



Societate Administrată în sistem Dualist

# ANNUAL CONSOLIDATED REPORT

## 2019



Stația București Sud - credit foto Alex Gully



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Președinția României la Consiliul Uniunii Europene

## **Report of the Supervisory Board regarding the consolidated financial statements drafted according to the International Financial Reporting Standards**

The Board of Supervisors relies on the corporate governance principles, which state a responsible, professional and ethical attitude of the Company towards all stakeholders. The Board examines the Company's strategy and its environmental premises it operates in, in order to plan Transelectrica's development and its performance, thus ensuring a rigorous formulation of objectives.

The consolidated financial statements for 2019 were presented to the Supervisory Board for review, the Company's Directorate providing detailed information on the annual results. At the meeting for the approval of the financial statements of 2019, the Audit Committee submitted to the Supervisory Board a report concerning the review of the results for the financial year 2019 and recommended to the Supervisory Board the approval of the consolidated financial statements drafted according to OMPF no. 2844/2016.

At the same time the Directorate's Annual Report elaborated in accordance with the requirements from the capital market legislation was reviewed by Supervisory Board members. The Consolidated Annual Report for 2019 provides a true and fair view of the Company's consolidated results for the financial year 2019.

The Audit Committee assists the Supervisory Board in fulfilling its own oversight responsibilities for the financial reporting process, the management reporting, the internal control system, the audit process, and the organizational process to monitor the compliance with laws, regulations and the code of conduct.

*With highest consideration,*

*Supervisory Board*

*Chairman of the Supervisory Board*

## Statement of the responsible persons

To the best of our knowledge the consolidated financial-accounting statements as of December 31st 2019, drafted according to OMFP no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards, as approved by the European Union, provide an accurate image consistent with reality of the assets, liabilities, financial position, profit and loss account of the Transelectrica Group, and the 2019 Consolidated Annual Report contains accurate and realistic information with respect to its development and performance, as well as the description of the main risks and uncertainties specific to the activity being carried out.

This Report presents only the new elements compared to the 2019 Annual Report, which result from the consolidation of Company's financial statements with its Subsidiaries.

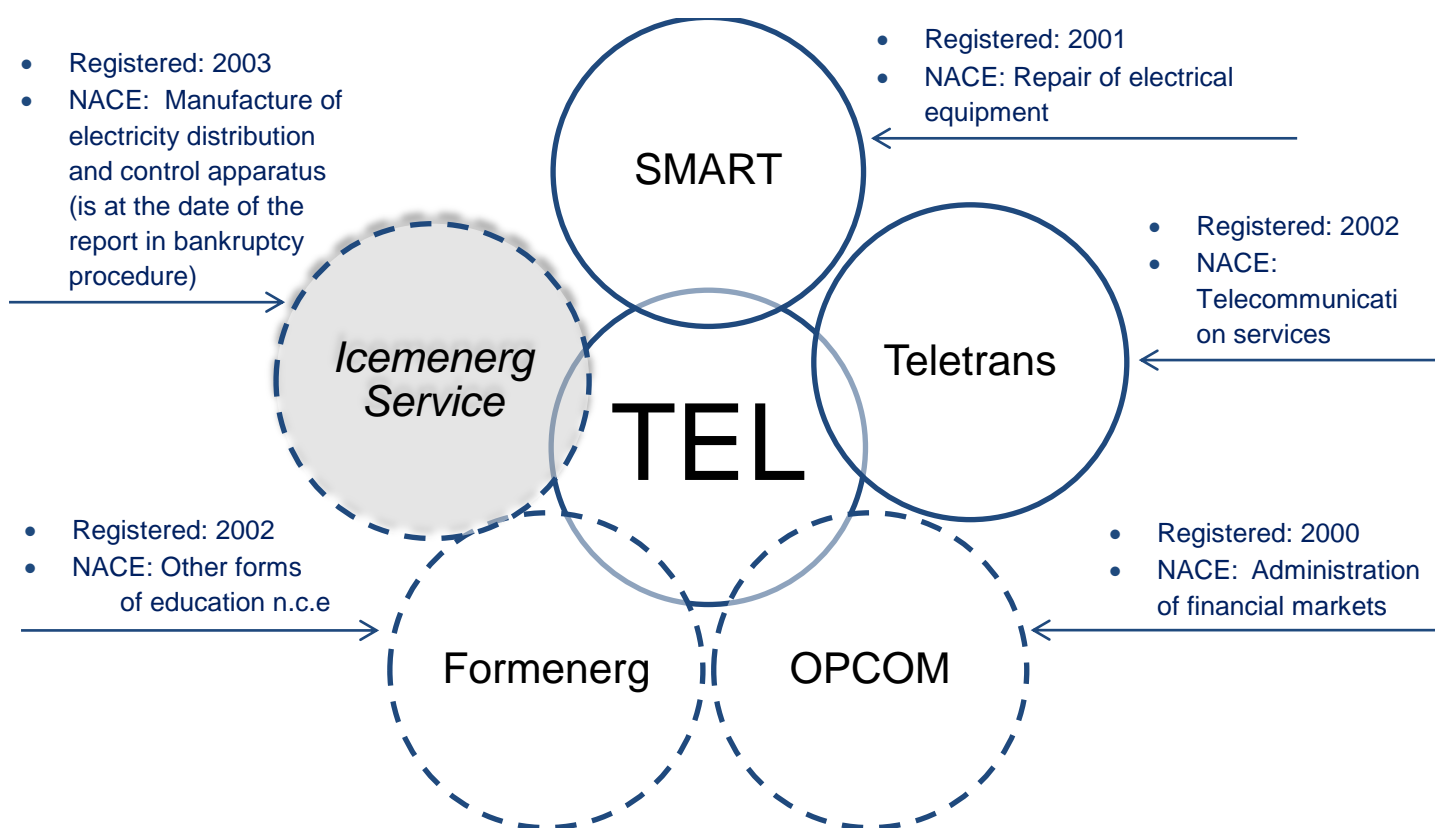
### Directorate,

<b>Cătălin NIȚU</b>	<b>Andreea-Mihaela MIU</b>	<b>Bogdan-Ionuț GRECIA</b>	<b>Adrian MOISE</b>	<b>Corneliu-Bogdan MARCUS</b>
<b>Directorate Chairman</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>

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## SUBSIDIARIES PRESENTATION



On the date of this report Transelectrica has five subsidiaries in its structure, Romanian legal entities, organised as joint stock companies where it is the sole shareholder, namely: Formenerg, Teletrans, and Icemenerg Service (is at the date of the report in bankruptcy procedure).

In the case of Smart, following the increase of its share capital on December 23rd, 2014 by the Management Board of Smart with the value of land plots for which certificates authenticating the ownership rights have been previously obtained, the Company became the major shareholder with a 70% shareholding of the subsidiary's share capital.

Among the Company's subsidiaries, only Smart and Teletrans are included in the Group's financial consolidation perimeter. Formenerg and Icemenerg-Service have not been taken into consideration for the consolidation because according to the applicable accounting legislation, the impact of their activities is considered as being insignificant for the purpose of the consolidation, while OPCOM is subject to ANRE regulations and holds an independent position on the energy market.

The subsidiaries participating to the consolidation perimeter (Smart and Teletrans) began procedures with a view to implement the corporate governance principles, in accordance with the regulations of GEO no. 109/2011 on the corporate governance of public enterprises. Thus, the recruited managers will be made responsible and remunerated as provided in GEO no. 109/2011. By implementing the corporate governance principles, the Company intends to increase the efficiency of the two Subsidiaries' activities taking steps to accomplish the objectives assumed.

### SMART



The main object of activity of the SC SMART SA subsidiary is reviewing and repairing of live apparatus and equipment, transformers and autotransformers, as well as the remedy of incidents in electric installations and micro-production of electric equipment. The Company has 8 subsidiaries with no legal personality, situated in the same locations such as Transelectrica branches.

The mission for which SMART SA was set up is to provide preventive maintenance, special works and corrective maintenance of the Transmission Electricity Network (RET), starting from the primary objective

of Transelectrica: to ensure the transport of electricity in the national transport network in safety and stability conditions.

As general strategic objectives, at least the following shall be considered:

- ✓ Ensuring high availability of assets in the RET
- ✓ Increasing flexibility in operation
- ✓ Decreasing intervention times
- ✓ Coordination of maintenance services/works with the National Energy Dispatcher (DEN)

As of December 31st, 2019, the share capital amounts to 55,036 thousand lei.

According to letter no. 165/13.01.2015 (registered at Transelectrica under no. 1552/14.01.2015) transmitted by the subsidiary, starting with 30.12.2014, when the capital had been increased by contribution in kind with the value of the land plots for which certificates authenticating the ownership rights were obtained, the shareholder structure is the following:

- ✓ CNTEE Transelectrica SA – 70.005% - 3,852,860 shares
- ✓ The Romanian State through the Ministry of Economy – 29.995% - 1.650.770 shares
- ✓ The results of SMART are consolidated with the Company's financial results.

## TELETRANS



Subsidiary TELETRANS SA was established under AGA Decision no. 13/04.12.2002 of Transelectrica, pursuant to Law no. 31/1990 and the Orders no. 3098 and no. 3101 of 23.10.2002 issued by the Ministry of Industry and Trade and it is the provider of specific telecommunication and IT services for the operational and management activity of Transelectrica, having as main scope the provision of specific telecommunication services and information technology in the transmission electric networks.

Based on the Articles of Association and the applicable legislation, Teletrans holds the ANCOM certificate for networks or electronic communications service provider since 2002 (GEO no. 679/2002), allowing it the right to provide the following electronic communications services:

- ✓ Public electronic communications networks (starting with November 11th, 2004);
- ✓ Publicly available electronic communications services: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (as of 01.07.2003);
- ✓ Private electronic communications networks and services (starting with January 15th, 2003).
- ✓ The TELETRANS staff also holds certifications relevant for the operation and management of IT&C systems dedicated to critical infrastructures.

TELETRANS competencies are structured in the following main directions:

- ✓ telecommunication services - mainly as administrator of the Company's optical fibre network, a network of about 5,000 km long and covering the entire territory of Romania;
- ✓ process information services, in particular in the energy field;
- ✓ managerial IT services, including consulting, design, implementation, maintenance, technical assistance and training for complex systems, software applications, Oracle databases, communications equipment, structured cabling, Internet / Intranet.

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

The share capital on 31.12.2019 was 6,874 thousand Lei, Transelectrica being sole shareholder.

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

## FORMENERG



The company FORMENERG was established as a result of Decision no. 33/19.11.2001 of the General Shareholders Meeting - "Transelectrica" S.A., by outsourcing the activity of the Training and Improvement Branch of the Energy Sector Staff.

FORMENERG started its activity on March 21, 2002.

Subsidiary FORMENERG SA is a company whose main object of activity is the initial and continuous professional training in all fields of activity of the personnel with attributions in the energy field of all sectors of the national economy and of other beneficiaries, among them Transelectrica, GDF SUEZ Energy Romania, Romgaz, Transgaz Mediaș, Nuclearelectrica and Hidroelectrica.

FORMENERG SA is the oldest professional training centre in Romania with more than 48 years experience in the field of professional training that has succeeded in modernizing and adapting to the requirements of its clients, offering a wide range of courses in various fields: management, marketing, finance, accounting, legislation, IT, quality, environment, occupational health and safety, construction, energy strategy, ECDL, communication, human resources, European funds, public procurement, technical courses, energy sector specific courses.

FORMENERG's competences are structured in the following main directions:

- ✓ carrying out the training activity
- ✓ launching new courses
- ✓ participation in auctions
- ✓ re-authorizing courses
- ✓ improving the technical-material basis of the company

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

- ✓ FORMENERG shares are 100% held by Transelectrica.

## ICEMENERG – SERVICE

On the date of June 9th 2017, the Bucharest Court, Civil Division VII, ordered the bankruptcy procedure through the simplified procedure of the debtor, ICEMENERG SERVICE SA, designating Solvendi SPRL as a provisional liquidator.

- Subsidiary ICEMENERG Service SA is focused on the design, manufacture and distribution of metering, running and control apparatuses meant for the power system, having got ISO 9001 and IQ NET certification from SRAC ROMANIA, ANRE licensed.
- By Order no. 855/10.12.2004 of the Minister of Economy and Trade (on instituting the special administration procedure and financial supervision), starting with 23.12.2004 the special administration and financial supervision procedure was instituted in the SC ICEMENERG – SERVICE SA subsidiary during the privatization period of ICEMENERG – SERVICE SA, subsidiary of Transelectrica, with a view to determine the manner of administration and management as well as the measures to be taken in order to expedite the company's privatization process.
- AGA Decision no. 1/28.02.2017 of the General Assembly of Shareholders approves the default of the company in simplified form.
- On the date of June 9th 2017, according to the Sentence issued by the Bucharest Court, Civil Section VII in file 18051/3/2017, the bankruptcy was filed through a simplified procedure of the company. Transelectrica recorded an impairment adjustment in the amount of 493 thousand lei 2016 for the shares held at subsidiary ICEMENERG SERVICE SA.
- CNTEE Transelectrica SA submitted to the registry of the court (Bucharest Court) a statement of claim in file no. 18051/3/2017 requesting the enrolment at the debtor of Icemenerg Service SA with the amount of 92.2 thousand lei representing the value of the financing made by CNTEE Transelectrica SA under the Convention no. C 156 / 21.06.2006, for the preparation of the



privatization of the Company Subsidiary "Icemenerg-Service" SA, out of which: the amount of 63.1 thousand lei representing registration fee at the ONRC of the share capital increase and the amount of 29.2 thousand lei representing the evaluation report prepared by Inco Consulting SRL, amounts recorded and detailed in the supporting documents annexed to the application, prior to the opening of the procedure. Also, the amount of 200 lei was requested, representing the judicial stamp duty, related to the enrolment application of CNTEE Transelectrica SA at the advanced list of creditors in this file.

- On 07.08.2017, the judicial administrator SOLVENDI SPRL confirmed the inclusion in the preliminary table of receivables of the debtor of the Subsidiary "Icemenerg-Service" S.A., the amount of 92.2 thousand lei, representing the value of the financing made by CNTEE Transelectrica SA based on the Convention no. C 156 / 21.06.2006, for the preparation of the privatization of the Company Subsidiary "Icemenerg-Service" SA, to which is added the amount of 200 lei representing the judicial stamp duty related to the enrolment application at the list of creditors.
- Following the completion of the valuation procedure of the Company's assets, as it results from the Regulation on Asset Recovery Procedure (informative material on the agenda of creditors' meetings dated April 19, 2018), a market value of the assets amounted to 10,860,796 euros, equivalent to 50,337,703 lei, at a EUR / RON exchange rate of 4,6348, on the valuation date of January 9, 2018.

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

## OPCOM



OPCOM SA was established according to GD 627/2000 on the reorganisation of the National Electricity Company SA as subsidiary, whose sole shareholder is Transelectrica .

According to the provisions of the primary and secondary legislation in force, the Company Operatorul Pieteii de Energie Electrica si Gaze Naturale OPCOM SA performs the role of electricity market administrator, providing an organized, viable and efficient framework for commercial transactions in the wholesale electricity market and conducting centralized gas market management activities under conditions of consistency, fairness, objectivity , independence, equidistance, transparency and non-discrimination.

Main activities carried out by OPCOM in accordance with the provisions of the primary and secondary legislation in force:

- ✓ Exercising the organization and administration of centralized electricity markets;
- ✓ Exercising the Settlement Operator function, by performing the settlement operations for the Next Day Market and the Intra-Day Market, respectively establishing the payment / collection obligations for the Balancing Market and the quantitative and value imbalances of the Parties responsible for balancing;
- ✓ Exercising the function of organizer and administrator of the green certificate market;
- ✓ Exercising the position of administrator of the Greenhouse Gas Emissions Trading Scheme;
- ✓ Exercising the management of centralized markets in the natural gas sector;
- ✓ Supervising the operation of the administered markets;
- ✓ Collecting and publishing market statistics according to the Energy Law.

Transelectrica does not exercise actual direct control over the decision making mechanisms of OPCOM, whose administration is performed according to ANRE regulations.

As of December 31st, 2019, OPCOM's share capital amounts to 31,366 thousand lei.

The shareholder structure is as follows:

- ✓ CNTEE Transelectrica SA – 97,84%
- ✓ The Romanian State through the Ministry of Economy – 2,16%



**IDENTIFICATION DATA****SMART**

Headquarters	Bucharest 1 , Bd. Gen. Gh. Magheru 33,
Place of business	Bucharest 4, Bd. Gheorghe Sincai 3, "Formenerg" Building
Number in the trade register	J40/ 8613 / 2001
Single (fiscal) registration code	14232728
Share capital	55,036,300 Lei divided into 5,503,630 nominative shares of 10 Lei nominal value each
Shareholders	Transelectrica – 70,005% Romanian State – 29,994%
Establishment document	GD 710/ 2001 with respect to establishing the subsidiary Trading Company for Maintenance Services in the Electricity Transmission Grid SMART SA by reorganisation of certain activities of the National Power Grid Co. Transelectrica SA

**TELETRANS**

Headquarters	Bucharest 3, Bd. Hristo Botev 16-18
Place of business	Bucharest 1, Polona 68 Business Center, Polona 68-72
Number in the trade register	J40/ 12511/ 2002
Single (fiscal) registration code	15061510
Share capital	6,874,430 Lei divided into 687,443 nominative shares of 10 Lei nominal value each
Sole shareholder	Transelectrica
Establishment document	CNTEE Transelectrica's AGA Decision no.13 dated 20.03.2002 and orders of the Minister of Industry and Resources no.3098,3101 / 23.10.2002

**FORMENERG**

Headquarters / Place of business	Bucharest 4, Blvd. Gheorghe Sincai 3
Number in the trade register	J40/ 2265/ 2002
Single (fiscal) registration code	14529126
Share capital	1,948,420 Lei divided into 194,842 nominative shares of 10 Lei nominal value each
Sole shareholder	Transelectrica
Establishment document	Decision 33 of Transelectrica's AGA of 19.11.2001

**ICEMENERG SERVICE**

Headquarters	Bucharest 3, Bd. Energeticienilor nr. 8
Number in the trade register	J40 / 11414 / 2003
Single (fiscal) registration code	15689117
Share capital	493,000 Lei divided into 49,300 nominative shares of 10 Lei nominal value each
Sole shareholder	Transelectrica
Establishment document	GD 925 of September 1, 2010 on the establishment, organization and functioning of the National Research and Development Institute for Energy - ICEMENERG Bucharest

**OPCOM**

Headquarters / Place of business	Bucharest 3, Bd. Hristo Botev 16-18
Number in the trade register	J40 / 7542/ 2000
Single (fiscal) registration code	13278352
Share capital	31,366,090 Lei divided into 3,136,609 nominative shares of 10 Lei nominal value each
Shareholders	Transelectrica – 97,84% Romanian State – 2,16%
Establishment document	Governmental Decision 627/ 2000

## GOVERNANCE STRUCTURES

The management of the subsidiaries at the date of this report is provided by the following persons:

### SMART:

Florin MELCIU	CEO
Mihai Liviu NEGOESCU	Economic Manager

### TELETRANS:

Dragoș-Ștefan ROIBU	CEO
Alia Mekkaoui	Economic Manager
Nicolae Marius BITA	Legal Department Manager

### FORMENERG:

Dragoș FLORESCU	CEO
Marcel NICULESCU	Economic Manager
Mariana CROITORU	Commercial Manager

### OPCOM:

Victor IONESCU	CEO
Silvia FEDIUC	Economic Manager
Luminița LUPULUI	Transactions - Short Term Settlement Manager

## CONSOLIDATION RESULTS 2019-2017

The general results of Group activities on 31.12.2019 were as follows:

RON mn	2019	2018	2017	19/18
Operating revenues	2,441,522	2,725,605	3,068,004	▼ (10%)
Operating expenses	(2,044,708)	(2,319,680)	(2,682,832)	▼ (12%)
<b>EBITDA</b>	<b>396,813</b>	<b>405,925</b>	<b>385,172</b>	▼ (2%)
Depreciation	(287,346)	(306,967)	(321,027)	▼ (6%)
<b>EBIT</b>	<b>109,468</b>	<b>98,957</b>	<b>64,145</b>	▲ 11%
Net finance result	(8,686)	(9,738)	(23,625)	▼ (11%)
<b>EBT</b>	<b>100,782</b>	<b>89,219</b>	<b>40,520</b>	▲ 13%
Income tax	(12,077)	(13,839)	(19,096)	▲ 2%
<b>Net result</b>	<b>88,705</b>	<b>75,380</b>	<b>21,424</b>	▲ 15%

\*Operating expenses excluding depreciation

RON mn	2019	2018	2017	19/18
Non-current assets	3,584,632	3,101,342	3,134,010	▲ 16%
Current assets	1,182,377	1,629,517	1,429,930	▼ (27%)
<b>TOTAL ASSETS</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>4,563,940</b>	▲ 1%
Shareholders' Equity	3,297,323	2,840,236	2,735,489	▲ 16%
Non-controlling interests	19,748	1,335	4,065	▲ n/a
Non-current liabilities	705,214	682,023	697,828	▲ 3%
Current liabilities	744,724	1,207,264	1,126,558	▼ (38%)
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>4,563,940</b>	▲ 1%

RON mn	2019	2018	2017	19/18
Net cash from the operating activities	247,077	434,654	110,013	▼ (43%)
Cash used in the investment activities	(318,737)	(153,242)	(50,694)	▲ n/a
Cash used in the financing activities	(94,203)	(329,792)	(465,935)	▼ n/a
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(165,863)</b>	<b>(48,381)</b>	<b>(406,614)</b>	▲ n/a
Cash and cash equivalents as at January 1st	505,494	553,875	960,489	▼ (9%)
<b>Cash and cash equivalents at the end of the period</b>	<b>339,631</b>	<b>505,494</b>	<b>553,875</b>	▼ (37%)

## ACTIVITIES

In 2019 the two Subsidiaries included in the consolidation carried out activities in accordance with their main areas of activity, as follows:

### • TELETRANS

The services offered by TELETRANS to third-party customers consist mainly of IT & C solutions with the use of a proprietary network that operates on the TRANSELECTRICA fibre optic surplus (a pair of fibres and two pairs on some sections) and in the interconnection solutions of the producers of renewable energy in the National Energy System.

#### Complex operator services

Fibre optic data transmission services:

- Complex data transmission services at IP / MPLS STM16 / STM64, 1Gb, 10Gb, Lambda level on the company's own DWDM network;
- Complex services n x Mb, n x 1Gb, 10 Gb on company's own IP / MPLS equipment;
- Specialized technical assistance.

#### Internet Protocol (IP) Services:

- Internet access over 100 points in the national fibre optic network;
- Secure VPN networks on IP / MPLS network;
- Metropolitan / national customer interconnection;

#### Collocation Services in:

- Collocation centres of the company in Bucharest and Timisoara;
- Points of territorial presence of the company from 35 county seats;
- The 400 kV and 220 kV electrical stations of the sole shareholder.

#### Services dedicated to the SCADA system

- Integration of alternative energy producers (wind and cogeneration) into the national EMS / SCADA system.
- Services for the commissioning and maintenance of the communication systems necessary for the integration of renewable energy producers.
- Technical support

In 2019, has carried out activities as follows:

#### ➤ Services in the Information Technology domain:

- Services offered to corporative clients on the Romanian market and asked by Transelectrica: outsourcing type services to administer information systems, administration of IT networks, IT systems and applications, elaborating IT software specific to clients, designing and constituting IT networks- LAN, MAN and WAN, design and implementation of IT systems, building IT systems and applications that use relational databases, ERP systems, making Internet sites, web-

based applications, support services, preventive/corrective maintenance of IT equipment and systems, hardware and software maintenance;

- IP services offered on the Romanian market to corporate customers, telecommunication and Internet service providers:

broadband Internet services, physical carriers for this type of connection;

➤ Services for telecommunications:

- for Transelectrica: services under Service Level Agreement (SLA) and services upon order;
- for government bodies and for other clients on the liberalized telecommunications market in Romania, through leased line services, dark fiber services, collocation services and associated services.

➤ Services in the Process Information domain:

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

## • SMART

The main activity of the company is to carry out inspections and repairs to the primary equipment from the electrical networks, the remediation of incidents to electrical installations, the provision of services in the energy field, the microproduction of electrical equipment.

Smart S.A. was established with the purpose of carrying out the maintenance and repair services of CNTEE Transelectrica S.A. and must prioritize the necessary resources for the RET's maintenance activity, according to the mission established at the start of the project.

In addition, the company can also carry out other related activities to support the main object of activity, in accordance with the legislation in force and its own status, in the conditions of the safe operation of the National Energy System.

SMART SA has designed, documented and implemented an Integrated Management System for quality, environment, labour security and health in accordance with the requirements of the following reference standards:

- ISO 9001:2015 "Quality management systems; Requirements" - for quality;
- ISO 14001:2015 "Environment management systems; Specifications and User Guide "- for the environment;

- OHSAS 18001:2008 "Occupational health and safety management systems" - for occupational safety. .

The Integrated Quality-Environment-Safety and Health Management System is certified by SRAC and IQNet with certificates no. 1111/21.12.2017 for ISO 9001: 2015, no. 112/21.12.2017 for ISO 14001: 2015 and 139/21.12.2017 for OHSAS 18001: 2008, valid until 21.12.2020 and recognized in more than 120 countries. Through the integrated management system, the company guarantees customers that the services provided are at least in compliance with the specified requirements.

Also, "Smart" S.A. has obtained two licenses from CNCAN for the quality management system in the nuclear field, namely:

- Authorization no. 17-028, for construction-assembly activities, valid until 03.11.2019 and
- Authorization no. 17-027, for the provision of services for nuclear installations, valid until 03.11.2019, according to the Ordinances of CNCAN president no. 65, 66, 71, 72/2003.

Smart S.A. is certified by the National Regulatory Authority for Energy for the following types of works:

- A - Testing of electrical equipment and installations;
- A3 - Testing of electrical equipment and installations, in order to certify compliance of wind and photovoltaic power plants with applicable technical norms;
- B - Design and execution of indoor electrical installations for civil and industrial constructions, overhead and underground connections at a nominal voltage of 0.4 kV;
- C1B - design of overhead or underground electric lines with nominal voltages of 0,4 kV - 110 kV and transformer stations with a rated voltage of up to 20 kV;
- C2B - execution of overhead or underground electric lines with nominal voltages of 0,4 kV - 110 kV and transformer stations with a rated voltage of up to 20 kV;
- D1 - design of overhead electric lines with nominal voltages of 110 kV - 400 kV and underground electric lines with nominal voltages of 110 kV or 220 kV;
- D2 - execution of overhead electric lines with nominal voltages of 110 kV - 400 kV and underground electric lines with nominal voltages of 110 kV or 220 kV;
- E1 - design of electrical stations and installations belonging to the electrical part of the power plants;
- E2 - execution of electrical stations and works on the electrical part of the power plants;
- F - execution of painting works for the electric networks/deflection for the overhead lane of overhead power lines.

Also, Smart owns authorizations issued by MAI-IGSU for works of:

- Installation and maintenance of systems and installations for limiting and extinguishing fires, except for those containing certain fluorinated greenhouse gases, authorization no.5501/08.02.2016 granted for an indefinite period.
- Installation and maintenance of signalling, alarm and alert systems and installations in the event of fire, authorization no. 5502/08.02.2016 of indeterminate validity.
- Design of systems and installations for signalling, alarm and alert in the event of fire, authorization no. 6599/10.01.2017 with indeterminate validity.

Smart S.A. is certified for the forestry activity by the Ministry of Environment, Waters and Forests, having the permit no. 1315/23.07.2018, valid until 23.07.2020.

In 2019 has been carried out activities:

- As supplier of services and work for:
  - Maintenance of electric power installations;
  - Refurbishments and modernisations of electric power installations.
- As supplier of consulting and design,
  - Devising specific products for electric power installations
- activities of:
  - Installing primary instrumentation (vacuum, SF6, oil, air insulated);
  - Installing digital equipment and systems for protections, metering and command-control;
  - Laying and connecting (high voltage, secondary circuits, optical fibre) cables;
  - Controls and parameter setting for digital equipment.
- Technical reviews, technical inspections, current and capital repairs, interventions upon accidental events and expertise operations, for clients from the energy sector and not only them, mainly to:
  - Installations and equipment that transmit and distribute low, medium, high and very high voltage electricity (750 kV inclusive);
  - Protection, automation, metering and command-control equipment and circuits for transformer and connection substations;
  - Transformers and autotransformers of all power and voltage levels (up to 500 MVA and 750 kV);
  - Overhead and cable lines (from 110 kV to 750 kV).



## FINANCIAL POSITION STATEMENT

The consolidated financial position statement is as follows:

	December 31st, 2019	December 31st, 2018	December 31st, 2017
<b>Non-current assets</b>			
Tangible assets	3,518,276	3,043,346	3,085,762
Intangible assets	30,258	23,152	15,612
Financial assets	29,769	34,843	32,636
Long-term receivables	6,329	0	0
<b>Total non-current assets</b>	<b>3,584,632</b>	<b>3,101,342</b>	<b>3,134,010</b>
<b>Current assets</b>			
Inventories	47,412	54,085	50,106
Trade and other receivables	710,334	1,069,938	825,949
Other financial assets	85,000	0	0
Cash and cash equivalents	339,630	505,494	553,875
<b>Total current assets</b>	<b>1,182,377</b>	<b>1,629,517</b>	<b>1,429,930</b>
<b>Total assets</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>4,563,940</b>
<b>Shareholders' equity</b>			
Share capital	733,031	733,031	733,031
First emission	49,843	49,843	49,843
Legal reserves	129,096	123,742	119,153
Revaluation reserves	955,201	551,185	408,899
Other reserves	15,813	66,705	57,627
Reported result	1,414,339	1,315,729	1,366,936
<b>Equity attributable to the owners of the Group</b>	<b>3,297,323</b>	<b>2,840,236</b>	<b>2,735,489</b>
Minority interests	19,748	1,335	4,065
<b>Total equity</b>	<b>3,317,071</b>	<b>2,841,571</b>	<b>2,739,554</b>
<b>Non-current liabilities</b>			
Long-term deferred revenues	360,641	411,155	412,866
Borrowings	122,835	143,866	195,186
Deferred tax liability	145,380	61,016	27,263
Employee benefits obligations	76,357	65,986	62,513
<b>Total non-current liabilities</b>	<b>705,214</b>	<b>682,023</b>	<b>697,828</b>
<b>Current liabilities</b>			
Trade and other liabilities	561,864	1,018,348	693,349
Other loans and assimilated debts	6,329	0	0
Building leasing	10,875	11,578	11,225
Other tax and social security liabilities	58,917	61,149	338,183
Borrowings	70,990	96,494	42,921
Short-term deferred income	37,749	19,329	40,881
Income tax payable	(2,001)	367	0
<b>Total current liabilities</b>	<b>744,724</b>	<b>1,207,264</b>	<b>1,126,558</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,767,009</b>	<b>4,730,858</b>	<b>4,563,940</b>

## PROFIT AND LOSS ACCOUNT

At Group level the profit and loss account statement is as follows:

	December 31st, 2019	December 31st, 2018	December 31st, 2017
<b>Operating Revenues</b>			
Transmission revenues	1,081,982	1,069,837	1,054,629
Revenues from system services	741,693	701,622	650,747
Revenues on the balancing market	523,104	903,865	1,304,613
Other revenues	94,743	50,281	58,015
<b>Total revenues</b>	<b>2,441,522</b>	<b>2,725,605</b>	<b>3,068,004</b>
<b>Operating expenses</b>			
System operating expenses	(351,741)	(308,872)	(257,917)
Expenses on the balancing market	(523,104)	(903,865)	(1,304,613)
Expenses regarding the technological system services	(676,468)	(677,725)	(661,323)
Depreciation	(287,346)	(306,967)	(321,027)
Personnel expenses	(268,840)	(248,804)	(237,262)
Repairs and maintenance expenses	(68,746)	(62,466)	(52,383)
Expenses for materials and consumables	(53,693)	(28,312)	(22,206)
Other operating expenses	(102,116)	(89,635)	(147,127)
<b>Total operating expenses</b>	<b>(2,332,054)</b>	<b>(2,626,647)</b>	<b>(3,003,859)</b>
<b>Operating result</b>	<b>109,468</b>	<b>98,957</b>	<b>64,145</b>
Financial revenues	10,023	16,020	17,229
Financial expenses	(18,709)	(25,758)	(40,854)
<b>Net financial result</b>	<b>(8,686)</b>	<b>(9,738)</b>	<b>(23,625)</b>
<b>Result before income tax</b>	<b>100,782</b>	<b>89,219</b>	<b>40,520</b>
Income tax	(12,077)	(13,839)	(19,096)
<b>Result for the year from continuing operations</b>	<b>88,705</b>	<b>75,380</b>	<b>21,424</b>
<b>RESULT FOR THE YEAR</b>			
Attributable to:			
Owners of the Group	88,779	78,110	22,843
Non-controlling interests	(74)	(2,730)	(1,419)
<b>Basic and diluted lost/earnings per share (lei/share)</b>	<b>1.21</b>	<b>1.03</b>	<b>0.29</b>

## CASH FLOWS

At Group level the cash flows statement is as follows:

	December 31st, 2019	December 31st, 2018	December 31st, 2017
<b>Cash flows from operating activities</b>			
Recording loss in retained earnings from correction off accounting errors	0	0	(75,727)
<b>Profit for the year</b>	<b>88,705</b>	<b>75,380</b>	<b>21,424</b>
<b>Cash flows before changes in the current capital</b>	<b>368,585</b>	<b>432,340</b>	<b>357,912</b>
<b>Changes in:</b>			
Stocks	6,098	(3,979)	(6,243)
Trade and other receivables	350,671	(214,992)	(10,374)
NAFA Execution	(2,762)	0	0
Trade and other liabilities	(420,787)	277,717	(81,148)
Other tax and social security liabilities	(1,300)	353	(1,066)
Liabilities paid according to NAFA tax decision	0	0	(99,891)
Deferred revenues	(28,583)	(22,974)	(17,970)
<b>Cash flows from operating activities</b>	<b>271,922</b>	<b>468,466</b>	<b>141,220</b>
Interest paid	(9,022)	(20,948)	(22,246)
Income tax paid	(15,823)	(12,865)	(8,861)
<b>Net cash from operating activities</b>	<b>247,077</b>	<b>434,654</b>	<b>110,013</b>
<b>Cash flows used in investing activities</b>			
Purchase of tangible and intangible assets	(237,518)	(173,236)	(191,801)
Proceeds from EC grants	0	11,646	0
Interest received	5,044	9,867	5,991
Owned shareholdings at TSC NET	(1,232)	(2,207)	0
Cashing from the sale of tangible assets	8	688	26
Dividends received	0	0	-
Other financial assets	(85,000)	0	135,090
<b>Net cash used in the investment activity</b>	<b>(318,737)</b>	<b>(153,242)</b>	<b>(50,694)</b>
<b>Cash flows used in financing activities</b>			
Borrowing from short-term loans	29,540	0	3,776
Repayments of long term borrowings	(52,215)	(113,900)	(134,372)
Repayments of short term borrowings	(4,487)	(13,282)	0
Reimbursement of liabilities	0	(200,000)	0
Special dividends as per GO no. 29/2017	0	0	(169,799)
Paid dividends	(67,042)	(2,610)	(165,541)
<b>Net cash used in financing activities</b>	<b>(94,203)</b>	<b>(329,792)</b>	<b>(465,935)</b>
Net decrease of cash and cash equivalents	<b>(165,864)</b>	<b>(48,381)</b>	<b>(406,614)</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>505,494</b>	<b>553,875</b>	<b>960,489</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>339,630</b>	<b>505,494</b>	<b>553,875</b>

## LITIGATIONS

### RAAN

On the docket of Mehedinti Court, Section II Civil of Administrative and Fiscal Disputes file 3616/101/2014 was registered, pertaining to “claims amounting to 1,090,831.70 Ron, the value of invoice 1300215/31.12.2013”, file where the Company is defendant and plaintiff is the Autonomous Regie for Nuclear Activities, RAAN.

Civil sentence no. 127 pronounced on 10.10.2014 by Mehedinti Court decided admitting the request of Plaintiff RAAN and compelling the Company to pay 109,0831.70 lei, the value of invoice no. 1300215/31.12.2013.

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

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

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

In the period 2014 - 2015, the Company has retained the due support scheme bonus from payment to RAAN, pursuant to the provisions of the ANRE regulations, namely the Article 17 (5) of ANRE Chairman's Order no. 116/2013.

Under such circumstances RAAN has calculated penalties for its not collecting in due time the cogeneration bonus amounting to 3,496,914, which the Company withheld on account of uncollected receivables. The amount of 3,496,914 lei was refused to pay by the Company and was not recorded as a debt under the support scheme.

The subject matter of the case file no. 9089/101/2013/a152 is a appeal of the additional Table of receivables against debtor RAAN.

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

On the contestation judgment term 14.06.2018 the decision was taken to suspend it until settlement of file 3014/2/2014 on the docket of the ICCJ, and on 14.02.2019, Mehedinti Tribunal decided joining file 9089/101/2013/A152 to file 9089/101/2013/a140 (pertaining to claims, payment request). Thus file judgment was deferred because the court considered it useful to settle the case by submitting Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE's president.

Settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019: It admits the exception of decline. It partly admits the main issue and associated contestation. It compels the defendant to pay to the claimant the

amount of 16,950,117.14 Lei accrued receivable during the procedure, judging to record it in the creditors' table constituted against debtor RAAN by this sum. The other associated demands are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right is granted. It was pronounced at public hearing. Document: Ruling 163/20.06.2019.

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

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

Transelectrica filed a review request for contradictory decisions registered under file 1711/54/2019, with hearing term on 25.03.2020 with the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

In the bankruptcy file of RAAN registered under no. 9089/101/2013, Mehedinti Tribunal established the term on 26.03.2020 to continue the procedure.

## COURT OF AUDIT

Following an audit session of 2013 in the Company, the Court of Audit required the Company to implement certain measures as a result of certain deficiencies it had found during this audit session. The decision and protocol issued by the Court of Auditors have been appealed before the Court of Appeal Bucharest, the case file no. 1658/2/2014 was thus constituted, aimed at the "annulment of the control documents" – Protocol no. 7/20.02.2014 issued by the Court of Auditors..

On 13.06.2018 the plaintiff's suit was partly admitted. The instance cancelled in part conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 issued by the defendant with respect to the measures required in the fore- mentioned decision in items I.1, I.3, I.6, I.8, I.11, II.14, II.15, II.17, II.18, II.20, II.21, II.22 and partially the measure of item II.13, which means removing the phrase "including those found in case of invoices issued by FLOREA ADMINISTRARE IMOBILIARA SRL". Approves the electricity technical expertise report drafted by Toaxen Vasile as expert. Compels the defendant to pay 121,375 Lei law suit expenses to the plaintiff (partially expert fees and judiciary stamp tax).

Document: Decision 2771/13.06.2018

On the date of this report such Ruling has not been drawn up.

Following a verification conducted in 2017, the Court of Auditors issued several measures to be implemented by the Company as a result of a series of deficits identified within this verification, The decision and protocol issued by the Court CNTEE Transelectrica SA filed a total of 8 objections against the measures ruled by the Romanian Court of Auditors (CCR) via Decision no. 8/27.06.2017 requesting the annulment thereof, as well as the Decision no. 77/03.08.2017 registered with the Company's secretariat under no. 29117/08.08.2017, as well as the Control Report no. 19211/26.05.2017. The appeals are pending before the Bucharest Court of Appeal and the High Court of Cassation and Justice.

## ANRE

CNTEE Transelectrica SA filed a complaint against the Order of the ANRE Chairman no. 51/June 26th, 2014, registered at ANRE under no. 47714/ August 4th, 2014, and an appeal to the Bucharest Court of Appeal, which is the subject of the file no. 4921/2/2014, requesting either the amendment of the aforementioned Order, or the issuance of a new order, which should recalculate the RRR value at the level of 9.87% (recalculated with a ( $\beta$ ) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for the year of 2013 and for the first semester of 2014.

On June 26th, 2014, the ANRE Order no, 51 was issued, published in the Official Journal under no, 474/June 27th, 2014 on the approval of the average tariff for the transmission service, the tariff for the system service and the zonal tariffs for the transmission service, payable to the National Power Grid Company "Transelectrica" - SA, and the repealing of Addendum no, 1 of the ANRE Chairman's Order no,

96/2013 regarding the approval of the average tariff for the transmission service, the tariff for the system service, the zonal tariffs for the transmission service and the tariffs for the reactive electrical energy, payable to economic agents from the electricity sector. The values taken into consideration for calculating the Regulated Rate on Return (RRR<sup>1</sup>) by ANRE, according to the Methodology on establishing the tariffs for the electricity transmission service, approved by ANRE Order no. 53/2013 ("the Methodology") have determined a RRR value of 7.7%.

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

At the hearing of September 25, 2018, an address will return to the expert with a view to prepare and submit the expert report, indicating that it is impossible to submit the expert's report until the trial, in which case postponement of the case will be ordered.

On the hearing term 22.01.2019 the instance admitted in principle the request for accessory intervention to the interest of the defendant (ANRE), expressed by the intervenient ALRO SA, with appeal right alongside the main issue. On 25.06.2019 the case is postponed in order to enable the parties to acknowledge the content of the expertise report and a new hearing term is set on 10.09.2019.

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

The dispute has not impacted the relationship with ANRE or the Company's financial results.

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

*The following term is set on 17.03.2020.*

## OPCOM

On 24.11.2014, the Operator of the Electricity and Natural Gas Market - OPCOM SA, sued the Company for the payment of the amount of 582,086.31 euros (2,585,161.72 lei), representing the amount paid by this is a fine, of the total amount of the fine of 1,031,000 euros, the application being filed under file no. 40814/3/2014.

Previously the Shareholders' General Assembly of Subsidiary OPCOM SA decided on its 10.06.2014 reunion to pay the fine in full amounting to 1,031,000 Euro applied by the General Directorate Competition of the European Commission for its trespassing article 102 of the Treaty regarding operation of the European Union, in accordance with Decision AT 39984 on the antitrust case.

Also OPCOM SA requested the law court to compel the Company to pay another amount of 84,867.67 lei as legal interest rate for the time interval 11.06.2014 – 24.11.2014.

The suit instituted by OPCOM SA was recorded under file 40814/3/2014, found on the docket of Bucharest Court, Civil Section VI, pertaining to claims, main issue - dispute with professionals.

On the 24.07.2015 court session the instance admitted the summons filed by the Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant the National Power Grid Company Transelectrica SA and compelled the defendant to pay 582,086.31 Euro to the plaintiff, representing the amount the plaintiff paid on behalf of the defendant from the 1,031,000 Euro fine applied under European Commission Decision on 05.03.2014 in the AT.39984 case as well as the legal interest to a amount of

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<sup>1</sup> RRR - Regulated Rate on Return is presented in the technical literature as WACC – Weighted Average Cost of Capital – translated as Weighted Average Cost of Capital, the equation of both indicators being similar:  $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

582,086.31 Euro, calculated on 11.06.2014 until actual payment date. The court also orders the defendant to pay to the plaintiff the amount of 37,828 lei, as legal costs, with a right of appeal within 30 days of communication. Against the sentence no. 4275/2015, pronounced in the aforementioned file, Transelectrica SA formulated an appeal, which was registered before Bucharest Court of Appeal.

The resolution of the Court of Appeal is the following: Admits the appeal. Changes the appealed civil sentence completely, meaning that it rejects the application for summons as unfounded. The court compels the respondent in appeal-plaintiff to pay 16,129 lei representing judiciary stamp tax. Appeal within 30 days of communication, pronounced at public hearing of 10.10.2016.

Document: Decision 1517/2016/10.10.2016

OPCOM S.A filed an appeal which was registered with the High Court of Cassation and Justice.

The term of the High Court for Cassation and Justice: 13.03.2018.

This Court's settlement in brief: Accepts the appeal by the plaintiff Operator of the Electricity and Natural Gas Market - OPCOM S.A. against Decision no. 1517 / 10.10.2016, pronounced by the Bucharest Court of Appeal - the Civil Division V. It lodges the contested decision and sends the case to a new court of appeal. Final.

On the 01.10.2018 hearing term the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 lei as legal expenses to the respondent in appeal-plaintiff. Appeal right within 30 days of communication.

On 27.11.2018 CNTEE Transelectrica SA filed appeal, which is under filtering with the ICCJ.

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

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

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

On the hearing date 27.09.2019 the inadmissibility exception and the prescription exception are denied as groundless. It denies the request as groundless. Appeal right within 10 days from notification to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019, file 34249/3/2019, settlement in brief: as against the provisions of article 94 para 3 from the Internal Regulation of Judiciary Instances approved by CSM under no. 1375/2015, according to which the appeal ways stated against the same ruling are settled by the initial court and taking into account both the creditor and debtor filed cancellation requests against hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decides referring this file for settlement to the first court entrusted to settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely the Panel of judges 11 AO, initially dealing with file 34022/3/2019, pertaining to cancellation request. Cancellation requests were registered under file 34022/3/2019, with hearing term on 11.03.2020.



## ASITO KAPITAL SRL

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

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

Resolution in short: Admits the request.

Orders the debtor to pay within 20 days of the communication of this judgement the amount of 2,237,750.83 euros (equivalent of 9,948,592.64 lei at 4.4458 Euro exchange rate) amount representing unreturned down payment which was secured under guarantee letter for down payment BR-1500544/18.11.2015;

Orders the debtor to pay within 20 days of the communication of this judgement the amount of 4,821,022.53 euros (equivalent of 21,233,265.32 lei at 4.4041 lei/Euro exchange rate) Euro exchange rate) amount representing unreturned down payment which was secured under guarantee letter for down payment BR-1500520/29.07.2015;

Orders the debtor to pay within 20 days of the communication of this judgement the amount of 200 lei as legal expenses. With right of request in annulment within 10 days of communication Document: Decision 4067/2017- 07.11.2017 has been drawn up and transmitted to both parties on 17.10.2018.

On 01.11.2018 the Decision 4067/2017 - 07.11.2017 was legalised and then transmitted to BEJ Raileanu in view of enforcing such executory title.

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

- the amount of 21,233,265.32 - according to the Civil Decision no. 4067/2017 (EUR 4,821,022.53 at the 4.4041 rate);
- the amount of 9,948,592.64 - according to the Civil Decision no. 4067/2017 (EUR 2,237,750.83 at the 4.4458 rate);

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

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

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

Document: Ruling 743/2019 /20.03.2019.

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

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

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

*The next term under file 28445/3/2017 (3055/2019 ) is on 18.05.2020.*

## CONAID COMPANY SRL

In 2013, Conaid Company SRL took legal actions against CNTEE Transelectrica for the unjustified refusal of the latter to sign an addendum to the connection agreement or to sign a new connection agreement, and requested the compensation for costs incurred up to that time, amounted to 17.4 mil lei and loss of profit for the period 2013 - 2033 amounting to EUR 722,756,000. So far, the Company did not conclude an addendum to the connection agreement because the suspensive provisions included therein have not been met by Conaid Company SRL. A new connection agreement would have had to be concluded by March 11th, 2014, the date on which the technical connection permit has expired. On the date of these financial statements, the amounts claimed by Conaid Company SRL were regarded as contingent liabilities as it is unlikely to settle this obligation, there will be necessary outflows of resources embodying economic benefits and the value of obligation cannot be evaluated with sufficient reliability. File 5302/2/2013 on the docket of the High Court of Cassation and Justice. Administrative and Fiscal Disputes Section pertained to compelling the issuance of an administrative act, file stage- appeal, hearing term being set on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and set the hearing term for the main issue on 08.04.2016 for the appeals, Judge Panel 4, with parties' summons.

Case judgement was deferred until 17.06.2016, when the instance deferred pronouncement on 29.06.2016, when it pronounced Decision no. 2148/2016, by which it ordered the following: Rejects the exceptions invoked by the plaintiff - plaintiff Conaid Company S.R.L., via insolvency administrator RVA Insolvency Specialists SPRL, and by the plaintiff - defendant the National Power Grid Company Transelectrica S.A. Admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18.02.2014 and the civil sentence 1866 of 11.06.2014, pronounced by the Appeal Court Bucharest, Section VIII of administrative and fiscal disputes. Cancels the conclusion appealed against and partly the sentence and refers the case to Bucharest Court, Civil Section VI to settle the plaintiff's case in contradiction with the National Power Grid Company Transelectrica SA. Maintains the other provisions of the judgement regarding the plaintiff's action against the National Regulatory Authority for Energy. Rejects the appeals filed by the plaintiff Conaid Company S.R.L., via insolvency administrator RVA Insolvency Specialists SPRL, and by the plaintiff - defendant Duro Felguera SA against the civil sentence no. 1866 of June 11th, 2014, pronounced by the Appeal Court Bucharest, Section VIII of administrative and fiscal disputes. Rejects the appeal filed by the defendant National Power Grid Company Transelectrica S.A. against the hearing protocol from March 25th, 2014, pronounced by the Bucharest Court of Appeal - Section VIII, Administrative and Fiscal Litigation. Final. Ruled in open court on June 29th, 2016.

On the docket of Bucharest Court – Civil Section VI, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception to the ineligibility of the claim and rejects it as ineligible. It also rejects the motion to intervene in the interest of the plaintiff. With right of appeal within 30 days of communication. The appeal was submitted to Bucharest Court, Civil Section VI and placed at the parties' disposal by means of the court clerk on 23.11.2017.

On 02.11.2018, the Bucharest Court - Civil Section VI - was registered with a new appeal filed by Conaid Company SRL, file no. 36755/3/2018 by which the plaintiff requested the court to order Transelectrica SA to pay compensation for the damage caused to the plaintiff as a result of the default of the defendant in the amount of 17,216,093.43 lei, amounting to the actual loss suffered and the unrealized benefit, provisionally estimated at EUR 100,000, given the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract No. C154 / 27.04.2012, and in the event that the court considers that, from the point of view formally can not be regarded as fulfilled by the applicant in respect of the suspensive conditions, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfilment of the conditions. "

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

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

It is postponed to provide the expertise evidence and term is established on 21.01.2020.

*On 21.01.2020 the case was postponed for expertise and a new term is set on 31.03.2020.*

### **FF WIND ENERGY INTERNAȚIONAL SRL**

Case file no. 47332/3/2017 on the docket of the Bucharest Court - Civil Section VI , by which the company FF Wind Energy Internațional SRL requests the following against CNTEE Transelectrica SA: - the annulment of the unilateral statement for the termination of the RET connection agreement no. 85/14.03.2011 issued on March 2nd, 2016 under no. 8295, - ordering the Company to pay the amount of 32,777,167.35. lei as damages following the termination of the agreement and to pay the amount of 45,000,000 euro as the amount of depreciation of the company FF Wind Energy Internațional SRL caused by the impairment of its purpose.

On the hearing term 28.12.2018 the instance denied the suing as it had been expressed as unfounded; acknowledges the defendant has requested no law suit expenses and provides appeal right within 30 days of communication. In accordance with article 425 para 3 and of article 471 para 1 from the Civil procedural code, the appeal and the appeal reasons are submitted to Bucharest Court, Civil Section VI.

Document: Decision 3891/2018 of 28.12.2018.

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

Pronounced at public hearing. Document: Ruling 1191/23.07.2019

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

### **ELCEN SA**

Case file no. 6642/3/2018 on the docket of the Bucharest Court has as object the appeal against the measure of the judicial administrator of Electrocentrale Bucuresti SA to refuse to answer the request for payment. Transelectrica requested the debtor ELCEN SA - a company in insolvency, to pay the amount of 56,680,387 lei, corresponding to overcompensation, according to ANRE President Decision no. 476 / 30.03.2017.

The Bucharest Court resolution, in short: Rejects as unfounded the exception to the delay in the appeal filed by the ELCEN intimation by way of pleading. Admits the appeal against the measure of the legal administrator. Orders the debtor to pay the contestant the amount of 56,680,387 lei, representing the unpaid difference related to the overcompensation Decision no. 476 / 30.03.2017 and invoices series TEL17COG no. 17948 / 30.03.2017. Admits the head of the claim concerning the debtor's obligation to pay the legal expenses. Obliges the debtor to pay to the contestants the amount of 2,500 lei in legal costs, representing the stamp duty and the temporary expertise fee. With right of appeal within 7 days of communication

The appeal is submitted to Bucharest Court, Civil Section VII. Pronounced at public hearing on 21.12.2018. Document: civil sentence no. 7834/21.12.2018.

*Elcen filed appeal, which was denied as groundless on 11.06.2019.*

### **MUNICIPALITY OF RESITA**

The case file 2494/115/2018\* on the dockets of Caraș Severin Court has the object of ordering the Company to pay the following amounts:

- 2,129,765.86 Lei, representing rent for the land area temporarily taken from the forestry fund in 2015;
- 2,129,765.86 Lei, representing land rent for 2016;
- 2,129,765.86 Lei, representing land rent for 2018;

➤ Penalty legal interest from due date until actual payment

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

On 25.10.2019 hearing term the territorial incompetence of Bucharest Tribunal was admitted. It declines the case settlement competence in favour of Caras-Severin Tribunal. It ascertains the occurrence of the negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspends the case and refers the file to the High Court of Cassation and Justice, in view of settling the negative competence conflict. No appeal right is granted. Pronouncement to be made by placing the settlement to the parties' disposal by the court clerk. Ruling 2376/25.10.2019.

#### NATIONAL FOREST ADMINISTRATION - ROMSILVA

By the petition to sue, the plaintiff, the National Forest Administration - Romsilva - Caraş Severin Forest Directorate requested the defendant CNTEE Transelectrica SA to pay the following amounts:

- 2,433,608.52 lei, annual rent for temporarily occupying land from the national forest fund + penalties for late payments from the due date of the rent 31.01.2018 until the actual and full payment;
- 304,298.47 lei, the equivalent of the final removal from the national forestry fund of the land area, the equivalent of the loss of growth of wood exploitation + penalties for late payments calculated from 10.05.2015 until their actual and full payment.

The case was the subject of file no. **2434/115/2018**, filed before Caraş Severin Court.

On 29.11.2018, Caras Severin Court ruled the judgement no. 3326/2018, by which it ordered the following: Admits the exception of territorial incompetence of Caras Severin Court. Dismisses the competence to resolve the petition for damages filed by the plaintiff RNP-Romsilva, Caraş-Severin Forest Directorate against the defendants the National Power Grid Company "Transelectrica" SA and the National Power Grid Company "Transelectrica" SA - Timisoara Transmission Subsidiary. Final. Ruled in public hearing on 29.11.2018.

The case file was filed before the Bucharest Court - Civil Section IV, under no. 2434/115/2018, which, on 22.01.2019, pronounced the following conclusion: "Admits the exception of functional incompetence. Has the file forwarded to the Civil Sentence VI of Bucharest Court for competent settlement. With no means of appeal. Ruled in public hearing on 22/01/2019".

The case file was filed before Bucharest Court - Civil Section VI, under no. 2434/115/2018\*, which, on 13.02.2019, pronounced the following conclusion: "Admits the exception to the procedural material lack of competence of the Bucharest Court -Civil Section VI, invoked ex officio. Dismisses the jurisdiction to resolve the case in favour of Bucharest Court - Civil Division IV, to which the case will be filed immediately. Determines the negative conflict of jurisdiction, suspends the judgement of the case and submits the file to Bucharest Court of Appeal for the settlement of the conflict. With no means of appeal. Ruled in public hearing on 13.02.2019."

#### ANAF

The general tax inspection took place at Transelectrica SA's headquarters, which regarded the period between December 2005 and December 2010. The general tax inspection commenced on December 14th, 2011 and ended on June 26th, 2017, the date of the final discussion with Transelectrica SA.

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

According to the Notice of assessment no. F-MC 439/30.06.2017, amounting to a total of 99,013,399 lei, ANAF – DGAMC set forth additional tax payment liabilities to the Company, amounting to 35,105,092 lei, as well as ancillary tax liabilities (interest/late interest and late payment interest), amounting to 63,908,307 lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities: Corporation tax amounting to 13,726,800 lei plus accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out the night of June 26th - 27th, 2009, at the business office from Millenium Business Center of Armand Calinescu 2-4, district 2, where the Company operated at that moment), and were special regime documents.

These invoices were the subject matter of a dispute with ANAF that issued fiscal audit report on 20 September 2011 whereby it estimated payable VAT collected for a number of unused invoices identified as missing.

The Company contested the Taxation decision F-MC 439/30.06.2017 within the legal term according to OG 92/2003 on the Fiscal procedural code.

ANAF issued enforcement order no. 13540/22.08.2017; the additional payment obligations according to Notice of assessment no. F-MC 439/30.06.2017 were enforced based on this order.

The Company requested the annulment of the enforcement order no. 13540/22.08.2017 before the Court of Appeal –case file no. 7141/2/2017.

Settlement in brief: Admits the lack of jurisdiction related to subject matter of the Court of Appeal Bucharest – Administrative and Fiscal Litigation Section. Declines the case settlement competence in favour of Law Court of Bucharest 1. With no means of appeal. Ruled in public hearing of 08.02.2018 Document: Decision 478/2018 of 08.02.2018.

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

Settlement in brief: Admits the suspension request filed by the contesting party. On the grounds of Article 413 (1) (1) of the Civil Procedure Code, judgement is suspended until the final settlement of case file no. 1802/2/2018, pending with the Court of Appeal Bucharest, Section VIII Administrative and Fiscal Litigation. Appeal right during the entire suspension; appeal to be submitted to the Law Court of Bucharest 1. This was pronounced at public hearing.

Document: Hearing protocol – Suspension 17.04.2018

On the dockets of the Court of Appeal there is in preliminary proceedings the file no. 1802/2/2018 by which the Company contested the fiscal administrative act Decision no. F-MC 439/30.06.2017.

After the Company's appeal of the administrative fiscal act, Decision no. F-MC 439/30.06.2017, ANAF notified the Company Decision 122/13.03.2018 which denies as groundless the appeal filed by CNTEE Transelectrica SA, such decision being received on 16.03.2018, after filing the summons under file 1802/2/2018.

Settlement in brief: It admits the request of judgment suspension filed by the appellant. On the grounds of Article 413 (1) (1) of the Civil Procedure Code, judgement is suspended until the final settlement of case file no. 1802/2/2018, pending with the Court of Appeal Bucharest, Section VIII Administrative and Fiscal Disputes.

Appeal right during the entire suspension; appeal to be submitted to the Law Court of Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

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



On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain. On 21.01.2020 the case was postponed in order to receive the answer to objections, next term being on 28.04.2020.

### SUBSIDIARY SMART SA litigations

- Case file no.48509/3/2017 registered with Bucharest Court, Civil Section VI Case file object:

CNTEE Transelectrica SA requests by court action to have SMART SA compelled to:

- Return to our company the amount of 7,652 where VAT is to be added, as prejudice incurred by our company as a consequence of the defendant's enrichment with no just cause, in the first place, and as undue payment, in the second place;
- Compelling the defendant to pay the non-achieved benefits associated to the amount paid under the enrichment title without just cause, in the main, calculated from the date when the subscribed made the undue payments to the defendant until the date when the law court was notified, in quantum of 2,773, as well as compelling the defendant to further pay the non-achieved benefits until the actual return date of the amount representing the principal debt by the defendant.

*Case file stage:* On 12.03.2018 we were notified the appeal filed by SMART which we answered on 22.03.2018, and the first hearing term is to be set later.

*Settlement in brief:* Based on art. 413 paragraph 1 point 1 Civil Procedure Code orders the suspension of the case pending the final settlement of file no.6577/2/2017 on the dockets of CAB - Section II Administrative and Fiscal Contentious Division. With right of appeal during the period of suspension, the appeal must be filed with the Bucharest Court Section VI. Ruled in public hearing of 24.04.2018. Document: Hearing protocol – Suspension 24.04.2018

Remarks on the circumstances of suit initiation:

In 16.01.2017 - 26.05.2017 the Company was subject to an audit from Romania's Court of Audit performed by a team of external public auditors from Department IV, Court of Audit. After such control an Audit report was elaborated registered under no. 19211 on 26.05.2017 in our Company, which report was contested by us and subsequently the CCR (Audit Court) issued Decision 8/27.06.2017

On page 116-117 of the Audit report in item 9 the Court of Audit's team records that in 2014, under contract C57/31.01.2012 the Transmission Branches Bucharest, Pitesti, Sibiu and Constanta of CNTEE Transelectrica SA based on orders for replacement of 220 kV, 110 kV and 245 kV circuit breakers, have accepted for payment invoices (which were attached payment statements certified by Transmission Branches and by Smart branches) and reports executed by Smart Branches where an entry of materials included circuit breakers procured at over-rated prices, which were added 30% indirect expenses and 5% profit and thus led to inefficient use of monetary sources amounting to 7,652,449 Lei.

Case file no.40958/3/2016 registered with Bucharest Court, Civil Section VI Case file object:

Compelling Company SMART SA to pay 2,797 thousands lei , VAT included + 1,212 thousands lei accessories calculated to the amount of 2,872 thousands lei. Smart has misunderstood the amount of 2.872 thousands lei represented accessories (interest rates).

*Case file stage:* On the hearing date 07.06.2017 the instance in accordance with article 413 para 1 pt. 1 NCPC suspended judging the case until the final settlement of file 1658/3/2014 on the docket of the Appeal Court Bucharest in contradiction with the Court of Accounts. With appeal throughout the suspension.

Remarks about the circumstances when such action was initiated

Item 3 from Ruling 37/2013 of the Court of Accounts retained the following: "Making undue payments in the estimated amount of 314.228 lei for deforestation services provided by the same provider at higher tariffs as well as for services provided on the same surfaces "(pages 3-6 of the Decision no. 37/2013)

*Case file stage:* suspended

- *File 7763/2/2018 – Court of Appeal Bucharest*

*File subject:* cancelling Decision 19/22.12.2014 taken by the Board of Administration of Subsidiary Company for Maintenance Services to Electricity Transmission Networks SMART SA and Decision 12375/22.12.2014 of the BA chairman of Subsidiary Company for Maintenance Services to Electricity Transmission Networks SMART SA.

*Circumstances of dispute initiation:*

Decision 12375/22.12.2014 of the BA chairman of Subsidiary Company for Maintenance Services to Electricity Transmission Networks SMART SA established increasing the company's share capital by 16,507,700 Lei, representing contribution in kind, changing the shareholder structure accordingly and the Secretariat General of the Government seated in Bucharest 1, Piata Victoriei 1, was granted 1,650,770 shares of 10 Lei nominal value each, which were attributed to the Romanian State through the Secretariat General of the Government that acquired 29.994% participation quota to benefits and losses, amending the Articles of Association and mandating Mr. Florin Rosu to take care of the publicity and ORCB registration formalities.

The documents that were used for the share capital increase of subsidiary Smart SA and issuance of the Designated Person Resolution 154954/30.12.2014, namely Decision 19/22.12.201, taken by the Board of Administration of Subsidiary Company for Maintenance Services to Electricity Transmission Networks Smart SA, as well as Decision 12375/22.12.2014 of the BA chairman of Subsidiary Company for Maintenance Services to Electricity Transmission Networks Smart SA.

Decision 14/10.12.2014 of the Shareholders' general extraordinary assembly of Subsidiary Smart SA decided as follows:

- Rejecting in accordance with article 219 of the Company law 31/1990 the decision to increase the share capital of Subsidiary Company for Maintenance Services to Electricity Transmission Networks Smart SA by 14,378,940 Lei, representing the value of lands which ownership certificates were obtained for, according to Note 10860/14.11.2014
- Approving the increase in the share capital of Subsidiary Company for Maintenance Services to Electricity Transmission Networks Smart SA by contribution in kind consisting in the lands which according to privatisation legislation ownership certificates were issued for, lands mentioned in Note 10860/14.11.2014, and bringing to the attention of managerial structures from the Subsidiary Company for Maintenance Services to Electricity Transmission Networks Smart SA to carry on in expeditious manner all legally provided procedures necessary to increase the share capital of SMART SA and amending the articles of association, including as well licensed appraisal of lands constituting contribution in kind in December 2014, so as to be able to comply with law terms;

*History of the dispute and the rendered solutions:*

Before Bucharest Tribunal – Section VI Civil, it was registered file no. 14001/3/2015, on “Complaint against the resolution of TRO director”, file in which the company is the complainant, the defendants being Company for Maintenance Services to the Electricity Transmission Grid SMART SA, the Romanian State, through the General Secretariat of the Government and NOTR - National Office of the Trade Register from Bucharest Tribunal.

The file was established as a result of the submission to NOTR - the Trade Register Office from Bucharest Tribunal of the complaint filed under the provisions of art. 6 of GEO 116/2009, as well as under the provisions of Law no. 31/1990 on trading companies, republished , with later amendments and additions, against the documents mentioned below:

- Resolution of Designated Person no. 154954/30.12.2014, pronounced in NOTR File - The Trade Register Office from Bucharest Tribunal no. 449314/23.12.2014;
- Decision no.19/22.12.2014, of the Management Bord of the Company for Maintenance Services to the Electricity Transmission Grid SMART SA,
- Decision no. 12375/22.12.2014, of the Management Board's Chairman of Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary.



Bucharest Tribunal decided by Civil Decision no. 317/2017 from 01.02.2017, the following: "Dismisses the request to suspend the trial of the case as unfounded. Admits the exception of lateness. Rejects the complaint as being laid down belatedly. Appeal within 30 days of communication. The appeal will be submitted to Bucharest Tribunal – Section VI Civil. Pronounced in open court today, 1.02.2017." Transelectrica SA appealed against this sentence.

On 21.09.2017, the Bucharest Court of Appeal ordered by Civil Decision no. 1304/2017 the following: "Dismisses the appeal as unfounded. Final. Delivered in open court today, 21.09.2017."

On the court date 07.09.2015, by the hearing's conclusion, Bucharest Tribunal ordered the following: "Orders the disjunction of heads 2 and 3 of the application for summons filed by complainant National Power Grid Company Transelectrica SA against the defendants Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary, the Romanian State through the General Secretariat of the Government and NOTR, a new file being established, term on 02.11.2015, C3 Fond, 08:30 AM, room 128, when the parties will be given notice. In this file for the trial's continuation, the term is 19.10.2015, C3 Fond, 08:30 AM, room 128 - without summoning the parties. Pronounced in open court today, September 07, 2015."

The new file received registration number 32675/3/2015. In this file, on 16.11.2015, Bucharest Tribunal ordered, by civil sentence no.6468/2015, the following: "Admits the exception of inadmissibility. Dismisses the application for summons filed by complainant National Power Grid Company Transelectrica SA against the defendants Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary, the Romanian State through the General Secretariat of the Government and NOTR, as inadmissible. Appeal within 30 days of communication. The appeal shall be filed with Bucharest Tribunal Section VI Civil. Pronounced in open court today, November 16, 2015."

Against Civil Sentence no. 6468/2015, Transelectrica SA filled an appeal, which was registered before the Bucharest Court of Appeal. In the appeal request, Transelectrica SA also claimed the exception of unconstitutionality of the provisions of art. 114 para. (3) of Law no. 31/1990, republished, with later amendments and additions, related to the Constitution's invoked provisions (art. 16 Equality in rights, para. (1) and (2), art. 21 - Free access to justice, art. 44 - Private property right, para. (1) and (2) of the Romanian Constitution, as well as art. 6 of the European Convention for the Protection of Fundamental Rights and Freedoms - The right to a fair trial, considering that the action was dismissed as inadmissible, on the grounds that "Transelectrica SA could not take action as provided by art.132 of Law no.31/1990 against the decisions of the defendant's management board... since by these it was ordered with regard to the increase of its share capital", because "the provisions of art. 114 para. (3) of Law no. 31/1990 do not provide the possibility to take action against these decisions".

On May 23, 2016, the Bucharest Court of Appeal pronounced Decision no.903/2016, by which it ordered the following: "Dismisses the appeal as unfounded. Admits the request to lodge complaints with the Constitutional Court. Pursuant to art. 29 para. (4) of Law 47/1992, notifies the Constitutional Court with the resolution of the exception of unconstitutionality of the provisions of art. 114 para. (3) of Law no. 31/1990, republished, with later amendments and additions, related to art. 21 and art. 44 of the Constitution, exception claimed by the appellant. Final. "

The exception of unconstitutionality was subject to file no. 1338D/2016, of the Constitutional Court. In this file, the Constitutional Court issued Decision no. 398/19.06.2018, sent for publication, along with address no. 8024/24.09.2018.

Pursuant to the provisions of art. 509 para. (1) point 11 of the code of civil procedure, we filed an application for the revision of Decision no. 903/A/2016, issued by the Bucharest Court of Appeal – Section VI Civil, on May 23, 2016, in file no. 32675/3/2015, by which it was upheld Civil Sentence no. 6468/2015, of 16.11.2015, issued by Bucharest Tribunal - Section VI Civil, requesting the court to fully change the contested decision, by admitting the appeal, rejecting the exception of the action's inadmissibility as unfounded, and as a consequence, a retrial, to admit the application for summons, as filed.

The application for revision was subject to file no. 7763/2/2018, of the Bucharest Court of Appeal – Section VI Civil.

On 26.03.2019, the Bucharest Court of Appeal was still deliberating, postponing the decision on 09.04.2019, then on 23.04.2019, then on 07.05.2019, then on 14.05.2019, when, by decision no. 835/14.05.2019, it ordered the following: “Admits the application for revision. Fully changes the contested decision, accepting the appeal. Overrules civil sentence no. 6468/11.16.2015. Rejects the exception of the revocation of respondent Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary of the rights to claim the exception of the application’s limitation regarding the nullity of the two contested decisions. Rejects the exception of the application’s limitation and the exception of the application’s lateness, as unfounded. Rejects the exception of inadmissibility, as unfounded. Admits the exception of the absence of passive locus standi of defendant NOTR. Dismisses the application filed against this defendant, as being filed against a person without passive locus standi.

Admits the application filed by complainant National Power Grid Company TRANSELECTRICA SA, against the defendants: the Romanian State and the Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary. Annuls Decision no. 19/22.12.2014 of the Management Board of the Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary and Decision no. 12375/22.12.2014 of the Management Board’s Chairman of the Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary. Obliges the respondent-defendant Company for Maintenance Services to the Electricity Transmission Grid SMART SA subsidiary to pay the revidée the amount of 250 lei, legal fees. Final. Issued in public hearing, today, 14.05.2019.”, according to the information from the court’s web portal.

#### **SUBSIDIARY TELERANS SA litigations**

- Case file no. 20223/3/2017 registered with Bucharest Court, Civil Section VI Case file object:

Teletrans SA requests compelling CNTEE Transelectrica SA to pay 4,635 , as value of the performance bond constituted as per contract C243/2010, to which the amount of 293 is added, legal interest calculated on the maturity date until law suit opening,

Case file stage:: At the hearing of 31.05.2017, the application was rejected as unfounded. Admits the case; appeal within 30 days of communication. Appeal will be submitted to Bucharest Court, Civil Section VI. Decision 1505/18.05.2018 not communicated.

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

Brief settlement of the Bucharest Court of Appeal: It admits the appeal; changes the sentence appealed against in the sense that: it partly admits the summons; it compels the defendant to pay the claimant 4,632,187.61 Lei. It denies as groundless the request to compel the defendant paying legal interest. It compels the defendant to pay 49,926.87 Lei law suit fundamental matter expenses. It compels the respondent defendant to pay the claimant 24,963.43 Lei law suit expenses for appeal. Appeal right granted within 30 days from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil, pending nullity sanction. It was pronounced at public hearing on 17.12.2019. Document: Ruling 2119/2019 / 17.12.2019

#### *Remarks on the circumstances of suit initiation:*

In accordance with the opinion of Transelectrica the performance bond can be returned only if the following conditions are met cumulatively: the provider has complied with all contractual obligations and the purchaser had not issued claims over the GBE (performance bond), within the limits of caused prejudice.

On expiry date of Contract C243/2010 (30.06.2014) the services constituting contractual subject were met under good conditions, except for three investment projects still found under implementation, which have not been completed so far.

Such issues pertaining to Teletrans's incompliance with contractual obligations were also noticed by Romania's Court of Audit in the Report 19211/26.05.2017 (item 3.3.1, pages 51-60, item 3.3.2, pages 60-66 and item 3.4, pages 66-72) and in Decision 8/27.06.2017, items 7 & 8, maintained by Conclusion 77/03.08.2017.

Transelectrica has contested the audit documents issued by the Court of Audit. Such objection was included in file 6576/2/2017 on the docket of the Court of Appeal Bucharest, with 25.02.2020 as next hearing term.

Report 931/VIII-1/2015 regarding execution of contract C243/2010 is currently performed in the DNA.

Case file no. 16216/3/2017 registered with Bucharest Court, Civil Section VI Case file object:

By the for legal action, Teletrans S.A. requests the court to:

- Ascertain the services under contract 03/2007 have been fully provided, as added;
- In subsidiary to ascertain the services under contract 03/2007 have been provided and partially accepted, as it has been added;
- Oblige Transelectrica to pay 4,649 , to which VAT of 883 is added, representing the amounts of invoices 115/2017, 123/2017 up to 143/2017;
- Oblige Transelectrica to pay 214,355,40 Euro to which VAT is added, at the exchange rate on the invoice issuance dates, representing the value of services provided and partially accepted for the contractual interval May 2014 – November 2016, "in subsidiary if admitted the second subject of the request not the first subject of the request";

*File status:*

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

*Remarks on the circumstances of suit initiation:*

Following control performed in January - March 2017 at Teletrans' the Court of Audit found Teletrans has not recovered or cashed from Transelectrica the monetary amount requested in the above file.

Contact C03/2007 has conditioned the issuance and payment acceptance of invoices on the confirmation of services mentioned in each claimant-issued minutes by the Company representatives from the executive team and subsidiaries.

As a result of improper execution by Teletrans SA of services contracted under C03/2007, most Transmission Branches refrained from endorsing the local minutes of work acceptance, for which reason the Divisions dealing with contract C03/2007 the monthly centralising acceptance minutes.