal of land from the national forest fund.

Orders that a copy of this judgment be communicated to the expert. Fixes the date for the expert's report for 12.12.2024. At the time-limit of 12.12.2024, the court grants a further time-limit for the parties' representatives to study the supplementary expert's report and to lodge any objections. The case is adjourned until 27.02.2025.

At the hearing of 27.02.2025, the court dismisses the plea of prescription of the right to bring an action regarding the claims consisting in the rent for 2015 and the plea of lateness of the filing of the amendments to the action, pleaded by the defendant National Power Grid Company "Transelectrica" S.A. It qualifies the plea of res judicata as a substantive defense relating to the positive effect of res judicata. Dismisses the application brought by the defendant Municipality of Reşiţa against the defendant National Power Grid Company 'Transelectrica' S.A. With right of appeal within 30 days of communication.

• SMART SA

File no. 15561/3/2022, registered with 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 lei, 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 hearing of 23.03.2023, a trial date of 15.06.2023 is set the expert's report.

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

At the hearing of 17.10.2024, in order to take cognizance of the expert's report, adjourned the case to 23.01.2025.

At the hearing of 23.01.2025, the court adjourned the case to 15.05.2025 in order to settle the dispute amicably.

- ANAF

In 2017, the general tax inspection started at Transelectrica SA headquarters on December 14, 2011, which covered the period from December 2005 to December 2010, was completed.

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The general tax inspection started on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA.

Following the completion of the inspection, ANAF - DGAMC established additional tax obligations to be paid by the Company, namely income tax and VAT, as well as accessory tax obligations (interest/late payment increases and late payment penalties) related to the technological 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 totaling 99.013.399 lei, ANAF - DGAMC established additional tax obligations to be paid by the Company, in the amount of 35.105.092 lei, as well as accessory tax obligations (interest/ late payment increases and late payment penalties), in the amount of 63.908.307 lei.

Mainly, ANAF's tax inspection report recorded the following additional payment obligations: income tax in the amount of 13,726,800 lei, 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 June 26-27, 2009, at the work point in the Millenium Business Center building at 2-4 Armand Călinescu Street, sector 2, where the Company was operating), documents with special regime.

These invoices were the subject of a dispute with ANAF, which issued a tax inspection report on September 20, 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 were executed.

The company has requested the annulment of the enforceable title no. 13540/22.08.2017 at the Court of Appeal - file no. **7141/2/2017**. Solution in short: Admit the objection of lack of subject matter jurisdiction of the Bucharest Court of Appeal - SCAF. Declines in favor of the Sector 1 Bucharest District Court. No appeal. Pronounced in public session on 08.02.2018. Document: Decision no.478/2018 of 08.02.2018.

Following the declination of jurisdiction, the case file no. **8993/29999/2018** was registered on the District Court of Sector 1, by which the Company challenged the enforcement of execution initiated on the basis of the 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 NPG CO. Transelectrica SA, the decision being received on 16.03.2018, after the filing of the lawsuit that is the subject of the file no. 1802/2/2018.

Operative part of the judgment On the basis of Article 413 para. (1) item 1 of the Civil Procedure Code suspends the judgment until the final resolution of case file no. 1802/2/2018, pending before the Bucharest Court of Appeal, Section VIII Administrative and Tax Disputes. With appeal for the entire duration of the suspension, the appeal application to be filed at the District 1 Bucharest District Court. Delivered in open court - Document: Incheiere - Suspendare 17.04.2018.

The hearing of the case was resumed and at the hearing of 10.10.2024, for the communication of the documents submitted on file by the appellant to the respondent, the hearing of the case was adjourned to 21.11.2024 and thereafter the term of 06.03.2025 for the hearing of the case. On 06.03.2025, the court adjourned the case until **17.04.2025**.

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

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

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

On 30.07.2020, the case was reinstated for further clarifications.

At the hearing of 20.10.2020, the application was partially admitted with the following brief solution: the pending applications were partially admitted, Decision No 122/13.03.2018, regarding 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, to the effect that: - it removes the obligation to pay income tax in the amount of RON 18.522.280, VAT in the amount of RON 5.694.636 and the tax accessory charges related to these main tax liabilities in the amount of RON 48.436.653, tax liabilities established for the 349 tax invoices with special regime found to be missing from the management of the applicant. - Removes the non-deductibility for the purposes of calculating taxable profit of the sum of RON 27.001.727, representing system technology services invoiced by the energy suppliers, which were considered non-deductible following the tax inspection, and the obligation to pay the principal and ancillary tax claims in respect of that sum. - removes the nondeductibility from the calculation of taxable profit of the amount of 343.629,91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the non-deductibility from the calculation of taxable profit of the amount of 230.685.491 lei, 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 lei, corresponding to the amount of 343.629,91 lei, 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 relating to the amount of RON 230.685,49, representing expenditure on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the mention of the obligation of the Sibiu Transmission Branch of NPG CO. Transelectrica S.A to register the amount of 576,846.80 lei as taxable income, at the latest on 30.06.2010, the date on which the registration of the audited entity in the creditors' estate with this amount was accepted, the mention relating to the character of taxable income for the calculation of the profit of the amount of 576,846.80 in accordance with the provisions of art. 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 income tax, respectively chapter VII on the function of the accounts of Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in compliance 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 regarding the "determination of the deductible value added tax lower than that recorded by the plaintiff, thus resulting in a difference in the amount of 13,141 lei" (Annex no. 15) and the obligation to pay the principal and ancillary tax claims in respect of 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 Settlement of Appeals. 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 12.07.07.2017, 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, in the remainder, the pending claims as unfounded. Dismisses as unfounded the application for an award of costs consisting of the court stamp duty. Orders the defendants, jointly and severally, to pay to the plaintiff the costs in the amount of 4,000 lei, representing the fee for the expert's report in the field of accounting and taxation, in proportion to the admissibility of the claim. With the right to appeal within 15 days from the date of communication, the appeal to 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 claim.

At the hearing on 24.05.2022, the CAB rejected as unfounded the request for clarification and for the supplementing of the operative part. Admitted the request for correction 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, be stated as correct. orders the correction of the clerical error so as to remove the erroneous name of the applicant from the contested judgment. Appeal lodged within 15 days of service.

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

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

- ✓ Admit the appeals filed by the plaintiff National Power Grid Company "Transelectrica" 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 October 20, 2020, delivered by the Bucharest Court of Appeal Section VIII Administrative and Tax Litigation.
- ✓ Partially quashes the judgment under appeal and, on appeal: Dismisses the application for annulment 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 in respect of:
 - withholding the non-deductibility of expenses in the amount of 343.629,91 lei, representing "weed removal services" and the related VAT;
 - to withhold 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 sanctioning 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 ordered to pay at the amount of 6000 lei, representing the fee for the expert's report in the field of accounting-tax expertise.
 - ✓ Upholds the other provisions of civil judgment No 382 of October 20, 2020.
- ✓ Admit the appeals filed by the plaintiff National Power Grid Company "Transelectrica" S.A. and by the defendant Direcţia Generală de Administrare a Marilor Contribuabili against the civil judgment no.134 of May 24, 2022, rendered by the Bucharest Court of Appeal Section VIII Administrative and Tax Litigation. Partially quashes civil judgment no. 134 of May 24, 2022 and,

rejudging:

- ✓ Admit in part the request for clarification and completion of the operative part of the civil judgment no. 382 of October 20, 2020, filed by the plaintiff National Power Grid Company Transelectrica S.A.
 - ✓ Orders the following to be added to the operative part of civil judgment no.382 of October 20, 2020:
 - Annuls also the 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 was annulled;
 - annuls the main 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;
 - Annuls the tax administrative tax acts regarding the non-deductibility of expenses with SMART's share of benefits.
- ✓ Strikes out the entries relating to the amounts of corporation tax and ancillary tax annulled in respect of the 349 tax invoices in both the judgment correcting the substantive error and the main judgment.
 - ✓ Maintains the other provisions of the civil judgment no.134 of May 24, 2022.
- ✓ Orders the appellants defendants to pay to the appellant plaintiff National Power Grid Company "Transelectrica" S.A. the amount of 200 lei, representing the costs of the appeal.

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

Civil judgment no. 6169/2023, rendered on December 20, 2023, by the ICCJ - Administrative and Tax Litigation Section, was communicated to the Company on May 15, 2024.

- OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g. Total Electric Oltenia SA, Autonomous Regie for Nuclear Activities, Energy Holding SRL, UGM Energy Trading SRL, CET Bacău, CET Govora, Nuclearelectrica, ,CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL, PET Communication, ISPE, Grand Voltage SRL, EXPLOCOM GK SRL and others).

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

The Company is also involved in litigation with former members of the Directorate and the Supervisory Board in respect of the contracts of mandate entered into between the Company and them. The Company has made a provision for these disputes.

d) Guarantees

At December 31, 2024 and December 31, 2023, guarantees are as follows:

	2024	2023
Guarantees granted, of which:	537.109.169	553.783.587
- letters of guarantee granted - production	157.285.826	160.144.227
- letters of guarantee granted - investments	29.823.343	43.639.360
- other guarantees granted	350.000.000	350.000.000
Guarantees received, of which:	821.958.681	854.875.690
- letters of guarantee received - production	327.365.637	395.893.645
- letters of guarantee received - investments	446.736.910	411.182.911
- other guarantees received	47.856.134	47.799.134

Guarantees granted

The Company is obliged, according to the Operating License no. 161/2000 for the provision of electricity transmission service, as well as system balancing services, granted by ANRE's President Decision no. 865/22.12.2000, with subsequent amendments and additions, to constitute and maintain a financial guarantee of 1% of the turnover associated with the activities authorized by the license, for the last financial year, which ensures the continuity of the activities covered by the license, taking into account the major risks that may affect these activities and covering any damages claimed under the contractual provisions. In order to comply with this obligation, on 01.02.2022, the Company entered into a credit agreement with Banca Comercială Română with the purpose of granting a ceiling for the issuance of bank letters of guarantee in the amount of 23.268.228 with validity in the period from 01.01.2022 to 31.12.2022.

On 24.11.2022, was concluded additional act no. 1 to the credit agreement concluded with Banca Comercială Română with the purpose of granting a ceiling for the issuance of letters of guarantee, increasing the amount of the ceiling to 37.026.292 and extending the validity until 31.12.2023.

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On 18.12.2023, additional act no. 2 to the credit agreement concluded with Banca Comercială Română was concluded, having as object the granting of a ceiling for the issuance of letters of guarantee, increasing the amount of the ceiling to 59.014.281 and extending its validity until 31.12.2024.

On 24.12.2024, the addendum no. 3 to the credit agreement concluded with Banca Comercială Română was concluded, having as object the granting of a ceiling for the issuance of letters of guarantee, whereby the amount of the ceiling was decreased to 46.314.080 and the validity was extended until 31.12.2025.

The other guarantees granted are mainly bank letters of guarantee issued for the purchase of electricity to cover the Own technological consumption (OTC) on the centralized markets administered by OPCOM - the Centralized Market for Bilateral Contracts for Electricity - the extended auction trading mode and the use of products ensuring trading flexibility (PCCB-LE-flex), the trading modality by continuous trading (PCCB-NC), the Centralized Market with continuous double trading of bilateral electricity contracts (PC-OTC), the Day-Ahead MArket (DAM) and the Intra-day Market (PI), as well as commitments/guarantees granted in relation to ongoing loan contracts for investment activity.

Other guarantees given represent the assigned contracts to guarantee the credit lines contracted for the support scheme for cogeneration and working capital

Guarantees received

The guarantees received are mainly represented by bank letters of guarantee of good payment related to contracts concluded on the electricity market, balancing, high efficiency cogeneration, letters of guarantee of good execution, letters of guarantee of advance payment/good execution related to investment contracts and other guarantees received under contracts financed from the connection fee.

e) Revaluation reserves at December 31, 2024

As of December 31, 2024, the revaluation reserves (net of tax) amounted to 1.514.138.168 (as of December 31, 2023 in the amount of 1.634.711.533).

Starting with May 1, 2009, reserves from the revaluation of fixed assets, including land, carried out after January 1, 2004, which are deducted in the calculation of taxable profit through tax depreciation or expenses related to assets disposed of and/or scrapped, shall be taxed at the same time as the deduction of tax depreciation, respectively at the time of the disposal of these fixed assets, as the case may be.

The realized reserves are taxable in the future, in the event of a change of destination of the reserves in any form, in the event of liquidation, merger of the company, including its use to cover accounting losses, except for the transfer, after May 1, 2009, of the reserves mentioned in the previous paragraph.

f) Tariff for electricity transmission and system service

The electricity transmission tariff is set based on a "revenue cap" regulatory methodology. Through this, ANRE sets an initial annual target revenue calculated by adding together the regulated costs and the regulated return on recognized assets. Certain costs included in the regulated cost base are subject to efficiency requirements that limit the level of costs that can be recovered through the regulated tariff (controllable operating and maintenance costs, own technological consumption). The set of annual target revenues calculated for a regulatory period is re-profiled through a linearization procedure in order to mitigate possible large increases/decreases in revenue from one tariff year to the next. The revenue thus reprofiled is adjusted annually by the consumer price index.

Certain changes to the pricing mechanism may have a significant impact on the recovery of the regulated depreciation of fixed assets included in the regulated asset base.

The year 2024 is the fifth in the series of five consecutive years that make up the fourth multiannual tariff regulation period for the transmission of electricity (January 1, 2020 - December 31, 2024). The main coordinates of the fourth regulatory period have been established by ANRE on the basis of the specific regulatory framework, namely the methodology for setting the tariff for the activity of electricity transmission, approved by ANRE Order No. 171/2019, as amended and supplemented. Compared to the previous forms of the methodology on the basis of which the tariffs were set in the third regulatory period (July 1, 2014 - June 30, 2019) and in the transition period from the third regulatory period to the fourth regulatory period (July 1, 2019 - December 31, 2019), the methodology applicable to the setting of tariffs in the fourth regulatory period has not undergone substantial changes.

As regards the fundamental aspects of the methodology (the main elements that make up the regulated income and how it is formed, the recovery of operating costs, the recovery and remuneration of capital invested in regulated assets, the presence and nature of incentive elements, the way in which the regulated income is collected), they have remained unchanged ensuring continuity and predictability of the regulatory framework. The detailed tariff settings for the entire multi-year regulatory period IV were initially set during 2019.

During 2020, in accordance with the above mentioned methodology, a revision of the previously approved period coordinates took place. This revision was also necessary in view of the modification of the tariff configuration in order to merge the tariff for the transmission activity with the tariff for the functional services component of the system services activity. The merger of these two tariffs took place by absorbing into the transmission tariff the tariff for the functional services component of the system services activity. Thus, it was necessary to revise the initial starting settings (Regulated Assets Base) and the approved cost scheduling for the horizon of the fourth regulatory period in order to include the assets and costs related to the system functional services activity in the starting settings and in the multiannual scheduling of the fourth regulatory period. Previously, the cost schedule for system functional service activity costs was reviewed and set annually upon approval of the tariff for system functional services, as the previous methodology did not provide for the setting and approval of a multiannual schedule for these costs.

In addition to the merging of the two aforementioned tariffs presented above, the revision of the coordinates of the regulatory period IV also included some elements initially approved for the transmission activity, such as the investment plan (revised slightly downwards to correct a technical error made when initially setting the schedule - the schedule values were initially reported in nominal terms, for scheduling purposes it was necessary to adjust the values initially reported by extracting estimated inflation for the regulatory period), the value of the Regulated Assets Base as of January 1, 2020 (revised based on investments actually made in the second half of 2019), the starting point and required efficiency slope for controllable operating and maintenance costs subject to efficiency (the starting point was revised by including in the multi-year historical average the costs realized in the second half of 2019 and by removing from the multi-year historical average certain costs that were reclassified to non-controllable costs in the fourth regulatory period, the efficiency slope was reduced from 1.5% to 1.0%), the forecast price for the purchase of electricity to cover technical losses in the transmission network (revised by indexing to inflation realized in the second half of 2019).

In the context of the significant increase in electricity prices on the wholesale markets from the summer of 2021, a series of measures have been implemented in the legislative and regulatory framework to mitigate the significant impact of this development on the costs incurred by the operators of public electricity transmission and distribution networks with the purchase from the wholesale market of the energy necessary to cover their own technological consumption in the networks:

- in accordance with the regulatory framework issued by ANRE, when setting the transmission tariff that entered into force on January 1, 2022, the revenue component included in the tariff intended to cover the costs of energy purchase to cover own technological consumption in the transmission network was increased, compared to the value initially set for 2022 in the multiannual programming of costs for the regulatory period 2020-2024;
- In accordance with the legislative framework (GEO no. 27/2022), on April 1, 2022, the electricity transmission tariff was modified in an increasing direction compared to the period January 1 March 31, 2022, with extended applicability to the first quarter of 2023. The purpose of this tariff increase was to ensure the Company's recovery of the deficit recorded in 2021 between the revenue included in the tariff and the actual cost of electricity purchased on the wholesale market to cover its own technological consumption in the transmission network. This measure brought forward the deficit recovery process in 2021, which according to ANRE regulations would have been realized one year later, i.e. in 2023;
- in accordance with the legislative framework (GEO no. 119/2022), the measure of capitalization of the additional costs of own technological consumption was introduced, i.e. the difference between the cost realized and the cost included in the transmission tariff. Thus, when establishing the transmission tariff applicable in the period April 1, 2023 December 31, 2023, the component related to the additional costs with OTC was the main element that led to the increase in the average electricity transmission tariff compared to the period April 1, 2022 March 31, 2023. The recovery through the transmission tariff of this difference is to be realized in a phased manner over a five-year period. For the difference capitalized in the year 2022, the recovery through the transmission tariff will be realized in the period 2023-2027. By Law No 357/13.12.2022 approving GEO No 119/2022, the capitalization measure was extended for the period 1 January 2022 31 March 2025.

The cumulative effect of the above-mentioned measures was to balance the Company's revenues and costs, as the Company's own technological consumption costs increased significantly amid the large increase in electricity prices on wholesale markets. At the same time, the three transmission tariff increases, applied on January 1, 2022, April 1, 2022, April 1, 2023 and January 1, 2024, also contributed to reducing the pressure that the increased costs exerted on cash flows.

Electricity transmission	u.m.	Tariff in force from January 01, 2024	Main component - in force from January 01, 2024	Additional OTC costs component - effective January 01, 2024	* *		Additional OTC costs component - in the period April 01 - December 31, 2023	Difference (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(3)/(6)

Average tariff	Lei/MWh	31,67	30,41	1,26	31,20	28,61	2,59	1,51%
TGp (main grid injection subcomponent)	Lei/MWh	3,82	3,35	0,47	4,04	3,35	0,69	
TL (net extraction component)	Lei/MWh	27,72	26,94	0,78	27,44	25,50	1,94	

TGT sub-component on OTC for additional transits of electricity from 110 kV electricity grids

By ANRE President Order no.109/2023, the sub-component of the TGT regarding the OTC related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the share assigned to electricity producers that own power plants with installed capacity exceeding 5 MW and that introduce electricity into the grid area of the concessionary distribution operator, valid from January 01, 2024, as per the table below:

Economic operator	Activity	Tariff from January 01, 2024 (lei/MWh), of which:
National Electricity Transmission	TGT sub-component relating to the OTC for additional transits of electricity from the 110 kV electricity grids, corresponding to the share allocated to electricity producers that own power plants with an installed capacity of more than 5MW and that introduce electricity into the grid area of the concessionary distribution operator Distribuție Energie Oltenia S.A	2,53
Company "Transelectrica" - S.A	TGT sub-component regarding the OTC related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the share attributed to electricity producers that own power plants with an installed capacity of more than 5MW and that introduce electricity into the grid area of the concessionary distribution operator Retele Electrică Dobrogea S.A. (previous name E - Distribuție Dobrogea S.A.)	3,95

In accordance with the applicable regulatory framework, the costs of OTC caused by additional transits of energy in the networks of the concessionary distribution system operators at the 110 kV voltage level are recovered by the concessionary distribution system operators from the transmission system operator and from the electricity generators through the transmission system operator, in shares established in proportion to the quantities of electricity injected into the distribution networks by the transmission system operator and by the electricity generators owning and operating plants connected to the respective distribution networks. The transmission system operator pays to the distribution system operators both its own share (considered as transmission cost) and the producers' share (for which the transmission system operator intermediates the cash flow between the producers and the distribution system operators). The transmission system operator recovers the amounts paid to distribution system operators corresponding to the producers' share from producers owning power plants with an installed capacity of more than 5MW connected to the respective distribution networks, by applying the newly introduced subcomponent in the structure of the injection transmission tariff, i.e. the TGT.

Tariff for the system service

By ANRE Orders no. 116/2023, no. 15/2024 and no. 57/2024, the tariff for the purchase of system services practiced by NPG CO. Transelectrica SA and valid for the periods:

- January 01 May 31, 2024;
- June 01 August 31, 2024;
- September 1 December 31, 2024.

The tariff values applied in 2024 are shown in the table below:

		Tariff applied	Difference	Tariff applied	Difference	Tariff applied	Difference
		from January	(%)	from June 01 -	(%)	from	(%)
System		01 - May 31,		August 31,		September 01	
Service	u.m.	2024		2024 ANRE		to December	
Service		ANRE Order		Order 15/2024		31	
		116/2023				2024	
						ANRE Order	
						57/2024	

(All amounts are in LEI unless otherwise indicated)

(1)	(2)	(4)	(5)=(4)/(3)	(6)	(7)=(6)/(4)	(8)	(9)=(8)/(6)
Average tariff	lei/MWh	9,17	38,1%	12,84	40,02%	11,51	-10,36%

The main elements that led to the increase in the tariff applied from January 1 to May 31, 2024 are:

- Increased costs for purchasing system services;
- Decrease negative correction;
- Decrease in chargeable quantity.

The positive and negative adjustments of the tariff in the period June 1 - December 31, 2024, were made based on the fulfillment of the provisions of Art.22 and Art.23 of the *Methodology for establishing the tariff for the purchase of system services*, approved by ANRE Order no.116/2022. The aforementioned articles provide as follows:

- Art.22 In order to avoid the subsequent recording of a significant level of corrections due to changes in the purchase prices and/or the quantities of system services purchased referred to in Article 2, the TSO shall calculate, for the first quarter and for the first semester of a tariff period t-1, respectively, the difference between the revenues and costs realized and those forecast, plus the amount of the unpaid corrections related to the previous period/periods, and shall submit the calculation to ANRE on May 1 and August 1 of the year t-1, respectively;
- Art.23 If the TSO finds that the value determined in accordance with the provisions of Article 22 shows a variation of more than "5% of the forecasted revenues for the same period, it is obliged to submit to ANRE the request for revision of the tariff for the purchase of system services, which shall include the value determined in accordance with the provisions of Article 22, valid until the end of the tariff periods.

Thus, following the interim verifications at the end of the first quarter and first semester of 2024 of the situation of costs and revenues related to the system services activity, ANRE adjusted accordingly the tariff amount for the period June 01 - December 31, 2024.

(g) Contingencies

At December 31, 2024, **contingent liabilities** totaled 55.650.510 RON. These relate to disputes involving claims for additional costs incurred as a result of the increase in the minimum construction wage for investment contracts, of which we list the most significant:

• Case no. 25896/3/2020 - plaintiff Electromontaj Bucharest (37.033.592)

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) - Resita.

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 Cojocaru Mihaela Cojocaru 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 term for 13.09.2024.

At the term of September 13, 2024, 2024, grants the appellant-claimant a term of November 8, 2024, to pay the difference in the court stamp duty assessed against the appellant-claimant. Forwards the case file to the panel competent according to law to deal with the appellant-claimant's request for recusal of the 11th Appellate Panel, pursuant to Article 50(1) of the Code of Civil Procedure.

On 06.12.2024, the Court of Appeals dismisses the appeal as unfounded, dismisses the Appellant-Claimant's motion for costs on appeal as unfounded, final.

The ICCJ ordered the transfer of the case to the CA Craiova and the annulment of the CAB decision.

• Case No 30801/3/2021 - Complainant Romelectro (2.271.075)

The file 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*.

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

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 hearing of 27.05.2024, the solution in brief: Dismisses the request of the defendant Transelectrica 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 October 18, 2024.

At the term of October 18, 2024, the case is adjourned to 10.01.2025 for lack of expert's report. At the term of 10.01.2025, the court sets a term for the communication of the expert's report on **04.04.2025**.

• Case no. 8193/3/2022 - complainant Tempos Sev (2.437.253)

The file concerns claims representing claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kV Hăşdat station

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 hearing of 14.06.2024, the solution in brief: In the absence of the expert's report, the case is adjourned to 18.10.2024.

At the term of October 18, 2024, adjourned the case to 13.12.2024 for lack of expert's report. At the term of 13.12.2024, the court adjourned the case to **21.03.2025** for the drawing up of the expert's report on the basis of the documents before it.

• Case No 8442/3/2022 - Complainant Tempos Sev (1.429.832)

The file concerns claims representing claims - GEO no. 114/2018 for contract C80/2018 - Refurbishment of 220/110kV Hăşdat station.

Notes to the financial statements for the year ended December 31, 2024 (All amounts are in LEI unless otherwise indicated)

At the term of 16.09.2022, the plea of joinder is allowed. Refers the case back to the panel first responsible for dealing with case no. 8193/3/2022, namely the 12th Merits panel, with a view to joining case no. 8442/3/2022 to case no. 8193/3/2022. Appealed together with the merits. Pronounced today, 16.09.2022, by the court registry, which made the judgment available to the parties. Document: Final judgment (divestiture) 16.09.2022.

Following the joinder of case no. 8442/3/2022 to case no. 8193/3/2022, presented above, the issues at issue will be examined in the first case (8193/3/2022).

• Case nr. 8440/3/2022 - complainant Tempos Sev (2.437.253)

The file concerns claims representing claims - OUG 114/2018 for contract C80/2018 - Refurbishment of 220/110kV Hăşdat station.

At the hearing of 13.09.2022, the case was adjourned to 08.11.2022, in order to administer the evidence.

At the hearing on 08.11.2022, the case is adjourned

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

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

After several adjournments, at the term of 11.06.2024, the short solution: For the taking of the evidence of the expert construction, adjourn the case to 10.12.2024

Due to the absence of the expert's report, the court adjourns the case to 02.09.2025.

• Case 4478/118/2024 - complainant Pet Communication (3.093.206)

The case concerns the non-existence of the right of the defendant NPG CO. Transelectrica SA to invoice penalties for exceeding the execution time for the main stages 2 and 3 of the contract no. C45/23.02.02.2021.

At the term of 08.08.2024, in order to administer the proposed evidence, adjourned the case to 07.11.2024.

After several adjournments, due to the absence of the expert's report, the trial is set for 03.04.2025.

• Case no. 6580/117/2024 - plaintiff Electrogrup SA from Cluj (2.759.855)

The case concerns the execution of a procurement contract, namely:

- 1. To oblige Transelectrica to conclude an addendum to the Works Contract no. C5 of May 19, 2021, having as object the extension of the contractual duration with the days of delay resulting from the execution of the contract that are not the Executor's fault, provisionally estimated at 616 days;
- 2. Order Transelectrica to reimburse the amounts paid by way of penalties on the basis of Invoices No. 114 of March 29, 2024 (paid by Payment Order No. 13065/25.06.2024) and No. 296 of June 25, 2024 (paid by Payment Order No. 15424/23.07.2024) issued by the defendant, in the total amount of 2.164 as undue payment, plus the legal interest due from the date of their payment until the date of restitution, (i) primarily, as a result of the defendant being obliged to conclude an additional act to the Works Contract no. C5 of May 19, 2021, having as its object the extension of the contractual duration by the days of delay resulting from the execution of the contract which are not the fault of the Performer and (ii) in the alternative, as a result of the finding that the days of delay imputed by Transelectrica are not the fault of the Performer;
- 3. Obliging Transelectrica to pay damages, representing the damage suffered by the plaintiff due to the delays, provisionally estimated at 596.

At the term of 14.02.2025, the court adjourned the case until 14.03.2025.

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 September 04, 2023, the Court of Auditors of Romania, through Department IV carried out a compliance audit at NPG CO. Transelectrica SA. The scope of the audit was:

a) contracting and procurement;

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

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

Following the completion of the audit mission, Department IV of the Court of Auditors of Romania issued the *Compliance Audit Report of NPG CO. Transelectrica SA no. 6000/23.01.2025* and the *Letter to the management no. 60001/23.01.2025*, which established a number of 17 findings with a deadline for implementation April 30, 2025.

In light of these findings, the Company's management has ordered an internal review which is ongoing.

29.

(All amounts are in LEI unless otherwise indicated)

i) Subsidiaries owned by the Company

AFFILIATED PARTIES

Entity	Country of origin	December 31, 2024 % of shares	December 31, 2023 % of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA *)	Romania	-	-
OPCOM SA	Romania	97,84	97,84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA **)	Romania	-	-

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

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

SMART SA

The company SMART SA, with registered office at B-dul Magheru, no. 33, sector 1, Bucharest, and with head office at the working point at B-dul Gheorghe Şincai, no. 3, "Formenerg" Building, 1st floor, sector 4, Bucharest, whose main object of activity is to perform maintenance works for the transport-dispector system, was established by HG no. 710/19.07.2001 on November 1, 2001.

The Extraordinary General Meeting of the Shareholders of S Smart SA approved with Resolution no. 14/10.12.2014 the capital increase of S Smart SA by contribution in kind with the value of the land for which the certificate of attestation of ownership was obtained.

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

As of 25.01.2016, the National Office of the Trade Register of Commerce 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, according to art. 10 of GEO no. 86/2014, amended and updated.

Thus, on December 31, 2024, the share capital of SMART SA is 38.528.600, divided into 3.852.860 registered shares, each share having a value of 10 lei, fully subscribed and paid in by the Company.

• TELETRANS SA

The company TELETRANS SA with registered office in BUCHARAREST, no. 16 - 18, sector 3, Bucharest and with its head office at the working point in Stelea Spătarul Street no. 12, sector 3, Bucharest has as its main object of activity process and managerial computer maintenance services, specific telecommunications and information technology services in ETG, telephony, data transmissions and was established by GMS Decision no. 13/2002.

The share capital at December 31, 2024 is 6,874,430, fully subscribed and paid up.

• ICEMENERG SA

The company Subsidiary Institute for Energy Research and Modernization - ICEMENERG SA with registered office in BUCHAREST, no. 8, sector 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 HG no. 1065/04.09.2003.

In the Company's books, as of December 31, 2024, the share capital of the Subsidiary Icemenerg SA amounts to 1.083.450, fully subscribed and paid in.

*) 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 deletion of the subsidiary Institutul de Cercetari si Modernizari Energetice - ICEMENERG SA Bucharest. By Order no. 123/13.03.2014 (act of registration and authorization of officials), the "National Institute of Research and Development for Energy Bucharest" was registered in the Trade Register (HGR no. 925/2010). The Company filed a complaint against the resolution of the Director of the ORC ordering the registration in the Trade Register of the deregistration of the Subsidiary ICEMENERG SA Bucharest.

The Bucharest Tribunal, Civil Section VI, by Judgment no. 3569/14.07.2014 rendered in case file 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 had not been annulled until the moment of the cancellation at the ORC. On

24.02.2015, the Court of Appeal communicated the decision rendered in case file no. 15483/3/2014 și.e. Decision no. 173/2015, rejecting the appeal of NPG CO. Transelectrica SA as unfounded, the decision being final.

Transelectrica SA lodged an appeal for annulment against Decision no. 173/2015, rendered by the Bucharest Court of Appeal, which is the subject of case file no. 1088/2/2015, pending before the Bucharest Court of Appeal - Section VI Civil, 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 appeal for annulment as unfounded, the decision being final.

The company recorded in 2015 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 Bucharest which was written off.

In the meetings held on 28.03.2016 and 30.08.2016, the EGMS did not approve the reduction of the share capital of NPG CO. 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 NPG CO. Transelectrica SA, in application of the provisions of GD no. 925/2010.

OPCOM SA

The company OPCOM SA with registered office at 16-18 BUCHAREST, sector 3, Bucharest, with legal personality, has as its main object of activity the organization, management and supervision of the energy market and was established by HG no. 627/2000.

The registration of the amendment to the Articles of Incorporation of S OPCOM SA, based on the EGMS Decision no. 6/15.06.2016, was carried out at the ONRC according to the Certificate of registration of entries dated 11.07.2016.

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

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company OPCOM SA ("OPCOM SA"), the Operator of the Electricity and Natural Gas Market OPCOM SA, by the amount of 678,790 lei by 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 appraiser appointed by the ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised from the date of the resolution of the EGMS the powers of the person involved, a number of 67,879 new registered shares with a nominal value of RON 10 each.

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

As of December 31, 2024, the share capital is 31.366.090, of which 8.778.790 is fully subscribed and paid-in share capital. The share capital difference 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.

As of December 31, 2024, the share capital of OPCOM SA is RON 31.366.090, representing a number of 3.136.609 registered shares with a share value of RON 10 and a share of NPG CO. Transelectrica SA in the profits and losses of 97.84%.

FORMENERG SA

The company FORMENERG SA based in B-dul Gh. Şincai, nr. 3, sector 4, Bucharest, with legal personality, has as its main object of activity the initial and continuous vocational training in all areas of activity of energy personnel, as well as other beneficiaries and was established by GMS Decision no. 33/2001.

The share capital at December 31, 2024 is 1.948.420, fully subscribed and paid up.

• ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the shares held by the Subsidiary "Institutul de Cercetări și Modernizări Energetice - ICEMENMENERG" - S.A. Bucharest to the Subsidiary "ICEMENERG-SERVICE" - S.A. Bucharest to the National Company for the Transmission of Electricity "Transelectrica" - S.A.

The Company recognized in 2016 an impairment adjustment in the amount of 493.000 for shares held in the subsidiary ICEMENERG SERVICE SA

The share capital at December 31, 2024 is 493.000, fully subscribed and paid up.

**) On 09.06.2017, the Bucharest District Court, Civil Section VII, ordered the debtor ICEMENERG SERVICE - SA, the subsidiary company, to file for bankruptcy by simplified procedure, appointing Solvendi SPRL as provisional liquidator. On 27.04.2021, the Special Administrator of Subsidiary ICEMENERG Service informs that on 23.04.2021, following the auction held, the assets of the company Subsidiary ICEMENERG Service SA, both movable and immovable, were sold en

bloc, the buyer being Portland Trust Developments Five SRL.

18051/3/2017, according to the Insolvency Proceedings Bulletin no. 9152/26.05.2022, the Bucharest Tribunal - Civil Section VII by civil judgment no. 2429 approved the final report of the judicial liquidator, and on the basis of 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 was not notified of the judgment until 31.12.2024.

ii) Related parties - main economic and financial indicators achieved by the Company's Subsidiaries as at 31.12.2023

The main economic and financial indicators achieved by the Company's subsidiaries as at December 31, 2023 (the last financial year for which the financial statements of the subsidiaries have been approved) are presented as follows:

Name of indicators	SMART	TELETRANS	OPCOM	FORMENERG
Turnover	102.925.282	49.026.345	49.449.570	2.838.189
Gross profit/(loss)	4.638.122	2.529.919	19.745.455	(814.857)
Paid-up share capital	38.528.600	6.874.430	31.366.090	1.948.420
Share callable share capital	-	-	-	=
Book	21.582.026	16.615.781	10.947.950	250.164
Equity - total	94.343.298	31.236.887	62.784.872	1.866.610

iii) Related parties - transactions with Subsidiaries owned by the Company

At December 31, 2024 and December 31, 2023 balances with subsidiaries owned by the Company are detailed as follows:

	Trade receivables		Trade lia	bilities
Affiliated entity	December 31,	December 31,	December 31,	December 31,
	2024	2023	2024	2023
SMART SA	344.243	505.575	20.272.899	26.136.624
TELETRANS SA	112.719	163.073	18.099.560	32.618.057
FORMENERG SA	-	-	-	-
OPCOM SA	634.690.819	137.025.151	644.297.354	170.043.524
TOTAL	635.147.781	137.693.799	682.669.813	228.798.205

Transactions carried out in 2024 and 2023 with its subsidiaries are detailed as follows:

Affiliated entity		Sales	Procurement	
	2024	2023	2024	2023
SMART SA	1.022.739	1.018.073	97.977.666	97.089.025
TELETRANS SA	1.851.144	1.978.904	54.324.106	48.457.207
FORMENERG SA	-	-	7.200	84.784
OPCOM SA	3.637.185.395	1.443.107.298	1.833.386.404	3.241.882.764
TOTAL	3.640.059.278	1.446.104.275	1.985.695.376	3.387.513.780

During 2024, the Company received dividends from its subsidiaries OPCOM (14.649.757) and TELETRANS (1.110.901) amounting to 15.760.658.

iv) Related parties - transactions with other state-owned companies

The company is a majority state-owned entity.

The value of the Company's transactions with entities controlled by the State or over which the State exercises significant influence represents a significant portion of the sales and purchases recorded in the year ended December 31, 2024.

As described in Note 1 ("Legislative environment"), the Company's activities are regulated by ANRE. At the same time, as also presented in Note 3 (b), in accordance with the Concession Contract and the Electricity and Natural Gas Law no. 123/2012, an annual royalty is payable, calculated as 4/1000 of the value of gross revenues realized from the gross revenues from the transmission and transit of electricity through the national transmission systems, which are publicly owned by the State.

30. REMUNERATION OF COMPANY MANAGEMENT

Salaries paid to employees on Individual Employment Contracts (IEC) in management positions for services rendered are mainly composed of base salary, management allowance, termination and post-employment benefits, as well as fixed and variable components for members of the Directorate and Supervisory Board.

These are detailed as follows:

	2024	2023
IEC employees in management positions		
Short-term benefits	28.500.104	25.345.256
Other long-term benefits	315.644	104.650
Members of the Directorate and Supervisory Board		
Fixed component	5.029.337	4.349.585
Variable component	<u> </u>	
Total	33.845.085	29.799.491

By Decision no. 9 of the Ordinary General Meeting of Shareholders of the National Electricity Transmission Company "Transelectrica" - S.A. of October 18, 2023, the appointment of the members of the Supervisory Board was approved for a term of office of 5 months, starting with October 22, 2023, with the possibility of extension, once, for another 2 months, for good reasons, as well as the establishment of the remuneration.

By Decision no. 10 of the Ordinary General Meeting of Shareholders of the National Electricity Transmission Company "Transelectrica" - S.A. of November 28, 2023, the appointment of a provisional member of the Supervisory Board was approved for a term of office until March 21, 2024, with the possibility of extension, once, for another 2 months, for good reasons, as well as the establishment of the remuneration.

By the Decision no. 1 of the Ordinary General Meeting of the Shareholders of the National Electricity Transmission Company "Transelectrica" - S.A. of 28.02.2024, the appointment of the members of the Supervisory Board was approved for a term of office of 4 years, starting from 01.03.2024 and until 29.02.2028, as well as the remuneration.

By Supervisory Board Decision no. 39 of 24.10.2023, the appointment of the members of the Company's Directorate as of 25.10.2023 for a term of 5 months, with the possibility of extension, once, for another 2 months, for good reasons, was approved, as well as the determination of the remuneration.

By Supervisory Board Decision no. 11 of 21.03.2024, it was approved the two-month extension of the members of the Company's Directorate from 25.03.2024 until 24.05.2024.

By Supervisory Board Decision no. 23 of 22.05.2024, the appointment of the members of the Company's Directorate as of 25.05.2024 for a term of 5 months was approved, as well as the determination of their remuneration.

By Decision of the Supervisory Board no. 39 of 30.09.2024, in accordance with the provisions of art. 35 paragraphs (4)-(8) and (11) of GEO no. 109/2011 on the corporate governance of public enterprises, following the completion of the selection procedure for the candidates for the positions of members of the Directorate of NPG CO. Transelectrica SA, pursuant to art. 23 of the Articles of Incorporation, the appointment of the members of the Company's Directorate as of 03.10.2024 until 29.02.2028 for a maximum period of four years, as well as the establishment of their remuneration, was approved.

31. FINANCIAL INSTRUMENTS

Financial risk management

The Company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall management focuses on financial market unpredictability and seeks to minimize potential adverse effects on the Company's financial performance. Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Company's earnings or the value of its holdings of financial

instruments.

The Company has no formal commitments to combat financial risks. However, financial risks are monitored at management level, with an emphasis on the Company's needs to effectively offset opportunities and threats.

This note discloses information about the Company's exposure to the risks referred to above, the objectives, policies and processes related to risk measurement and management, and the Company's capital management.

Interest rate risk

The Company's operating cash flows are affected by changes in interest rates, primarily as a result of non-current foreign currency borrowings from external funding banks. The Company has non-current borrowings with fixed interest rates, which may not expose the Company to cash flow risk.

As at the balance sheet date, the ratio between the Company's fixed and floating rate financial instruments is shown below:

,	December 31, 2024	December 31, 2023
Fixed interest rate financial instruments Financial liabilities	32.205.472	56.434.395
Variable rate financial instruments Financial liabilities	-	-

Currency risk

The company may be exposed to foreign exchange fluctuations through cash and cash equivalents, non-current borrowings or trade payables denominated in foreign currencies.

The Company's functional currency is the Romanian leu. The Company is exposed to foreign exchange risk on cash and cash equivalents, purchases and borrowings denominated in currencies other than the functional currency. The currencies that expose the Company to this risk are mainly EUR and USD. Foreign currency borrowings and liabilities are subsequently denominated in RON at the exchange rate at the balance sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account but do not affect cash flow until the debt is settled.

The Company's exposure to currency risk, expressed in RON, was:

December 31, 2024	Value	RON	EUR	USD
Monetary assets				
Cash and cash equivalents Other financial assets	671.557.851	643.937.952	27.601.831	18.068
Receivables	3.778.692.640	2.275.448.057	1.503.222.674	21.909
Gross exposure	4.450.250.491	2.919.386.009	1.530.824.505	39.977
Monetary liabilities				
Suppliers and other obligations	3.886.547.321	2.315.229.022	1.571.318.299	-
Borrowings	32.205.472	<u>-</u>	32.205.472	
Gross exposure	3.918.752.793	2.315.229.022	1.603.523.771	-
Net exposure in the statement of				
financial position	531.497.698	604.156.987	(72.699.266)	39.977
December 31, 2023	Value	RON	EUR	USD
,				
Monetary assets				
Cash and cash equivalents	519.358.908	492.888.062	26.442.172	28.674
Other financial assets Trade and other receivables	2.115.557.772	1.658.636.638	456.900.126	21.008
Gross exposure	2.634.916.680	2.151.524.700	483.342.298	49.682

December 31, 2023	Value	RON	EUR	USD
Monetary liabilities Suppliers and other obligations Borrowings	2.275.824.541 56.434.395	1.645.107.151	630.717.390 56.434.395	
Gross exposure	2.332.258.936	1.645.107.151	687.151.785	
Net exposure in the statement of financial position	302.657.744	506.417.549	(203.809.487)	49.682

Trade and other receivables, as well as trade and other payables less suppliers of fixed assets are provided for in RON only.

The following exchange rates have been applied:

	Average excha	Average exchange rate		e rate on
				December 31
	2024	2023	2024	2023
RON/ EURO	4,9748	4,9520	4,9741	4,9746
RON/ USD	4,6048	4,5700	4,7768	4,4958

A 10% appreciation of the Romanian Leu against the following foreign currencies on December 31, 2024 and December 31, 2023 would be

increased gross profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit	Profit 2023
EUR USD	7.269.927	20.380.948
Total	7.269.927	20.380.948

A 10% depreciation of the Romanian leu against the following foreign currencies on December 31, 2024 and December 31, 2023 would have had a similar but opposite effect to the above amounts, assuming that all other variables remained constant.

	Loss 2024	Loss 2023
EUR USD	(7.269.927)	(20.380.948
Total	(7.269.927)	(20.380.948)

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 reducing the risk systematically - are: decentralization of the energy sector in which production, 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 on 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 made to customers with adequate collection by including in the commercial contracts the obligation to provide financial guarantees. The amount of the receivables, net of impairment adjustments, 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 maximum exposure to collection risk at the reporting date was:

	December 31, 2024	December 31, 2023
Financial assets		
Net trade receivables	2.578.810.809	1.620.132.453
Other net receivables and advances to suppliers	927.975.088	280.338.797
VAT to be recovered	271.906.743	215.086.522
Cash and cash equivalents	671.557.851	519.358.908
Other financial assets		
Total	4.450.250.491	2.634.916.680

The ageing of **receivables** at the date of the statement of financial position was:

-	Gross value December 31 2024	Provision December 31 2024	Gross value December 31, 2023	Provision December 31 2023
Not yet due	2.487.412.712	-	1.531.342.224	330.772
Maturity exceeded between 1 - 30 days	2.118.109	-	(329.026)	-
Maturity exceeded between 31 - 90 days	292.245	-	169.704	-
Maturity exceeded between 90 - 180 days	70.075	-	200.418	15.266
Maturity exceeded between 180 - 270 days	(31.135)	-	30.019.270	30.014.000
Maturity exceeded between 270 - 365 days	(8.225)	-	206.356	17.254
More than one year	212.045.959	123.088.931	184.044.637	95.143.838
Total	2.701.899.740	123.088.931	1.745.653.583	125.521.130

The ageing of **other receivables** at the date of the statement of financial position was:

-	Gross value December 31 2024	Provision December 31 2024	Gross value December 31 2023	Provision December 31 2023
Not yet due	1.178.585.895	330.694	468.005.322	1.841.664
Maturity exceeded between 1 - 30 days	919.582	-	11.004.350	-
Maturity exceeded between 31 - 90 days	4.762.786	-	16.352.177	347.123
Maturity exceeded between 90 - 180 days	397.322	342.478	481.065	15.824
Maturity exceeded between 180 - 270 days	913.317	910.870	142.180	34.948
Maturity exceeded between 270 - 365 days	441.069	412.681	372.881	1.770.073
More than one year	86.766.830	70.908.247	83.523.474	80.446.498
Total	1.272.786.801	72.904.970	579.881.449	84.456.130

Transelectrica's policy is to record 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 within a period of more than 180 days, excluding outstanding receivables generated by the bonus support scheme. The Company also conducts individual analysis of trade and other uncollected receivables.

The highest impairment adjustments at December 31, 2024, calculated for trade receivables and related penalties, were recorded for JAO (30.001.963), CET Govora (24.645,019), Romelectro (24.468.153), Arelco Power (14.513.236), Total Electric Oltenia SA (14.185.577), Romenergy Industry (13.512.997), Elsaco Energy (9.276.118), OPCOM (8.818.089),

RAAN (8.516.707), Next Energy Partners (8.395.132).

For the recovery of the impairment-adjusted receivables, the Company has taken all legal steps for recovery: initial notification, execution of guarantees, court action, registration in the creditor's estate, etc.

The evolution of **customer impairment adjustments** is presented as follows:

	December 31, 2024	December 31, 2023	
Balance at January 1	125.521.130	132.837.163	
Recognition of impairment adjustments Reversal of impairment adjustments	2.432.199	31.664.485 38.980.518	
Balance at end of period	123.088.931	125.521.130	

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

	December 31, 2024	December 31, 2023	
Balance at January 1	84.456.130	76.330.845	
Recognition of impairment adjustments Reversal of impairment adjustments	7.303.511 18.854.671	25.239.079 17.113.794	
Balance at end of period	72.904.970	84.456.130	

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy implies the maintenance of sufficient cash and cash equivalents, the availability of funding through adequate credit facilities.

	December 31, 2024	December 31, 2023
Active		
Monetary assets in RON	2.919.386.009	2.151.524.700
Monetary assets in foreign currency	1.530.864.482	483.391.980
	4.450.250.491	2.634.916.680
Liabilities		
Monetary liabilities in RON	(2.315.229.022)	(1.645.107.151)
Monetary liabilities in foreign currency	(1.603.523.771)	(687.151.785)
	(3.918.752.793)	(2.332.258.936)
Net monetary position in RON	604.156.987	506.417.549
Net monetary position in foreign currency	(72.659.289)	(203.759.805)

The following table shows the contractual maturity of financial liabilities, including interest payments:

December 31, 2024	Value net	Value contractual	< 12 months	1 - 2 years	2 - 5 years	> 5 years
Financial liabilities						
Suppliers and other obligations	(3.868.115.571)	(3.868.115.571)	(3.868.115.571)	-	-	-
Other taxes and social insurance contributions	(18.431.750)	(18.431.750)	(18.431.750)	-	-	-
Loans	(32.205.472)	(32.205.472)	(24.287.300)	(6.483.336)	(1.434.836)	<u>-</u>
Total	(3.918.752.793)	(3.918.752.793)	(3.910.834.621)	(6.483.336)	(1.434.836)	<u>-</u>
December 31, 2023	Value net	Value contractual	< 12 months	1 - 2 years	2 - 5 years	> 5 years
Financial liabilities						
Suppliers and other obligations	(2.257.316.806)	(2.257.316.806)	(2.248.494.592)	(8.822.214)	_	_
Other taxes and social insurance contributions	(18.507.735)	(18.507.735)	(18.507.735)	-	_	_
Loans	(56.434.395)	(56.434.395)	(24.528.217)	(12.011.321)	(19.894.857)	<u> </u>
Total	(2.332.258.936	(2.332.258.936	(2.291.530.544)	(20.833.535)	(19.894.857)	-

Fair value of financial instruments

Fair value is the amount at which the financial instrument would change in normal arm's length transactions between knowledgeable, willing parties in knowledge of objective circumstances, other than those determined by liquidation or foreclosure. Fair values are derived from quoted market prices or cash flow models, as appropriate. At December 31, 2024 and December 31, 2023, management believes that the fair values of cash and cash equivalents, trade and other receivables, trade payables, loans, and other current liabilities approximate their carrying amounts. The carrying amount of borrowings is depreciated cost.

December 31, 2024	Accounting value	Fair value
Financial assets		
Net trade receivables	2.578.810.809	2.578.810.809
Other net receivables	927.975.088	927.975.088
VAT to be recovered	271.906.743	271.906.743
Cash and cash equivalents	671.557.851	671.557.851
Other financial assets	-	-
	4.450.250.491	4.450.250.491
December 31, 2024	Accounting value	Fair value
Non-current financial liabilities		
Loans, except bonds	7.918.172	7.918.172
Bonds	<u> </u>	-
	7.918.172	7.918.172
December 31, 2024		
	Accounting value	Fair value
Current financial liabilities		
Suppliers, including suppliers of fixed assets	3.855.282.290	3.855.282.290
Borrowings, less bonds	24.287.300	24.287.300
Amounts owed to employees and other liabilities	31.265.031	31.265.031
	3.910.834.621	3.910.834.621
December 31, 2023	Accounting value	Fair value
		_
Financial assets		
Net trade receivables	1.620.132.453	1.620.132.453
Other net receivables	280.338.797	280.338.797
VAT to be recovered	215.086.522	215.086.522
Cash and cash equivalents Other financial assets	519.358.908	519.358.908
	2.634.916.	2.634.916.
December 31, 2023	Accounting value	Fair value
•		
Non-current financial liabilities Borrowings, except bonds Bonds	31.906.178	31.906.178
	31.906.178	31.906.178

December 31, 2023

	Accounting value	Fair value
Current financial liabilities		
Suppliers, including suppliers of fixed assets	2.245.529.728	2.245.529.728
Borrowings, except bonds	24.528.217	24.528.217
Bonds	-	-
Amounts owed to employees and other accounts payable	30.294.813	30.294.813
_	2.300.352.758	2.300.352.758

Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Cash holdings	671.557.851	519.358.908
Receivables	3.778.692.640	2.115.557.772
Financial liabilities		
Depreciated cost	3.918.752.793	2.332.258.936

Personnel risk and the pay system

As of December 31, 2024, the average age of the Company's personnel is high. There is a possibility that in the future, the Company may experience a shortage of personnel due to employee departures due to natural causes.

Another personneling risk is the possibility of highly qualified employees leaving for private companies, which may offer salary packages and compensation above the current level offered by the Company.

Capital risk management

The Company's policy is to maintain a strong capital base to keep investors, lenders and a confident market and also to support future business development.

Debt indicator

	December 31, 2024	December 31, 2023	
Short and non-current borrowings	32.205.472	56.434.395	
Cash holdings	671.557.851	519.358.908	
Other financial assets	-	-	
	(703.763.323)	(462.924.513)	
Equity capital	5.814.974.673	5.190.146.109	
Degree of indebtedness	0,84	0,63	

32. FEES CHARGED BY EACH STATUTORY AUDITOR OR AUDIT FIRM

The statement of the fees charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements and the total fees charged by each statutory auditor or audit firm for other assurance services, tax advisory services and non-audit services, as per item 38 of Annex 1 of the OMFP no. 2844/2016 with subsequent amendments and additions, for the financial year 2024, is presented as follows:

- **PKF Finconta SRL** Contract no. 1235/17.01.2025 "Financial audit services for the year 2024" which includes the following services:
- audit of the separate financial statements prepared in accordance with OMFP No 2844/2016;
- the audit of the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union and prepared in accordance with OMFP no. 2844/2016;

- issuing the Report on the conformity of the Annual Report with the separate annual financial statements;
- issuing the Report on the conformity of the Consolidated Annual Report with the consolidated annual financial statements;
- audit services on the fulfillment of the financial conditions specified in the loan contracts concluded/to be concluded with Commercial Banks/ International Financial Institutions:
- to audit the revenues realized from the activity of providing telecommunication networks in order to certify the revenues and the consistency with the accounting records for the determination of the monitoring tariff by the public regulator for electronic communications (ANCOM) in accordance with the applicable legislation (at the date of drafting this specification Decision No 2892/2007);
- auditing the financial indicators assumed in the Management Plan/ Management Component of the Management Plan for the payment of the rights provided for in the mandate contracts concluded with the members of the Company's Directorate and with the members of the Company's Supervisory Board, respectively issuing a Report attesting the correctness of the calculations of the financial indicators assumed by the mandate contracts concluded by the Company with each member of the Directorate and of the Supervisory Board of Transelectrica;
- to analyze the transactions reported by the Company pursuant to Article 108 of Law no. 24/2017 on issuers of financial instruments and market operations, republished, and to prepare and submit to the Company the reports referred to in Article 108 paragraphs (5) and (6) of Law no. 24/2017 on issuers of financial instruments and market operations, republished:
- the preparation and delivery/transmission of supplementary reports on operations claimed by shareholders representing at least 5% of the total voting rights, referred to in Article 111, para. (1) lit. b) of Law no. 24/2017 on issuers of financial instruments and market operations, republished, in accordance with the financial auditing standards and the reporting framework defined by the international accounting standards and A.S.F. regulations, under the conditions of art. 144 lit. C of A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations.
- audit information on issues such as business model, strategy and related policies, non-financial key performance indicators and target indicators, corporate governance on sustainability issues, dual materiality assessment, ESG risk and opportunity management, as well as environmental (including European taxonomy) and social disclosures in accordance with the Taxonomy Regulation (EU) 2022/852 and Directive (EU) 2022/2464 (CSRD), adopted on November 28, 2022

The fees charged for the financial audit services for the financial year 2023 and paid in 2024 amounted to 362.667 lei, plus VAT. Except for the above-mentioned contract, there are no other service contracts with the statutory auditor.

33. ENVIRONMENTAL OBJECTIVES

NPG CO. Transelectrica SA has implemented an integrated management system for quality, environment, occupational health and safety, through which it efficiently manages the environmental aspects related to the transmission of electricity, as well as the maintenance and modernization of the ETG, in order to prevent pollution and increase environmental performance.

The Company's concern for environmental protection is also reflected in the Policy Statement of the integrated management system in the areas of quality, environment, occupational health and safety.

The fundamental objective of the development strategy is to meet the needs and expectations of its customers and other stakeholders in an Integrated Quality, Environment, Occupational Health and Safety Management System, implemented, certified, maintained and continuously improved in accordance with the requirements of SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2023.

In order to realize this strategy and achieve sustainable success, the Company's management is committed to:

- operation of the electricity system under the conditions laid down by European and national regulations in primary and secondary legislation to meet the needs and expectations of customers and other stakeholders;
- the organizational framework necessary for establishing, analyzing and implementing the objectives of the Integrated Management System quality, environment, safety and health at work;
- sustainable development and reducing the negative environmental impacts of ETGs by:
 - ✓ Identification of associated environmental issues/risks and opportunities,
 - ✓ monitoring environmental factors, preventing/combating pollution by using the best available technologies,
 - decontamination, rehabilitation or ecological reconstruction of land and water surfaces affected by the Company's activities,
 - ✓ preventing and reducing emissions of fluorinated greenhouse gases (GHGs): SF6, ozone, freon, etc.,
 - ✓ prevention and reduction of air pollution by keeping the concentration of pollutants emitted into the atmosphere (emissions from thermal power plants and cars) within the permitted limits,

- ✓ prevention and reduction of water pollution by keeping the concentration of pollutants in water within the permitted limits,
- ✓ proper waste management,
- ✓ reduce the risk of collision and electrocution of birds,
- ✓ preventing forest fires by maintaining the safety lane,
- ✓ avoid alteration of natural habitats, in particular protected natural areas.

At the level of NPG CO. Transelectrica SA, the Integrated Management System Analysis Report is elaborated annually and a program of measures for the continuous improvement of the IMS (including the SMM) is approved.

34. SUBSEQUENT EVENTS

Resolution No. 1 of the Ordinary General Meeting of Shareholders of January 15, 2025

The ordinary general meeting of the Company's shareholders convened on January 15, 2025:

- approved the key performance indicators resulting from the Management Plan,
- did not approve the setting of the general limits of remuneration and other benefits to be granted by NPG CO. Transelectrica S.A. to the members of the Directorate, including the fixed allowance and other benefits granted to them.
- approved the setting of February 06, 2025 as the record date of the shareholders on which the effects of the Ordinary General Meeting of Shareholders' Resolution will be reflected.

• Planning investments of over 9.4 billion lei for the development of the electricity transmission grid

On January 20, 2025, in a press release, Transelectrica informed the interested parties that it will implement a development plan for the Electricity Transmission Grid for the period 2024-2033, approved by the National Energy Regulatory Authority, in the amount of 9.49 billion lei, more than 2 billion lei more than the previous plan.

The new plan includes investment projects already underway, as well as 12 new projects, structured along 4 priority development axes:

- ETG retrofitting/modernization,
- safety of supply for consumption,
- integrating renewable and new power generation in Dobrogea and Moldova and
- increasing interconnection capacity.

The value of the ETG Development Plan for the period 2024-2033 registers an increase of 2.3 billion lei compared to the value of the previous plan for the period 2022-2031, and the structure of investment expenditure, in terms of priority objectives pursued, is:

- Investment works aiming at upgrading the existing electricity transmission networks (ETG) 30% of the total amount of investments planned in the period is allocated;
- Investment works aimed at integrating production from renewable sources and other new plants 28% of the total amount of investments planned in the period is allocated;
- Planned investments to increase interconnection capacity 26% of the total amount of investments planned in the period is allocated;
- Investments to increase the security of electricity supply 13% of the total amount of investments planned in the period is allocated.

Thus, the company proposes for the next 10 years investment projects worth almost 2.7 billion lei for the integration of new renewable energy production units, both in Dobrogea and Moldova, as well as in other areas.

The ETG Development Plan for the period 2024-2033 includes projects of European interest that contribute to the implementation of the European Union's strategic priorities on trans-European energy infrastructure in the following investment clusters: the 138 Black Sea Corridor Project, the 144 Mid Continental East Corridor Project, the 259 Hungary - Romania Project and the 341 North CSE Corridor Project.

ONRC registration of Geco Power Company - Green Energy Corridor Power Company

In addition to the communications sent through the capital market institutions on May 27, 2024 and September 3, 2024, the Company informed the investing public on January 31, 2024 about the registration with the Commercial Register Office of the Bucharest Court of the Joint Venture company, namely "GECO POWER COMPANY-Green Energy Corridor Power Company.

Resolution No. 2 of the Ordinary General Meeting of Shareholders of February 24, 2025

The Ordinary General Shareholders' Meeting of the Company, convened on February 24, 2025, pursuant to 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, and of the A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations, with subsequent amendments and additions, have resolved:

- The performance by Transelectrica of financial operations and services with cash in lei or foreign currency, the decision for each treasury operation of this type (including foreign exchange and bank deposits) being within the competence of the Directorate, up to a maximum limit of 500.000.000 lei (or equivalent in euro) per transaction.
- The purchase by the Company of legal assistance and representation services before the courts in order to defend the Company's interests in the case under file no. 28414/3/2024, up to the amount of 50.000 lei, including all expenses incurred with representation in court until the delivery of a final judgment.
- Appointing PKF FINCONTA S.R.L. as financial auditor of the National Electricity Transmission Company "Transelectrica"-S.A. for a period of 12 months, but not later than 31.12.2025;
- To approve the content of the Addendum to the mandate contract concluded between the members of the Supervisory Board and the Company by including the indicators approved by the Resolution of the General Meeting of Shareholders no.1/15.01.2025 and to authorize the representative of the General Secretariat of the Government in the General Meeting of Shareholders to sign on behalf of the Company the Addendums to the mandate contracts with the persons appointed as members of the Supervisory Board.

• Convocation of the General Meeting of Shareholders

The Company's Directorate has convened 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 Ordinary General Meeting of Shareholders on April 01, 2025 with the following agenda:

- Establishing the Investment Program for the financial year 2025 and the estimates for the years 2026 and 2027;
- Approval of NPG CO. Transelectrica S.A.'s Income and Expenditure Budget for the year 2025, as well as the estimates for the years 2026 and 2027;
- Reconfirmation of point 10 of the OGMS Decision no. 3 of April 29, 2024, which established the general limits of remuneration and other benefits to be granted by Transelectrica S.A. to the provisional members of the Directorate, with the members of the Directorate selected in accordance with GEO 109/2011 by the Decision of the Supervisory Board no. 39/30 September 2024 to benefit from the same benefits, including fixed and variable compensation and the same advantages granted to the members of the Directorate;
- Updating the remuneration of the members of the Supervisory Board and empowering the representative of the General Secretariat of the Government in the General Meeting of Shareholders to sign on behalf of the Company the additional acts to the contracts of mandate with the persons appointed as members of the Supervisory Board by OGMSR no. 1/28 February 2024;
- Approval of the amendment of items 5.1.3, 5.1.7 and 5.2.19 of the Contract of Mandate of the members of the Supervisory Board approved by the OGMS No. 1/28 February 2024 and authorization of the representative of the General Secretariat of the Government in the General Meeting of Shareholders to sign on behalf of the Company the Addendums to the contracts of mandate with the persons appointed as members of the Supervisory Board by the OGMS No. 1/28 February 2024.

• Merger by absorption of S.C. Teletrans S.A. with Formenerg S.A.

By Resolution no.2 of February 13, 2025, the General Shareholders' Meeting of Formenerg SA decided, pursuant to art.12 paragraph (2) letter f) of the company's Articles of Association, the merger by absorption of S.C. Teletrans S.A. (as absorbing company) with Formenerg S.A. (as absorbed company). The date of December 31, 2024 was approved as the reference date of the Merger and the date of April 30, 2025 as the effective date of the Merger.

The separate financial statements were signed by the Company's management on March 17, 2025:

DIRECTORATE,

Chairman	Member	Member	Member	Member
Ştefăniță	Cosmin-Vasile	Florin-Cristian	Cătălin-Constantin	Victor
MUNTEANU	NICULA	TĂTARII	NADOLU	MORARU

Economic and Financial Directorate Manager Ana-Iuliana DINU

Accounting Department Manager Georgiana-Beatrice ŞTEFAN