# To: Bucharest Stock Exchange - Regulated Markets Issuers Operations Department Financial Supervisory Authority - Directorate General for Supervision - Issuers Department

Statement in accordance with Law 24/2017, Financial Supervisory Authority Regulation no. 5/2018 and the BVB Code

Report date: November 14, 2024

Transelectrica®
Societate Administrată în Sistem Dualist

Name of the issuing entity: NPG CO. TRANSELECTRICA SA, Company managed under a two-tier system

Bucharest, : 2-4 Olteni Str., sector 3, Bucharest Telephone/fax number: 021 30 35 611/021 30 35 610

Tax Registration Number: 13328043

Order number in the Trade Register: J40/8060/2000 Subscribed and paid-up share capital: 733.031.420 RON

LEI Code: 254900OLXCOUQC90M036

Regulated market on which issued securities are traded: Bucharest Stock Exchange

Important event to report:

#### Summary of financial results for the end of Q3 2024

#### Reporting includes:

- > Unaudited Interim Simplified Separate Financial Statements as at September 30, 2024
- > Quarterly report on the activity of NPG CO. "Transelectrica" S.A. in the period January-September 2024

The segment of activities with profit allowed recorded a positive result in the amount of RON 424 mil as at 9M 2024, up from the result in the amount of RON 320 mil achieved as at 9M 2023, as operating revenues increased by 16% (RON 241 mil), correlated with an increase in expenses (including depreciation and amortization) by 12% (RON 138 mil).

The increase in operating revenues (RON 1.745 mil at 9M 2024 vs. RON 1.504 million at 9M 2023) was mainly influenced by the increase in revenues from the regulated tariff (RON +63 million), in the context of the increase in the quantity of charged energy (+2.3%), revenues from Grid losses transactions (+ RON 50.8 million), revenues from emergency aid (+ RON 61.2 million), Grid losses anticipatory tariff income (+ RON 46.6 million), as well as the recording of certain conjunctural revenues represented by additional payment obligations recovered through legal proceedings in accordance with Civil Decision no. 6169/2023.

Interconnection revenues decreased from RON 255 million in 9M 2023 to RON 189 million in 9M 2024 corresponding to the level of utilization of available interconnection capacity by electricity market traders. The interconnection capacity allocation market is fluctuating, with prices evolving depending on the demand and the need of electricity market participants to purchase interconnection capacity.

Operating expenses (including depreciation and amortization) increased by 12% (RON 1,321 million in 9M 2024 compared to RON 1,183 million in 9M 2023), mainly influenced by the increase in expenses related to system operation (in the context of the costs of energy purchase to cover own technological consumption amounted to RON 434 million, 15% higher (+ RON 57 million) compared to 9M 2023), personnel expenses and other expenses.

Following the provisions of GEO no. 153/2022, Transelectrica has purchased electricity to cover 75% of the quantity related to the Grid Losses forecast validated by the Centralized Electricity Purchase Mechanism (MACEE). For 50% of the validated needs, the energy was purchased through annual allocation, at a regulated purchase price of 450 lei/MWh.

Starting with 01.04.2024, the centralized electricity purchase mechanism MACEE was amended by GEO no. 32/2024, in order to reduce the regulated purchase price to 400 lei/MWh, to eliminate the obligation for producers to participate in the mechanism, to change the period of application of the mechanism from 31.03.2025 to 31.12.2024, to allow other producers with production capacities of less than 10MW to participate in the mechanism. As a result, starting with the monthly allocations for the month of August, the amount allocated for Grid Losses coverage through MACEE has been almost zero. The required energy was purchased through bilateral contracts and from DAM.

Starting with July 01, 2024, the ANRE Order no.127/08.12.2021 for the approval of the Regulation regarding the terms and conditions for balancing service providers and for frequency stabilization reserve providers and the







Regulation on the terms and conditions for the parties responsible for balancing, in accordance with the requirements of the European codes, which led to very high prices on the Balancing Market, entered into force.

The segment of zero-profit activities recorded a positive result at 9M 2024 in the amount of RON 8 mil compared to the negative result realized at 9M 2023. Revenues from zero-profit activities recorded an increase mainly driven by the increase in revenues on the balancing market (+ RON 2,481 mil) due to the prices recorded on the balancing market, concomitant with the appreciation in revenues from technological system services (+ RON 140 mil), at the tariff approved by ANRE, compared to the same period of the previous year, in the context of a 2.3% increase in the quantity. Balancing market revenues/expenditures were more than 2 times higher in 9M 2024 compared to 9M 2023.

| Indicators   | MU        | 9M 2024 | 9M 2023 | $\Delta$     |
|--|-----------|---------|---------|--------------|
| Financial  |           |         |         |              |
| Quantity charged                                     | [TWh]     | 38.32   | 37.44   | ▲ 2.3%       |
| ACTIVITIES WITH PROFIT ALLOWED                       |           |         |         |              |
| Average transmission tariff (realized)               | [lei/MWh] | 31.32   | 30.37   | ▲ 3%         |
| Operating income, of which:                          | [mil lei] | 1,745   | 1,504   | <b>▲ 16%</b> |
| Regulated transmission tariff revenue                | [mil lei] | 1,200   | 1,137   | <b>▲</b> 6%  |
| Interconnection revenues                             | [mil lei] | 189     | 255     | <b>▼</b> 26% |
| Grid losses anticipatory tariff income               | [mil lei] | 49      | 3       | <b>▲</b> n/a |
| Operational expenditure, of which:                   | [mil lei] | (1,058) | (931)   | ▼ 14%        |
| Grid losses expenses                                 | [mil lei] | (434)   | (377)   | ▼ 15%        |
| EBITDA   | [mil lei] | 687     | 573     | ▲ 20%        |
| Depreciation   | [mil lei] | (263)   | (252)   | <b>▼</b> 4%  |
| EBIT   | [mil lei] | 424     | 320     | <b>▲ 32%</b> |
| ZERO PROFIT ACTIVITIES                               |           |         |         |              |
| EBIT   | [mil lei] | 8       | (90)    | ▲ n/a        |
| ALL ACTIVITIES (with Profit Allowed and Zero Profit) | -         |         |         |              |
| EBIT   | [mil lei] | 432     | 231     | ▲ 87%        |
| Net profit   | [mil lei] | 410     | 207     | ▲ 99%        |
| Operational  |           |         |         |              |
| Net domestic consumption                             | [TWh]     | 39.1    | 38.1    | ▲ 3%         |
| Net domestic production                              | [TWh]     | 37.8    | 40.8    | ▼ 7%         |
| Net Export(-)/Import(+)                              | [TWh]     | 1.27    | -2.8    | n/a          |

<sup>\* +</sup>Revenues, positive impact on result (▲),+Expenses, negative impact on result (▼)

Investment expenditures in 9M 2024 amounted to RON 456.46 million, 55% higher than investment expenditures in 9M 2023 (RON 293.8 million).

In 9M 2024, there was a 3% increase in net domestic consumption and a 7% decrease in net energy production.

On August 29, 2024, Moody's Investors Service reconfirmed Transelectrica S.A.'s long-term debt rating at "Baa3" and stable outlook.

Overall in Q3 2024 Grid losses in the ETG decreased by 8% compared to the same period in 2023, mainly as a result of favorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova, but also favorable weather conditions characterized by lower amounts of precipitation, which led to reduced corona losses.

The Report concerning the activity of the Company for the period January - September 2024 and the Separate Interim Financial Statements as of September 30, 2024, are available as of November 14, 2024, as follows:

- online, on the website www.transelectrica.ro, in the Investor Relations section Periodic Reporting/Reports, respectively <a href="https://www.transelectrica.ro/rapoarte-2024">https://www.transelectrica.ro/rapoarte-2024</a>;
  - at the Company headquarters: 2-4 Olteni str., sector 3, Bucharest.

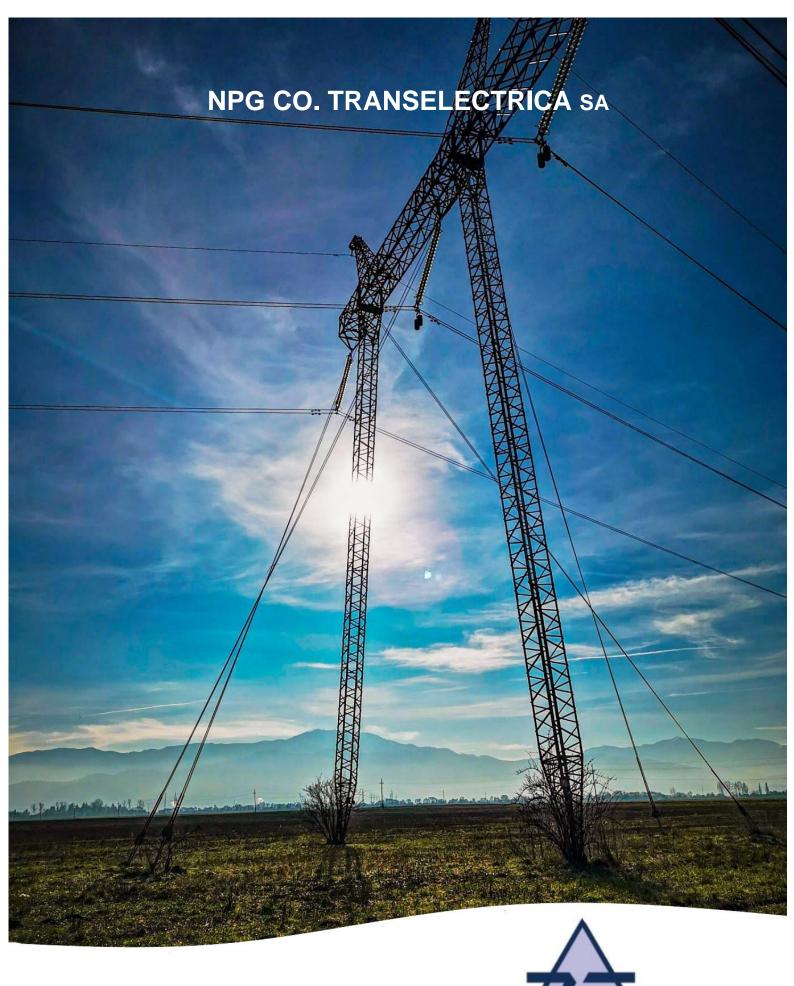
Ştefăniță MUNTEANU
Chairman of the Directorate

Transelectrica® Societate Administrată în Sistem Dualist

Florin-Cristian TĂTARU
Directorate Member

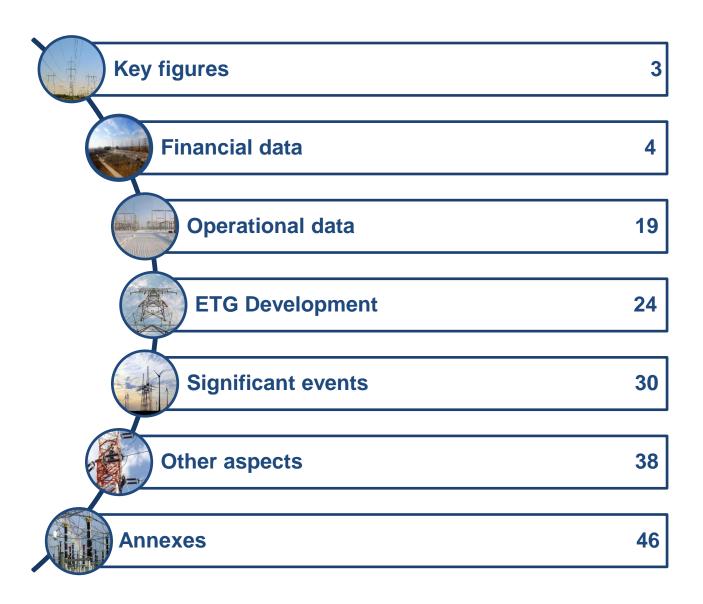






Transelectrica®

**Quarterly report**January - September 2024



## REPORT ON ECONOMIC AND FINANCIAL ACTIVITY

#### A NPG CO. "TRANSELECTRICA" SA

in accordance with the provisions of Article 69 of Law no.24/ 2017 on the capital market and Regulation no.5/ 2018 issued by the Financial Supervisory Authority (ASF)

## for the period ending September 30, 2024

Report date: November 14, 2024

Name of trading company: NPG CO TRANSELECTRICA SA, a company

managed in a dual system

Headquarters:

Bucharest, Olteni Str. no. 2 - 4, sector 3, Postal

Code 030786

Phone/fax number: 021 303 5611/ 021 303 5610

Code with the ONRC: 13328043

Number with the RC: J40/ 8060/ 2000

LEI code (Legal Entity Identifier) 254900OLXOUQC90M036

Date of Company establishment: 31.07.2000/ OUG 627

Share capital: RON 733.031.420, subscribed and paid in

Regulated market on which the securities issued are transacted:

Bucharest Stock Exchange, Premium category

Main characteristics of the issued

securities:

73.303.142 shares with a nominal value of RON 10 /share, in dematerialized form, registered, ordinary, indivisible, freely tradable since

29.08.2006 under the symbol TEL

Market value: RON 2.653.573,40 (RON 36,20 /share on

30.09.2024)

Order of the Minister of Public Finance no.2844/2016 for the approval of the International Accounting standard applied:

Standard Standards accounting

Financial Reporting Standards accounting regulations, based on International Accounting

Standard 34 - "Interim Financial Reporting"

The quarterly financial statements as of 09/30/2024 are unaudited. The amounts as of

December 31, 2023 are audited by the external

financial auditor.

Auditing:

#### **RESPONSIBLE PERSONS' STATEMENT**

To the best of our knowledge, the condensed separate interim financial statements as at and for the ninemonth period ended September 30, 2024 have been prepared in accordance with the Order of the Minister of Public Finance No.2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, as amended and supplemented, based on International Accounting Standard 34 - "Interim Financial Reporting" and give a true and fair view of the financial position and profit and loss account of NPG CO. Transelectrica SA.

This report contains accurate and complete information on the economic and financial situation and activity of NPG CO. Transelectrica SA.

Bucharest, October 31, 2024

## Ştefăniță MUNTEANU Chairman of the Directorate

| Florin-Cristian | Victor      | Cătălin-Constantin | Cosmin-Vasile |
|-----------------|-------------|--------------------|---------------|
| TĂTARU          | MORARU      | NADOLU             | NICULA        |
| Directorate     | Directorate | Directorate        | Directorate   |
| Member          | Member      | Member             | Member        |



# Key figures 9M 2024 vs 9M 2023

#### **KEY FIGURES**

| FINA | FINANCIAL HIGHLIGHTS |    |          |                   |                         |  |  |  |  |
|------|----------------------|----|----------|-------------------|-------------------------|--|--|--|--|
| RON  | 6,171                | mn | <b>A</b> | <b>87%</b> y/y    | Revenues                |  |  |  |  |
| RON  | 695                  | mn | <b>A</b> | <b>44%</b> y/y    | EBITDA                  |  |  |  |  |
| RON  | 410                  | mn | <b>A</b> | <b>99%</b><br>y/y | Net profit              |  |  |  |  |
| TWh  | 38.32                |    | <b>A</b> | <b>2.3%</b> y/y   | Charged energy volume** |  |  |  |  |

| OPERATIONAL  |   |          |                  |    |                       |  |  |  |
|--------------|---|----------|------------------|----|-----------------------|--|--|--|
| 2.14%        | * | •        | <b>-0.26</b> y/y | pp | Grid losses           |  |  |  |
| <b>31.68</b> |   | <b>A</b> | 3%               |    | Transported energy*** |  |  |  |
| 1 1 1 1 1 1  |   |          | y/y              |    |                       |  |  |  |

| INVESTMENTS |     |               |                   |   |  |
|-------------|-----|---------------|-------------------|---|--|
| 434         | mn  | •             | <b>48%</b><br>y/y | Acquisition of tangible and intangible assets         |  |
| 536         | mn  | •             | <b>- 2%</b>       | Fixed assets recorded in the accounts (commissioning) |  |
|             | 434 | <b>434</b> mn | <b>434</b> mn ▲   | <b>434</b> mn <b>▲ 48%</b> y/y                        |  |

<sup>\*</sup> Share of own technological consumption in the electricity taken by the electricity transmission grid (energy transported)

Note: For ease of reading and understanding of the results, some figures presented in graphs and/or tables use mil. RON as the unit of measurement and are rounded to this unit. This convention of presentation may, in some cases, lead to minor differences between the totaling figures, the totals obtained by summing the component elements and the percentages calculated.

<sup>\*\*</sup> The tariffed quantity is defined as the quantity of electricity extracted from the electricity grids of public interest (transmission and distribution grids), minus electricity exports

<sup>\*\*\*</sup> Quantity transported is defined by the amount of energy physically transported in the transmission network



# Financial data

Summaries of financial results as of September 30, 2024 are presented in the tables below. The financial results as at 9M 2024 are unaudited and the expanded version of the financial results for the same period is presented in the Appendices to this Report.

| Separate statement of                                | of profit or loss |         |            |        |
|--|-------------------|---------|------------|--------|
| [RON mn]   | 9M 2024           | 9M 2023 | Δ*         | Δ (%)  |
|  | 1                 | 2       | 3=1-2      | 4=1/2  |
| Charged energy volume [TWh]                          | 38.32             | 37.44   | 0.9        | 2.3%   |
| ALLOWED PROFIT ACTIVITIES                            |                   |         |            |        |
| Operating revenues                                   | 1,745             | 1,504   | 241        | 16%    |
| Transmission and other revenues on the electricity   | 1,555             | 1,458   | 96         | 7%     |
| market, of which:                                    | ,                 | ,       |            |        |
| Regulated tariff                                     | 1,200             | 1,137   | 63         | 6%     |
| Other revenues on the electricity market             | 166               | 66      | 99         | n/a    |
| Interconnection                                      | 189               | 255     | (66)       | (26%)  |
| Other revenues                                       | 190               | 45      | 145        | n/a    |
| Operating expenses                                   | (1,058)           | (931)   | (127)      | (14%)  |
| System operating expenses                            | (508)             | (470)   | (39)       | (8%)   |
| Repairs and maintenance expenses                     | (84)              | (72)    | (12)       | (16%)  |
| Personnel expenses                                   | (286)             | (243)   | (43)       | (18%)  |
| Other expenses                                       | (179)             | (147)   | (33)       | (22%)  |
| EBITDA   | 687               | 573     | 114        | 20%    |
| Depreciation   | (263)             | (252)   | (11)       | (4%)   |
| EBIT   | 424               | 320     | 103        | 32%    |
| ZERO PROFIT ACTIVITIES                               |                   |         |            |        |
| Operating revenues                                   | 4,426             | 1,805   | 2,621      | 145%   |
| System services revenues                             | 413               | 273     | 140        | 51%    |
| Balancing market revenues                            | 4,013             | 1,532   | 2,481      | 162%   |
| Operating expenses                                   | (4,418)           | (1,894) | (2,523)    | (133%) |
| System services expenses                             | (406)             | (363)   | (43)       | (12%)  |
| Balancing market expenses                            | (4,012)           | (1,532) | (2,480)    | (162%) |
| EBIT   | 8                 | (90)    | 98         | 109%   |
| ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT) |                   |         |            |        |
| Operating revenues                                   | 6,171             | 3,308   | 2,862      | 87%    |
| Operating expenses                                   | (5,476)           | (2,826) | (2,650)    | (94%)  |
| EBITDA   | 695               | 483     | 212        | `44%   |
| Depreciation   | (263)             | (252)   | (11)       | (4%)   |
| EBIT   | 432               | 231     | <b>201</b> | 87%    |
| Net finance result                                   | 16                | 3       | 13         | n/a    |
| EBT - Profit before income tax                       | 448               | 234     | 214        | 91%    |
| Income tax   | (38)              | (27)    | (10)       | (37%)  |
| Net profit   | 410               | 207     | 204        | 99%    |

<sup>\* (+)</sup>Income positive impact, (+)Expenses negative impact
\*\*Energy market (ITC, reactive energy, Grid losses sales, energy exchanges, emergency energy assistance to neighboring)

| Separate statement of financial position   |         |       |       |        |  |  |  |
|--|---------|-------|-------|--------|--|--|--|
| [RON mn]   | 9M 2024 | 2023  | Δ     | Δ (%)  |  |  |  |
|  | 1       | 2     | 3=1-2 | 4=1/2  |  |  |  |
| Non-current assets   |         |       |       |        |  |  |  |
| Tangible assets  | 5,590   | 5,416 | 175   | 3%     |  |  |  |
| Assets representing rights of use under a lease - buildings                      | 8       | 14    | (6)   | (43%)  |  |  |  |
| Intangible assets  | 301     | 282   | 18    | 7%     |  |  |  |
| Financial assets   | 86      | 86    | -     | 0%     |  |  |  |
| Total  | 5,985   | 5,798 | 187   | 3.2%   |  |  |  |
| Current assets   |         |       |       |        |  |  |  |
| Inventories  | 51      | 51    | -     | 1%     |  |  |  |
| Trade and other receivables  | 2,361   | 2,116 | 245   | 12%    |  |  |  |
| Profit tax recoverable   | 900     | 519   | 381   | 73%    |  |  |  |
| Cash and cash equivalents  | 3,312   | 2,686 | 626   | 23%    |  |  |  |
| Total  | 9,297   | 8,484 | 813   | 10%    |  |  |  |
| Total assets   | 5,627   | 5,190 | 437   | 8%     |  |  |  |
| Shareholders' Equity   |         |       |       |        |  |  |  |
| Non-current liabilities  | 529     | 519   | 10    | 2%     |  |  |  |
| Long term deferred revenues  | 14      | 32    | (18)  | (56%)  |  |  |  |
| Long term borrowings   | -       | 6     | (6)   | (100%) |  |  |  |
| Other loans and assimilated debts - Non-current building                         | 362     | 360   | 2     | 1%     |  |  |  |
| lease liabilities  |         |       | (40)  |        |  |  |  |
| Other non-current liabilities  | 905     | 918   | (12)  | (1%)   |  |  |  |
| Total  | 0.000   | 2.242 | 204   | 470/   |  |  |  |
| Current liabilities  | 2,623   | 2,242 | 381   | 17%    |  |  |  |
| Trade and other liabilities  | 24.5    | 24.5  | (0.0) | (0.2%) |  |  |  |
| Short-term borrowings Other loans and assimilated debts - Current building lease | 9       | 9     | -     | 1%     |  |  |  |
| liabilities  | 94      | 100   | (6)   | (6%)   |  |  |  |
| Other current liabilities  | 14.6    | 0.42  | 14.2  | n/a    |  |  |  |
| Tax on profit to be paid   | 2,765   | 2,376 | 389   | 16%    |  |  |  |
| Total  | 3,670   | 3,294 | 377   | 11%    |  |  |  |
| Total liabilities  | 9,297   | 8,484 | 813   | 106%   |  |  |  |

| Separate statement of cash flows                        |         |         |       |        |  |  |
|---|---------|---------|-------|--------|--|--|
| [RON mn]  | 9M 2024 | 9M 2023 | Δ     | Δ (%)  |  |  |
| Net cash from operating activities                      | 803     | 646     | 157   | 24%    |  |  |
| Net cash used in investing activities                   | (376)   | (171)   | (205) | (120%) |  |  |
| Net cash used in financing activities                   | (47)    | (145)   | 99    | 68%    |  |  |
| Net increase/decrease in cash and cash equivalents      | 381     | 330     | 50    | 15%    |  |  |
| Cash and cash equivalents as at January 1 <sup>st</sup> | 519     | 315     | 204   | 65%    |  |  |
| Cash and cash equivalents at the end of the period      | 900     | 645     | 255   | 39%    |  |  |

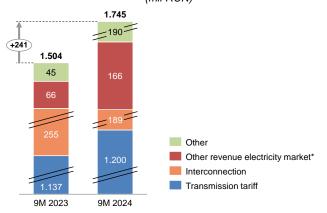
#### I. Volume of tariffed energy

In 9M 2024, the total amount of electricity priced for electricity market services (38.32 TWh) increased by 2.3% compared to the same period in 2023 (the difference between the two periods was 0.9 TWh).

## Allowed profit segment Operating income

The segment of activities with profit allowed recorded a 16% increase in revenues (RON 1,745 million in 9M 2024 compared to RON 1,504 million in 9M 2023) mainly due to the increase in revenues from the regulated tariff, in the context of the increase in the quantity of energy priced (+2.3%), revenues from Grid Losses transactions, revenues from emergency energy assistance to neighboring, Grid losses anticipatory tariff income and the recording of some conjunctural revenues, stemming from the winning of the lawsuit with NAFA, sentence 6169/2023, sent to the Company in May 2024.

# Operating income from operating profit allowed activities (mil RON)



\* ITC , reactive energy, Grid losses transactions, energy exchanges, emergency energy assistance

The increase in revenues from transmission and other energy market revenues (RON 1,555 million in 9M 2024 compared to RON 1,458 million in 9M 2023) was mainly influenced by the increase in the quantity of electricity, as well as by the tariff approved by ANRE, which led to an increase in *revenues from regulated tariff* by RON 63 million (+6%) compared to the same period of the previous year.

Between January-September 2024, *the revenues from interconnection capacity allocation* decreased from RON 255 mil in 9M 2023 to RON 189 mil in 9M 2024.

The market for the allocation of interconnection capacity is fluctuating, with prices changing according to demand and the need of electricity market participants to purchase interconnection capacity.

Thus, the decrease during the period under review was influenced by the supply and demand pricing model.

The implicit allocations, where capacity and energy are provided simultaneously, are strongly influenced by changes in the price of electricity on the European power exchanges.

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

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

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

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

Revenues from Inter TSO Compensation (ITC) amounted to RON 22.7 million in 9M 2024, higher (RON +13.3 million) compared to the same period in 2023 when they amounted to RON 9.5 million and mostly originate from the programmed exchanges of electricity with the countries considered perimeter of the mechanism, namely Ukraine and Republic of Moldova.

As of July 01, 2024, Ukraine joined the ITC mechanism and will no longer be considered a perimeter country. As a result, only trade with the Republic of Moldova will be taken into account. In general, Romania is a paying country under the mechanism, but exceptionally, monthly settlements may also be recorded.

The increase in these revenues is driven by:

- Modification of the tariff for trade with perimeter countries, as of 15.06.2023, from 1.2 EUR/MWh to 3 EUR/MWh, which led to an increase in revenues compared to the same period last year.
- Energy exchanges recorded in 9M 2024 with both perimeter countries (Ukraine and the Republic of Moldova), in contrast to the similar period in 2023, when exchanges were only with the Republic of Moldova.

Revenues from energy trading for own technological consumption (grid losses) were mainly obtained from the sale of surplus energy resulting from the difference between the long and medium term forecast and the short term forecast on the Intradilution Market managed by OPCOM and from the difference between the forecast grid losses and the grid losses actually realized on the Balancing Market.

In 9M 2024, the Company recorded higher energy trading revenues for grid losses compared to the same period of 2023, i.e. + RON 50.8 mil.

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

The revenues obtained from transactions on the Balancing Market were significantly higher than those realized in the same period of the previous year, given the very high prices recorded on the Balancing Market, as well as the fact that the imbalances recorded for gridd losses were in the opposite direction to those of the system, which led to the purchase of energy at a negative price.

This trend was more pronounced in the first half of the year, but in July and August (the last months for which settlement on the balancing market is finalized), a decrease in revenues was observed.

#### Emergency energy assistance to neighboring

In the period January-September 2024, revenues from emergency energy assistance to neighboring amounted to RON 61.2 million, compared to RON 19.3 million in January-September 2023. Thus, in 9M 2024, emergency energy assistance to neighboring was granted to Ukraine as a result of the damage to the energy infrastructure in this country as a result of armed conflicts and to Serbia as a result of accidental shutdowns of groups in this country.

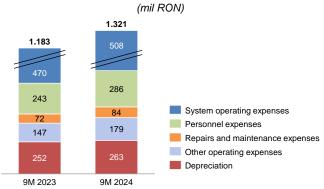
# Income from capitalization of own technological consumption (Grid losses anticipatory tariff income)

As of September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of electricity purchase incurred between January 1, 2022 and March 31, 2025, in order to cover its own technological consumption, compared to the costs recognized in the regulated tariffs, are capitalized on a quarterly basis.

Thus, in 9M 2024, the Company recorded Grid losses anticipatory tariff income in the amount of RON 49.3 million, representing additional grid losses calculated as the difference between the net cost of grid losses acquisition and the cost of grid losses included in the regulatory tariff, for the period from January 1 to September 30, 2024.

## Operational expenditure

In the segment of **activities with profit allowed,** expenses (including depreciation and amortization) increased by 12% (RON 1,321 million in 9M 2024 compared to RON 1,183 million in 9M 2023), mainly influenced by the increase in expenses related to system operation, personnel expenses and other expenses.



Operating costs of profit allowed activities

**Grid losses:** In the period January-September 2024, the costs of energy purchase to cover own technological consumption amounted to RON 434 mil, 15% higher (RON +57 mil) compared to 9M 2023, mainly due to a number of aspects:

- Due to its characteristics, the grid losses in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, on the structure of electricity production and consumption at national level, on the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighboring power systems, and its value is very little to not controllable in an interconnected and coupled regional power market;
- Following the provisions of GEO no. 153/2022 amending and supplementing GEO no. 27/2022, NPG CO. Transelectrica SA purchased electricity to

cover 75% of the quantity of the grid losses forecast validated by the Centralized Electricity Purchase Mechanism (MACEE). For 50% of the validated needs, the energy was purchased through annual allocation, at a regulated purchase price of 450 lei/MWh. For the remaining energy requirements, monthly allocations were made at the price of 450 lei/MWh and 400 lei/MWh respectively (from April 1, 2024).

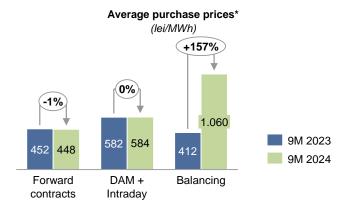
- as of 01.04.2024, the mechanism of centralized purchase of electricity MACEE was amended by GEO no. 32/2024, in the following sense:
- reducing the regulated purchase price to 400 lei/MWh;
- removing the obligation for producers to participate in the mechanism;
- changing the period of application of the mechanism from 31.03.2025 to 31.12.2024;
- allowing other producers with production capacities below 10MW to participate in the mechanism.

As a result, starting with the August monthly allocations, the amount allocated for grid losses coverage through MACEE has been close to zero. The required energy was purchased through bilateral contracts and from DAM.

The changes introduced by GEO 32/2024, which amends and complements GEO 27/2022, lead to a gradual phasing out of the support scheme and a return to competitive market mechanisms.

- The changes introduced by GEO 32/2024 led to a gradual exit from the support scheme and a return to competitive market mechanisms. As a result, starting with the monthly allocations for the month of August, the amount allocated for grid losses coverage through MACEE was almost zero. The required energy was purchased through bilateral contracts and from DAM;
- The accelerated growth of installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1500 MW at the beginning of 2024), together with the increasing share of wind and solar energy, led to a decrease in the first months of 2024 of energy prices on short-term markets.
- The price of DAM is highly dependent on weather conditions (drought, rainfall, extreme events) and European market prices. The Day-ahead market is an unpredictable market with a high degree of volatility, with prices increasing by as much as 30-40% in a week;
- As of July 01, 2024, a number of amendments to the Regulation on Terms and Conditions for Balancing Parties, in line with the requirements of the European Codes, came into force, which led to very high prices in the Balancing Market. These prices have a high

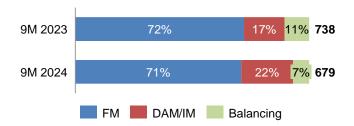
degree of volatility and uncertainty and can vary widely. As a result, the costs resulting from covering the energy shortfall in this market were about twice as high compared to the same period in 2023.



\* the average price was calculated at net value (purchases - sales)

The acquisition mix (net quantitative) shows the following components in the two periods analyzed:

# Grid losses purchase mix in the markets (net quantities, GWh)



The average net price of energy purchased across all markets in 9M 2024 was 11% higher than the price in the same period in 2023.

# Grid losses expenses transit RED (acc. to ANRE decision)

In 9M 2024, in the composition of expenses related to the system operation in 9M 2024, there were expenses related to grid losses for additional transits of electricity from the networks of distribution concessionary operators at the voltage level of 110kV (for the quota allocated to the OTS) in the amount of RON 12.8 million. For the year 2024, by ANRE decisions no. 2642/14.11.2023 and no. 2643/14.11.2023, the forecast amounts of grid losses and the corresponding costs related to additional transits of electricity from the 110 kV electricity grids for the year 2024 were approved for Distribuție Energie Oltenia S.A. and E-Distribuție Dobrogea S.A.

#### **Expenditure with Inter TSO Compensation (ITC)**

In the period January-September 2024 these expenses were lower by RON 37.3 million compared to the same period of the previous year. They are established within the framework of the mechanism of compensation/dispensation of the effects of utilization of the transmission electricity grid (ETG) for electricity

transits between TSOs that have joined this mechanism within ENTSO-E.

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

From the category "Other costs" (an increase of RON 33 million in the analyzed periods) those that had an impact in the analyzed period are:

- the growth of the following:
- expenses with consumables with RON +11 mil,
- expenses with energy and water RON +2,8 mil,
- expenses with other services performed by third parties RON +16 million,
- expenses on fixed assets RON +4 mil.
- expenses with provisions and impairment adjustments RON + 1 mil
- reduction of certain items of expenses, such as: taxes, duties and similar charges, other operating expenses not deductible for tax purposes.

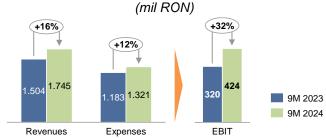
**Depreciation expenses** show an increase of RON 11 million, mainly influenced by the recording of depreciation and amortization of tangible and intangible assets (RON +7.6 million), calculated at the revalued value of assets as at December 31, 2023, correlated with the commissioning of investment works and the acceptance of assets.

At the same time in 9M 2024 the expenses with amortization of intangible assets- grid losses additional intangible assets in the amount of RON 54.4 mil and shows an increase compared to 9M 2023 (RON +3.6 mil). The additional costs with the purchase of electricity realized in the period from January 1, 2022 to March 31, 2025, in order to cover own technological consumption, compared to the costs included in the regulated tariffs, are capitalized quarterly, and the assets resulting from the capitalization are depreciated over a period of 5 years from the date of capitalization.

#### Allowed profit operating result

Activities with profit allowed recorded a positive result in the amount of RON 424 mil in 9M 2024 up from the result in the amount of RON 320 mil achieved in 9M 2023, as operating revenues increased by RON RON 241 mil, correlated with an increase in expenses (including depreciation) by RON 138 mil.

# EBIT structure of profit allowed activities



#### Zero profit segment

The segment of **zero-profit activities** recorded a significant increase in **revenues** (+ RON 2,621 million) from RON 1,805 million in 9M 2023 to RON 4,426 million in 9M 2024, mainly driven by the increase in revenues on the balancing market (+ RON 2,481 million) due to the prices recorded at the balancing market level, concomitant with the appreciation of revenues from technological system services (+ RON 140 million), at the tariff approved by ANRE, compared to the same period of the previous year, in the context of a 2.3% increase in the quantity.

The **zero-profit activities** segment also recorded a significant increase in **costs** (+RON 2,523 million) driven by the increased amount of expenses on the balancing market.

**Balancing market revenues/expenses** were more than 2 times higher in 9M 2024 compared to 9M 2023.

The balancing market was mainly influenced by the following elements:

- The accelerated increase in installed capacity at prosumers, from around 420 MW at the beginning of 2023 to around 1500 MW at the beginning of 2024, which, in terms of impact on the system, corresponds to a reduction in consumption;
- Lack of control/monitoring at the level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers receiving green certificates, based on the provisions of Law 220/2008);
- a sharp increase in supply prices in the balancing market (positive upwards and negative downwards respectively), with an impact on the marginal prices recorded in particular for energy activated for secondary balancing, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in the conditions of a predominantly surplus system,
   a high volume of selections at the balancing market is

recorded at the level of the balancing market, respectively significant negative prices in the Balancing Market, which determines, on the one hand, important revenues for the generators that offered negative prices at the power reduction, respectively considerable costs for the PREs that recorded positive imbalances;

- the evolution of contractual imbalances registered at the level of electricity suppliers on the balancing market;
- · hydraulic evolution
- the evolution of electricity production and consumption.

We also mention that as of July 01, 2024 the ANRE Order on the approval of the terms and conditions for balancing, ANRE Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on the terms and conditions for balancing parties and for the amendment and repeal of some orders of the President of the National Energy Regulatory Authority published in the Official Gazette no. 1196 of December 17, 2021, with subsequent amendments and additions.

For the period after 2024 the most important elements that will have a significant impact on the evolution of the balancing market are:

- the regional and European context of electricity market developments,
- ANRE's regulatory framework to adjust the functioning of the balancing market,
- the evolution of consumption and the impact of prosumers on the electricity market,
- precipitation and temperature forecasts,
- the evolution of solar and wind production.
- hydraulic evolution,
- the evolution of national electricity production and consumption,
- · behavior of market participants,
- the evolution of contracting in pre-balancing markets.

Revenues from system services increased by 51% compared to the same period last year (RON 413 million in 9M 2024 compared to RON 273 million in 9M 2023), driven by the increase in the amount of electricity delivered to consumers (+2.3%) in the context of the tariff approved by ANRE for these services.

The purchase of system services/balancing capacity is carried out by the Company from producers in order to ensure the maintenance of the level of operational reliability of the NES and the quality of the transported electricity at the parameters required by the technical standards in force.

These services are contracted out:

- in regulated regime, based on Government Decisions and Decisions of the National Energy Regulatory Authority (ANRE);
- through competitive mechanisms.

The procurement of system services/balancing capacity is carried out on a competitive basis through daily auctions in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019.

In 9M 2024, the contracting of system services/balancing capacity in regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by Electricity Production Company in Hydropower Plants "Hidroelectrica" SA.

The amount of **spending on system services/balancing capacity** in 9M 2024, showed an increase (+12%) compared to the same period in 2023.

The value of the costs of purchasing system services/balancing capacity was mainly determined by the following factors:

- in accordance with the provisions of Article II of ANRE Order no.18/30.05.2024, for a period of 3 months, in accordance with Regulation 2019/943 of the European Parliament and of the Council of June 5, 2019, in the period 01.06.2024-31.08.2024, the purchase of balancing capacity services for frequency stability contracted by the Company is carried out as follows:
  - > at a maximum price of 82.30 lei/hMW for the secondary regulating reserve/frequency restoration reserve with automatic increase activation and for the automatic decrease activation:
  - ➤ at a maximum price of 37.94 lei/hMW for the fast tertiary regulation reserve on boost/reset reserve with manual activation on boost;
  - retain a maximum price of 16.38 lei/hMW for the fast tertiary dimming reserve/manually activated frequency restoration reserve at manual dimming.
- in accordance with the provisions of art. I, point 3 of ANRE Order no.18/30.05.2024, as of 01.09.2024 the maximum prices are no longer applicable, and the tender procedure is organized at Transelectrica SA level on the basis of the offer price.

ANRE Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on the terms and conditions for balancing parties defines the new types of reserves to be purchased by the Company, in accordance with the requirements of the European codes.

These are the Frequency Stabilizing Reserve (symmetrical band), the Frequency Reset Reserve with automatic and manual activation and the Replacement Reserve.

These reserves will be qualified as standard reserves, based on ANRE Order no. 89/2021 on the approval of the technical qualification for the provision of system services.

On the balancing capacity market, in line with the balancing market trend for the first 9 months of 2024, the following were found:

- a steep increase in the purchase price of the Fast Tertiary Reserve - power curtailment. Thus, there were increases in the purchase price of the reserve from 9.82 lei/hMW to values up to 250 lei/hMW (purchase price for the Fast Tertiary Reserve - power reduction registered on 20.04.2024).
- The same trend was observed for the Secondary Reserve between January and June 2024.
- in the period June-August 2024, the purchase prices of balancing capacities RRFa, RRFm, for increasing and reducing power, were maintained at the level of the prices regulated by the provisions of Article II of the Order of the President of ANRE no.18/30.05.2024, with prices below the maximum limit imposed by the authority.
- in September 2024, with the elimination of the capped prices, in accordance with the provisions of Article II of the Order of the President of ANRE no.18/30.05.2024, there was an upward trend in the purchase price for RRFa for increasing and reducing power and RRfm for reducing power (according to the annex of the price evolution for September 2024).

For the last quarter of 2024, we make the following clarifications:

- the amount of balancing capacity reserves (RRFa, RRFm, up-raising and derating) actually purchased will be adjusted by the DEN depending on the results of the analysis of the operation of the NES over time horizons closer to the operating day.
- the price development trend on the balancing capacity market will be upward, taking into account the price development for the period September -October 2024.
- we estimate that a significant impact on the evolution of the costs for the purchase of system services through daily and directional auctions, at Transelectrica level, will be the ANRE's regulatory framework on the electricity market, the evolution of prices on the balancing market as well as the regional and European context of the evolution of the electricity market.

#### Zero profit operating result

**EBIT** generated by **zero-profit activities** recorded a positive result in 9M 2024 in the amount of RON 8 mil, up by + RON 98 mil compared to the negative result realized in 9M 2023.

For system services activity, according to ANRE's regulations, the surplus/deficit of income compared to the recognized costs resulting from the performance of this activity shall be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the respective surplus/deficit was recorded.

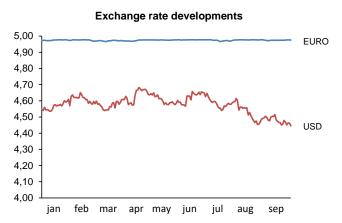
The surplus/deficit of income over the costs of carrying out this activity shall be calculated by tariff schedule periods.

#### I. Financial Result

The net financial result recorded in 9M 2024 in the amount of RON 16 million, compared to the profit of RON 3 million in the same period last year, was mainly influenced by the receipt of dividends from the subsidiary OPCOM SA in the total amount of RON 14.6 million, the increase in interest income received during the period under review, as well as the exchange rate evolution of the national currency against foreign currencies in which the Company has bank loans to finance investment programs (Euro).

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

The evolution of the RON/EUR and RON/USD exchange rate in 9M 2024 is shown in the following graph:



## II. Company gross profit (EBT) Total operating revenue

Total operating revenues realized in 9M 2024 appreciated by 87% compared to the same period of the previous year (RON 6,171 million in 9M 2024 compared to RON 3,308 million in 9M 2023), in the

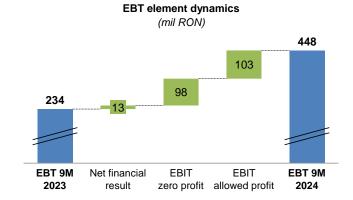
context of the significant impact of revenues from zeroprofit activities.

#### Total operational expenditure

The total operating expenses (including depreciation and amortization) incurred in 9M 2024 increased by 86% compared to the same period last year by RON 5,739 million in 9M 2024 compared to RON 3,078 million in 9M 2023 on the back of significant impact of increase in expenses from zero-profit activities.

The gross result recorded a higher value in the period under review, from RON 234 million in 9M 2023 to RON 448 million in 9M 2024, mainly due to the increase in the tariffed volume of energy at the tariffs approved by ANRE, income from grid losses transactions, income from emergency energy assistance to neighboring RON +42 million, grid losses anticipatory tariff income (nonmonetary) + RON 47 million, other operating income + RON 98 million (mainly due to the recording of contingent income from compensation, fines and penalties as a result of legal recovery, according to Civil Decision no. 6169/2023, communicated to the Company on May 15, 2024).

The dynamics between the result recorded at 9M 2024 compared to 9M 2023, broken down by the constituent components of the result, are shown in the following graph:



#### III. Net result

The gross result influenced by the corporate income tax in the amount of RON 38 mil resulted in a net result at the end of Jan-Sep 2024 in the amount of RON 410 mil, up from 9M 2023 when it was RON 207 mil, the influence mainly due to the profit allowed activities.

#### **FINANCIAL POSITION**

#### I. Non-current assets

Non-current assets recorded in the first 9 months of 2024 compared to December 2023, an increase in the amount of RON 187 million, mainly due to the increase in the value of tangible assets (RON +175 million).

# Assets related to the right of use of leased assets - buildings

Assets related to rights to use leased assets - buildings represent the right to use the premises leased by the Company in the Platinum office building, in accordance with IFRS 16 - Leases. As of 01.10.2020 the lease agreement valid for a period of 5 years entered into force.

As at September 30, 2024, the net book value of the right to use the premises leased by the Company in the Platinum office building is RON 8 million.

#### Intangible assets

Intangible assets in progress as at September 30, 2024 show a balance of RON 32.7 million represented by projects in progress, of which the most significant are:

- Metering and data management system for electricity metering on the wholesale market RON 21.4 million;
- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform II DAMAS, Component Purchase of migration and upgrade services for specific

applications of the Balancing Market - RON 7,6 million; - MARI platform development - RON 2 mil.

As of September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of electricity purchase made to cover its own technological consumption compared to the costs recognized in the regulated tariffs are capitalized on a quarterly basis.

Thus, capitalized costs are amortized over a period of 5 years from the date of capitalization and are remunerated at 50% of the regulated rate of return approved by the National Energy Regulatory Authority, applicable over the amortization period of those costs and are recognized as a separate component.

As at September 30, 2024, additional Grid losses anticipatory tariff income in the amount of RON 49.3 million was recorded, representing additional costs of electricity purchase to cover own technological consumption compared to the cost recognized in the tariff.

The carrying amount of intangible assets resulting from the capitalization of the additional grid losses amounted to RON 265 million.

#### II. Current assets

Current assets as at September 30, 2024 (RON 3,312 million) increased by 23% compared to December 31, 2023 (RON 2,686 million), mainly due to the increase in cash and cash equivalents and receivables.

**Trade receivables** show an increase of 4% compared to December 31, 2023 (RON 1,824 million at September 30, 2024 compared to RON 1,746 million at December 31, 2023). The most important developments were:

- customers from operating activity which, due to the volume of transactions resulting from the coupling of energy markets, generated a higher balance of receivables from operating activity (RON 1,216 million as at September 30, 2024 compared to RON 1,005 million as at December 31, 2023).
- customers balancing market which, due to the decrease in the volume of transactions on the balancing market in the third quarter of 2024 compared to the fourth quarter of 2023, also led to a decrease in the balance of customers in contracts concluded for this type of activity (RON 464 million as of September 30, 2024 compared to RON 594 million as of December 31, 2023).

The main outstanding customers on the electricity market are represented by MAVIR, OPCOM, IBEX, Ciga Energy SA, Electrica Furnizare SA, Hidroelectrica, RAAN, JAO, Cinta Energy SA, PPC ENERGIE SA. Their share is 63,01 % of total trade receivables.

 customers - support scheme, which decreased by 2% (- RON 3 million), mainly due to the decrease in the amount invoiced for the collection of the monthly contribution.

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

As of September 30, 2024, the Company has receivables receivable in the amount of RON 141 million, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which mainly:

- overcompensation for 2011-2013 in the amount of RON 76.70 million, respectively from RAAN RON 63.46 million and CET Govora SA RON 13.23 million;
- undue bonus for 2014 in the amount of RON 3.91 million, respectively from RAAN RON 1.98 million, and CET Govora RON 1.93 million;
- undue bonus for 2015 in the amount of RON 0.56 million, respectively from CET Govora RON 0.53 million, Interagro RON 0.03 million;
- undue bonus for 2020 in the amount of RON 0.52 million from Donau Chem;
- uncollected contribution for cogeneration from suppliers of electricity consumers in the amount of RON 20.9 million, respectively from Transenergo Com - RON

5.9 million, Petprod - RON 4.4 million, Romenergy Industry - RON 2.7 million, RAAN - RON 2.4 million, UGM Energy - RON 1.5 million, CET Govora - RON 0.9 million, KDF Energy - RON 0.6 million, etc.

Up to the date of this report, the Company has collected all the receivables related overcompensation of the activity overcompensation related to the support scheme for the year 2023 (amount of RON 5.5 million) from Bepco (RON 2.9 million) and Termoficare Oradea (RON 2.6 million), as well as the amount of RON 14.2 million from the undue bonus established by ANRE Decisions for the year 2023, from the following producers: Bepco SRL, CET Grivița, Electro Energy Sud, Electrocentrale București, Electrocentrale Craiova, Electroutilaj SA, Municipiul lasi, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

**Other receivables** as of September 30, 2024, amounting to 244 have recorded an increase of 14% mil RON and mainly include:

- sundry debtors (RON 159 million), of which:
  - ➤ late payment penalties calculated for defaulting customers, amounting to RON 93 million (of which RON 35.15 million are penalties related to the support scheme).

The highest late payment penalties were recorded by customers: Romelectro (RON 39.8 million), RAAN (RON 17 million), CET Govora (RON 9.6 million), Electrocentrale Bucharest (RON 9.4 million), OPCOM (RON 3.6 million), Total Electric Oltenia (RON 3.3 million).

- compensation owed by suppliers for non-delivery of electricity: Arelco Power (RON 0.99 million), Enol Grup (RON 2.54 million) and Next Energy Partners (RON 8.39 million).
- the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of RON 4.52 million.
- Deferred expenses in the amount of RON 5.7 million mainly represented by domestic and international contributions (RON 1.9 million), insurance policies (RON 1.3 million), taxes and fees (RON 1 million) and others;
- other social claims in the amount of RON 1.7 million representing sick leave paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

**Advances to suppliers** paid as at September 30, 2024 represented by debtor suppliers for services rendered in the amount of RON 279 million increased

significantly compared to December 2023 when they amounted to RON 152 million.

The balance represents mainly amounts from transactions related to the price coupling mechanism (for ICP - Interim Coupling Project and SDAC - Single Day-ahead Coupling the amount of RON 230 million and for SIDC - Single Intraday Coupling the amount of RON 47 million).

The kick-off of the successful SDAC Single Day-ahead Coupling SDAC Single Day-ahead Coupling took place on October 28, 2021 and is the result of the cooperation between the Designated Electricity Market Operators (DSOs) and the Transmission System Operators (TSOs) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and Transelectrica. The aim of the SDAC is to create a single pan-European cross-border day-ahead energy market.

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

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

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

**VAT to be recovered** in the amount of RON 224 million related to the tax returns for the period June-September 2024, of which up to the date of this report, the amount of RON 57 million has been collected, representing the value added tax claimed for refund for June 2024.

Impairment adjustments outstanding at September 30, 2024, calculated for trade receivables and related penalties, amount to RON 209 million. The highest recorded are for Romelectro (RON 39.8 million), JAO (RON 30 million), CET Govora (RON 24.6 million), Arelco Power (RON 14.8 million), Total Electric Oltenia SA (RON 14.2 million), Romenergy Industry (RON 13.5 million), Elsaco Energy (RON 9.3 million), RAAN (RON 8.5 million), OPCOM (RON 8.5 million), Next Energy Partners (RON 8.4 million).

#### Liabilities

**Long-term liabilities** in the amount of RON 905 million as at September 30, 2024 decreased by 1% compared to the amount recorded as at December 31, 2023, which was RON 918 million.

#### Interest-bearing liabilities

At September 30, 2024, the amount of long-term borrowings decreased from December 31, 2023 primarily due to repayments under existing loan agreements. The amount of short-term borrowings also remained constant. As of September 30, 2024, the lines of credit for current operations were not utilized.

Between January-September 2024, **current liabilities** increased by 16%, from RON 2,376 million at December 31, 2023 to RON 2,765 million at September 30, 2024, mainly due to an increase in trade and other payables.

Impact on the evolution of trade debts:

suppliers on the energy market which increased by RON 219 million and recorded a balance amounting to RON 1,560 million at September 30, 2024 compared to RON 1,341 million at December 2023.

This was mainly influenced by:

- the increase in the balance of liabilities related to operating activities by RON 218 million was influenced by the supply and demand pricing model for electricity market coupling. The implicit allocations, in which capacity and energy are simultaneously provided for, were strongly influenced by changes in the price of electricity on the European power exchanges.

The suppliers on the electricity market are mainly represented by MAVIR, Hidroelectrica SA, OPCOM, IBEX, CIGA Energy SA, Joint Allocation Office, S Complexul energetic Oltenia SA, Electrica Furnizare SA, CINTA Energy SA, Electrocentrale București. At September 30, 2024, their share of total energy suppliers is 87.98%.

- the increase in the balance of the "liabilities related to the balancing market" by RON 110 million was mainly due to the increase in the volume of transactions recorded on the balancing market in the third quarter of 2024 compared to the fourth quarter of 2023.
- the decrease in the debts related to the support scheme to suppliers (producers) by RON 109 million was determined both by the decrease in the value of the monthly bonus for high efficiency cogeneration in September 2024 compared to December 2023, and by the payments made to RAAN in May and June 2024 for the cogeneration bonus withheld from payment, according to the enforceable civil decisions of the Bucharest Court of Appeal.

- suppliers of fixed assets decreased by RON 38 million due to the payments due,
- Suppliers other activities also decreased by RON 15 million, being mainly represented by the category of payables related to services rendered by third parties not yet due.
- "Other liabilities" increased by RON 208 million, from a balance of RON 637 million at December 31, 2023 to RON 845 million at September 30, 2024.

The "other liabilities" structure is as follows:

- sundry creditors in the amount of RON 424.8 million (increased by RON 113 million compared to December 31, 2023) are mainly represented by the net position of the support scheme for high efficiency cogeneration, debt position (RON 407.5 million), contracts for solution studies for connection to ETG (RON 13 million), royalty Q3 2024 (RON 1.6 million),
- Customer creditors as of September 30, 2024 in the amount of RON 337 million (increased by RON 91 million compared to December 31, 2023) and mainly represent amounts received in advance in transactions related to price coupling mechanisms in the amount of RON 326,4 million (ICP-Interim

Coupling Project, SIDC-Single Intraday Coupling, SDAC-Single Day-ahead Coupling, FBMC-Flow Based Market Coupling), but also from OPCOM (RON 172.6 million), IBEX (RON 46 million), MAVIR (RON 106.6 million), Bursa Romana de Mărfuri (RON 0.8 million) and JAO (RON 0.03 million)

- the liability for fixed assets related to the rights of use of leased assets - buildings, in accordance with IFRS 16 - Leases, amounted to RON 8.7 million,
- other payables in the amount of RON 74 million are mainly represented by guarantees of good payment of electricity market contracts concluded by Transelectrica in the amount of RON 57 million and VAT not chargeable during the reporting period in the amount of RON 16 million.

**Provisions** decreased by RON 7 million, from RON 65 million at December 31, 2023 to RON 58 million at September 30, 2024.

### III. Equity capital

Shareholders' equity increased mainly due to the recognition in retained earnings of the net profit amounting to RON 410 million realized at September 30, 2024. Thus, equity at September 30, 2024 amounted to RON 5,627 million compared to RON 5,190 million at December 31, 2023.

#### SHARE DEVELOPMENT

Symbol: TEL

ISIN: ROTSELACNOR9

Type: Shares
Segment: Main
Category: Premium
Status: Tradeable

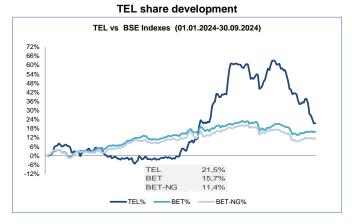
The year 2024 started with a trading price of 29.80 lei/share, opening the way towards the maximum price of the period of 48.60 lei/share recorded on 20.08.2024, which generated a maximum return to shareholders of about 63%.

The final price of the period brought TEL shares a market capitalization of RON 2,654 million.

The variation of TEL shares' return against the BET has oscillated during the period under analysis and since June 5, 2024, it has recorded a positive evolution against the BET with a maximum increase of 43 p.p. between August 19-20, 2024, above the BET return.

The return on equities at the end of the analyzed period was 6 p.p. above the BET return.

The trading of TEL shares during the first nine months of 2024 on the Romanian stock market registered 22,632 transactions with an average number of 120 transactions/day and 2,419,900 shares traded, with a total value of RON 123,204 thousand.



Transelectrica shares are part of the following stock market indexes: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-XT-TR, BET-BK, BET-BK, BET-LTRN, BET-XT-TRN, ROTX. The most representative for the Company are:

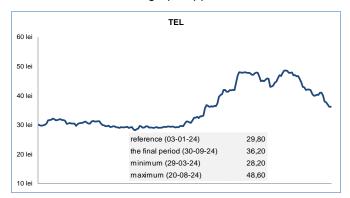
- the BET index (Bucharest Exchange Trading the benchmark index of the capital market reflecting the evolution of the 20 most liquid companies listed on the regulated market of the BVB),
- the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index that reflects the evolution of energy and related utilities companies listed on the regulated BVB).

The Bucharest Stock Exchange launched on July 29, a new index, Bucharest Exchange Trading Energy, Utilities and Financials (BET-EF), dedicated to the best-represented sectors of activity in the capital market, energy, utilities and financials (excluding investment funds), of which Transelectrica is a part.

According to the latest periodic adjustment date recorded on 06.09.2024, TEL shares have a weight of 1.72% in the BET index, 3.21% in the BET-NG index and 2.28% in the BET-EF index.

Internationally, TEL shares are part of the MSCI Frontier and MSCI Romania indices.

The evolution of the TEL share in relation to the two indices is shown in the graph opposite:



#### MAIN RISKS AND UNCERTAINTIES

Analyzing decision problems under risk involves an evaluation of decision alternatives, their consequences, considering that the effects of decisions are not known with certainty. In these cases, the optimal course is the one that maximizes anticipation, i.e. reveals the likely or expected value of the outcome.

Risk management implies, first of all, the most accurate definition of the objective limits between which the Company is willing to accept the volatility of risk and its impact on profitability, the concrete level of risk to which the activity is exposed and the adoption of measures to eliminate or reduce risk in order to optimize results.

Having a thorough knowledge of the threats allows them to be prioritized according to the likelihood of their occurrence, the magnitude of the impact on the objectives and the cost of measures to reduce the likelihood of their occurrence or to limit undesirable effects.

The Company periodically and systematically analyzes the risks related to the performance of its own activities, annually elaborating the Register of identified risks, risk tracking sheets, risk alert forms (for newly emerging risks), the Plan for the implementation of control measures, in order to limit the possible consequences of these risks, in accordance with the legal provisions.

In terms of financial risk management, the risks to which the Company is exposed, with the most significant effects on financial results, derive from financial instruments: interest rate risk, currency risk, credit risk and liquidity risk. Other risks that may affect the Company's performance are: the risk related to the provisions of financing agreements, the risk of credit rating deterioration, the price risk due to the unpredictability of the energy market (which may lead to significant increases in costs associated with grid losses).

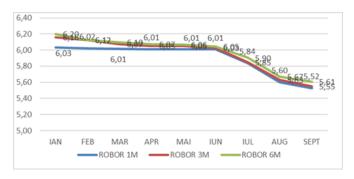
The principal financial risks that the Company may encounter in the conduct of its business are summarized below:

#### interest rate fluctuation

In order to limit the impact of interest rate fluctuations on the Company's liquidity, long-term loans with fixed interest rates were contracted, and for short-term loans the most favorable interest rates were negotiated.

In the short term, Transelectrica has contracted a line of credit to finance the bonus support scheme for high efficiency cogeneration, with a variable interest rate calculated based on the ROBOR 1M reference and another line of credit to finance the Company's working capital, with an interest rate calculated based on the ROBOR 1M reference rate. As at September 30, 2024 both lines of credit were undrawn.

Interest rates on the national money market have been on a downward trend over the past 3 months, amid excess liquidity in the banking system, coupled with lower demand for loans and tighter credit supply conditions.



#### > exchange rate variation

Currency risk expresses a probability of incurring losses from international commercial contracts or other economic relations (depreciation of RON vs. currencies), due to changes in the exchange rate between the conclusion of the contract and its maturity.

Another way of avoiding such effects is to include a currency clause or a price revision clause in the contract. The application of various extra-contractual measures may relieve the Company from the presence of negative effects.

To limit the impact of exchange rate fluctuations, the Company negotiates the best exchange rates through its specialized department.

In order to honour foreign currency obligations, the Company has opened foreign currency accounts with commercial banks within the Romanian banking system.

The exposure to foreign exchange risk (mainly due to the EUR currency) is not significant, thus the Company does not use hedging instruments.

At the same time, if in the July-August period the exchange rate experienced a period of depreciation, in September we find ourselves in a situation in which the exchange rate appreciated, influenced by a number of economic, social and political factors. We observe a strong correlation between interest rates, inflation and the exchange rate, thus the interest rate fell in the analyzed interval leading to a depreciation of the national currency.

However, inflation differentials between Romania and the euro area, large current account and budget deficits in the country, the weak performance of the local economy, the fiscal consolidation measures recently adopted, are leading to a depreciation of the national currency.

#### provisions in the grant agreements

Within the financing contracts, there are clauses on the respect of certain financial indicators (covenants), the breach of which may entail, subject to prior notice and a reasonable time, the early payment of the financing facilities.

Some financing facilities also have penalty clauses in case of early repayment.

To date, there have been no instances of non-compliance with the provisions of the Company's financing agreements.

- Credit risk: a financial loss due to the inability or refusal of a contractual partner to fulfill its contractual obligations. This risk arises mainly from trade receivables. During the period under review no problems were encountered in the relationship with customers, invoices being collected on time or with small insignificant delays.
- the risk of non-recovery of amounts of money as a result of the enforcement of the guarantee instruments underpinning the guarantee of the

# advances received by the Executing Agents in the framework of the investment projects.

Causes that could contribute to the risk: the existence of banking or insurance companies offering guarantee services without having the financial capacity to honor their obligations under the guarantee instruments issued.

By monitoring the rating of the financial institutions with which the Company has established business relationships, this risk did not materialize during the period under review.

Regulatory risk: national and international regulatory policy risk specific to the sector.

The Regulatory Committee of ANRE unanimously approved the regulated rate of return on invested capital (RRR) applied to the approval of tariffs for transmission and distribution of electricity and natural gas for the fifth regulatory period. This, expressed in real terms, before tax, is 6.94%.

#### risk of non-compliance with legal requirements

The Company's liquidity could be affected by penalties caused by non-compliance reported during periodic control activities by the authorized bodies (NAFA, CCR, MFP, etc.). This risk did not materialize during the period under review.

cash-flow risk - this is the risk that Transelectrica may not be able to honour its payment obligations when due. A prudent liquidity risk management policy implies maintaining a sufficient level of cash, cash equivalents and financial availability through adequately contracted credit facilities. The Company monitors the level of expected cash inflows from the collection of trade receivables as well as the level of expected cash outflows for the payment of trade and other payables.

The company pays particular attention to effective treasury management, by efficiently managing cash flows and optimizing surplus liquidity to meet financial obligations as they fall due, as well as being ready, if necessary, to draw on appropriate credit facilities.

For situations requiring working capital financing, the Company resorts to short-term loans in the form of revolving credit lines.

In the period July-September, thanks to the solutions found and the timely measures taken, the Company met its financial obligations as due.

Other risks that may influence the Company's financial performance include:

the risk of a deterioration of the credit rating as a result of worsening financial indicators, the macroeconomic and political climate and/or worsening financial performance of the Company.

This risk reflects a complex of factors, with a potential effect on the increase in financing costs on the credit market, which may significantly affect the Company in view of a possible need for capital to be attracted to finance the investment plan under the ETG 2024-2033 Development Plan.

On August 29, 2024, Moody's rating agency reconfirms the Company's 2023 rating (Baa3, stable outlook), which implies a low risk of default and a strong ability to meet its financial commitments.

Transelectrica is for the third consecutive year in the investment-grade category (moderate investment risk), given the strategic importance of the Company, the continuous improvement of the regulatory framework and the benefit of government support in case of financial difficulties.

However, there is a risk that the rating agencies could

downgrade Romania (the Company's rating is heavily dependent on the sovereign rating).

the investment risk arising from financial difficulties at the level of subsidiaries caused by historical debt, the competitive environment and their own management.

The company attaches great importance to analyzing the risk environment and early identification of possible risks that may arise in the future as well as the use of early warning systems.

The company does not limit itself to dealing with the consequences of events that might occur, but adopts a reactive management style, implementing preventive measures, taken in advance, aimed at mitigating the occurrence of possible risks.

➤ At the same time, the periodic review of risks, as foreseen in the standards, involves the assessment of the risk management process and the alerting tools of the higher hierarchical levels on newly identified risks or changes to existing risks so that these changes can be effectively managed.

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the risk of non-recovery of amounts of money as a result of the execution of the guarantee instruments underpinning the guarantee of the advances received by the Executing Agents in the framework of the investment projects.

Causes that could contribute to the risk: the existence of banking or insurance companies offering guarantee services without having the financial capacity to honour their obligations under the guarantee instruments issued.

By monitoring the rating of the financial institutions with which the Company has established business relationships, this risk did not materialize during the period under review.

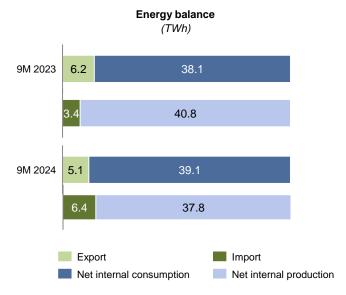


# **Operational data**

#### **NES ENERGY BALANCE**

Analyzing the evolution of the components of the energy balance in January-September 2024 compared to the same period in 2023, there is an increase of 3% in net domestic consumption<sup>1</sup> and a decrease of 7% in net energy production.

Cross-border physical exports recorded a decrease of 18% in 9M 2024 compared to the same period in 2023, while imports recorded an increase of 86%.



Electricity consumption in the first 9 months of 2024 saw increases, with values ranging from 0.51% in February to 7.45% in June, the months of April, August and September saw slight decreases, with values ranging from 0.87% in August to 1.96% in September 2024.

The significant increase in consumption recorded in January 2024 was largely influenced by the lower monthly average temperature, which recorded -0.19 °C compared to January 2023, when +3.2 °C was recorded.

At the opposite pole, the 7.45% increase in June was also influenced by temperature, with the national average of 22°C recording a positive temperature anomaly compared to the monthly norm of 3.1°C (the 1991-2020 monthly norm is 18.9°C).

#### PRODUCTION MIX

In terms of production mix, in the period January - September 2024 compared to the same period of 2023, there was an increase of 2% in the Thermo component, while the Nuclear, Hydro and Renewables components decreased by 4%, 22% and 4% respectively.

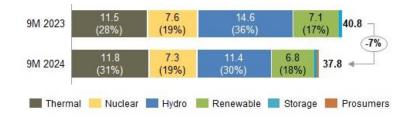
Since the third quarter of 2023, battery generation has been included in the generation mix, which at the end of September 2024 totaled 10.3 GWh.

The net energy produced for July, August does not include the value for prosumers. Also for September the values for storage, renewables and hydro are provisional and the value for prosumers is not included.

Energy supplied by prosumers is net, their internal consumption is not included.

Analyzing the weights of the components of the net production mix for the period January - September 2024, it can be observed that the largest share, 31%, is represented by the Thermo component followed by the Hydro component 30%, while the energy produced from renewable and nuclear sources have a share of 18% and 19% respectively.

# Net electricity generation mix (TWh)



#### NATIONAL PRODUCTION PARK

In 9M 2024, the installed capacity in thermo-source power plants decreased by about 3%, from 5,630 MW installed as of September 30, 2023, to 5,447 MW installed as of September 30, 2024.

On October 01, 2024, the gross installed capacity in the NES totaled 18,509 MW, with the following structure by primary energy sources: coal - 2,762 MW (1,909 MW net), hydrocarbons - 2.715 MW (2.275 MW net), nuclear - 1.413 MW (1.300 MW net), hydro - 6.638 MW (6.312 MW net), wind - 3.082 MW (3.022 MW net), photovoltaic - 1.762 MW (1.673 MW net), biomass - 137 MW (125 MW net). The data presented reflect generation capacities that have a commercial license.

<sup>&</sup>lt;sup>1</sup> the values do not include the consumption related to own services in the power generation plants; the net consumption value includes losses in the transmission and distribution networks, consumption of pumped storage hydro stations and storage consumption

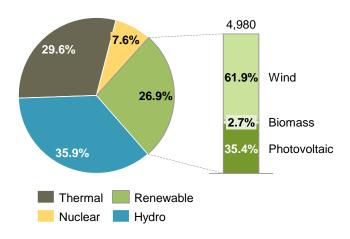
Production units on probation are not included in this report.

As for the installed capacity in storage facilities, as of 15.10.2024 this totaled 82.44 MW, of which 73.24 MW qualified for the provision of system services, the difference being in facilities (batteries) connected mainly in power plants, not qualified for participation in the Balancing Market. The energy available to be injected into the system is 158 MWh.

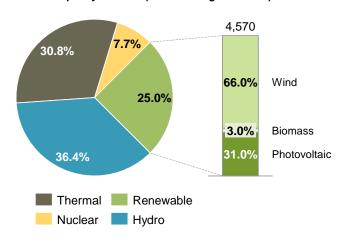
As for the situation regarding the installed capacity of electricity capacity from renewable sources belonging to prosumers on 01.08.2024, it amounted to 1,981.08 MW.

The installed power for the period January - September 2024 compared to January - September 2023 is shown in the following graphs:

#### Installed capacity 9M 2024 (18.509 MW. gross value)



#### Installed capacity 9M 2023 (18.255 MW. gross value)

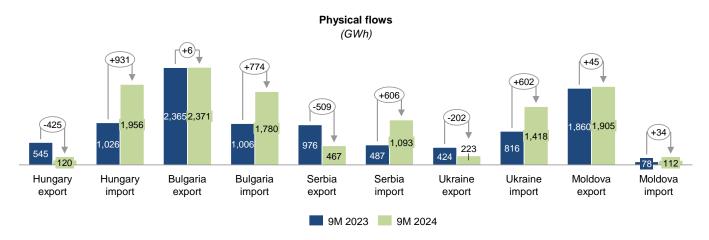


#### **CROSS-BORDER FLOWS**

The distribution of **the physical** import/export **flows** on the interconnection lines between January - September 2024 and January - September 2023 is as follows:

- exports decreased on the borders with Serbia, Hungary, and Ukraine and increased on the borders with Bulgaria and Moldova, and
- imports increased on all borders.

Specifically, compared to January-September 2023, physical export flows decreased on the borders with Serbia (-52% -509GWh), Hungary (-78% -425GWh) and Ukraine (-48% -202GWh) and increased on the borders with Bulgaria (+0.3% +6GWh) and Moldova (+2% +45GWh). The physical flows of both import and export on each border are presented below:



In terms of trade flows, 9M 2024 compared to 9M 2023 showed an increase of about 59% in import trade and a decrease of 18% in energy transited.

Compared with the third quarter of 2023, there was an increase of about 52% in import trade and a 28% decrease in energy transited, against the backdrop of lower hydroelectricity compared with last year at this time of year and domestic electricity consumption

which, with the exception of July, did not vary much compared with the same period in 2023.

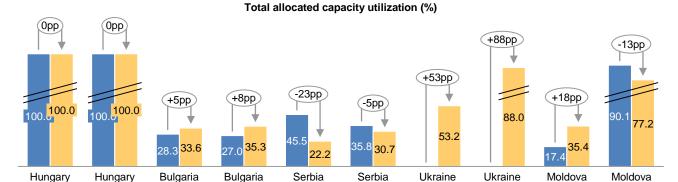
Trade includes the amount of electricity imported and exported as a result of Transelectrica S.A.'s participation as an operational member in the European Imbance Netting (IGCC) platform, starting December 17, 2021.

On July 01, 2024, at 00:00, the RFP-TEL frequency exchange power regulating block belonging to Transelectrica S.A., was updated in terms of the activation of RRFa type reserves, their activation being carried out in the order of merit of the prices offered by the participants, with the optimization cycle at 4 seconds.

With this update, Transelectrica, the Romanian Transmission and System Operator, complies with the legal obligations established by the European Commission Regulation (EU) 2017/2195 of August 2, 2017 establishing a guideline for the operation of the Electricity Transmission Grid (Article 21), being

technically ready to join the European balancing platform for the automatically activated frequency restoration reserve, PICASSO.

On the border with Hungary, the utilization rate is 100%, both import and import, as short-term auctions are implicit (capacity and energy are allocated simultaneously), and as of January 2023, the long-term auctions have completely switched from the Physical Capacity Rights allocation mechanism to the Financial Capacity Rights allocation mechanism (capacity allocated in the annual and monthly auctions is no longer a physical right that can be used by the participant, but only a financial right of the participant).



export

9M 2023 9M 2024

import

The degree of utilization of total capacity rights on a border and direction, is the ratio expressed as a percentage of the energy corresponding to the realized

export

import

(notified) trade in a given month to the energy corresponding to the total capacity rights.

import

export

import

export

#### **OWN TECHNOLOGICAL CONSUMPTION**

import

export

Due to its characteristics, the Grid Losses in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, on the structure of electricity production and consumption at national level, on the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighboring power systems, its value being very little to not controllable in an interconnected and coupled regional energy market.

Factors that significantly influenced the Grid Losses in the period January - September 2024, such as precipitation and the distribution of cross-border physical flows, are not under Transelectrica's control.

#### **GRID LOSSES EVOLUTION FACTORS**

In January 2024 the Grid Losses decreased compared to January 2023 by 10.1% as a result of the favorable distribution of generation and more favorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria that led to reduced transmission of distant energy to the sources, as well as weather conditions characterized by lower precipitation amounts, which led to lower corona losses. The percentage of losses relative to energy

entering the ETG decreased from 2.62% in 2023 to 2.25% in 2024.

Energy entered into the account increased by 4.6% in January 2024 (180.7 GWh) compared to the same period in 2023, as a result of a 3.35% (107.7 GWh) increase in energy received from producers connected to the ETG and a 76.6% (226 GWh) increase in energy received from imports, as energy received from DERs decreased by 39.5% (153 GWh).

In February 2024 Grid Losses decreased compared to February 2023 by 6.5% as a result of more favorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria that led to reduced transmission of energy away from sources, and favorable weather conditions characterized by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.42% in 2023 to 2.17% in 2024.

Energy entered into the meter increased by 4.4% (154.5 GWh) in February 2024 compared to the same period in 2023, as a result of a 2.36% (67.4 GWh)

increase in energy received from ETG connected generators and a 39.8% (126.2 GWh) increase in energy received from imports, as energy received from DERs decreased by 12.2% (39.1 GWh).

**In March 2024** the Grid Losses decreased compared to March 2023 by 3.4%, mainly as a result of increased energy entering the ETG contour, but also unfavorable weather conditions characterized by higher precipitation amounts, which increased the corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.57% in 2023 to 2.24% in 2024.

Energy entered into the meter increased by 11.2% (367.5 GWh) in March 2024 compared to the same period in 2023, as a result of a 9% (235.4 GWh) increase in energy received from ETG-connected generators and a 43.6% (161.2 GWh) increase in energy received from imports, as energy received from DERs decreased by 10.1% (29.5 GWh).

In April 2024 Grid Losses decreased compared to April 2023 by 9.9% as a result of favorable generation distribution and more favorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova that led to reduced transmission of distant energy to sources, as well as weather conditions characterized by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.63% in 2023 to 2.44% in 2024. The energy entered into the meter decreased by 2.7% in April 2024 (88.2 GWh) compared to the same period in 2023, as a result of a 17.2% (450.9 GWh) decrease in energy received from generators connected to the ETG and a 36.6% (171.3 GWh) decrease in energy received from the DER, as energy received from imports increased by 379.8% (534 GWh).

In May 2024 Grid Losses decreased compared to May 2023 by 0.2% as a result of more favorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova that led to reduced transmission of distant energy to sources, and slightly more favorable weather conditions in areas with high density of transmission lines, characterized by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the ETG increased from 2.29% in 2023 to 2.36% in 2024. The energy entered into the meter decreased by 3.1% (94.4 GWh) in May 2024 compared to the same period in 2023, as a result of a 20.5% (504.4 GWh) decrease in energy received from generators connected to the ETG and a 25.1% (85.8 GWh) decrease in energy received from the DER, as energy received from imports increased by 176.8% (495.7 GWh).

In June 2024 Grid Losses decreased compared to June 2023 by 16.1%, mainly as a result of the favorable distribution of generation and more favorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria that led to reduced transmission of distant energy to sources, and favorable weather conditions characterized by lower precipitation amounts, which led to reduced corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.69% in 2023 to 2.21% in 2024. The energy entered into the meter increased by 3% (64.4 GWh) in June 2024 compared to the same period in 2023, as a result of a 95.2% (377.6 GWh) increase in energy received from imports, while energy received from ETG-connected generators decreased by 4.4% (108 GWh) and energy received from DERs decreased by 48.5% (205.2 GWh).

In July 2024 Grid Losses increased compared to July 2023 by 9%, as a result of increased energy entering the ETG and disadvantageous physical import/export flows on the interconnection lines on the borders with Bulgaria and Serbia, which led to increased transmission of energy away from sources. The percentage of losses relative to energy entering the ETG increased from 1.91% in 2023 to 1.92% in 2024.

The energy entered into the meter increased by 8.4% in July 2024 (297.1 GWh) compared to the same period in 2023, as a result of a 90.79% (467 GWh) increase in energy received from imports, while energy received from ETG connected generators decreased by 2.04% (56.0 GWh) and energy received from DERs decreased by 44.23% (113.9 GWh).

Weather conditions were characterized by lower precipitation amounts, which resulted in lower corona losses.

In August 2024 the Grid Losses decreased compared to August 2023 by 21.5% as a result of lower energy entering the ETG and more favorable physical import/export flows on the interconnection lines on the borders with Ukraine and Hungary, which led to reduced transmission of energy away from the sources, and more favorable weather conditions characterized by lower precipitation amounts, which led to lower corona losses. The percentage of losses relative to energy entering the ETG decreased from 2.15% in 2023 to 1.71% in 2024.

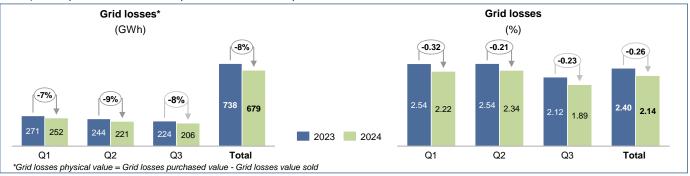
Energy entering the meter decreased by 0.9% (32.3 GWh) in August 2024 compared to the same period in 2023, as a result of an 11.1% (315 GWh) decrease in energy received from ETG-connected generators and a 31.1% (54.6 GWh) decrease in energy received from DERs, as energy received from imports increased by 58.1% (337.2 GWh).

In September 2024 Grid Losses decreased compared to September 2023 by 9.6%, mainly as a result of more favorable physical import/export flows on the interconnection lines on the borders with Bulgaria, Ukraine, Hungary and Moldova, which led to reduced transmission of distant energy to sources. The percentage of losses relative to energy entering the ETG decreased from 2.31% in 2023 to 2.05% in 2024.

Energy entered into the meter increased by 1.9% (64.8 GWh) in September 2024 compared to the same period

in 2023, as a result of a 42.8% (221.7 GWh) increase in energy received from imports, as energy received from DERs decreased by 5.6% (10.5 GWh) and energy received from ETG-connected generators decreased by 5.4% (146.4 GWh).

Weather conditions were unfavorable, characterized by higher precipitation amounts, which resulted in increased corona losses.



#### **Conclusions**

For the first quarter of 2024 as a whole the Grid Losses in the ETG decreased by 7% compared to the same period in 2023, mainly as a result of more favorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria and favorable weather conditions in the first two months characterized by lower amounts of precipitation, which led to a reduction in the corona losses. Relative to the energy entering the ETG contour the losses decreased from 2.54% to 2.22%.

Overall in the second quarter of 2024 Grid Losses in ETG decreased by 9% compared to the same period in 2023, mainly as a result of more favorable physical flows on the interconnection lines on the borders with Ukraine and Hungary, which led to reduced transmission of energy away from the sources, and more favorable weather conditions characterized by lower amounts of precipitation, which led to reduced corona losses. Relative to the energy entering the contour losses decreased from 2.54% to 2.34%.

Overall in the third quarter of 2024 Grid Losses in the ETG decreased by 8% compared to the same period in 2023, mainly as a result of more favorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova, and more favorable weather conditions in the first two months under review, characterized by lower amounts of precipitation, which led to a reduction in the corona losses. Relative to the energy entering the contour, losses decreased from 2.12% to 1.89%.



# **ETG Development**

#### FIXED ASSETS RECORDED IN THE ACCOUNTS

The increase in the total value of property, plant and equipment at September 30, 2024 compared to December 31, 2023 was due to the increase in the value of property, plant and equipment in progress concurrent with the recording of depreciation on property, plant and equipment.

The value of tangible assets recorded in the accounts in January-September 2024 amounted to RON 536 million (RON 544 million in the same period of 2023), a decrease by RON 8 million.

The largest transfers from property, plant and equipment in progress to property, plant and equipment are mainly represented by the commissioning of investment objectives, the most significant of which are listed below:

- Transition to 400 kV of the axis Porțile de Fier -Reşiţa - Timişoara - Săcălaz - Arad - Stage I - 400kV power line s.c. Porţile de Fier - (Anina) - Reşiţa -RON 160.7 million;
- Connection of 400 kV Isaccea Varna OHL şi 400 kV Isaccea Dobrudja OHL in station 400 kV Medgidia Sud, Etapa I Extinderea Staţiei 400 kV Medgidia Sud RON 96,7 mil;
- Upgrading of the 220/110/20kV Baru Mare 220/110/20kV Station - RON 73,8 mil;

- Refurbishment of 220/110 kV Fileşti Station RON 49.6 million;
- Arefu 220/110/20 kV station modernization RON 31 million:
- Upgrading of the 400/110 kV Pelicanu Station RON 17.2 million;
- Relocation of the 220 kV and 400 kV networks -Urecheşti - Domneşti, Ţânţăreni - Bradu, Bradu -Braşov, Bradu - Stupărei and Bradu - Târgovişte for the Craiova - Pitesti Express Road, section 4 - RON 16.9 million;
- Extension of the 400 kV Gura lalomiței station with two cells: 400 kV Cernavodă 2 and 3 OHL - RON 12,6 mil;
- Metering and data management system for electricity metering on the wholesale market - RON 12, mil;
- Procurement and installation of 21 monitoring systems for transformer units in NPG CO. Transelectrica SA stations - RON 10.8 million;
- Relocation of the 220 kV and 400kV networks for the construction of the Braila- Galati express road - RON 10.1 million;
- 220 kV diversion Ampoi- Alba Iulia area OHL RON 7.7 million.

#### **TANGIBLE AND INTANGIBLE ASSETS**

Purchases of tangible and intangible assets in the first 9 months of 2024 amounted to RON 433.7 million, an increase compared to the same period of 2023 when purchases amounted to RON 293.5 million.

At the same time, the balance of property, plant and equipment in progress according to the financial position as at September 30, 2024, in the amount of RON 840 million, is represented by the projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaş Smârdan OHL RON 265.7 million;
- Transition to 400 kV of the axis Porțile de Fier -Reșița - Timișoara - Săcălaz - Arad - Stage I - 400kV Overhead Power Line s.c. Porțile de Fier - (Anina) -Reșița - RON 137,6 mil;
- Increasing the transmission capacity of the 220 kV Stejaru - Gheorgheni - Fântănele OHL - RON 55.3 million;

- Connection to ETG of CEE 300 MW Iveşti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV station Banca - RON 46,9 mil;
- Increasing the operational reliability of the Argeş-Vâlcea network area, realization of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV 400/220 kV - RON 45.5 million;
- Upgrading of the 400/110/20 kV Smârdan Station -RON 32.1 million;
- Upgrading of the 400/110 kV Pelicanu transformer station - RON 30.7 million;
- Isaccea 400 kV Station Upgrade Stage II RON 27.4 million;
- 220 kV OHL double circuit Ostrovu Mare ETG Stage
   I + Stage II (H.CA nr.17/2007) RON 26,8 mil;
- Station 400 kV Stâlpu RON 20,1 mil;
- Metering and data management system for electricity metering on the wholesale market - RON 14.3 million;
- 110 kV Medgidia Sud 110 kV Station Upgrade RON 13,8 mil;

#### **ANNUAL INVESTMENT PROGRAM**

The breakdown of investment expenditure as of September 30, 2024 by main chapters of the annual investment program is as follows:

| No | Categories of                                | Scheduled* | Realized (mil RON) |         |  |
|----|--|------------|--------------------|---------|--|
|    | expenditure                                  | (mil RON)  | 9M 2024            | 9M 2023 |  |
|    | Grand total<br>(A+B)                         | 580        | 456.46             | 293.8   |  |
| Α  | Company's owr expenses                       | 513        | 427.5              | 259.4   |  |
| В  | Investments financed from the connection fee | 67         | 28.9               | 34.4    |  |

<sup>\*</sup> PAI 2024 revision A8

Thus, the degree of realization of the annual investment program as of September 30, 2024 is 78.7% compared to the Program in the Grand Total, and 83.3% compared to the Program in the Company's own expenses category.

The realized value of further investments amounts to RON 416.84 million and represents 97.5% of the Company's own investment expenditures realized in 2024.

The realized value of investments financed from the connection tariff is RON 28.92 million, corresponding to requests for the execution of network relocation works or connection to the network of some producers.

The investment program for 2024 was revised 8 times due to requests to introduce/remove some investment objectives, increase/decrease some expenditure amounts due to the pace of implementation of investment projects.

The Company's development plan for the next 10 years includes a complex investment program, which aims to strengthen energy security, digitalization and implementation of the SMART GRID concept, which will generate, on the one hand, increased capacity for integration of renewable energy into the system and, on the other hand, increased interconnection capacity.

In terms of ETG's capacity to integrate new renewable generation units, the wind and solar potential of Dobrogea (South-East of the country) and Banat (South-West of the country) regions should be mentioned.

These regions, already congested, do not allow for the integration of new capacity, but taking into account the investments underway as well as those planned for these two regions alone, by 2027, there will be around 5,000 MW of additional capacity available.

#### **CONTRACTUAL ISSUES**

The most important investment contracts signed in 9 Months 2024 are:

- Power Quality Monitoring System RON 37.82 million.
- 220/110 KV Calafat station modernization RON 65,28 milion,
- Transition to 400 KV of the Porţile de Fier Resita -Timisoara - Săcălaz - Arad axis, phase II: 400 KV OHL d.c. Resita - Timisoara - Săcălaz - RON 199.99 million.

#### **EUROPEAN FUNDS**

# Collaboration between Transelectrica and Polytechnic University of Bucharest

Investing in training young people is a core objective for the Company.

Transelectrica participates in the selection process initiated by the Polytechnic University of Bucharest for the establishment and operationalization of a Consortium for the creation of a complete professional route for technical education, where, together with UPB, it has submitted the application for funding for the implementation of the project "Campus Dual Politehnica București".

After the submission in March 2023 of the funding application for the project "Campus Dual POLITEHNICA București", within the Call PNRR/2022/C15 / MEDU /I6/Program-pilot for the development of

regional consortia for dual education, on 11.05.2023, following the eligibility assessment, the project was declared admitted.

On 07.07.2023 the final list with the results of the qualitative assessment was published and the project remained on the first position. We mention that in the beginning of October 2023 the financing contract was signed and therefore the project implementation started.

The project runs for a period of 3 years (maximum implementation deadline: until June 30, 2026).

Starting with November 2023, Transelectrica is organizing internships for 5 students enrolled in dual education at the Technical College of Post and Telecommunications "Gheorghe Airinei".



On March 19.03.2024, the first working meeting of the project took place at the National University of Science and Technology POLITEHNICA Bucharest with all partners involved and representatives of the Ministry of Education.

On 30.05.2024, the second working meeting of the project took place at the headquarters of the National University of Science and Technology POLITEHNICA Bucharest with all partners involved.

In June 2024 continued the practical training for the 5 students of the 9th grade from the Technical College of Post and Telecommunications "Gheorghe Airinei" Bucharest. This completed the first school year in which the Company organized these practical training programs within the project.

In August 2024 was signed the Additional Act no. 2 to the "Partnership Contract for the establishment of the Consortium for Integrated Dual Education, Center of Expertise in the Bucharest-Ilfov Region", which amended the annex on the distribution of pupils and students for the internship programs between the project partners.

#### Modernization Fund

As regards the implementation of the 9 projects related to the Modernization Fund, in accordance with the provisions of the financing contracts, progress reports for the year 2023, as well as other categories of information requested by the Ministry (Notifications, requests for additional acts, reports related to public procurement procedures, etc.) were prepared and submitted to the Ministry of Energy.

In May 2024, a claim for reimbursement was submitted according to the schedule for submission of claims for the project "Digitalization of the ETG by installing two online systems for Metering and management of electricity metering data on the wholesale market, and for Monitoring the quality of electricity" in the amount of RON 8.602.106,45.

In August 2024, a reimbursement request was submitted according to the schedule for the submission of reimbursement requests for the project "Upgrade to 400 kV of the Brazi Vest - Teleajen - Stâlpu axis" in the amount of RON 1.975.252,10.

In September 2024, reimbursement claims were submitted according to the schedule for the following projects:

- "Construction of a new 400 kV (d.c.) overhead power line Constanţa Nord - Medgidia Sud, equipped with a single circuit" in the amount of RON 2.088,27
- "Construction of a new 400 kV overhead power line (1c) Gădălin - Suceava, including interconnection to NES" in the amount of RON 2.482.965,39
- "Optimization of the operation of the existing 400 kV OHL in the NES, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (SMART GRID type)" in the amount of RON 2.414.052,08.

#### Project "400 kV d.c. Gutinaş Smârdan OHL"

As regards the project "400 kV d.c. Gutinaş Smârdan OHL", financed by the Operational Program Large Infrastructure 2014-2020, Priority Axis 8 - Intelligent and sustainable electricity and natural gas transmission systems, Specific Objective 8.1 - Increasing the capacity of the National Energy System to take energy produced from renewable resources, during this period, 2 (two) applications for reimbursement with a total reimbursed amount of RON 27.590.123,87 were submitted to the Managing Authority - POIM.

The financing of this project was valid until 31.12.2023. As the conditions applicable to operations subject to phased implementation have been met, the Project has been included in the List of projects that can be phased and continued for financing in the Sustainable Development Program (SDP) 2021-2027.

On June 11, 2024, Transelectrica submitted the Financing Request for the continuation of the non-reimbursable financing of the Project through PDD 2021-2027, with an amount of RON 100,339,057.89 non-reimbursable financing.

The project is currently in the technical and financial evaluation phase.



#### REPowerEU plan

The REPowerEU plan sets out a series of measures designed to rapidly reduce Russia's dependence on fossil fuels and accelerate the green transition, while increasing the resilience of the EU energy system.

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

After the signing of the Financing Contract between the General Secretariat of the Government (Reform and/or Investment Coordinator) and N.P.G. CO. Transelectrica S.A. (Beneficiary) on 09.04.2024, activities were carried out for the implementation of the Investment 5. Digitalization, efficiency and modernization of the national electricity transmission grid (allocation 56.237.200 euro), financed by the National Recovery and Resilience Plan, related to Component 16. REPowerEU , which comprises the following Subinvestments:

- Sub-investment 5a. Installation of photovoltaic power plants (PPPs) and electricity storage facilities to supply internal services installed in N.P.G. CO. Transelectrica S.A. stations (allocation 29.557.000 euro);
- Sub-investment 5b. SMART SA subsidiary N.P.G.
   CO. Transelectrica S.A. (allocation 18.240.000 euro);
- Sub-investment 5c. Optimization of the communication network and creation of a data center -Teletrans SA, subsidiary N.P.G. CO. Transelectrica S.A. (allocation 8.440.200 euro).

During this period, public procurement procedures are being carried out for the 3 sub-investments of the Investment.

#### Horizon Program

Representatives of the Company participate in the Consortia formed for the development of **TwinEU and SmarTWin** projects funded by the European Union's Horizon Research - Innovation Program.

**The project TwinEU** (Digital Twin for Europe), funded by Horizon Europe, started on 01.01.2024 and will run for 36 months.

- The company is part of the consortium formed for the development of this project, - which brings together
   71 partners from across Europe, including transport and system operators, technology companies, universities and research institutes, European associations, solution developers.
- The objective of the project is to increase the level of efficiency and penetration of smart technologies in electricity grids leading to a truly smart grid. The project results are expected to contribute to the development of new smart grid architectures and their integration into the European digital infrastructure.
- In the first quarter of 2024, the Company received pre-financing in the amount of €65,625, representing 75% of the estimated budget amount at reimbursement.

The ELECTRON project (rEsilient and seLf-healed EleCTRical pOwer Nanogrid), funded by the Horizon 2020 program of the European Union, continued its work during the third quarter of 2024 and was completed on 30.09.2024. The final evaluation of the will project be carried out on 25.11.2024 by the European Commission representatives.

The budget allocated to the Company is €245,000 and the amount collected so far for its involvement in the project is €145,775.

The CyberSEAS (Cyber Securing Energy data Services) project, funded by the Horizon 2020 program of the European Union, continued its work during the third quarter of 2024 and was completed on 30.09.2024. The final evaluation of the project will be carried out on 06.11.2024 by the European Commission representatives.

- The project is realized within a consortium of 26 partners, the budget allocated to Transelectrica is 217.235 euro.
- The amount received so far by the Company for its involvement in the project is € 129,254.

#### CARMEN project of common interest

The company has resumed the process of obtaining funding through the European Interconnection Facility (CEF). In this regard, the joint funding application of the partners involved in the project (Delgaz Grid S.A., NPG CO. Transelectrica SA and Elektroenergien Sistemen Operator EAD) is being prepared within the call for projects opened on 30.04.2024.

Within the CARMEN Project, the Company has included the following Investment Objectives:

- "Optimization of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş and Roşiori stations;
- "Modernization and increase of the transmission capacity of the 220 kV Fântânele – Ungheni OHL";
- "National Synchrophasor Platform, connected to the International Platform for Synchrophasor Data Exchange (IPDE);
- "Installations for the regulation of active power flows to limit congestion in the ETG".

# Project Sheets for Modernization Fund financing

Project fiches have been submitted to the Ministry of Energy for financing through the Modernization Fund, namely:

- DigiTEL Green pilot project Retrofitting of the 220/110/20 kV Mostiştea station into a digital station with reduced environmental impact;
- DigiTEL Power Lines of the Future Pilot Project -Optimizing the OHL by installing innovative poles with low environmental impact;

# Signing of the Contract for the DigiTEL Green Pilot Project - Upgrade of the 220/110/20 kV Mostistea station

On 14.12.2023 was published the decision approving the grant from the Modernization Fund - C(2023) 9054 - for the "DigiTEL Green Pilot Project - Upgrading of the 220/110/20 kV Mostistea station to a digital and low environmental impact station" (allocation 48.340.733,89 euro). The financing contract between the Ministry of Energy and NPG CO. Transelectrica SA was signed on 20.02.2024 (C101/20.02.2024).

# Confirmation of the DigiTEL Power Lines of the Future Pilot Project - OHL Optimization (allocation of EUR 64.068.257,62) priority investment from the European Investment Bank:

 In February 2024, the project fiche has been submitted to the Ministry of Energy for funding from the Modernization Fund for the above-mentioned project.

- In the first quarter of 2024, the European Investment Bank confirmed that this project is a priority investment, and on 12.06.2024, the Decision approving the grant of EUR 64,068,257.62 from the Modernization Fund - C(2024) 4190 was published, and the Financing Contract between the Ministry of Energy and Transelectrica will be signed in the third quarter of 2024.
- In June 2024 was published by the European Commission the Payment Decision approving the project "DigiTEL Power Lines of the Future Pilot Project - Transition of the 400 kV Isaccea-Tulcea West OHL from single circuit to double circuit" for financing from the Modernization Fund.
- In September 2024, the Financing Contract was signed between the Ministry of Energy and N.P.G. CO. Transelectrica S.A. for the financing through the Modernization Fund, for the project "DigiTEL Power Lines of the Future Pilot Project - Transition of the 400 kV Isaccea-Tulcea West OHL from single circuit to double circuit" P262/27.09.2024 (C880/27.09.2024), (allocation of RON 318,893,345.47).



#### **Events**

With regard to the elements, events or factors of uncertainty that influenced the activity during the first 9 months of 2024, the following can be mentioned:

- The volatile construction and energy materials markets and the current geopolitical context have led to a dramatic increase in prices,
- Long delays in the approval by the competent institutions of the draft normative acts regulating the transfer of the right of administration, on behalf of the Romanian state, of some land located in the corridor of the overhead power lines that Transelectrica is building.

#### Outlook 2024

The outlook for the next period of 2024 is considered as initiatives:

- > The approach to grant opportunities is two-pronged
- the ongoing monitoring process of grant funding opportunities launched by national and European funding authorities,
- identification of funding opportunities which is carried out in correlation with the company's development priorities, as well as with the identified needs to support their implementation.
- ➤ To continue a good inter-institutional collaboration with the Ministry of Investments and European

Projects, the Ministry of Energy, the Ministry of Economy, the General Secretariat of the Government and other governmental entities, in order to ensure the necessary legal framework for the implementation of projects of common interest and national importance that the company implements.

Development of collaborative partnerships with EU TSOs by initiating innovative transnational projects in the company's fields of activity, aimed at strengthening human resources through exchange of experience and best practices.

#### THE COMPANY'S FINANCIAL INVESTMENTS

At the European level, the energy sector is in a process of transformation, emphasizing the transition from a predominantly national model of evolution and development of the energy sector to a model of integrated and coordinated development at the European level that ensures a unified development at continental level but also allows adaptation to national specifications while pursuing the legitimate interests of the European states.

In this context the Company is affiliated with the following entities:

- TSCNET
- JAO

#### TSCNET (TSCNET Services GmbH)

It was set up to serve the Transmission System Operators (TSOs) in the East-Central-West region of Europe (CORE region) for the coordinated implementation of the European network codes. The affiliation is made by participating in the shareholding of TSCNET through a share purchase transaction in the company.

By Resolution No. 9 of the EGMS of June 05, 2018, the Company's affiliation to the CORE Regional Security Coordination Center, TSCNET, was approved through participation in the share capital with a contribution of 470,500 EUR (1 share - 2,500 EUR).

#### JAO (Joint Allocation Office)

As of 2019, long-term capacity allocation auctions are coordinated by JAO which has been designated as the Single Allocation Platform Operator (SAP).

Transelectrica was invited by JAO to become part of its shareholding.

By Resolution No. 10 of the EGMS of August 20, 2018, the Company's affiliation to the Joint Allocation Office (JAO) was approved with a cash subscription in the amount of EUR 259,325, being allocated 50 shares.



# Significant events

## **JANUARY - SEPTEMBER 2024**

# Contract concluded with the subsidiary OPCOM S.A.

Taking into account the information included in the current Report, having as subject "Contract concluded with the subsidiary OPCOM S.A.", disseminated on December 21, 2022 through the capital market institutions, pursuant to Article 108 of Law no. 24/2017 in conjunction with Article 2091 of Regulation no. 5/20181, the Company has submitted to the attention on January 4, 2024, the updated information related to the year 2024 regarding the contract "Transelectrica" S.A. concluded with OPCOM S.A. for the purchase of electricity to cover the needs of grid losses for the year 2024, through the Mechanism for the Centralized Purchase of Electricity (MACEE) provided in the Annex to GEO no. 153/2022.

Details of this contract can be found on the Company's website under Investor Relations/ Current Reports.

#### Transelectrica OGMS January 29, 2024

On January 29, 2024, the Company informed that the Ordinary General Meeting of Shareholders was held by meeting the required quorum of 72.424% of the Company's share capital for the meeting, during which the Company took note of the information on the purchases of products, services and works, commitments involving significant obligations of the Company with a value of more than EUR 5,000,000, as well as loans and loan guarantees with a value of less than EUR 50,000,000.

### Participation in the Romania-Italy Economic Forum

The company participated on February 15, 2024, together with 29 other Romanian companies, both public and private, from the energy sector, including Transgaz, Romgaz, Nuclearelectrica and Electrica, at the Romania - Italy Economic Forum, organized in Rome by the Romanian Embassy in Italy, on the occasion of the joint session of the Governments of the two countries, an event representative for bilateral relations.

Company representatives attending the forum sessions, attended by more than 120 Italian companies, explored opportunities for collaboration and exchange of experience with the Italian business environment. Investments, system maintenance and

operation were the main areas of interest pursued in the topics discussed with the Italian economic environment by the Company's management and technical experts responsible for the three areas.

In this regard, the Company's management had a meeting with representatives of Terna - the Italian Transmission and System Operator, the topics of discussion being within the scope of strengthening cooperation between the two transmission and system operators members of ENTSO-E, with a focus on the exchange of experience in terms of energy infrastructure development, interconnections and integration of renewable energy.

#### Modernization Fund Financing Contract

In application of Directive 2003/87/EC of the European Parliament and of the Council, on February 20, 2024, the Company signed with the Ministry of Energy the tenth financing contract from the Modernization Fund for the implementation of the "DigiTEL Green pilot project - Upgrading of the 220/110/20kV Mostistea station" with a non-reimbursable amount of EUR 48 million.

The DigiTEL Green pilot project represents an investment effort in line with European energy policies and directives, undertaken by Transelectrica to develop and modernize the energy infrastructure by adopting state-of-the-art technological solutions and equipment that contribute to reducing the environmental footprint.

Included in the ETG Development Plan for the period 2022-2031, the investment in Transelectrica's project portfolio will contribute to reducing the environmental impact and to the transition towards a sustainable and efficient energy infrastructure.

## Resolution No. 1 of the Ordinary General Meeting of Shareholders of February 28, 2024

The Ordinary General Shareholders' Meeting of the Company held on February 28, 2024 approved the appointment as members of the Supervisory Board of:

- PĂUN Costin-Mihai,
- > ATANASIU Teodor,
- > VASILESCU Alexandru-Cristian,
- > ZEZEANU Luminiţa,
- DASCĂL Cătălin-Andrei, .
- ORLANDEA Dumitru Virgil,
- RUSU Rareş Stelian,

with a term of office for a period of 4 (four) years from March 01, 2024, until 29.02.2028. It also approved the

determination of the remuneration of the members of the Supervisory Board of the Company and the form of the contract of office.

## Resolution No. 2 of the Ordinary General Meeting of Shareholders of February 28, 2024

The ordinary general meeting of the Company's shareholders held on February 28, 2024 approved:

- ✓ Establishing the Investment Program for the financial year 2024 and estimates for the years 2025 and 2026.
- ✓ The Company's revenue and expenditure budget for the year 2024, and estimates for the years 2025 and 2026.

## 400 kV Overhead Power Line - Porţile de Fier -(Anina) - Resita

The construction project of the 400 kV Overhead Power Line Porțile de Fier - (Anina) - Reșița has been completed, the line successfully passing the energization test on February 29, 2024.

The total value of the investment project is RON 150 million, the works being executed by Electromontaj S.A. Bucharest - Romelectro S.A., with subcontractors Emfor Montaj SA, SC Electromontaj SA Sibiu and SC Electromontaj SA Cluj, the line design being carried out by the Institute for Energy Studies and Projects Bucharest.

The 400 kV Overhead Power Line Porțile de Fier - (Anina) - Resita is the most technically complex and difficult power line project realized in Romania in the last 30 years, its route crossing mostly mountainous, rugged and difficult to access terrain.

The technical complexity and challenges that the project teams of both the builders and the Company encountered in the execution of the works reflect the extraordinary efforts of the specialists who contributed to the completion of this line.

The 400 kV Overhead Power Line Porțile de Fier - (Anina) - Resita will be put into operational service with the completion of the construction works of the 400 kV Resita station, expected in the second semester of this year.

At the same time, the new 400 kV Resita station will allow the operation of the 400 kV Resita - Pancevo overhead interconnection line.

The new 400 kV Overhead Power Line Porţile de Fier - (Anina) - Resita has a total length of 117 kilometers and consists of two sections: a new construction with 259 poles (section Porţile de Fier - Anina), with a length of 81.1 kilometers, and the modernization of an existing line of 142 poles (section Anina - Resita), with a length of 36 kilometers.

#### Acceptance of mandates for SC members

The Company informed the interested public that the members of the Supervisory Board appointed by the Resolution of the Ordinary General Meeting of Shareholders No. 1 of February 28, 2024, have signed before the notary public the declaration of acceptance of their mandates, their appointment becoming effective as of March 1, 2024.

## Appointment of Chairman and Advisory Committees of the Supervisory Board

In accordance with its statutory and legal attributions, the Supervisory Board decided in its meeting of March 04, 2024, to elect Mr. Cătălin-Andrei DASCĂL as Chairman of the Supervisory Board and to appoint the members of the advisory committees of the Supervisory Board as follows:

Nomination and Remuneration Committee:

- > VASILESCU Alexandru-Cristian Chairman
- > DASCĂL Cătălin-Andrei
- > RUSU Rares Stelian
- > ORLANDEA Dumitru Virgil
- > ZEZEANU Luminiţa.

#### Audit Committee:

- > ZEZEANU Luminiţa Chairman
- > ATANASIU Teodor
- > RUSU Rares Stelian
- PĂUN Costin-Mihai
- > VASILESCU Alexandru-Cristian.

Investment and Energy Security Committee:

- > PĂUN Costin-Mihai Chairman
- DASCĂL Cătălin Andrei
- ZEZEANU Luminiţa
- > ATANASIU Teodor
- > ORLANDEA Dumitru Virgil.

#### Risk Management Committee:

- > ATANASIU Teodor Chairman
- VASILESCU Alexandru-Cristian
- > DASCĂL Cătălin-Andrei
- RUSU Rares Stelian
- ORLANDEA Dumitru Virgil.

## Extension of the terms of office of provisional members of the Directorate

In accordance with its statutory and legal duties, the Supervisory Board decided in its meeting of March 21, 2024, by reference to the expiry on March 24, 2024 of the mandates of the provisional members of the Directorate, the following:

Pursuant to art. III of Law no.187/2023 on the amendment and completion of Government Emergency Ordinance no.109/2011 on corporate governance, the extension (for a period of 2 months from March 25, 2024 until May 24, 2024, but not later than the completion of the selection procedure in accordance

with the provisions of Government Emergency Ordinance no.109/2011 if the procedure will be finalized within this period), the mandates of provisional members of the Directorate for Mr. Ştefăniţă MUNTEANU, Mr. Cătălin Constantin NADOLU, Mr. Florin Cristian TĂTARU and Mr. Bogdan TONCESCU. On the same date, in accordance with the provisions of Article 23 para. (1) of the Company's Articles of Association, Mr. Ştefăniţă MUNTEANU was elected as Chairman of the Directorate, alternatively referred to as Chief Executive Officer - "CEO" of the National Company for the Transmission of Electricity "Transelectrica" SA.

 Completion of key investment to strengthen and secure national energy infrastructure in Dobrogea region



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

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

- ➤ 400 kV Medgidia South Varna OHL (Bulgaria) interconnection,
- 400 kV Medgidia South Dobrudja OHL (Bulgaria) interconnection,
- > 400 kV Medgidia Sud Stupina OHL and
- > 400 kV Medgidia Sud Rahman OHL, thus transforming the Medgidia Sud station into an

interconnection station with the Bulgarian power system.

These four lines resulted from the sectioning of former interconnection lines with Bulgaria: 400 kV Stupina - Varna OHL and 400 kV Rahman - Dobrudja OHL respectively.

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

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

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

Thus, a significant benefit of this work is the reduction of active power losses on 400 kV overhead power lines by about 10 MW, in the conditions of high electricity production in wind power plants. It will also increase cross-border capacity on the border with Bulgaria for export by between 200 MW and 300 MW and for import by about 100 MW.

## 56.2 million euro contract financed by the NRRP

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

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

The investment covers the installation of photovoltaic power plants and storage facilities in 29 electrical

stations, the upgrading of the SMART SA subsidiary, the optimization of the communications network managed by the Teletrans subsidiary and the creation of a data center.

It should also be noted that the investment for the installation of photovoltaic power plants and electricity storage facilities in 29 out of the total of 81 stations in the transmission grid is off-grid, where the photovoltaic power plants and storage batteries will be used only to supply electricity to part of the internal services of the stations.



The implementation of these projects will significantly contribute to the consolidation of Romania's Transmission Grid.

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

### Inauguration of the 400kv overhead power line Portile de Fier -Anina-Resita

On April 16, 2024, in the presence of governmental and local officials, the Company inaugurated through a ceremony organized in the Porțile de Fier Electric Transformer Station, the 400 kV Overhead Power Line Porțile de Fier - (Anina) - Resita.

Coupled with the realization of the new 400 kV Reşiţa station, the 400 kV Porţile de Fier OHL - (Anina) - Reşiţa station will contribute to the consolidation of the energy sector in the Banat region and will facilitate the increase of the interconnection capacity with the ENTSO-E grid by 600 MW, for the benefit of the grid connected users.

### Resolution No. 3 of the Ordinary General Meeting of Shareholders of April 29, 2024

The ordinary general meeting of the Company's shareholders held on April 29, 2024 approved:

- ➤ Separate financial statements of NPG CO. "Transelectrica"-S.A. for the financial year 2023;
- Consolidated financial statements of NPG CO. "Transelectrica"-S.A. for the financial year 2023;
- ➤ Allocation of net accounting profit as of 12/31/2023;
- ➤ The distribution of the gross dividend per share from the retained earnings in the balance as at December 31, 2023, in the amount of RON 0.28;
- ➤ Creation of reserves related to the revenues realized from the allocation of transmission capacity on interconnection lines by distribution from the retained result representing the surplus realized from revaluation reserves not taxable upon change of use;
- ➤ Discharge of the members of the Directorate and the members of the Supervisory Board for the fiscal year 2023;
- > Remuneration report for the financial year 2023;
- Remuneration policy for the Company's executive and non-executive management revised to March 2024;
- > Ratification by the General Meeting of Shareholders of the Supervisory Board's Decisions for appointment of provisional members the Directorate No. 26/25.06.2021, No. 49/22.12.2021, 50/22.12.2021, 51/22.12.2021, No. No. 52/22.12.2021, No 53/22.12.2021, No 13/23.03.2022, 43/14.10.2022, No 18/21.06.2022, No 53/19.12.2022, No 15/19.04.2023, No 24/20.06.2023, No 39/24.10.2023 and No 11/21.03.2024;
- ➤ Establishing the general limits of the remuneration and other benefits to be granted by Transelectrica S.A. to the provisional members of the Directorate, including the fixed indemnity and other benefits granted;
- ➤ Establishment of June 6, 2024 as the "ex date" date, the calendar date from which the Company's shares subject of the Resolution of the Ordinary General Meeting of Shareholders shall be traded without the rights deriving from the said Resolution;
- ➤ Setting June 07, 2024 as the record date of the shareholders on whom the effects of the Ordinary General Meeting of Shareholders' Resolution will be reflected:
- ➤ Set June 27, 2024 as the "payment date" for dividends distributed from retained earnings outstanding as of 12/31/2023.
- Notice on the procedure for payment of distributed dividends

On May 17, 2024, pursuant to Decision no. 3 of the Ordinary General Meeting of Shareholders of April 29, 2024, NPG CO. "Transelectrica" S.A. (TEL) submitted the procedure for payment of dividends from the

retained earnings in the balance as at December 31, 2023.

The gross dividend for the financial year 2023 was 0.28 RON gross/share.

Dividend payments were made as of June 27, 2024 (payment date), to shareholders registered on June 07, 2024 in the TEL Shareholders Register (ex-date June 06, 2024), through the Central Depositary SA (DC) and the paying agent BRD - Group Société Générale (BRD).

# Appointment of members of the Directorate, appointment of Chairman

The Company has informed that, in accordance with its statutory and legal powers, the Supervisory Board decided, at its meeting of May 22, 2024 (by reference to the expiry on May 24, 2024 of the terms of office as provisional members of the Directorate of Mr. Ştefăniță MUNTEANU, Mr. Cătălin Constantin NADOLU, Mr. Florin Cristian TĂTARU and Mr. Bogdan TONCESCU, pursuant to Government Emergency Ordinance no. 109/2011 on corporate governance) and appointed as provisional members of the Directorate Mr:

- Ştefăniță MUNTEANU,
- Cătălin Constantin NADOLU,
- Florin Cristian TĂTARU,
- Bogdan TONCESCU.

At the same meeting, in accordance with the provisions of Article 23 para. (1) of the Company's Constitutive Act, the Supervisory Board elected Ştefăniţă MUNTEANU as Chairman of the Directorate, alternatively referred to as Chief Executive Officer - "CEO" of the National Power Grid Company "Transelectrica" SA.

The term of office of the members of the Directorate shall have a duration of 5 months, starting on May 25, 2024, but the term of office shall not exceed the date of completion of the selection procedure of the members of the Directorate of the National Electricity Transmission Company "Transelectrica"-SA under the conditions of the Government Ordinance no.109/2011 on corporate governance of public enterprises, approved with amendments and additions, if the procedure is completed within this period.

### Memorandum on the initiation of procedures for the establishment of the Joint Venture company

On May 27, 2024, in application of the Agreement between the Governments of the Republic of Azerbaijan, Georgia, Romania and Hungary on the Strategic Partnership in the Field of Green Energy Development and Transmission - "Green Energy Corridor" Project, NPG CO. "Transelectrica" SA and the other relevant parties designated at the level of each state, namely AzerEnerji JSC, Georgian State

Electrosystem and MVM Zrt, signed in Bucharest, a Memorandum of Understanding whereby they agree to make the necessary efforts to take the necessary steps for the establishment of a Joint Venture company, based in Romania.

### Regulated tariff applicable from June 01, 2024

The Company, on June 04, 2024, informed the investing public on the publication in the Official Gazette no. 503/30.05.2024 of ANRE Order no. 15/2024 on the approval of the tariff for the system service, practiced by the Company.

Therefore, the regulated tariff (excluding VAT) for the system service, applicable from June 01, 2024 is:

|                                | Tariff      | Rate*      |  |  |
|--------------------------------|-------------|------------|--|--|
|                                | applicable  | applicable |  |  |
| service                        | from        | from       |  |  |
|                                | January 01, | June 01,   |  |  |
|                                | 2024        | 2024       |  |  |
|                                | lei/MWh     | lei/MWh    |  |  |
| Tariff for the system service: | 9,17        | 12,84      |  |  |

\* The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff in force on January 1, 2024, in accordance with the provisions of the regulatory framework issued by the National Energy Regulatory Authority

### Announcement regarding the selection of candidates for the position of member of the Directorate of N.P.G. CO. "Transelectrica" S.A.

The Company's Supervisory Board has announced the launch of the selection procedure for candidates for five positions on the Directorate of N.P.G. CO. "Transelectrica" S.A.

This selection process is carried out in accordance with the provisions of the O.U.G. no. 109/2011 on the corporate governance of public enterprises, approved by Law no.111/2016, with the additions and amendments made by Law no.187/2023, as well as the provisions of H.G. no.639/2023.

### Contract concluded with the subsidiary SMART S.A.

On June 25, 2024, the Company informed its shareholders and investors about the conclusion of a significant transaction with the subsidiary SMART SA, regarding the conclusion of the contract for "Strategic services/works in the facilities managed by NPG CO. Transelectrica SA", with a duration of 36 months.

The object of the contract is represented by strategic services / works in the facilities managed by NPG CO. Transelectrica SA in connection with the maintenance activity carried out in the Company in accordance with

the provisions of the Maintenance Assurance Program (MAP) and the Regulation of preventive maintenance of facilities and equipment within the ETG, documents developed on the basis of ANRE Order no. 96/2017 for the approval of the Regulation of organization of the maintenance activity, as well as with the provisions of other specific regulations in force (prescriptions, internal technical standards, technology sheets, etc.).

### Modernization Fund project approved by the European Commission

The European Commission, on the basis of Commission Implementing Regulation (EU) 2020/1001 and Directive 2003/87/EC, has approved by Decision COM C(2024) 4190 final/12.06.2024, for non-reimbursable financing from the Modernization Fund, the investment project of the National Electricity Transmission Company "Transelectrica" S.A. - "DigiTEL Power Lines of the Future Pilot Project - Transition of the 400 kV Isaccea - Tulcea West OHL from single circuit to double circuit".

The grant amount of the project is 64.068.257,62 euro and the approval decision was published on the Modernization Fund website on 25.06.2024.

The project aims to build a 400 kV double-circuit overhead power line between Isaccea and Tulcea Vest stations by replacing the existing 400 kV single-circuit overhead power line, installing two 400 kV overhead cells in the two stations and using innovative tubular poles.

The transition of the Isaccea - Tulcea West 400 kV OHL from single circuit to double circuit is a viable solution to avoid overloads and to increase the connection capacity to the National Electricity System of renewable energy power plants in Dobrogea region.

The project is included in the Electricity Transmission Grid Development Plan, 2022- 2031, as a project that will contribute to the integration of renewable energy sources and new power plants and will strengthen the transmission capacity from Dobrogea to the rest of the system.

### PNRR: Funds for modern and reformed Romania

Transelectrica has obtained EUR 56.2 million through the REPowerEU component of the PNRR to finance three key investment projects for the efficiency and modernization of the transmission grid. The investment consists of three sub-investments:

Installation of photovoltaic power plants (PPPs) and electricity storage facilities to supply internal services installed in NPG CO. Transelectrica SA stations, with an allocation of EUR 29.6 million;

- ➤ SMART SA a subsidiary of NPG CO. Transelectrica SA, with an allocation of EUR 18.2 million;
- Optimization of the communication network and creation of a data center - Teletrans SA, subsidiary of NPG CO. Transelectrica SA, with an allocation of EUR 8.4 million.

### Resolution No. 4 of the Extraordinary General Meeting of Shareholders of August 12, 2024

The extraordinary general meeting of the Company's shareholders approved:

- participation of the Company in the share capital of a new company, together with the other relevant parties designated at the level of the Republic of Azerbaijan, Georgia, and Hungary, except for the main object of activity which will be "Activities of holding companies" activity coded CAEN 642, respectively 6420,
- ➤ the acquisition, by exception from Art. (1) of GEO no.26/2012, of legal services in order to carry out projects and transactions with a foreign element in which the Company is involved, in the application of governmental decisions or, as the case may be, in the application of European regulations deriving from its status as a transmission and system operator in the electricity sector,
- > ETG Development Plan 2024 2033.

### Modification of the composition of the Advisory Committee of the Supervisory Board

The company informed the investing public, regarding the composition of the committees constituted within the Supervisory Board, that on 29.08.2024 the Supervisory Board took note of the withdrawal of Mr. RUSU Rareș-Stelian from the Nomination and Remuneration Committee following his request registered on 19.08.2024.

### Regulated tariff applicable from September 01, 2024

The Company informed the investing public on August 30, 2024 on the publication in the Official Gazette no. 865/29.08.2024 of ANRE Order no. 57/2024 on the approval of the tariff for the system service, practiced by the Company. Therefore, the regulated tariff for the system service, applicable from September 01, 2024 is:

| service                        | Tariff<br>applicable<br>from June<br>01, 2024 | Rate* applicable from Sept 01, 2024 |
|--------------------------------|---|-------------------------------------|
|                                | lei/MWh                                       | lei/MWh                             |
| Tariff for the system service: | 12,84   | 11,51                               |

<sup>\*</sup> The change in the tariff value was determined by the application of the mechanism for correcting significant

deviations from the forecast that was the basis for the approval of the tariff that entered into force on June 01, 2024, in accordance with the provisions of the regulatory framework issued by the National Energy Regulatory Authority.

### Moody's reconfirms the Company's rating

On August 29, 2024, Moody's Investors Service reaffirmed Transelectrica S.A.'s long-term debt rating at "Baa3" and stable outlook.

The credit quality of N.P.G. CO. Transelectrica S.A. ("Baa3"-"investment-grade") is supported by the Company's low risk profile as the only operator providing electricity transmission service in Romania, consistent implementation of key principles within a credit-supportive regulatory regime, a robust financial profile, low debt and strong financial values.

It should be noted that the Company's rating is the same as the rating assigned to the Romanian Government (Baa3 stable).

# Signing of the Joint Venture partners agreement, Green Energy Corridor Project

On September 3, 2024, Transelectrica, Georgian State Electroysstems, AzerEnerji and MVM Electrical Works signed the Shareholders' Agreement with the Romanian-based Green Energy Corridor Power Company, which will implement the Green Corridor project, a high-voltage direct current submarine cable that will connect Romania and Georgia through the Black Sea, with the connection being extended to Hungary and Azerbaijan.

It makes a key contribution to strengthening national and regional energy security, increasing connectivity in the Black Sea basin, diversifying sources of supply, harnessing the potential of renewable energy production and increasing the share of renewable energy in the national energy mix.

### New grant contract from the Modernization Fund

On 27 September 2024 Transelectrica signed at the Ministry of Energy the 11th financing contract from the Modernization Fund for the implementation of the investment objective "DigiTEL Power Lines of the Future Pilot Project - Transition of the 400 kV Isaccea - Tulcea West OHL from single circuit to double circuit", with a grant amount of EUR 64 million.

The realization of this investment will improve the performance indicators of the Electricity Transmission Grid by ensuring high availability of the assets of the Electricity Transmission Grid (ETG), strengthening and increasing the operational efficiency of the ETG, increasing the flexibility in operation and lowering maintenance costs.

 Appointment of Directorate members following the process of recruitment and selection of candidates under the conditions of GEO no.109/2011

In accordance with its statutory and legal duties, in view of the final report of the recruitment and selection process of candidates for the position of member of the Directorate of N.P.G. CO. Transelectrica S.A., the Supervisory Board decided in its meeting of September 30, 2024 the following:

In accordance with Art. (4)-(8) and (11) of GEO no. 109/2011 on the corporate governance of public enterprises, following the selection procedure of candidates for the positions of members of the Directorate of NPG CO. Transelectrica SA, are appointed, as of October 3, 2024, pursuant to Article 23 of the Articles of Association, as members of the Directorate:

- Florin-Cristian TĂTARU,
- Victor MORARU.
- > Ştefăniță MUNTEANU,
- Cătălin Constantin NADOLU and
- > Vasile-Cosmin NICULA.

the appointment of the members of the Directorate becoming effective on the date of the express acceptance of the mandate as member of the Directorate of the National Power Grid Company "Transelectrica" SA.

In accordance with Article 23 para. (1) of the Company's Articles of Association, the Supervisory Board elects Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively referred to as Chief Executive Officer - "CEO" of the National Electricity Transmission Company "Transelectrica" SA.

The term of office of the members of the Directorate is from October 3, 2024 until February 29, 2028.

The terms of office of the provisional members of the Directorate, namely Mr. Ştefăniță MUNTEANU, Mr. Cătălin-Constantin NADOLU, Mr. Florin-Cristian TĂTARU and Mr. Bogdan TONCESCU expired on October 2, 2024.

### **SUBSEQUENT EVENTS**

### Acceptance of mandates for members of the Directorate

In addition to the current report disseminated through the capital market institutions on September 30, 2024, the National Company for Electric Power Transmission "Transelectrica" S.A. informed the shareholders and the interested public that Mr:

- Victor MORARU,
- Ştefăniță MUNTEANU,
- Cătălin-Constantin NADOLU,

- Vasile-Cosmin NICULA and
- Florin-Cristian TĂTARU,

have expressly accepted their mandates as members of the Directorate. Their appointment therefore became effective as of October 03, 2024.

 220 kV double-circuit Ostrovu Mare OHL - ETG a new High Voltage Overhead Power Line nearing completion



The construction works of the Ostrovu Mare - ETG (new line) 220 double-circuit OHL 220, which will contribute to the discharge of energy produced in the Porţile de Fier 2 hydropower plant, are at an advanced stage of execution. The line is about 31 kilometers long, has 105 poles and crosses the territory of 5 administrative territorial units in Mehedinţi County.

During the week of October 14 - 18, 2024, the investment stage control took place, attended by members of the Transelectrica Directorate, together with the Director of the Investment Department, and representatives of the contractor, Electromontaj SA and ELM Electromontaj Cluj SA.

So far, 100 poles have been erected, with another 2 poles assembled on the ground and ready for erection. A total of 104 foundations have been made and completed, with the physical stage of the investment at 75%.

The execution contract has a total value of RON 49 million and was signed in March 2023, with the order to start the works in May 2023. The completion date is May 2025.

The new 220 kV line will connect the Cetate Station with the 82nd station of Romania's Electricity Transmission Grid, Ostrov Station, an investment which is in the public procurement phase for the execution contract.

The construction of the new Ostrovu Mare - ETG line and the Ostrov station are mainly aimed at increasing the discharge capacity of the electricity produced in the Porţile de Fier 2 Hydropower Plant into the National Power System.



### SHAREHOLDER STRUCTURE

The shareholding structure of the Company as at 30.09.2024 is as follows:

| Name of shareholder                 | No. of shares | Weight in total |
|-------------------------------------|---------------|-----------------|
| The Romanian State through SGG      | 43,020,309    | 58.7%           |
| PAVĂL Holding                       | 4,753,567     | 6.5%            |
| NN Private Managed Pension Fund     | 4,007,688     | 5.5%            |
| Other shareholders - legal entities | 16,512,742    | 22.5%           |
| Other shareholders - individuals    | 5,008,836     | 6.8%            |
| Total                               | 73,303,142    | 100%            |

### **COMPOSITION OF THE DIRECTORATE**

At the date of this report, the composition of the Board is as follows:

| Ștefăniță MUNTEANU        | Chairman of the<br>Directorate |
|---------------------------|--------------------------------|
| Cătălin-Constantin NADOLU | Directorate Member             |
| Victor MORARU             | Directorate Member             |
| Florin-Cristian TĂTARU    | Directorate Member             |
| Vasile-Cosmin NICULA      | Directorate Member             |

### **TARIFFS**

In accordance with the provisions of the Methodology for setting the tariffs for the electricity transmission service, approved by the Order of the President of ANRE no.171/2019, with subsequent amendments and additions, of the Government Emergency Ordinance no.27/2022 on the measures applicable to end

the period April 1, 2022 - March 31, 2023 and for amending and supplementing some normative acts in the energy sector, the transmission tariff applied in 2024 was set, starting January 1.

customers in the electricity and natural gas market in

# Transmission tariff applied in the third quarter of 2024

By Order of the President of ANRE no.109/2023, the approved the average tariff for the transmission service, the components of the transmission tariff for the introduction of electricity into the grid (T\_Gp) and the extraction of electricity from the grid (T\_L), the tariff for

the system service and the regulated price for reactive electricity, charged by NPG CO. Transelectrica S.A., valid from January 01, 2024, as shown in the table below:

| Electricity<br>transmission            | MU      | Tariff in<br>force<br>from<br>January<br>01, 2024 | Main<br>component -<br>in force from<br>January 01,<br>2024 | Additional<br>grid losses<br>costs<br>component -<br>effective<br>January 01,<br>2024 | Tariff<br>applied<br>from April<br>01 -<br>December<br>31, 2023 | Main<br>Component -<br>from April 1<br>to December<br>31, 2023 | Additional<br>grid losses<br>costs<br>component -<br>in the period<br>April 01 -<br>December<br>31, 2023 | Difference<br>(%) |
|--|---------|---|---|---|---|--|--|-------------------|
| (1)                                    | (2)     | (3)   | (4)   | (5)   | (6)   | (7)  | (8)  | (9)=(3)/(6)       |
| Average tariff                         | Lei/MWh | 31,67   | 30,41   | 1,26  | 31,20   | 28,61  | 2,59   | 1,51%             |
| TGp (main grid injection subcomponent) | Lei/MWh | 3.82  | 3.35  | 0.47  | 4.04  | 3.35   | 0.69   | -5.45%            |
| TL (net extraction component)          | Lei/MWh | 27.72   | 26.94   | 0.78  | 27.44   | 25.50  | 1.94   | 1.02%             |

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

- Declining consumption trend and Inflation effect.

### TGT sub-component on grid losses for additional transits of electricity from 110 kV electricity grids

By ANRE President Order no.109/2023, the sub-component of the TGT regarding the grid losses related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the share assigned to

electricity producers that own power plants with installed capacity exceeding 5 MW and that introduce electricity into the grid area of the concessionary distribution operator, valid from January 01, 2024, as per the table below:

| Economic operator           | Activity "  | Tariff from January 01,<br>2024 (lei/MWh), of<br>which: |
|-----------------------------|---|---|
| National Power Grid Company | TGT sub-component relating to the grid losses for additional transits of electricity from the 110 kV electricity grids, corresponding to the quota allocated to electricity producers that own power plants with an installed capacity of more than 5MW and that introduce electricity into the grid area of the concessionary distribution operator Distribuție Energie Oltenia S.A  | 2.53  |
| "Transelectrica" - S.A      | TGT sub-component regarding the grid losses related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the share attributed to electricity producers that own power plants with an installed capacity of more than 5MW and that introduce electricity into the grid area of the concessionary distribution operator Retele Electrică Dobrogea S.A. (previous name E - Distribuție Dobrogea S.A.) | 3.95  |

i) In accordance with the applicable regulatory framework, the costs of grid losses caused by additional transits of energy in the networks of distribution system operators at the 110 kV voltage level shall be recovered by distribution system operators from the transmission system operator and from electricity generators through the transmission system operator, in shares established in proportion to the quantities of electricity injected into the distribution networks by the transmission system operator and by the electricity generators which own and operate plants connected to the distribution networks concerned. The

transmission system operator pays to the distribution system operators both its own share (considered as transmission cost) and the producers' share (for which the transmission system operator intermediates the cash flow between the producers and the distribution system operators). The transmission system operator recovers the amounts paid to distribution system operators corresponding to the producers' share from generators owning plants with an installed capacity of more than 5MW connected to the respective distribution networks, by applying the newly introduced subcomponent in the structure of the injection transmission tariff, i.e. the TGT

### II) Tariff for the purchase of system services applied in quarters II and III 2024

ANRE Order no.57/2024, approved the tariff for the purchase of system services practiced by NPG CO.

Transelectrica SA valid from September 01, 2024, as shown in the table below:

| System Service | MU      | Tariff in force from<br>September 01<br>2024 | Tariff applied from<br>June 01 to August<br>31, 2024<br>ANRE15/2024 Order | Difference (%) |
|----------------|---------|--|---|----------------|
| (1)            | (2)     | (3)  | (4)   | (5)=(3)/(4)    |
| Average tariff | Lei/MWh | 11.51  | 12.84   | -10.36%        |

The negative adjustment of the tariff as of September 1, 2024, was made based on the fulfillment of the provisions of Art.22 and Art.23 of the *Methodology for establishing the tariff for the purchase of system services*, approved by ANRE Order no.116/2022. The aforementioned articles provide as follows:

 Art.22 In order to avoid the subsequent recording of a significant level of corrections due to changes in the purchase prices and/or the quantities of system services purchased referred to in Article 2, the TSO shall calculate, for the first quarter and for the first semester of a tariff period t-1, respectively, the difference between the revenues and costs realized and those forecast, plus the amount of the unpaid corrections related to the previous period/periods,

and shall submit the calculation to ANRE on May 1 and August 1 of the year t-1, respectively;

 Art.23 In the event that the TSO finds that the value determined in accordance with the provisions of Article 22 shows a variation of more than "5% of the forecasted revenues for the same period, it is obliged to submit to ANRE the request for revision of the tariff for the purchase of system services, which shall include the value determined in accordance with the provisions of Article 22, valid until the end of the tariff periods.

Thus, following the interim verification at the end of the first semester of 2024 of the situation of costs and revenues related to the system services activity, ANRE adjusted accordingly the amount of the tariff starting September 1, 2024

# <u>Events after the reporting period concerning the tariff for the purchase of system services:</u>

Based on the provisions of Article no.25 of the *Methodology for establishing the tariff for the purchase of system services*, approved by ANRE Order no.116/2022, on October 1, 2024, NPG CO. Transelectrica SA submitted to ANRE the proposal and the rationale for the tariff for the purchase of system services starting with January 1, 2025.

### **LITIGATIONS**

The most important litigations impacting the Company are set out below:

Note: For ease of reading and understanding, all amounts in this chapter are expressed in lei/eur

#### RAAN

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

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

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

NPG CO. Transelectrica SA filed an objection to the supplementary table of claims, which was the subject of file no. 9089/101/2013/a152 against the debtor RAAN, as the judicial liquidator did not enter a claim in the amount of 78,096,209 lei on the grounds that "it does not appear as owed in RAAN's accounting records." Moreover, the insolvency liquidator considered that the request to enter the amount of RON 78,096,209 in the table was submitted late, as it related to the period 2011 - 2013, which is why the statement of claim should have been submitted at the time of the opening of the insolvency proceedings, i.e. on 18.09.2013. By Judgment 163/20.06.2019, the solution of the Mehedinți District Court: the exception of forfeiture was admitted. The main action as well as the related appeal were admitted in part. Forces the defendant to pay the plaintiff the amount of RON 16,950,117.14 claim arising in the course of the proceedings, ordering its entry in the list of creditors set up against the debtor RAAN with this amount. The other related claims were dismissed. Pursuant to Article 453(2) of the Code of Civil Procedure, the defendant is ordered to pay the applicant RON 1,000 costs. With appeal. Delivered in public session. Document Judgment 163/20.06.2019. Transelectrica filed an appeal within the legal term. At the hearing of 06.11.2019, the Craiova Court of Appeal ordered the dismissal of Transelectrica's appeal as unfounded. Final decision. Judgment 846/06.11.2019.

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

Hearing for the continuation of the procedure for the collection of claims, valuation of assets and other liquidation operations: **23.01.2025**.

There are also other cases between RAAN and Transelectrica that are at various stages of trial.

RAAN's actions against NPG CO. Transelectrica SA deriving from contract no. C137/08.04.2011.

File No. **28460/3/2017** - Subject of the case: order the undersigned to pay the total amount of RON 12,346,063. CAB decision 27.09.2021: Suspends the judgment of the appeal until the final resolution of file No. 28458/3/2017, file No. 26024/3/2015. Decision of 23.05.2022: Dismisses as unfounded the request to reinstate the pending case. Keeps the judgment of the appeal suspended. At the hearing on 20.05.2024, the appeal was admitted,, the judgment appealed against was modified to the effect that: the claim was admitted. Orders the defendant to pay to the plaintiff the amount of RON 12,346,063.10, representing the principal debt and penalties, with right of appeal. Decision 806/20.05.2024.

File No. 3694/3/2016 - Claims RON 15,698,721.88. Trial date on 08.11.2021: the case was adjourned until the final resolution of File No. 26024/3/2015 and File No. 28458/3/2017. Decision of 03.06.2024: the appeal was admitted, the judgment appealed against was reversed in its entirety, to the effect that: the claim was admitted. The defendant was ordered to pay to the plaintiff the sum of RON 12,727,101.99, representing the amount of the bonus and regularization of the presettlement for which invoices series SRTF were issued, and the sum of RON 2,917,619.81, representing the late payment penalties related to the principal debt, for which invoices series SRTF were issued, with right of appeal. Decision 898/03.06.2024. Transelectrica appealed.

### REŞIŢA MUNICIPALITY

File No. **2494/115/2018**\*\*, registered on the docket of the Court of Caras Severin.

Subject-matter of the case: By the writ of summons, the claimant, Municipiul Reşiţa, requests that the defendant Transelectrica SA be ordered to pay the following amounts: RON 2 129 765,86, representing the rent for the area of land temporarily occupied from the forestry fund for 2015; RON 2 129 765,86, representing the rent for the land for 2016; RON 2 129 765,86, representing the rent for the land for 2018; statutory penalty interest from the due date until actual payment.

Decision of the CS Tribunal: suspends the proceedings on the writ of summons brought by the claimant, the Municipality of Reşiţa, through the Mayor, against the defendant Transelectrica, concerning claims under Article 413(1)(1) of the Civil Procedure Code. With an appeal to the superior court while the proceedings are

suspended. Document: Order - Suspension 22.03.2021.

The case has been adjourned until the final resolution of file No. 3154/115/2018\* of the Court of Caras Severin.

At the hearing on 02.03.2023, the proceedings were suspended on the application brought by the plaintiff Municipality of Reşiţa against the defendant Transelectrica, concerning claims. With a right of appeal for the duration of the stay of proceedings.

At the hearing of 27.06.2024 it was ordered to communicate to the expert a copy of the notes of the meeting, found on pages 172-174, submitted by the defendant Transelectrica SA. It was ordered to communicate to the expert a copy of the clarifications submitted by the plaintiff Municipiul Reşiţa following the request made by the expert.

On 19.09.2024, the plaintiff's request for adjournment of the case was granted and a copy of the expert's report was ordered to be served on him. The discussion on the final fee for the expert's report was postponed until both parties had studied it. The hearing of the case was adjourned to 10.10.2024, in the absence of the expert's report.

On 10.10.2024, the plaintiff and the defendant were ordered to pay the expert's fees of RON 1000 each, an additional expert's report was ordered and the hearing for the expert's report was set for **12.12.2024**.

### NAFA

File No 8993/299/2018 in which the Company challenged the enforcement of the enforceable title No 13540/22.08.2017, which is based on Tax Decision No F-MC 439/30.06.2017 issued by NAFA - General Directorate for the Administration of Large Taxpayers

Summary judgment: Grant the appellant's writ of summons for a stay of proceedings. Pursuant to Article 413 para. (1) para. 1 of the Civil Procedure Code, suspends the proceedings until the final resolution of the casefile no. 1802/2/2018, pending before the Bucharest Court of Appeal, Administrative and Fiscal Disputes Section VIII. With appeal for the entire duration of the suspension, the appeal to be filed at the District 1 Court of Bucharest. Delivered in open court. Document: Decision - Suspension 17.04.2018.

**File No 1802/2/2018 -** At the hearing on 20.10.2020 - summary judgment: the applications were upheld in part.

Annulled in part Decision No 122/13.03.2018 on the resolution of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by NAFA - General Directorate for the Settlement of Appeals and on 12.07.2017 by NAFA - General Directorate for the Administration of

Large Taxpayers, as well as the Tax Inspection Report No F-MC 222 concluded on 30.06.2017, which was the basis for the issuance of the tax decision, to the effect that:

- ✓ cancels the obligation to pay corporation tax in the amount of 18,522,280 lei, VAT in the amount of 5,694,636 lei and the related tax accessories in the amount of 48,436,653 lei, tax obligations established for the 349 special tax invoices found to be missing from the applicant's management.
- ✓ removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount.
- √ removes the non-deductibility of the amount of 343,629.91 lei representing 'weed removal services' from the calculation of taxable profit and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible character for the calculation of taxable profit of the amount of 230,685.491 lei, representing the expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims related to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 46,417.1 lei, relating to the amount of 343,629.91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the amount of 230,685.49 lei, representing expenses on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount.
- ✓ removes the mention regarding the obligation of the Transmission Branch NPG of Transelectrica S.A. to record the amount of 576,846.80 lei as taxable income, no later than 30.06.2010, the date on which the audited unit was accepted as a creditor with this amount, the mention regarding the character of taxable income for the calculation of profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, conjunction with point 23 letter d of GD 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, the chapter on income tax, respectively Chapter VII on the function of accounts of Order no. 3055 of 29 October 2009

approving the Accounting Regulations in accordance with European directives and the obligation to pay the main and accessory tax claims in relation to this amount.

- ✓ removes from the minutes the finding made with regard to the "determination of deductible value added tax lower than that recorded by the applicant, thus resulting in a difference in the amount of 13,141 lei" (Annex No 15) and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ abolishes the obligation to pay penalties for late payment which have a penal legal status, calculated for a period of more than 6 months from the date of commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as determined by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by NAFA DGAMC, Tax Decision No. F-MC 439/30.06.2017, issued by NAFA DGAMC and by Decision No. 122/13.03.2018, on the settlement of the appeal lodged against Tax Decision No. F-MC 439/30.06.2017, issued by NAFA Directorate General for Dispute Resolution.

The other provisions of Decision No 122/13.03.2018 on the settlement of the appeal against Tax Decision No F-MC 439/30.06.2017 are maintained. The remainder of the claims are rejected as unfounded.

Dismisses as unfounded the application for an order that the costs of the proceedings be paid in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the applicant's costs in the sum of 4 000 lei, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the application.

Transelectrica and NAFA filed an appeal in March 2022. **Decision of 24.05.2022:** Rejects as unfounded the request for clarification and supplementing of the operative part. Admit the application for rectification of the material error in that the amounts of money by way of principal and accessory tax liabilities in respect of the 349 tax invoices, as set out in the contested tax decision, are to be mentioned as correct. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested judgment.

The parties appealed. ICCJ hearing: 13.12.2023.

On 13.12.2023, the ICCJ stayed its ruling, on 20.12.2023 the court admitted the appeals filed by the plaintiff Transelectrica, the defendant General Directorate for the Administration of Large Taxpayers and the defendant National Agency for Tax Administration against the civil judgment no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Section VIII. Partially set aside the judgment under appeal and, on appeal: dismissed the application for annulment of the

decision on the resolution of appeal No 122/13.03.2018 and of the Tax Decision No. F-MC 439/30.06.2017 with regard to: - the non-deductibility of expenses in the amount of 343,629.91 lei, representing "weed removal services" and related VAT; - the non-deductibility of expenses in the amount of 230.685, representing the value of goods of a promotional and protocol nature and the related VAT; - the obligation to pay penalties for late payment which have a penalty legal regime, calculated for a period of more than 6 months from the date of commencement of the tax inspection. Fixed the amount of the costs to which the defendants were jointly and severally liable at the sum of 6,000 lei, representing the fee for the expert's report in the field of accounting and taxation. Upheld the other provisions of civil judgment no. 382 of 20 October 2020. Upheld the appeals filed by the plaintiff Transelectrica and the defendant General Directorate for the Administration of Large Taxpayers against civil judgment no. 134 of 24 May 2022, delivered by the Bucharest Court of Appeal -Administrative and Tax Litigation Section VIII. Partially quashed civil judgment No 134 of 24 May 2022 and, on remittal: granted in part the application for clarification and supplement to the operative part of civil judgment No 382 of 20 October 2020, brought by the applicant Transelectrica. It ordered to supplement the operative part of the civil judgment no.382 of 20 October 2020 with the following: - annulled also the Tax Inspection Report no. . F-MC 222/30.06.2017 insofar as the Tax Decision no. F-MC 439/30.06.2017 was annulled; annulled the main tax obligations established for 2005 and the related accessory obligations, as the right of the tax body to establish such obligations was timebarred; - annulled the tax administrative acts regarding the non-deductibility of the expenses with the benefit share of SMART. Removed the references to the amounts of corporation tax and ancillary charges annulled in respect of the 349 tax invoices from both the judgment correcting the material error and the main judgment. Upheld the other provisions of civil judgment No 134 of 24 May 2022. ordered the appellants defendants to pay to the appellant - plaintiff Transelectrica the sum of 200 lei in respect of the costs of the appeal. Final. Judgment 6169/20.12.2023...

The Company has legally recovered certain amounts (additional payment obligations established by the tax assessment decision no. F-MC 439/30.06.2017) executed in 2017 by NAFA, on the basis of the enforceable title no. 13540/22.08.2017, according to the civil judgment no. 6169/2023, pronounced on December 20, 2023, by the ICCJ - Administrative and Tax Litigation Section and communicated to the Company on May 15, 2024.

#### CONAID COMPANY SRL

The subject matter of file No. **36755/3/2018** is the The subject matter of the file no. 36755/3/2018 is the finding of unjustified refusal to conclude an Addenda to the connection contract RET C154/2012 and claims in the amount of 17.216.093,43 lei, the damage suffered and 100.000 euro, the countervalue of the estimated unrealized benefit.

At the hearing of **03.01.2024** TMB admits the exception of the statute of limitation, invoked by the statement of defence. Dismisses the claim as time-barred. With appeal within 30 days from the communication. Decision 4/2024

### OPCOM

File No 22567/3/2019 - Subject-matter of the case: action for damages at common law.

Order the defendant OPCOM SA to pay the amount of 4,517,460 lei, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the VAT countervalue, related to the contribution made by NPG CO. Transelectrica SA to the share capital of OPCOM SA, issued on the basis of the Loan Agreement no. 7181RO/2003, commitment for the financing of the investment project "Electricity Market Project".

Order the defendant OPCOM SA to pay the amount of 1.293.778,27 lei related to the invoices TEL 19 T00 no.17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019 representing the legal penalty interest, calculated for non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

Suspends the proceedings until the final resolution of the case 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final).

The TMB's decision Admits the plea of limitation. Dismiss the action as time-barred. With right of appeal within 30 days of communication, to be filed with the Bucharest Court, Civil Section VI. Pronounced by making the decision available to the parties through the court registry. Document: Decision 3021/03.12.2021. To date the judgment in this case has not been written. After the drafting and communication of Civil Judgment No. 3021/03.12.2021, the Company will be able to appeal against this judgment. Transelectrica has filed an appeal.

Decision of the CAB according to Decision no.1532/12.10.2022: Dismiss the appeal as unfounded. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days from the communication. Transelectrica has appealed against Civil Decision No 1532/12.10.2022 of the CAB. On 19.09.2023 at the ICCJ the appeal was

admitted, the decision 1532/12.10.2022 was annulled and the case was sent for a new trial to the same court. Final. Decision 1640/19.09.2023.

New case **22567/3/2019**\* the case has been remanded for retrial with a hearing on **26.11.2024**.

File No. **24242/3/2021** - Bucharest Tribunal - Civil Section VI - Object of the case: the plaintiff OPCOM requests the nullity of the act - contribution in kind.

On **07.11.2023** The TMB's solution in brief: the plea of inadmissibility was qualified as a substantive defense. The motion to summons was dismissed as unfounded. With the right to appeal within 30 days of communication to the parties, Decision 2600/07.11.2023.

OPCOM filed an appeal with a trial date for judgment on **05.12.2024**.

### GRAND VOLTAGE

File **no.17976/3/2021**, registered with the Bucharest District Court, concerning the application for a writ of summons, by which the plaintiff Grand Voltage seeks an order that the defendant NPG CO. Transelectrica SA be ordered to pay compensation for the damage caused to the undersigned in the amount of RON 8,331.444,60 as a result of the culpable non-performance of the obligations related to Works Contract No. C 111/23.05.2018 on "Connection of 100kV Isaccea -Varna OHL and 400 kV Isaccea-Dobrujda OHL in 400 kV Medgidia Sud Station Stage II-OHL 400kV d.c. Connections Medgidia Sud Station".

The solution on 25.07.2022 according to Judgment 1812: dismiss the action as unfounded. With the right to appeal within 10 days of communication. The appeal shall be filed at the Bucharest Tribunal - Section VI, under penalty of nullity. The judgment is not redacted.

Grand Voltage has appealed. At the term of 17.07.2024, the plea of lack of legal standing of the appellant-plaintiff JV Voltage Operation (Former Grand Voltage SRL) - Doko Shpk through the leader of the Joint Venture Voltage Operation, an exception raised by the respondent - defendant Transelectrica SA with regard to the appeal, was dismissed as unfounded.

At the hearing of 15.10.2024, the expert evidence was dismissed as unnecessary for the resolution of the case. With appeal together with the merits.

Sets a date for the continuation of the trial on **08.11.2024.** 

### COURT OF AUDITORS

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during this audit. The Company lodged several

appeals against the measures ordered by the Court of Auditors of Romania (CoA) by Decision No. 8/27.06.2017, requesting their annulment, as well as against the Decision No. 77/03.08.2017, registered at the Company's registry under No. 29117/08.08.2017, respectively the Audit Report No. 19211/26.05.2017. The appeals were filed before the Bucharest Court of Appeal, among which file No. 6581/2/2017 regarding the annulment of the findings under item 6 as well as the measure ordered under item II.9, at the hearing of 31.03.2023: According to the minutes of 29.03.2023, file No. 6581/2/2017 was versioned in the 12th Fund of the Eighth Administrative and Tax Litigation Section under no. 6581/2/2017\* The short solution: In order to give the parties the opportunity to submit written submissions and to deliberate, the judgment is postponed to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on 26.05.2023 the application was Partially granted. annulled the Order No. 77/03.08.2017, with regard to the rejection of item 6 of Complaint No. 26140/17.07.2017, Decision 8/27.06.2017 with regard to the findings in item 6 and the measure ordered in item 11.9, and the Inspection Report No. 19211/26.05.2017 in respect of the findings at item 3.2. Orders the defendant to pay the applicant's costs in the total amount of RON 10,450, representing the court stamp duty and the court expert's fees. Appeal within 15 days of notification. Decision 920/26.05.2023.

Transelectrica filed an appeal with a trial date for January 23, 2025.

- The subject of the case file **2153/2/2021** is the annulment of the administrative act issued as a result of the control carried out by the CCR between January and July 2020, which ordered 10 measures to be implemented by the Company contained in Decision No. 15/2020.

At the hearing on 10.12.2021, the CAB dismisses the Company's application to intervene. Transelectrica filed an appeal dismissed as unfounded on 07.03.2024. Final decision no.1319/2024.

#### OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g. Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Govora, Nuclearelectrica, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL MULTISERVICE G& G S.R.L, ICCO Energ SRL, Aderro GP Energy, PET Communication, ISPE, Grand Voltage SRL, EXPLOCOM GK SRL and others).

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

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



## **Annexes**

**ANNEX 1: Separate statement of financial position** 

| [RON mn]   | 9M 2024 | 2023  | Δ      | Δ (%)  |
|--|---------|-------|--------|--------|
|  | 1       | 2     | 3=1-2  | 4=1/2  |
| ASSETS   |         |       |        |        |
| Non-current assets   |         |       |        |        |
| Tangible assets  | 5,590   | 5,416 | 175    | 3%     |
| Assets of the usage rights for leased assets - buildings                       | 8       | 14    | (6)    | (43%)  |
| Intangible assets  | 301     | 282   | 18     | 7%     |
| Financial assets   | 86      | 86    | -      | n/a    |
| Total non-current assets   | 5,985   | 5,798 | 187    | 3%     |
| Current assets   |         |       |        |        |
| Inventories  | 51      | 51    | -      | 1%     |
| Trade and other receivables  | 2,361   | 2,116 | 245    | 12%    |
| Cash and cash equivalents  | 900     | 519   | 381    | 73%    |
| Income tax to be recovered   | 3,312   | 2,686 | 626    | 23%    |
| Total current assets   | 9,297   | 8,484 | 813    | 10%    |
| Total assets SHAREHOLDERS' EQUITY AND LIABILITIES                              |         |       |        | ,      |
| Shareholders' Equity   | 733     | 733   | -      | n/a    |
| Share capital, of which:   | 733     | 733   | -      | n/a    |
| Subscribed share capital   | 50      | 50    | -      | n/a    |
| Share premium  | 147     | 147   | -      | n/a    |
| Legal reserves   | 1,543   | 1,635 | (92)   | (6%)   |
| Revaluation reserves   | 243     | 196   | 47     | 24%    |
| Other reserves   | 2,912   | 2,430 | 481    | 20%    |
| Retained earnings  | 5,627   | 5,190 | 437    | 8%     |
| Total shareholders' equity   | F00     | F40   | 40     | 20/    |
| Non-current liabilities  | 529     | 519   | 10     | 2%     |
| Long term deferred revenues  | 14      | 32    | (18)   | (56%)  |
| Long term borrowings   | -       | 6     | (6)    | (100%) |
| Other loans and assimilated debts - Non-<br>current building lease liabilities | 287     | 285   | 2      | 1%     |
| Deferred tax liability   | 75      | 75    | -      | n/a    |
| Employee benefits liabilities  | 905     | 918   | (12)   | (1%)   |
| Total non-current liabilities  |         |       |        |        |
| Current liabilities  | 2,623   | 2,242 | 381    | 17%    |
| Trade and other liabilities  | 9       | 9     | 0,1    | 1%     |
| Other loans and assimilated debts - Current building lease liabilities         | 14      | 19    | (4)    | (22%)  |
| Other tax and social security liabilities                                      | 24      | 25    | (0.05) | (0.2%) |
| Short-terrm borrowings   | 58      | 65    | (7)    | (11%)  |
| Provisions   | 22      | 16    | 6      | 35%    |
| Short-term deferred revenues   | 14.65   | 0.42  | 14.23  | n/a    |
| Tax on profit to be paid   | 2,765   | 2,376 | 389    | 16%    |
| Total current liabilities  | 3,670   | 3,294 | 377    | 11%    |
| Total liabilities  | 9,297   | 8,484 | 813    | 10%    |

**ANNEX 2: Separate profit and loss account** 

| [RON mn]                         |         |         |         |         |                     |                                      |  |                                       |   |
|----------------------------------|---------|---------|---------|---------|---------------------|--------------------------------------|--|---------------------------------------|---|
| Indicator                        | 2022    | 9M 2023 | 2023    | 9M 2024 | Budgeted<br>9M 2024 | Realized<br>9M 2024<br>vs 9M<br>2023 | Realized<br>9M 2024 vs<br>9M 2023<br>(%) | Realized<br>vs<br>Budgeted<br>9M 2024 | Realized vs<br>Budgeted<br>9M 2024<br>(%) |
| 0                                | 1       | 2       | 3       | 4       | 5                   | 6=4-2                                | 7=4/2                                    | 8=4-5                                 | 9=4/5                                     |
| Operating revenues               |         |         |         |         |                     |                                      |  |                                       |   |
| Transmission revenues            | 1,885   | 1,439   | 1,956   | 1,493   | 1,473               | 55                                   | 4%                                       | 21                                    | 1%  |
| System services revenues         | 534     | 292     | 391     | 474     | 347                 | 182                                  | 62%                                      | 127                                   | 37%                                       |
| Balancing market revenues        | 3,479   | 1,532   | 2,269   | 4,013   | 2,119               | 2,481                                | 162%                                     | 1,894                                 | 89%                                       |
| Other revenues                   | 389     | 45      | 102     | 190     | 68                  | 145                                  | 318%                                     | 123                                   | 182%                                      |
| Total operating revenues         | 6,286   | 3,308   | 4,718   | 6,171   | 4,006               | 2,862                                | 87%                                      | 2,165                                 | 54%                                       |
| Operating expenses               |         |         |         |         |                     |                                      |  |                                       |   |
| System operating expenses        | (902)   | (470)   | (640)   | (508)   | (504)               | (39)                                 | (8%)                                     | (4)                                   | (1%)                                      |
| Balancing market expenses        | (3,480) | (1,532) | (2,269) | (4,012) | (2,105)             | (2,480)                              | (162%)                                   | (1,907)                               | (91%)                                     |
| System services expenses         | (467)   | (363)   | (499)   | (406)   | (411)               | (43)                                 | (12%)                                    | 5                                     | 1%  |
| Depreciation and Amortization    | (272)   | (252)   | (334)   | (263)   | (264)               | (11)                                 | (4%)                                     | -                                     | n/a                                       |
| Personnel expenses               | (306)   | (243)   | (348)   | (286)   | (291)               | (43)                                 | (18%)                                    | 5                                     | 2%  |
| Repairs and maintenance expenses | (108)   | (72)    | (115)   | (84)    | (109)               | (12)                                 | (16%)                                    | 25                                    | 23%                                       |
| Materials and consumables        | (13)    | (6)     | (8)     | (5)     | (9)                 | 1                                    | 11%                                      | 4                                     | 44%                                       |
| Other operating expenses         | (145)   | (141)   | (270)   | (174)   | (195)               | (33)                                 | (24%)                                    | 21                                    | 11%                                       |
| Total operating expenses         | (5,692) | (3,078) | (4,484) | (5,739) | (3,888)             | (2,661)                              | (86%)                                    | (1,851)                               | (48%)                                     |
| Operating profit                 | 594     | 231     | 234     | 432     | 118                 | 201                                  | 87%                                      | 314                                   | n/a                                       |
| Financial revenues               | 65      | 32      | 36      | 23      | 30                  | (9)                                  | (29%)                                    | (7)                                   | (24%)                                     |
| Financial expenses               | (72)    | (29)    | (36)    | (6)     | (26)                | 22                                   | 78%                                      | 19                                    | 75%                                       |
| Net finance result               | (7)     | 3       | 0,3     | 16,5    | 5                   | 13                                   | 394%                                     | 12                                    | n/a                                       |
| Profit before income tax         | 587     | 234     | 234     | 448     | 122                 | 214                                  | 91%                                      | 326                                   | n/a                                       |
| Income tax                       | (73)    | (27)    | (21)    | (38)    | (8)                 | (10)                                 | (37%)                                    | (29)                                  | n/a                                       |
| Net profit                       | 515     | 207     | 214     | 410     | 114                 | 204                                  | 99%                                      | 297                                   | n/a                                       |

**ANNEX 3: Separate cash flow statement** 

| [RON mn]   | 9M 2024            | 9M 2023            | Δ                |
|--|--------------------|--------------------|------------------|
| Cash flows from operational activities   |                    |                    |                  |
| Profit/loss for the period   | 410.41             | 206.53             | 203.9            |
| Income tax expense   | 30.94              | 27.47              | 3.5              |
| Depreciation and Amortisation (including additional grid losses)                       | 263.31             | 252.05             | 11.3             |
| Income from the production of intangible assets (including additional grid losses)     | (49.29)            | (2.73)             | (46.6)           |
| Expenses with adjustments for trade receivables impairment                             | 0.01               | 1.31               | (1.3)            |
| Revenues from reversal of adjustments for trade receivables impairment                 | (2.06)             | (1.37)             | (0.7)            |
| Losses from various debtors  | 2.93               | 0.01               | 2.91             |
| Net expenses/income with adjustments for various debtors impairment                    | 1.67               | 0.11               | 1.6              |
| Net expenditures with adjustments for inventories impairment                           | (1.01)             | (0.40)             | (0.6)            |
| Net profit/ loss on sale of tangible assets  | 2.83               | (0.95)             | 3.8              |
| Net expenditures on adjustments of value regarding tangible assets                     | -                  | (1.63)             | 1.6              |
| Net Expenses/Income regarding provisions for risks and expenses                        | (7.65)             | (5.19)             | (2.5)            |
| Interest expense, interest revenue and unrealized exchange rate gains                  | (17.78)            | (3.40)             | (14.4)           |
| Cash flows before changes to working capital   | 634.30             | 471.81             | 162.5            |
| Changes in:  |                    |                    |                  |
| Clients and assimilated accounts - energy and other activities                         | (380.69)           | 1,487.79           | (1,868.5)        |
| Clients - balancing  | 130.06             | 318.63             | (188.6)          |
| Clients - cogeneration   | 2.70               | 26.22              | (23.5)           |
| Inventories  | 0.71               | (6.07)             | 6.8              |
| Trade and other liabilities - energy and other activities                              | 414.47             | (1,284.05)         | 1,698.5          |
| Liabilities - balancing Liabilities - cogeneration                                     | 109.81<br>(108.61) | (399.98)<br>0.50   | 509.8<br>(109.1) |
| Other taxes and social insurance liabilities   | (4.12)             | (0.45)             | (3.7)            |
| Deferred revenues  | 26.82              | 58.17              | (31.4)           |
| Cash flows from operational activities   | 825.45             | 672.58             | 152.9            |
| Interests paid   | (1.55)             | (2.38)             | 0.8              |
| Income tax paid  | (20.97)            | (23.82)            | 2.9              |
| Net cash generated from operational activities   | 802.93             | 646.38             | 156.6            |
| Cash flows from the investment activity  Acquisition of tangible and intangible assets | (433.68)           | (293.48)           | (140.2)          |
| Participation titles held in SELENE CC Societe Anonyme                                 | (433.00)           | (293.46)           | (0.2)            |
| Proceeds from EC non-reimbursable financing  | 35.79              | 114.43             | (78.6)           |
| Proceeds from sale of tangible assets  | 2.40               | 1.77               | 0.6              |
| Received Interests   | 4.99               | 4.06               | 0.9              |
| Dividends cashed   | 14.65              | 1.98               | 12.7             |
| Net cash used in the investment activity   | (375.85)           | (170.98)           | (204.9)          |
| Cash flows used in financing activities  |                    |                    |                  |
| Repayments of non-current borrowings   | (17.97)            | (17.84)            | (0.13)           |
| Building lease payments  | (7.99)             | (7.92)             | (0.1)            |
| Repayments of short-term borrowings Dividends paid                                     | (20.57)            | (67.62)<br>(51.84) | 67.6<br>31.3     |
| Net cash used in financing activities  | (46.53)            | (145.23)           | 98.7             |
| Net increase/decrease in cash and cash equivalents                                     | 380.55             | 330.17             | 50.4             |
| Cash and cash equivalents as at January 1 <sup>st</sup>                                | 519.36             | 315.15             | 204.2            |
| Cash and cash equivalents as at bandary 1  | 899.91             | 645.32             | 254.6            |

ANNEX 4: Economic-financial indicators of the reporting period

| Indicators                      | Formula                            | 9M 2024 | 2023  |
|---------------------------------|------------------------------------|---------|-------|
| Current liquidity ratio (x)     | Current assets                     | 1.20    | 1.13  |
| Current iiquidity ratio (x)     | Current liabilities                |         |       |
| Indebtness indicators* (x):     |                                    |         |       |
| (1) Indebtages degree indicator | Debt capital x 100                 | 0.84%   | 1.38% |
| (1) Indebtness degree indicator | Shareholder's equity               |         |       |
| (2) Indebtness degree indicator | Debt capital x 100                 | 0.83%   | 1.36% |
| (2) indebtness degree indicator | Committed capital                  |         |       |
| Customer turnover speed (days)  | Average client balance** x no.days | 44.49   | 79.37 |
| Customer turnover speed (days)  | Turnover                           |         |       |
| Non ourrent accets turnsyor (x) | Turnover                           | 1.00    | 0.80  |
| Non-current assets turnover (x) | Non-current assets                 |         |       |

<sup>\*</sup> Within the leverage ratios, borrowed capital includes short-term borrowings, long-term borrowings and other similar short- and long-term loans/liabilities related to building leases under IFRS16.

### ANEX 5: Articles of association amended between January-September 20242024

At the time of this report, there are no amended 2024 constitutions.

### ANNEX 6: Appointment/revocation acts issued in January -September 2024 Supervisory Board

According to the OGMS Decision no. 1/28.02.2024, the following members of the Supervisory Board of the Company were appointed for a term of office of four years, starting March 01, 2024 and until February 29, 2028: PĂUN Costin-Mihai, ATANASIU Teodor, VASILESCU Alexandru-Cristian, ZEZEANU Luminiţa, DASCĂL Cătălin-Andrei, ORLANDEA Dumitru Virgil, RUSU Rareş Stelian.

### **Directorate**

In the meeting of September 30, 2024, the Supervisory Board decided, in accordance with its statutory and legal duties, considering the Final Report of the recruitment and selection process of candidates for the position of member of the Directorate of NPG CO. Transelectrica S.A., the appointment, starting on October 3, 2024, as Members of the Board of Directors: Florin-Cristian Tătăru, Victor Moraru, Ștefăniță Munteanu, Cătălin-Constantin Nadolu and Vasile-Cosmin Nicula. The appointment was made in accordance with the provisions of Art. (4)-(8) and (11) of GEO no. 109/2011 on the corporate governance of public enterprises, following the selection procedure of candidates for the positions of members of the Directorate of NPG CO. Transelectrica SA, pursuant to Article 23 of the Articles of Association..

At the same meeting, in accordance with the provisions of Article 23 para. (1) of the Articles of Association of the National Power Grid Company "Transelectrica"-SA, the Supervisory Board elected Ştefăniță MUNTEANU as Chairman of the Directorate, alternatively referred to as Chief Executive Officer - "CEO" of the National Power Grid Company "Transelectrica" SA.

The term of office of the members of the Directorate is from October 3, 2024 until February 29, 2028.

<sup>\*\*</sup>Customers contributing to the turnover (energy, balancing, other customers, customers to be invoiced) have been taken into account in the calculation of the average balance. The values corresponding to customers: uncertain, from the market coupling mechanism, cogeneration scheme and overcompensation have not been included in the average balance.

ANNEX 7 REPORT (according to HEGMS no. 4/29.04.2015) on contracts signed in Q3 2024 for the procurement of goods, services and works, the value of which exceeds € 500,000/purchase (for the procurement of goods and works) and € 100,000/purchase (for services) respectively

| Ma          | Comtract                       |  | Durati             |            | ıe                | Comtract         |                             | Procureme            |
|-------------|--------------------------------|--|--------------------|------------|-------------------|------------------|-----------------------------|----------------------|
| No.<br>Crt. | Contract<br>Number             | Subject of the Contract  | on<br>(mont<br>hs) | Mii Lei    | Thousan<br>d Euro | Contract<br>type | Legal Basis                 | nt<br>procedure      |
| 0           | 1                              | 2  | 3                  | 4          | 5                 | 6                | 7                           | 8                    |
| 1           | C 812/2024                     | Transition of the Porțile de<br>Fier - Resita - Timișoara -<br>Săcălaz - Arad axis to 400<br>KV, phase II: 400 KV d.c.<br>Resita - Timișoara – Săcălaz<br>OHL              | 22                 | 199,990.36 | 0.00              | Works            | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 2           | C 698/2024                     | RC 400 KV Cernavodă - Gura<br>Ialomiței OHL, circuit 1, ST.<br>65 -196   | 36                 | 29,913.10  | 0.00              | Works            | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 3           | C 701/2024                     | Modernization of the electronic messaging system within NPG CO. Transelectrica SA  | 60                 | 26,982.19  | 0.00              | Delivery         | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 4           | C 868/2024<br>AC C<br>351/2024 | Sub-contract no. 1 to<br>framework agreement C<br>351/28.05.2024 "Voluntary<br>health insurance services for<br>NPG CO. Transelectrica SA<br>personnel"                    | 12                 | 3,439.01   | 0.00              | Services         | Law 99/2016+<br>GD 394/2016 | Re-offer             |
| 5           | CB 31/2024                     | Replacement of the interior heating and air-conditioning system in the administrative building ST Bucharest headquarters   | 12                 | 3,179.93   | 0.00              | Works            | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 6           | C 826/2024                     | DOMESTIC AND INTERNATIONAL PASSENGER AIR TRANSPORT SERVICES (FRAMEWORK AGREEMENT)  | 24                 | 2,034      | 0.00              | Services         | Law 99/2016+<br>GD 394/2016 | Simplified procedure |
| 7           | C 825/2024                     | RCA and CASCO insurance<br>services for vehicles owned<br>by NPG CO. Transelectrica<br>SA  | 12                 | 1,600.76   | 0.00              | Services         | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 8           | CR 725/2024                    | Maintenance services of OHL crossing lanes in areas with tree vegetation   | 24                 | 1,095.79   | 0.00              | Services         | Law 99/2016+<br>GD 394/2016 | Open tender          |
| 9           | C 811/2024                     | Professional indemnity insurance services for the position of member of the Supervisory Board and of the Directorate of NPG CO. Transelectrica SA (including the chairmen) | 12                 | 725        | 0.00              | Services         | Law 99/2016+<br>GD 394/2016 | Simplified procedure |

## Annex 6 - Glossary of terms

| "ANRE"                         | National Electricity Regulatory Authority  |
|--------------------------------|--|
| "BAR"                          | Regulated asset base   |
| "BVB"                          | Bucharest Stock Exchange. operator of the regulated market on which the Shares are traded  |
| "CAB"                          | Bucharest Court of Appeal  |
| "EEC"                          | European Economic Community  |
| "Company". "NPG CO.".<br>"TEL" | National Power Grid Company Transelectrica SA  |
| "OTC"                          | Own Technological Consumption  |
| "CS"                           | Supervisory Board  |
| "DEN"                          | National Energy Dispatcher   |
| "EBIT"                         | Operating profit before interest and income tax  |
| "EBITDA"                       | Operating profit before interest, income tax, depreciation and amortization  |
| "EBT"                          | Operating profit before corporate income tax   |
| "ENTSOE"                       | European Network of Transmission System Operators for Electricity  |
| "GD"                           | Government Decision  |
| "IFRS"                         | International Financial Reporting Standards  |
| "OHL"                          | Overhead power lines   |
| "Leu" or "Lei" or "RON"        | Romania's official currency  |
| "MFP"                          | Ministry of Public Finance   |
| "MO"                           | Official Gazette of Romania  |
| "GO"                           | Government Ordinance   |
| "OPCOM"                        | Romanian Electricity Market Operator OPCOM SA  |
| "GEO"                          | Government Emergency Ordinance   |
| "DAM"                          | Next Day Market  |
| "ETG"                          | Electricity Transmission Grid. electricity network of national and strategic interest with nominal line voltage higher than 110 kV |
| "NES"                          | National Electric Power System   |
| "RS"                           | Secondary adjustment   |
| "RTL"                          | Slow tertiary adjustment   |
| "SMART"                        | Commercial Company for Maintenance Services of the Electricity Transmission Grid SMART SA  |
| "SS"                           | System Service   |
| "TEL"                          | Stock market indicator for Transelectrica  |
| "TSR"                          | Total shareholder return   |
| "EU"                           | European Union   |
| "MU"                           | Measurement unit   |
| "USD" or "US dollars"          | US dollar. official currency of the United States of America   |
| "WACC"                         | Weighted Average Cost of Capital   |



## NPG CO. Transelectrica SA Company managed by two-tier system



## Simplified Interim Separate Financial Statements on the date and for the nine-month period ending on September 30, 2024

Drafted in accordance with
Order of the Minister of Public Finance no. 2844/2016
approving the Accounting Regulations
International Financial Reporting Standards,
with subsequent amendments and additions, on the basis of
International Accounting Standard 34 - Interim Financial Reporting

|   | Note | <b>September 30, 2024</b> | December 31, 2023                     |
|---|------|---------------------------|---------------------------------------|
| Assets  |      |                           |                                       |
| Non-current assets  |      |                           |                                       |
| Tangible assets   |      | 5,590,296,111             | 5,415,750,112                         |
| Assets related to the usage rights of assets under assets - buildings |      | 7,952,239                 | 13,916,419                            |
| Intangible assets   |      | 300,647,961               | 282,231,988                           |
| Financial assets  |      | 85,767,355                | 85,767,355                            |
| Total non-current assets  | 4    | 5,984,663,666             | 5,797,665,874                         |
| Current assets  |      |                           |                                       |
| Stocks  |      | 51,393,500                | 51,084,833                            |
| Trade and other receivables   | 5    | 2,360,938,483             | 2,115,557,772                         |
| Income tax to be recovered  |      | -                         | -                                     |
| Other financial assets  |      | -                         | -                                     |
| Cash and cash equivalents   | 6    | 899,907,906               | 519,358,908                           |
| Total current assets  | _    | 3,312,239,889             | 2,686,001,513                         |
| Total assets  | _    | 9,296,903,555             | 8,483,667,387                         |
| Shareholders' equities and liabilities                                |      |                           |                                       |
| Shareholders' equities  |      |                           |                                       |
| Share capital, of which:  |      | 733,031,420               | 733,031,420                           |
| - Subscribed share capital  |      | 733,031,420               | 733,031,420                           |
| Share premium   |      | 49,842,552                | 49,842,552                            |
| Legal reserves  |      | 146,606,284               | 146,606,284                           |
| Revaluation reserves  |      | 1,543,192,347             | 1,634,711,533                         |
| Other reserves  |      | 242,515,174               | 195,710,506                           |
| Result carried forward  | 7    | 2,911,651,500             | 2,430,243,814<br><b>5,190,146,109</b> |
| Total equity  | 7 _  | 5,626,839,277             | 5,190,140,109                         |
| Non-current liabilities   | _    |                           |                                       |
| Non-current deferred revenues   | 8    | 529,238,772               | 519,083,803                           |
| Borrowings  | 9    | 13,927,427                | 31,906,178                            |
| Other loans and similar liabilities - Building leasing - long-term    | 10   | -                         | 6,481,491                             |
| Deferred tax liabilities  |      | 286,962,888               | 285,138,157                           |
| Employee benefit obligations  |      | 75,277,117                | 75,277,117                            |
| Total non-current liabilities   |      | 905,406,204               | 917,886,746                           |
| Current liabilities   |      |                           |                                       |
| Trade and other liabilities   | 10   | 2,622,695,539             | 2,242,193,328                         |
| Other loans and similar liabilities - Building leasing - short-term   | 10   | 8,769,718                 | 8,641,987                             |
| Other taxes and social security contributions                         | 11   | 14,390,482                | 18,507,735                            |
| Borrowings  | 9    | 24,479,295                | 24,528,217                            |
| Provisions  | 10   | 57,888,282                | 65,205,991                            |
| Current deferred income   | 8    | 21,786,056                | 16,137,336                            |
| Payable income tax  |      | 14,648,702                | 419,938                               |
| Total current liabilities   | _    | 2,764,658,074             | 2,375,634,532                         |
| Total liabilities   |      | 3,670,064,278             | 3,293,521,278                         |
| Total shareholders' equities and liabilities                          |      | 9,296,903,555             | 8,483,667,387                         |

NPG CO. Transelectrica SA
Separate income statement for the nine-month period ended on September 30, 2024
(All amounts are expressed in RON, unless otherwise provided)

|                              | Note | July 01 -<br>September 30, 2024 | July 01 -<br>September 30, 2023 | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
|------------------------------|------|---------------------------------|---------------------------------|------------------------------------|------------------------------------|
| Revenues                     |      |                                 |                                 |                                    |                                    |
| Transmission revenues        |      | 508,198,601                     | 479,845,838                     | 1,493,476,642                      | 1,438,902,608                      |
| System service revenues      |      | 162,490,501                     | 99,149,753                      | 474,185,392                        | 291,900,538                        |
| Balancing market revenues    |      | 783,775,552                     | 514,432,117                     | 4,012,864,936                      | 1,532,048,147                      |
| Other revenue                |      | 30,906,968                      | 15,137,451                      | 190,033,910                        | 45,453,870                         |
| Total revenues               | 13   | 1,485,371,622                   | 1,108,565,159                   | 6,170,560,880                      | 3,308,305,163                      |
| Operating expenses           |      |                                 |                                 |                                    |                                    |
| System operation expenses    | 14   | (153,233,904)                   | (162,499,514)                   | (508,434,713)                      | (469,569,832)                      |
| Balancing market expenses    | 14   | (782,620,157)                   | (514,662,899)                   | (4,011,905,718)                    | (1,531,819,945)                    |
| Expenses on system services  | 14   | (105,070,688)                   | (131,914,004)                   | (406,027,734)                      | (362,648,636)                      |
| Amortization                 | 15   | (91,667,299)                    | (84,971,431)                    | (263,310,178)                      | (252,047,422)                      |
| Personnel expenses           | 16   | (98,157,062)                    | (84,546,617)                    | (285,650,164)                      | (242,557,621)                      |
| Repairs and maintenance      |      | (32,554,506)                    | (28,481,707)                    | (84,430,922)                       | (72,490,660)                       |
| Materials and consumables    | 15   | (2,058,634)                     | (2,294,189)                     | (5,250,441)                        | (5,909,240)                        |
| Other operating expenses     | 17   | (55,664,862)                    | (45,767,514)                    | (174,008,116)                      | (140,596,971)                      |
| Total operating expenses     |      | (1,321,027,112)                 | (1,055,137,875)                 | (5,739,017,986)                    | (3,077,640,327)                    |
| Operating profit             |      | 164,344,510                     | 53,427,284                      | 431,542,894                        | 230,664,836                        |
| Financial income             |      | 3,068,871                       | 5,519,934                       | 22,803,353                         | 31,973,841                         |
| Financial expenses           |      | (2,802,322)                     | (4,207,250)                     | (6,342,322)                        | (28,641,364)                       |
| Net financial result         | 18   | 266,549                         | 1,312,684                       | 16,461,031                         | 3,332,477                          |
| Profit before income tax     |      | 164,611,059                     | 54,739,968                      | 448,003,925                        | 233,997,313                        |
| Income tax                   | 12   | (17,858,813)                    | (9,800,198)                     | (37,590,535)                       | (27,467,364)                       |
| Profit for the time interval |      | 146,752,246                     | 44,939,770                      | 410,413,390                        | 206,529,949                        |

Separate income statement for the nine-month period ended on September 30, 2024 (All amounts are expressed in RON, unless otherwise provided)

|                              | Note | July 01 -<br>September 30, 2024 | July 01 -<br>September 30, 2023 | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
|------------------------------|------|---------------------------------|---------------------------------|------------------------------------|------------------------------------|
| Profit for the time interval |      | 146,752,246                     | 44,939,770                      | 410,413,390                        | 206,529,949                        |
| Other comprehensive income   |      | -                               | -                               | -                                  | -                                  |
| Total comprehensive result   |      | 146,752,246                     | 44,939,770                      | 410,413,390                        | 206,529,949                        |

The Simplified Separate Interim Financial Statements were signed by the Company's management on October 31, 2024.

### DIRECTORATE,

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

Director of Economic and Financial Directorate Ana-Iuliana DINU Accounting Department Manager Georgiana-Beatrice ŞTEFAN (All amounts are expressed in RON unless otherwise provided)

|   | Share capital | Share premiums | Legal reserves | Revaluation reserve            | Other<br>reserves | Result<br>carried<br>forward | Total                          |
|---|---------------|----------------|----------------|--------------------------------|-------------------|------------------------------|--------------------------------|
| Balance at January 1, 2023  | 733,031,420   | 49,842,552     | 146,606,284    | 703,232,784                    | 39,310,392        | 2,196,479,419                | 3,868,502,851                  |
| Comprehensive result for the time interval  |               |                |                |                                |                   |                              |                                |
| Profit for the time interval  | -             | -              | -              | -                              | -                 | 213,611,306                  | 213,611,306                    |
| Other comprehensive income, of which:<br>Recognition of actuarial profit /loss of the defined<br>benefit plan | _             | -              | -              | -                              | -                 | 5,234,457                    | 5,234,457                      |
| Surplus from revaluation of tangible assets.  Deferred tax liability ass. to revaluation reserve              |               | -              | -              | 1,192,510,070<br>(193,974,505) | -                 | -                            | 1,192,510,070<br>(193,974,505) |
| Transfer of revaluation reserves into retained earnings   | -             | -              | -              | (67,056,816)                   | -                 | 67,056,816                   | -                              |
| Total other comprehensive income for the time interval  | -             | -              | -              | 931,478,749                    | -                 | 72,291,273                   | 1,003,770,022                  |
| Total comprehensive result for the period   | -             | _              | -              | 931,478,749                    |                   | 285,902,579                  | 1,217,381,328                  |
| Other items   |               |                |                |                                |                   |                              |                                |
| Legal reserve indexation  | -             | -              | -              | -                              | -                 |                              | -                              |
| Other items   |               |                |                | <del>-</del>                   |                   | (92,953)                     | (92,953)                       |
| Total other items   |               |                |                | <del>-</del>                   |                   | (92,953)                     | (92,953)                       |
| Contributions from and distributions to Derecognition of fixed assets of a public heritage nature             | -             | -              | -              | _                              | -                 | -                            | -                              |
| Subsidies related to fixed assets belonging to the state public domain  | -             | -              | -              | -                              | 156,400,114       | -                            | 156,400,114                    |
| Dividend distribution   | -             | -              | -              | -                              | -                 | (52,045,231)                 | (52,045,231)                   |
| Total contributions from and distributions to shareholders  |               |                |                |                                | 156,400,114       | (52,045,231)                 | 104,354,883                    |
| Balance at December 31, 2023  | 733,031,420   | 49,842,552     | 146,606,284    | 1,634,711,533                  | 195,710,506       | 2,430,243,814                | 5,190,146,109                  |
| Balance at January 1, 2024  | 733,031,420   | 49,842,552     | 146,606,284    | 1,634,711,533                  | 195,710,506       | 2,430,243,814                | 5,190,146,109                  |
| Comprehensive result for the time interval  |               |                |                |                                |                   |                              |                                |
| Profit for the time interval  | -             | -              | -              | -                              | -                 | 410,413,390                  | 410,413,390                    |
| Other comprehensive income, of which  | -             | -              | -              | -                              | -                 | -                            | -                              |
| Recognition of actuarial profit /loss of the defined benefit plan   | -             | -              | -              | -                              | -                 | -                            | -                              |
| Surplus on revaluation of tangible assets.  Deferred tax liability ass. to revaluation reserve                | -             | -              | -              | -                              | -                 | -                            | -                              |
| Transfer of revaluation reserves into retained  | -             | -              | -              | (01.510.196)                   | -                 | - 01.510.196                 | -                              |
| earnings  |               |                |                | (91,519,186)                   | -                 | 91,519,186                   | -                              |
| Total other comprehensive income  |               |                |                | (91,519,186)                   |                   | 91,519,186                   |                                |
| Total comprehensive result for the period   |               |                |                | (91,519,186)                   |                   | 501,932,576                  | 410,413,390                    |
| Other items Legal reserve indexation  | _             | _              | _              | _                              | _                 | _                            | _                              |
| Other items   |               |                |                |                                |                   | (10)                         | (10)                           |
| Total other items   |               |                |                |                                |                   | (10)                         | (10)                           |
| Contributions from and distributions to shareholders  |               |                |                |                                |                   |                              |                                |
| Derecognition of fixed assets of a public heritage nature   | -             | -              | -              | -                              | -                 | -                            | -                              |
| Subsidies related to assets belonging to the state public domain  | -             | -              | -              | -                              | 46,804,668        | -                            | 46,804,668                     |
| Dividend distribution  Total contributions from and distributions to  | -             | -              | -              | -                              | -                 | (20,524,880)                 | (20,524,880)                   |
| shareholders  |               |                |                |                                | 46,804,668        | (20,524,880)                 | 26,279,788                     |
| Balance at September 30, 2024   | 733,031,420   | 49,842,552     | 146,606,284    | 1,543,192,347                  | 242,515,174       | 2,911,651,500                | 5,626,839,277                  |

|   | 9-month period<br>concluded at<br>September 30, 2024 | 9-month period<br>ending on<br>September 30, 2023 |
|---|--|---|
| Cash flows from operating activities  |  | <u> </u>  |
| Profit for the time interval  | 410,413,390  | 206,529,949                                       |
| Adjustments for:  |  |   |
| Income tax expense  | 30,937,716   | 27,467,364  |
| Amortization expenses (including additional OTC)                                | 263,310,178  | 252,047,423                                       |
| Income from the production of intangible assets (including additional OTC)      | (49,287,300)   | (2,727,619)                                       |
| Expenses related to adjustments for impairment of trade receivables             | 6,032  | 1,309,242   |
| Reversal of adjustments for impairment of trade receivables                     | (2,056,083)  | (1,368,346)                                       |
| Losses on receivables and sundry debtors  | 2,926,236  | 12,911  |
| Net expense/revenues on impairment allowances of sundry debtors                 | 1,665,480  | 108,104   |
| Net revenues/expenses with inventory impairment allowances                      | (1,014,475)  | (399,854)   |
| Net profit/loss on sale of tangible assets                                      | 2,825,834  | (951,497)   |
| Net expenses for value adjustments regarding tangible assets                    | -  | (1,627,393)                                       |
| Net income on provisions for risks and charges                                  | (7,646,709)  | (5,185,500)                                       |
| Interest expense, interest revenues and unearned revenues                       | (17.790.027)   | (2.402.750)                                       |
| from exchange rate differences  | (17,780,927)   | (3,402,759)                                       |
| Cash flows before changes in working capital                                    | 634,299,372  | 471,812,025                                       |
| Changes in:   | (200, 400, 420)                                      |   |
| Customers and similar accounts - energy and other activities                    | (380,689,129)  | 1,487,794,671                                     |
| Customers - balancing   | 130,061,916  | 318,630,978                                       |
| Customers - cogeneration  | 2,702,316  | 26,222,296  |
| Inventories  Trade and other liabilities - energy and other activities          | 705,808<br>414,471,057                               | (6,065,911)<br>(1,284,048,515)                    |
| Liabilities – balancing   |  |   |
| -   | 109,807,787<br>(108,605,501)                         | (399,978,401)<br>496,625                          |
| Liabilities - cogeneration  Other tayes and social security contributions       |  | •   |
| Other taxes and social security contributions  Deferred revenues                | (4,117,253)  | (454,338)   |
| Cash flows from operating activities  | 26,816,512<br><b>825,452,885</b>                     | 58,174,862<br><b>672,584,292</b>                  |
|   |  |   |
| Interest paid   | (1,550,656)  | (2,382,970)                                       |
| Income tax paid   | (20,970,745)   | (23,821,181)                                      |
| Net cash generated from operating activities                                    | 802,931,484  | 646,380,141                                       |
| Cash flows from investments   |  | (202 477 424)                                     |
| Procurement of tangible and intangible assets                                   | (433,681,444)  | (293,475,121)                                     |
| Exit from shareholding SELENE CC Societe Anonyme Proceeds from EC grant funding | -<br>25 701 946                                      | 242,140   |
| Earned Interest   | 35,791,846<br>4,988,293                              | 114,434,924<br>4,061,663                          |
| Earned Dividends  | 14,649,757   | 1,984,675   |
| Proceeds from the sale of tangible assets                                       | 2,401,042  | 1,771,600   |
| Net cash used in investments  | (375,850,506)  | (170,980,119)                                     |
| Cash flows used in financing  |  |   |
| Repayments of non-current borrowings  | (17,971,420)   | (17,844,838)                                      |
| Repayments of current borrowings  | -  | (67,617,751)                                      |
| Building leasing payments   | (7,992,105)  | (7,920,134)                                       |
| Dividends paid  | (20,568,455)   | (51,844,130)                                      |
| Net cash used in financing  | (46,531,980)   | (145,226,853)                                     |
| Net increase/(decrease) in cash and cash equivalents                            | 380,548,998  | 330,173,169                                       |
|   | F10.250.000  | -   |
| Cash and cash equivalents at January 1  | 519,358,908  | 315,146,396                                       |

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

#### 1. General information

The main activity of NPG CO. Transelectrica SA ("the Company") consists of: provision of electricity transmission service and system service, balancing market operator, administrator of the bonus support scheme, other related activities. These activities are carried out in accordance with the provisions of the operating license No. 161/2000 issued by ANRE, updated by ANRE Decision No. 1413/10.07.2024, the General Conditions associated with the license approved by ANRE Order No. 104/2014, as amended and supplemented, and the final certification of the Company as transmission and system operator of the National Electricity System according to the ownership unbundling model ("ownership unbundling") by ANRE Order No. 164/07.12.2015.

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

The separate interim financial statements as of September 30, 2024 are unaudited.

### 2. Basics of drafting

### a) Declaration of conformity

These simplified separate interim financial statements as at and for the nine-month period ended September 30, 2024 have been prepared in accordance with OMFP No. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards ("IFRS"), as amended and supplemented, based on IAS 34 *Interim Financial Reporting*. They do not include all the information necessary for a complete set of IFRS financial statements. However, certain explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last separate annual financial statements as at and for the year ended December 31, 2023.

#### b) Professional judgment and estimates

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

### 3. Significant accounting policies

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

#### 4. Tangible, intangible and financial assets

#### a) Tangible assets

The increase in the total value of property, plant and equipment at September 30, 2024 compared to December 31, 2023 was due to the increase in the value of property, plant and equipment in progress concurrent with the recording of depreciation on property, plant and equipment.

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

- Connection of 400 kV OHL Isaccea Varna şi 400 kV OHL Isaccea Dobrudja in station 400 kV Medgidia Sud, Stage I Station expansion 400 kV Medgidia Sud 92.571.857;
- Transition to 400 kV of the axis Porțile de Fier Reșița Timișoara Săcălaz Arad Stage I 400 kV OHL s.c. Porțile de Fier (Anina) Reșița 62.560.171;
- 400 kV OHL d.c. Gutinas Smârdan 48.976.423;
- Increasing the operational reliability of the Argeş Vâlcea network area, realization of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV 400/220 kV 43.091.437;
- Connection of 400 kV OHL Isaccea Varna and 400 kV OHL Isaccea Dobrudja to 400 kV Medgidia Sud Station, Phase II 400 kV d.c. 400 kV d.c. Connections to Medgidia Sud Station 28.732.055;
- Upgrading of the 400/110 kV Pelicanu transformer station 23.146.723;
- Increasing the transmission capacity of the 220 kV OHL Stejaru Gheorgheni Fântânele 22.718.019;

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

- 220 kV OHL double circuit Ostrovu Mare ETG Stage I + Stage II (H.CA no.17/2007) 21.869.951;
- Isaccea 400 kV Station Upgrade Stage II 20.786.959;
- Upgrade of the 220/110/20 kV Baru Mare 220/110/20 kV Station 13.806.656;
- Metering and data management system for electricity metering on the wholesale market 11.125.650;
- Station 400 kV Stâlpu 10.720.827;
- Installation of two modern means of reactive power compensation at 400/220/110/20 kV Sibiu Sud and 400/220/110/20/20 kV Bradu stations 8.730.732;
- Relocation of 220 kV and 400 kV networks Urecheşti Domneşti, Ţânţăreni Bradu, Bradu Braşov, Bradu Stupărei and Bradu Târgovişte for the Craiova Pitesti Express Road, section 4 7.693.736;
- Transition to 400 kV of the axis Porțile de Fier Reșița Timișoara Săcălaz Arad Phase I 400 kV OHL s.c Porțile de Fier (Anina) Reșița 7.006.674;
- Increasing the security of supply to consumers in the southern area of Bucharest, connected to the 400 / 220 / 110 kV Bucharest South station 6.921.642;
- Refurbishment of 220/110 kV Filesti Station 6.095.443;
- Increasing the transmission capacity of the 400 kV OHL Bucharest South Pelicanu (8 km) 4.512.377;
- Relocation/protection of high voltage networks 400 kV OHL s.c. Mintia Arad for the rehabilitation of the CF line Frontieră Curtici Simeria, part of the Pan European Corridor IV for the circulation of trains with maximum speed of 160 km/h 4.073.926;
- Optimization of the operation of the existing 400 kV OHL in the NES, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line systems (SMART GRID type) 3.263.564;
- Implementation of new functions and software modifications in the EMS SCADA computer system to implement European and national legislative requirements 3.260.901;
- Site clearance and coexistence conditions for the Sibiu-Pitești highway, section 4: Tigveni-Curtea de Argeș, Km 81+900 km 91+761 Relocation/Protection of 400 kV OHL s.c. Tânțăreni Sibiu Sud 2.690.000;
- Regulation of the 400 kV OHL Roşiori-Oradea South with the objective Increased accessibility on county roads in the metropolitan area of Oradea sector 1- DJ767E, DJ767J, Bihor County, in the area of poles 348-349-350-351 2.536.902;
- Relocation of 220 kV networks for the Bucharest ring highway, km 0+000 km 52+770, LOT 4 km 47+600 km 52+070 2.242.221;
- Upgrade to 400 kV of the 220 kV OHL Brazi Vest Teleajen Stâlpu station, including purchase of 400MVA 400/220/20 kV HV 400/220/20 kV, extension works of the 400 kV and 220 kV stations, in the 400/220/110 kV Brazi Vest station 2.198.766;
- Pilot project "DigiTEL Smart Vision" Increasing safety in operation and maintenance activities in Domnești station by using digital technologies 2.013.258.

In the first nine months of 2024, the largest **transfers from tangible assets in progress to tangible and intangible assets**, amounting to **RON 538,447,055**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Transition to 400 kV voltage of the axis Porțile de Fier Reșița Timișoara Săcălaz Arad Stage I 400 kV OHL s.c. Porțile de Fier (Anina) Reșița 160.718.334;
- Connection of 400 OHL kV Isaccea Varna and 400 kV OHL Isaccea Dobrudja in 400 kV Medgidia Sud Station, Phase I Extension of 400 kV Medgidia Sud Station 96.738.769;
- Refurbishment of 220/110/20kV Baru Mare 220/110/20kV Station 73.798.554;
- Refurbishment of 220/110 kV Fileşti Station 49.568.564;
- Arefu 220/110/20 kV station modernization 31.006.861;
- Upgrading of the 400/110 kV Pelicanu Station 17.209.963;
- Relocation of 220 kV and 400 kV networks Urecheşti Domneşti, Ţânţăreni Bradu, Bradu Braşov, Bradu Stupărei and Bradu Târgovişte for the Craiova Pitesti Express Road, section 4 16.938.698;
- Extension of 400 kV Gura Ialomitei Station with two cells: 400 kV OHL Cernavodă 2 and 3 12,570,636;
- Metering and data management system for electricity metering on the wholesale market 12.050.482;
- Purchase and installation of 21 monitoring systems for transformer units in NPG CO. Transelectrica SA stations 10.790.780;
- Relocation of the 220 kV and 400kV networks for the construction of the Brăila- Galați express road 10.148.828;

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

- Deviation of 220 kV OHL Ampoi- Alba Iulia area 7.742.292;
- 110 kV, 220 kV and 400 kV mobile cells 6,273,469;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut station and modernization of the control command system of 400/220/110/6 kV Iernut station 6.142.044;
- Relocation/protection of high voltage networks 400 kV OHL s.c. Mintia Arad for the rehabilitation of the CF line Frontiera Curtici Simeria, part of the Pan European Corridor IV for the circulation of trains with maximum speed of 160 km/h 5.717.710;
- Installation of an embedded fiber optic protective conductor on the 400kV OHL Rosiori Mukacevo 5.208.270;
- Site clearance and coexistence conditions for the Sibiu-Pitești highway, section 4: Tigveni-Curtea de Argeș, km 81+900 km 91+761 Relocation/Protection of 400 kV OHL s.c. Țânțăreni Sibiu Sud 2.690.000;
- Modernization of the 400 kV OHL Bucharest South Gura Ialomitei 2.635.566;
- Relocation/protection of 220 kV high voltage networks 220 kV d.c. Reşiţa Timişoara, 220 kV d.c. Timişoara Arad/Timişoara Săcălaz and 220 kV OHL d.c. Mintia Timişoara at the intersection with the Timişoara South Bypass 2.486.367;
- HV and Trafo replacement in electrical stations Stage 2, phase 2 LOT 1 LOT 2 2.053.357;
- Relocation/protection of 220 kV and 400 kV high voltage networks 220 kV OHL Arefu-Bradu s.c. at the intersection with Craiova-Pitești Express Road, section 4 1.054.507;
- Pilot project "DigiTEL Smart Vision" Increasing safety in operation and maintenance activities in Domnești Station by using digital technologies 861.552;
- CEF Izvoru Bărzii Galic Sud, Halânga 789.760;
- Modernization of OHL Işalniţa Craiova Nord, circuit 2 replacement of the existing conductor with a new one OPGW 638.984;
- Video wall for CTSI control room 294.099;
- Anti-sound system in UNO-DEN 286.284;
- Replacement of battery batteries 1 and 2 220/110/20 kV Tg. Jiu Nord -2 pcs. 267.021;
- Realization of fiber optic communication between Pitești Sud Station and the remote control and supervision center of STT Pitești (SF) 257.171;
- Graphic stations 231.744;
- Air conditioners 174.446;
- Execution of works in Tulcea Vest Station determined by the modification of OHL 110 Tulcea Vest Marmura by replacing the connection in the derivation of the production site CEE Sălbatica1 137.497;
- Batteries for power supply system at STT Bacău headquarters 106.085.

The balance of **property, plant and equipment in progress** at September 30, 2024, in the amount of **RON 839,981,339**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV OHL d.c. Gutinaş Smârdan 265.686.008;
- Transition to 400 kV voltage of the axis Porțile de Fier Reșița Timișoara Săcălaz Arad Stage I 400kV OHL s.c. Portile de Fier (Anina) Resița 137.608.980;
- Increasing the transmission capacity of the 220 kV OHL Stejaru Gheorgheni Fântănele 55.310.809;
- Connection to the ETG of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV station Banca 46.884.983;
- Increasing the operational reliability of the Argeş-Vâlcea network area, realization of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV 400/220 kV 45.514.041;
- Upgrading of the 400/110/20 kV Smårdan Station 32.146.121;
- Upgrading of the 400/110 kV Pelicanu Transformer Station 30.673.165;
- Isaccea 400 kV Station Upgrade Stage II 27.362.445;
- 220 kV OHL double circuit Ostrovu Mare ETG Stage I + Stage II (H.CA no.17/2007) 26.751.911;
- Station 400 kV Stâlpu 20.141.465;
- Metering and data management system for electricity metering on the wholesale market 14.343.717;
- 110 kV Medgidia South Medgidia 110 kV Station Upgrade 13.763.833;
- Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu Sud and 400/220/110/20/20 kV Bradu stations 9.505.823;

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

- Upgrade of the 110 kV Timişoara 110 kV station and transition to 400 kV of the Porțile de Fier Anina Reșița Timișoara Săcălaz Arad axis, phase II: 400 kV Timișoara 8.904.600;
- 400 kV OHL Gădălin Suceava, including interconnection to NES (H.CA no. 7 / 08.07.2010) 8.524.388;
- Increasing the security of supply to consumers in the southern area of Bucharest, connected to the 400/220/110 kV Bucharest South 400/220/110 kV station 7.337.123;
- Site clearance and realization of coexistence conditions between the objective "Suspended bridge over the Danube in the Brăila area" belonging to CNAIR SA and the electrical networks managed by NPG CO. Transelectrica SA 4.911.246;
- Increasing the transmission capacity of the 400 kV OHL Bucharest South Pelicanu (8 km) 4.715.177;
- Modernization of the 110 kV and 400(220 kV) installations in Focşani Vest Station 4.512.921;
- 400 kV OHL Suceava Balti, for the project portion on Romanian territory 4.439.120;
- Integrated security system at stations, stage IV 4.277.804;
- Optimization of the operation of the existing 400 kV OHL in the NES, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line systems (SMART GRID type) 3.490.628;
- Transition to 400 kV of the Porțile de Fier Resita Timisoara Săcălaz Arad axis, phase II, 400 kV OHL d.c. Resita Timisoara Săcălaz 3.489.984;
- Implementation of new functions and software modifications in the EMS SCADA computer system to implement European and national legislative requirements 3.291.777;
- Expansion with new functionalities of the computerized access control and record system in the objectives of NPG CO. Transelectrica SA 3.200.918;
- 110 kV, 220 kV and 400 kV switchgear 3.016.230;
- Upgrade to 400 kV of the 220 kV OHL Brazi Vest Teleajen Stâlpu station, including purchase of 400MVA 400/220/20 kV HV 400/220/20 kV, extension works of the 400 kV and 220 kV stations, in the 400/220/110 kV Brazi Vest station 2.919.020;
- Connection to ETG of 136 MW Platonești EEC, jud. Ialomița, through the realization of a 110 kV cell in the 400/110 kV Gura Ialomiței 400/110 kV station 2.889.337;
- Integrated security system at stations, stage III (H.CA no. 2/2008) 2.798.024;
- Pilot Project Refurbishment of the 220/110/20 kV Alba Iulia 220/110/20 kV station into a digital station 2.624.978;
- Deviation of the 110 kV OHL Cetate 1 and 2 in the vicinity of 110/20/6 kV Ostrovul Mare Station 2.578.438;
- Connection to the ETG of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi County, by realization of a 110 kV line cell in the 220/110 kV FAI 2.545.853 station;
- Regulation of the 400 kV OHL Rosiori-Oradea South with the objective of increasing accessibility on county roads in the metropolitan area of Oradea sector 1-DJ767E, DJ767J, Bihor County, in the area of poles 348-349-350-351 2.536.902;
- Relocation of 220 kV networks for the Bucharest ring highway, km 0+000 km 52+770, LOT 4 km 47+600 km 52+070 2.242.221;
- Connection to the electrical installations of public interest managed by NPG CO. Transelectrica SA, in the 220/110/20 kV Vetiş station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County 2.223.750.

#### b) Intangible assets

♣ Intangible assets in progress

The balance of **intangible assets in progress** at September 30, 2024, in the amount of **RON 32,699,671**, is represented by projects in progress, the most significant of which are listed below:

- Metering and data management system for electricity metering on the wholesale market 21,409,875;
- Replacement of hardware components, upgrading and development of specific applications of the Balancing Market Platform II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market 7,607,441;
- MARI platform development 1,997,722;
- Off-line program for the realization of individual network models, steady state calculation, cross-border capacity calculation, CGMES format conversion module (according to ENTSO-E requirements), in order to program and operate the NES on various time horizons 1,117,500.

Notes to the separate interim financial statements as at September 30, 2024 (All amounts are expressed in RON unless otherwise provided))

### **↓** Intangible assets - additional OTC

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

The Company has recorded revenue representing incremental OTC calculated as the difference between the net OTC acquisition cost and the OTC cost recognized in the regulatory tariff through September 30, 2024 in the amount of 401,549,341, as follows:

- -338,526,677 for the year 2022;
- 13,735,364 for the year 2023;
- 49,287,300 for the period January-September 2024.

At September 30, 2024, depreciation in the amount of 136,428,131 is calculated on these capitalizations. Thus, the carrying amount of the intangible asset resulting from the capitalization of the additional OTC is 265,121,210.

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

#### c) Financial assets

The balance of financial assets at September 30, 2024 and December 31, 2023, respectively, amounting to 85,767,355, is mainly represented by:

- the net value of shares held by the Company (81,503,833);
- guarantees for temporary occupation of land, calculated and retained in accordance with Art. 39 para. (1), para. (2) and para. (5) of Law no. 46/2008 on the Forestry Code, in order to realize the investment objective 400 kV OHL Resita Pancevo (Serbia) in the amount of 4,199,505.

### d) Assets related to the right of use of assets under leasing - buildings

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

Contract No. C232 entered into force on 01.10.2020, valid for a period of 5 years, has a value of 9.000.000 euro (excluding VAT). At September 30, 2024, the carrying amount of the right to use the premises leased by the Company in the Platinum office building is RON 7,952,239.

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

#### 5. Trade and other receivables

As of September 30, 2024 and December 31, 2023, trade and other receivables are as follows:

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Trade receivables                                     | 1,823,662,309      | 1,745,653,583     |
| Other receivables                                     | 244,046,317        | 213,174,870       |
| Advances to suppliers                                 | 279,016,178        | 151,620,057       |
| VAT to be recovered                                   | 223,524,327        | 215,086,522       |
| Impairment adjustments for doubtful trade receivables | (123,471,078)      | (125,521,130)     |
| Impairment adjustments on other doubtful receivables  | (85,839,570)       | (84,456,130)      |
| Total trade and other receivables                     | 2,360,938,483      | 2,115,557,772     |

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

| The structure of trade receivables is as follows:  |                    |                          |
|--|--------------------|--------------------------|
|  | September 30, 2024 | <b>December 31, 2023</b> |
| Customers on the electricity market, of which:   | 1,821,234,952      | 1,742,443,716            |
| - customers - operational activity   | 1,216,090,052      | 1,004,534,583            |
| - customers - balancing market   | 464,007,384        | 594,069,301              |
| <ul> <li>customers - bonus support scheme to promote high efficiency cogeneration</li> </ul> | 141,137,516        | 143,839,832              |
| Customers from other activities  | 2,427,357          | 3,209,867                |
| Total trade receivables  | 1,823,662,309      | 1,745,653,583            |

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

As of September 30, 2024, customers outstanding from operating activities show an increase compared to December 31, 2023 primarily driven by an increase in transaction volumes resulting from the energy market coupling in the third quarter of 2024 compared to the fourth quarter of 2023.

The decrease in the volume of balancing market transactions in Q3 2024 compared to Q4 2023 also led to a decrease in the customer balance on contracts entered into for this type of activity.

MAVIR, OPCOM, IBEX, Ciga Energy SA, Electrica Furnizare SA, Hidroelectrica, RAAN, JAO, Cinta Energy SA, PPC ENERGIE SA. Their share is 63,01 % of total trade receivables.

• NPG CO. Transelectrica SA carries out the activities related to the bonus support scheme for the promotion of high efficiency cogeneration, as administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009 with subsequent additions and amendments, "the main tasks being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses".

As of September 30, 2024, the Company has receivables receivable from the bonus support scheme for the promotion of high-efficiency cogeneration of approximately 8% (similar to December 31, 2023) of total trade receivables.

The customers in the bonus support scheme for the promotion of high-efficiency cogeneration are experiencing a decrease in receivables at September 30, 2024 mainly due to a decrease in the invoiced amount for the collection of the monthly contribution.

As of September 30, 2024, the Company has receivables receivable amounting to 141,137,516, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN 63,467,054 and CET Govora SA 13,235,086;
- ▶ undue bonus for 2014 amounting to 3.914.960, respectively from RAAN 1,981,235, CET Govora 1,933,725;
- > undue bonus for 2015 in the amount of 563,899, respectively from CET Govora 534,377, Interagro 29,523;
- > undue bonus for 2020 in the amount of 522,181 from Donau Chem;
- ➤ uncollected contribution for cogeneration from suppliers of electricity consumers, in the amount of 20,856,149, respectively from: Transenergo Com 5,882,073, Petprod 4,391,193, Romenergy Industry 2,680,620, RAAN 2,385,922, UGM Energy 1,504,046, CET Govora 900,864, KDF Energy 525,638 and others.

Up to the date of this financial report, the Company has collected all receivables related to the overcompensation of the activity overcompensation related to the support scheme for the year 2023 (amount of 5,482,571) from Bepco (2,864,212) and Termoficare Oradea (2,618,359), as well as the amount of 14,155.099 of the undue bonus established by ANRE Decisions for the year 2023, from the following producers: Bepco SRL, CET Griviţa, Electro Energy Sud, Electrocentrale Bucureşti, Electrocentrale Craiova, Electroutilaj SA, Municipiul Iaşi, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

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

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cogeneration: "if the producer has not paid in full to the support scheme administrator the payment obligations resulting from the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations relating to the support scheme, with explicit mention on the payment document of the respective amounts" and withheld from payment the amounts relating to the support scheme due.

• File 9089/101/2013/a140 was registered on the docket of Mehedinti Tribunal - Second Civil Division, Administrative and Tax Section, pertaining to "claims in the amount of 86,513,431", case in which the Company is the claimant, the defendant is the **Autonomous Regia for Nuclear Activities - RAAN**.

The summons filed by Transelectrica SA requested compelling defendant RAAN to pay 86,513,431.

On 19.05.2016 Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pronounced hearing conclusion and ordered as follows: "In accordance with article 413 pt. 1 Civil Procedural Code decides suspending the case until settlement of file 3014/2/2014 found on the docket of the High Court for Cassation and Justice. Appeal right is valid during the entire suspension term; pronounced on 19 May 2016 at public hearing"; hearing term on 06.06.2019. Mention should be made file 3014/2/2014 on the docket of the High Court for Cassation and Justice pertained to appeal in order to cancel ANRE Decision 743/28.03.2014, the parties being RAAN (claimant) and ANRE (defendant).

Mention should be also made the hearing conclusion of 18.09.2013 issued by Mehedinti Tribunal under file 9089/101/2013 pronounced opening the general insolvency procedure against debtor Autonomous Authority for Nuclear Activities RA (RAAN).

Sentence 387/20.03.2014 of Mehedinti Tribunal confirmed the reorganisation plan of debtor Autonomous Authority for Nuclear Activities, proposed by the judiciary administrator Tudor&Asociatii SPRL and voted by the General Assembly of Creditors according to the minutes of 28.02.2014.

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

With the filing of the statement of claim in the RAAN bankruptcy proceedings, NPG CO. Transelectrica SA may invoke the provisions of Article 52 of Law no. 85/2006, applicable to the RAAN bankruptcy proceedings, provisions taken over by Article 90 of Law no. 85/2014, regarding the creditor's right to invoke the set-off of its claim against the debtor's claim against it, when the conditions provided by law for legal set-off are met at the date of the opening of the proceedings. Transelectrica has been entered in the table of the debtor RAAN with the amount of RON 11,264,777, in the category of claims resulting from the continuation of the debtor's activity. Of the amount requested by the Company, RON 89,360,986, the amount of RON 78,096,208.76 was not entered in the preliminary table of claims, on the grounds that "it does not appear as being due in RAAN's accounting records". Moreover, the liquidator considered that the request to enter the amount of RON 78,096,209 in the table was belated, as it related to the period 2011 - 2013, which is why the statement of claim should have been made at the time of the opening of the insolvency proceedings, namely on 18,09,2013.

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

At the trial term of 14.02.2019, the Mehedinți Tribunal ordered the joinder of file No. 9089/ 101/ 2013/a152 to file No. 9089/101/2013/a140 (concerning claims - payment claim). The hearing of the case was postponed, as the court considered it useful for the resolution of the case to present the civil decision no. 2969/26.09.2018, rendered by the High Court of Cassation and Justice in file No. 3014/2/2014, regarding the annulment of ANRE President's decision no. 743/2014.

Judgment of the Mehedinți General Court: 'Admit the plea of limitation. Admit in part the main action and the related appeal. Orders the defendant RAAN to pay to the plaintiff Transelectrica the sum of RON 16,950,117.14, a claim arising in the course of the proceedings, ordering its entry in the table of creditors set up against the debtor RAAN in that amount. Dismisses the remainder of the related claims. Pursuant to Article 453(2) of the Code of Civil Procedure. Orders the defendant to pay the applicant RON 1 000 costs. With appeal. Pronounced today 20.06.2019 in open court". Document: Decision 163/2019 20.06.2019.

Transelectrica appealed within the legal deadline. The Craiova Court of Appeal set the first trial date for October 30, 2019. The appeal was dismissed as unfounded. Transelectrica filed an application for review for the contradiction of judgments, registered under File No. 1711/54/2019, with a trial date on 26.03.2020 at the Craiova Court of Appeal, which was to send the case to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the court was adjourned until 21.05.2020.

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

At the trial term of 03.02.2021, the ICCJ admitted the plea of belatedness of the application for review and did not rule on its inadmissibility.

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(All amounts are expressed in RON unless otherwise provided))

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

Hearing for the continuation of the procedure for the collection of claims, valuation of assets and other liquidation operations: 23.01.2025.

There are also 2 other cases between RAAN and Transelectrica at various stages of litigation. Further details on these cases are presented in *Note 19 - Disputes and Contingencies*.

• NPG CO. Transelectrica SA has entered into an agreement with CET Govora SA for the set-off and installment payment of the amounts representing the receivables from the overcompensation for the period 2011-2013 and the undue bonus for 2014 (Agreement No. C 135/30.06.2015 and Additional Deed No. 1/04.08.2015). The duration of the Agreement was 1 year (period July 2015-August 2016) and provided for the Company's right to calculate and charge penalties during the period of payment installment. On the basis of the Agreement, the Company's receivables from CET Govora SA were offset against the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 withheld by applying the provisions of Article 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Agreement, in the amount of 40,507,669. As a result of the suspension in court, by Civil Judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014, which established the amount of overcompensation for the period 2011-2013, CET Govora SA has no longer complied with the obligations assumed by the Agreement.

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

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

In these circumstances, the Company applies the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency proceedings, in the sense of withholding the bonus due to CET Govora SA up to the amount of the amounts related to the support scheme not paid to the Company. Transelectrica was entered in the preliminary and final table with a claim totaling 28,200,440.31, of which 25,557,189.98 is related to the support scheme. We note that this claim in the amount of RON 21,962,243,243.71, representing the principal debit and penalties related to invoice no. 8116/08.04.2016 is entered under the suspensive condition of the delivery of a final judgment in favor of ANRE in file No. 2428/2/2014 pending before the Bucharest Court of Appeal, having as its object the annulment of ANRE decision no. 738/28.03.2014.

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

- The plan of reorganization of the debtor SC CET Govora SA, proposed by the insolvency administrator EURO INSOL SPRL, filed on May 25, 2018 and published in the Insolvency Proceedings Bulletin no. 11924 of June 13, 2018.
- Dismisses the appeals filed by the creditors Complexul Energetic Oltenia SA, SNTFM CFR Marfã SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtisoara SRL.
- Sets the substantive hearing for the continuation of the proceedings on October 8, 2018.

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

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

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

The amount of 22,188,224.16 represents the amount receivable from CET Govora related to the support scheme (in the amount of 25,557,190), corrected by the bonus withheld by the Company in accordance with Art. 17 para. 5 of ANRE President Order no. 116/2013, in the amount of 3,368,966.

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

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

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(All amounts are expressed in RON unless otherwise provided))

#### Other receivables

As of September 30, 2024, other receivables in the amount of 244,046,317 include mainly:

- sundry debtors (158,676,790), of which:
  - late payment penalties calculated for bad debtors, amounting to 92,619,673 (of which 35,148,213 represent penalties related to the support scheme). The highest late payment penalties were recorded by customers: Romelectro (39,780,937), RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale Bucureşti (9,409,174), OPCOM (3,969,934), Total Electric Oltenia (3,288,967), Multiservice G&G SRL (2,162,468), Petprod (1,894,232), ISPE Proiectare şi Consultanţă (1,079,342), Romenergz Industry (600,060). Impairment adjustments have been recognized for penalties calculated for late payment of receivables from operating activities;
  - compensation due from suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2,541,312) and Next Energy Partners (8,395,132). Impairment adjustments have been recorded for compensation due from suppliers from operating activities;
  - the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- deferred expenses amounting to **5,731,108** mainly represented by: domestic and international dues (1,916,662), insurance policies (1,229,323), taxes and duties for the year 2024 (1,001,131), rent and maintenance of office building (746,160), annual contribution ANRE for the year 2024 (590,506) and others;
- other social receivables amounting to **1,705,720** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

### Advances to suppliers

As of September 30, 2024, advances paid to suppliers are represented by debtor suppliers for services in the amount of **279,016,178** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (230,409,911- for ICP and SDAC and 46,934,724 - for SIDC).

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

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

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

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

The single intra-domestic market coupling mechanism ensures that bids and offers from market participants in a bidding area are continuously matched with bids and offers from within their own bidding area and from any other bidding area where cross-border capacity is available.

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

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

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

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## OPCOM SA and IBEX.

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

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

## VAT to be recovered

VAT to be recovered (223,524,327) - amount related to the settlements for the period June through September 2024. As of the date of this report, the Company has collected 57,035,410 from the State in the amount of 57,035,410, representing value added tax claimed for refund for the month of June 2024.

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

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

The highest impairment adjustments at September 30, 2024, calculated for trade receivables and related penalties, were recorded for Romelectro (39,784,774), JAO (30,011,010), CET Govora (24,645,019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), OPCOM (8,487,394), Next Energy Partners (8,395,132).

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

# 6. Cash and cash equivalents

Cash and cash equivalents include balances of cash, demand deposits and deposits with original maturities of up to 90 days from the date of inception that have insignificant exposure to the risk of changes in fair value and are used by the Company to manage short-term liabilities.

At September 30, 2024 and December 31, 2023, cash and cash equivalents are as follows:

| <b>September 30, 2024</b> | <b>December 31, 2023</b>  |
|---------------------------|---|
| 899,687,518               | 519,277,552   |
| 421,393,135               | 82,610,379  |
| 478,294,383               | 436,667,173   |
| 304,393,100               | 295,063,039   |
| 26,174,149                | 47,392,976  |
| 93,048,957                | 57,387,012  |
| 54,401                    | 87,065  |
| 54,623,776                | 36,737,081  |
| 125,675                   | 81,356  |
| 94,713                    |   |
| 899,907,906               | 519,358,908   |
|                           | 899,687,518  421,393,135  478,294,383  304,393,100  26,174,149  93,048,957  54,401  54,623,776  125,675  94,713 |

# 7. Shareholders' equity

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

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

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

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

On November 14, 2019, the Central Depository S.A. registered the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by NPG CO. Transelectrica SA, from the account of the Romanian State through the Ministry of Economy to the account of the Romanian State represented by the Government through the General Secretariat of the Government, as a result of the implementation of the provisions of Government Emergency Ordinance no. 68/06.11.2019 on establishing certain measures at the level of central public administration and amending and supplementing certain normative acts.

At September 30, 2024, the shareholders of NPG CO. Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds 43,020,309 shares (58.69%), the privately managed pension fund NN with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders Legal Entities with 16,512,742 shares (22.52%) and other shareholders Individuals with 5,008,836 shares (6.83%).

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

The shareholder structure at September 30, 2024 and December 31, 2023 is as follows:

|                                   | September        | 30, 2024           | December         | 31, 2023           |
|-----------------------------------|------------------|--------------------|------------------|--------------------|
| Shareholder                       | Number of shares | % of share capital | Number of shares | % of share capital |
| Romanian State through SGG        | 43,020,309       | 58,69%             | 43,020,309       | 58,69%             |
| Other legal entity shareholders   | 16,512,742       | 22,52%             | 16,231,423       | 22,14%             |
| PAVAL HOLDING                     | 4,753,567        | 6,49%              | 4,753,567        | 6,49%              |
| Privately managed pension fund NN | 4,007,688        | 5,47%              | 4,007,688        | 5,47%              |
| Other natural person shareholders | 5,008,836        | 6,83%              | 5,290,155        | 7,21%              |
| Total                             | 73,303,142       | 100,00%,           | 73,303,142       | 100,00%            |

The increase in equity as of September 30, 2024 compared to December 31, 2023 was primarily due to the recognition in retained earnings of net income of 410,413,390 realized as of September 30, 2024.

# 8. Deferred revenues

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

The statement of deferred income as of September 30, 2024 is as follows:

|  | September 30,<br>2024 | Of which:<br>current portion<br>at 30.09.2024 | December 31<br>2023 | Of which:<br>current<br>portion at<br>31.12.2023 |
|--|-----------------------|---|---------------------|--|
| Deferred revenues - allocation of interconnection capacity | 8,868,277             | 8,868,277                                     | 1,054,141           | 1,054,141  |
| Deferred revenue - European funds                          | 1,165,102             | 1,165,102                                     | 839,038             | 839,038  |
| Funds from the connection fee                              | 290,849,554           | 6,869,946                                     | 317,656,961         | 9,061,809  |
| European Funds   | 229,363,006           | 3,549,140                                     | 194,199,509         | 4,198,190  |
| Other subsidies  | 20,778,887            | 1,333,590                                     | 21,471,490          | 984,158  |
| Total  | 551,024,828           | 21,786,056                                    | 535,221,139         | 16,137,336                                       |

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

|  | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Balance at beginning of time interval                | 16,137,336         | 39,362,438        |
| Upfront receipts related to interconnection capacity | 71,023,343         | 214,513,794       |
| Proceeds from EU funds                               | 326,064            | 421,852           |
| Transfer from long-term revenue advances             | (2,491,481)        | (7,414,453)       |
| Revenues from the use of interconnection capacity    | (63,209,206)       | (229,686,295)     |
| Revenue from EU funds                                |                    | (1,060,000)       |
| Total  | 21,786,056         | 16,137,336        |

The development of non-current deferred revenues from January through September 2024 is as follows:

|                                       | <b>September 30, 2024</b> | December 31, 2023 |
|---------------------------------------|---------------------------|-------------------|
| Balance at beginning of time interval | 519,083,803               | 439,025,206       |
| Connection subsidies                  | 25,487,023                | 231,303,420       |
| Non-reimbursable funds                | 38,018,684                | (18,409,505)      |
| Non-reimbursable funds to be repaid   | -                         | -                 |
| Transfer to current deferred revenues | (62,388,289)              | (153,503,985)     |
| Resuming subsidies into revenues      | 9,037,551                 | 20,668,667        |
| Total                                 | 529,238,772               | 519,083,803       |

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# 9. Borrowings

## • Non-current borrowings

As of September 30, 2024, the amount of non-current borrowings decreased from December 31, 2023 primarily due to repayments under existing loan agreements.

Movements in borrowings during the nine months ended September 30, 2024 are as follows:

|                                       | Currency In      | iterest rate | Accounting value | Due date    |
|---------------------------------------|------------------|--------------|------------------|-------------|
| Balance at January 1, 2024            |                  |              | 55,893,387       |             |
| New drawdowns                         |                  |              | -                |             |
| Reimbursements, of which:             |                  |              | (17,971,420)     |             |
| EIB 25709                             | EUR 3,           | 596%         | (11,971,917)     | 10-Sep-2025 |
| EIB 25710                             | EUR 3,           | 856%+2,847%  | (5,999,503)      | 11-Apr-2028 |
| <b>Exchange rate differences at t</b> | he date of reimb | ursement     | (2,508)          | _           |
| Balance at September 30, 2024         | ļ                |              | 37,919,459       |             |

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

| Description  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|--|---------------------------|--------------------------|
| EIB 25709  | 11,978,297                | 23,951,778               |
| EIB 25710  | 25,941,162                | 31,941,609               |
| Total non-current borrowings from credit institutions, of which: | 37,919,459                | 55,893,387               |
| Current portion of non-current borrowings                        | (23,992,032)              | (23,987,209)             |
| Total non-current borrowings net of current installments         | 13,927,427                | 31,906,178               |

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

|                       | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|-----------------------|---------------------------|--------------------------|
| Between 1 and 2 years | 12,970,581                | 12,011,321               |
| Between 2 and 5 years | 956,846                   | 19,894,857               |
| Over 5 years          | <del>-</del> _            |                          |
| Total                 | 13,927,427                | 31,906,178               |

The Company has not hedged any of its foreign currency obligations or interest rate exposures. All long-term loans outstanding at 30.09.2024 bear fixed interest.

# • Current borrowings

| Current borrowings are detailed as follows:    |                           |                          |
|--|---------------------------|--------------------------|
|  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
| Current portion of non-current borrowings      | 23,992,032                | 23,987,209               |
| Current bank credit                            | -                         | -                        |
| Interest on current and non-current borrowings | 487,263                   | 541,008                  |
| Total short-term loans                         | 24,479,295                | 24,528,217               |

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(All amounts are expressed in RON unless otherwise provided))

#### • Borrowings taken for current activity

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

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

On 27.03.2024 Transelectrica concluded the Additional Deed no. 2 to the credit agreement no. C624 concluded with Banca Comercială Română, with the purpose of extending the validity of the agreement by 12 months (from 30.03.2024 to 30.03.2025). The credit line is secured by:

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

As of September 30, 2024, the line of credit is unused.

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

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

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

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

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

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

On 07.03.2024 Transelectrica entered into Additional Deed no. 4 to the credit agreement no. C588 concluded with Banca Transilvania, with the purpose of extending the validity of the credit line to 12 months (use of credit line until 09.03.2025). The credit line is secured by:

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

As of September 30, 2024, the line of credit is unused.

# 10. Trade and other liabilities

At September 30, 2024 and December 31, 2023, trade and other liabilities are as follows:

|                                     | <b>September 30, 2024</b> | December 31, 2023 |
|-------------------------------------|---------------------------|-------------------|
| Suppliers on the electricity market | 1,559,922,217             | 1,340,921,907     |
| Suppliers of assets                 | 139,650,684               | 177,733,800       |
| Suppliers of other activities       | 74,755,599                | 90,164,126        |
| Amounts owed to employees           | 12,311,160                | 11,787,078        |
| Other liabilities                   | 844,825,597               | 636,709,895       |
| Total                               | 2,631,465,257             | 2,257,316,806     |

As of September 30, 2024 and December 31, 2023, the outstanding energy market liabilities of 1,559,922,217 and 1,340,921,907, respectively, have the following structure:

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(All amounts are expressed in RON unless otherwise provided))

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Suppliers on the electricity market, of which:  |                    |                   |
| - suppliers - operational activity  | 809,253,768        | 591,455,744       |
| - suppliers - balancing market  | 727,187,009        | 617,379,222       |
| <ul> <li>suppliers - bonus support scheme for<br/>promoting high-efficiency cogeneration</li> </ul> | 23,481,440         | 132,086,941       |
| Total   | 1,559,922,217      | 1,340,921,907     |

The suppliers on the electricity market are mainly represented by MAVIR, Hidroelectrica SA, OPCOM, IBEX, CIGA Energy SA, Joint Allocation Office, S Complexul energetic Oltenia SA, Electrica Furnizare SA, CINTA Energy SA, Electrocentrale București. At September 30, 2024, their share of total energy suppliers is 87.98%.

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

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

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

As of September 30, 2024, there are payment obligations to suppliers (producers) in the amount of 3,368,966 (CET Govora SA), representing the monthly cogeneration bonus and the ante-supracompensation for 2015. The amounts representing the Company's debts related to the support scheme to CET Govora were withheld for payment based on art. 17 para. 5 of ANRE President's Order no. 116/2013, since the supplier (producer) has payment obligations towards the Company under the bonus support scheme.

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

CET Govora did not agree with this way of settling mutual claims and liabilities, which is why the Company has applied and continues to apply the provisions of Art. 17 para. 5 of ANRE President's Order no. 116/2013 for the approval of the Regulation on establishing the manner of collecting the contribution for high-efficiency cogeneration and payment of the bonus for electricity produced in high-efficiency cogeneration: 'if the producer has not fully paid to the support scheme administrator the payment obligations resulting in accordance with the provisions of this Regulation, the support scheme administrator shall pay to the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations related to the support scheme, with explicit mention on the payment document of the respective amounts' and withheld from the payment the amounts related to the support scheme due.

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

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

Following the suspension in court, by Civil Judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014, which established the amount of overcompensation for the period 2011-2013, CET Govora SA has no longer complied with the obligations assumed by the Agreement. As of May 9, 2016, general insolvency proceedings were opened for CET Govora. In view of the provisions of Law no. 85/2014 - the Insolvency Law, the Company has, as of May 9, 2016, suspended the application of the provisions of Article 17.5 of ANRE President's Order no. 116/2013 for the approval of the Regulation on the establishment of the manner of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and pays the cogeneration bonus due to CET Govora on a monthly basis to CET Govora. By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal lodged by ANRE against Civil Judgment no. 3185/27.11.2015, partially quashed the contested judgment and rejected the request for suspension filed by CET Govora. Thus, as of 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, and are fully effective.

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

The decrease in the "suppliers of assets" balance as of September 30, 2024 compared to December 31, 2023 was due to the payments due.

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

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

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

|  | <b>September 30, 2024</b> | December 31, 2023 |
|--|---------------------------|-------------------|
| Sundry creditors                           | 424,801,880               | 312,041,482       |
| Customers - Creditors                      | 337,324,923               | 246,451,202       |
| Dividends payable                          | 149,402                   | 192,977           |
| Liabilities - Current building leasing     | 8,769,718                 | 8,641,987         |
| Liabilities - Non-current building leasing | -                         | 6,481,491         |
| Other debts                                | 73,779,674                | 62,900,756        |
| Total                                      | 844,825,597               | 636,709,895       |

- "Sundry creditors", amounting to **424,801,880** as of September 30, 2024, represent mainly:
  - net position of the High Efficiency Cogeneration support scheme, debt position, amounting to 407,470,618. The net position of the support scheme is the difference between:
    - the amount of the contribution to be collected from the suppliers of electricity consumers, the amount of overcompensation for high efficiency cogeneration of electricity and heat production, the undue bonus to be collected from producers, according to ANRE decisions, on the one hand, and
    - the amount of the cogeneration bonus, the pre-compensation and the unallocated bonus to be paid to highefficiency cogeneration producers, beneficiaries of the support scheme, on the other hand
  - 13,463,175 solution study contracts for connection to the ETG
  - 1,642,571 royalty due for the third quarter year 2024.
- "Accounts Receivable" as of September 30, 2024, totaled 337,324,923, of which 326,409,518 represent amounts received in advance under transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from OPCOM (172,641,482), IBEX (46,317,940), MAVIR (106,586,972), Bursa Romana de Mărfuri (838,022) and JAO (25,102).
- As of September 30, 2024, dividends due to the Company's shareholders and unpaid amount to **149,402**. These amounts are available to shareholders through the paying agent.
- As at September 30, 2024, the liability for assets related to rights to use assets under leasing buildings, in accordance with IFRS 16 Leases, amounts to 8,769,718, of which:
  - Current liability: 8,769,718
  - Non-current liability: 0.
- "Other liabilities" in the amount of **73,779,674** are mainly represented by guarantees of good payment of electricity market contracts concluded by NPG CO. Transelectrica SA in the amount of 57,340,242, VAT not chargeable during the reporting period in the amount of 16,130,894 and others.

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## **Provisions**

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

|                                  | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|----------------------------------|---------------------------|--------------------------|
| Provisions for disputes          | 23,960,836                | 24,601,016               |
| Provisions for mandate contracts | 33,839,347                | 40,490,875               |
| Other provisions                 | 88,099                    | 114,100                  |
| TOTAL                            | 57,888,282                | 65,205,991               |

The provisions for litigation outstanding at 09/30/2024, amounting to 23,960,836, are mainly represented by the provisions set aside for the following litigation:

- File no. 36755/3/2018 plaintiff Conaid Company SRL (17,216,093) more details on this case are set out in Note 19 Disputes and Contingencies.
- File no. 15561/3/2022 claimant SMART SA (4,467,108) more details on this case are given in Note 19 Disputes and Contingencies.
- File no. 3083/3/202020 complainant NUCLEARELECTRICA SA (1,472,785)

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

After several adjournments of the case (26.06.2020, 16.10.2020, 11.12.2020), for various reasons, at the hearing of 22.12.2020, the Court ordered the Company to pay to the plaintiff the amount of RON 1,290,533.156, as compensatory damages, to pay the amount to be updated with the inflation rate from 27.09.09.2018 and until the date of actual payment, to pay the amount of RON 182,251.94 as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, and to pay further statutory penalty interest calculated from 01.02.2020 until the date of actual payment. It also ordered the defendant to pay the plaintiff the amount of RON 23,441.66 by way of legal costs, consisting of stamp duty. Dismissed the defendant's claim for costs as unfounded. With a right of appeal within 30 days of communication (Decision 2698/2020 22.12.2020).

NPG CO. Transelectrica SA appealed. In the hearing of November 25, 2021, the Bucharest Court of Appeal admits the appeal. Partially alters the appealed civil judgment, in the sense that: Dismisses the claim as unfounded. Upholds the judgment of the first instance dismissing as unfounded the defendant's claim for costs. Orders the respondent-claimant to pay to the appellant-defendant the sum of EUR 20 591,66 by way of costs of the appeal. With appeal within 30 days from the date of communication, the appeal application to be filed at the Bucharest Court of Appeal - Section VI Civil.

Delivered by delivery of the judgment to the parties by the clerk of the court, today, November 25, 2021. Document: Judgment 1927/2021 25.11.2021.

Nuclearelectrica filed an appeal, which was stayed pending the resolution of the action for annulment of the order. Hearing 12.10.2022.

Pursuant to Article 413 para. (1) p. 1 C.civ. proc., suspends the hearing of the appeal lodged by the appellant-claimant SOCIETATEA NAŢIONALĂ NUCLEARELECTRICA S.A. against civil decision no. 1927/A/25.11.2021, rendered by the Bucharest Court of Appeal - Section VI Civil, until the final resolution of file No. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Tax Litigation Section. Definitive.

## "Provisions for agency contracts" in the amount of 33,839,347, as of September 30, 2024, represent:

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

<sup>&</sup>quot;Other provisions" amounting to 88,099 represent unused holiday leave.

# 11. Other taxes and social insurance obligations

At September 30, 2024 and December 31, 2023, other taxes and social security liabilities include:

|                                       | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------|---------------------------|--------------------------|
| Contribution to social security funds | 11,277,456                | 14,531,541               |
| Salary tax                            | 2,035,937                 | 2,615,461                |
| Other taxes payable                   | 1,077,089                 | 1,360,733                |
| Total                                 | 14,390,482                | 18,507,735               |

As of September 30, 2024, the Company has accrued liabilities for social security contributions, salary and other taxes, which were due and payable in October 2024.

#### 12. Income tax

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

The income tax expense for the third quarter of 2024 and the third quarter of 2023, as well as the income tax expense as of September 30, 2024 and September 30, 2023, are presented as follows:

| Q3 2024    | Q3 2023                 | <b>September 30, 2024</b>                      | <b>September 30, 2023</b>  |
|------------|-------------------------|--|--|
| 18,566,608 | 12,413,495              | 35,765,813                                     | 36,461,222   |
| (707,795)  | (2,613,297)             | 1,824,722                                      | (8,993,858)  |
| 17,858,813 | 9,800,198               | 37,590,535                                     | 27,467,364   |
|            | 18,566,608<br>(707,795) | 18,566,608 12,413,495<br>(707,795) (2,613,297) | 18,566,608     12,413,495     35,765,813       (707,795)     (2,613,297)     1,824,722 |

# 13. Operating revenues

# Period July 01, 2024 - September 30, 2024 compared to July 01, 2023 - September 30, 2023

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

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

|  | Average tariff for transmission service | Tariff for the system service |
|--|---|-------------------------------|
| Order No 57/28.08.2024<br>for the period September 01 - September 30, 2024 |   | 11.51*)                       |
| Order No 15/29.05.2024<br>for the period July 01 - August 31, 2024         | -                                       | 12.84                         |
| Order No 109/20.12.2023 for the period July 01 - September 30, 2024        | 31.67**)                                | -                             |
| Order no. 67/25.05.2023 for the period July 01 - September 30, 2023        | -                                       | 6.64                          |
| Order no. 28/29.03.2023 for the period July 01 - September 30, 2023        | 31.20                                   | -                             |

<sup>\*)</sup> The change in the value of the tariff for the system service was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that entered into force on June 01, 2024, in accordance with the provisions of the regulatory framework issued by ANRE;

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

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

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

|  | Q3 2024    | Q3 2023    |
|--|------------|------------|
| Quantity of electricity delivered to consumers (MWh) | 12,918,585 | 12,470,293 |

The operating revenues realized in the third quarter of 2024 and the third quarter of 2023 are presented as follows:

|   | Q3 2024       | Q3 2023       |
|---|---------------|---------------|
| Revenues from transmission services                       | 399,497,129   | 389,754,574   |
| Revenues from the allocation of interconnection capacity  | 86,629,029    | 73,630,602    |
| Reactive energy revenues                                  | 269,186       | 383,921       |
| Revenues from Inter TSO Compensation (ITC)                | 11,145,525    | 7,524,394     |
| OTC transaction income                                    | 10,657,732    | 8,552,347     |
| Revenues from transmission services - total               | 508,198,601   | 479,845,838   |
| Revenues from system services                             | 161,593,753   | 83,407,666    |
| Revenues from emergency aid                               | 896,748       | 15,742,087    |
| Revenues from system services - total                     | 162,490,501   | 99,149,753    |
| Balancing market revenues                                 | 783,775,552   | 514,432,117   |
| Revenues from other benefits and other operating revenues | 5,485,824     | 12,409,832    |
| Revenue from capitalisation of OTC                        | 25,421,144    | 2,727,619     |
| Other revenue - total                                     | 30,906,968    | 15,137,451    |
| Total revenue   | 1,485,371,622 | 1,108,565,159 |

## Revenues from transmission services

Revenues from the transmission service recorded an increase in the third quarter of 2024 compared to the third quarter of 2023 in the amount of 9,742,555, determined both by the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 3.59%, i.e. by 448,292 MWh.

## Revenues from the allocation of interconnection capacity

Revenues from interconnection capacity allocation showed an increase in Q3 2024 as compared to Q3 2023 in the amount of 12,998,427, corresponding to the level of utilization of available interconnection capacity by the electricity market traders.

The market for the allocation of interconnection capacity is volatile, with prices fluctuating according to demand and the need of electricity market participants to purchase interconnection capacity. The implicit allocations, where capacity and energy are simultaneously provided, are strongly influenced by changes in the price of electricity on the exchanges in Europe.

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

# Revenues from Inter TSO Compensation (ITC)

The revenues recorded from the application of the ITC mechanism come mostly from scheduled exchanges of electricity with countries considered perimeter countries of the mechanism, namely Ukraine and the Republic of Moldova. As of July 01, 2024, Ukraine joined the ITC mechanism and will no longer be considered perimeter country. As a consequence, the exchanges taken into account will be only those with the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, income can also be recorded from monthly settlements.

Thus, in the third quarter of 2024, the revenues recorded following the application of the ITC mechanism recorded an increase of 3,621,131 compared to the third quarter of 2023, mainly due to:

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

# Revenues from OTC transactions

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

These revenues were higher in Q3 2024 compared to Q3 2023 by 2,105,385.

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

The revenues obtained from the transactions on the Balancing Market were higher than those realized in the same period of the previous year, given the very high prices recorded on the Balancing Market, as well as the fact that the imbalances recorded for OTC were in the opposite direction to those of the system, which led to the purchase of energy at a negative price, which constitutes revenue for the Company.

## Revenues from system services

Revenues from system services recorded an increase in the third quarter of 2024 compared to the third quarter of 2023 by the amount of 78,186,087, determined both by the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 3.59%, i.e. by 448,292 MWh.

#### Revenues from emergency aid

In the third quarter of 2024, 896,748 in emergency aid was granted. The emergency aid was granted to Ukraine, against the background of damage to the energy infrastructure in that country as a result of armed conflicts.

# Revenue on the balancing market

Revenues realized on the balancing market increased in Q3 2024 compared to Q3 2023 by 269,343,435, mainly due to the following:

- The accelerated increase in installed capacity at prosumers, from about 420 MW at the beginning of 2023 to about 1,500 MW in 2024, which, in terms of system impact, corresponds to a reduction in consumption;
- Lack of control/monitoring at the level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers beneficiaries of green certificates, based on the provisions of Law no. 220/2008);
- a sharp increase in supply prices in the balancing market (positive upwards and negative downwards respectively), with an impact
  on the marginal prices recorded in particular for energy activated for secondary balancing, and for energy activated on the tertiary
  market, which falls rapidly in situations of strong excess production;
- in the conditions of a predominantly surplus system, a high volume of selections at the balancing market is recorded at the level of the balancing market, respectively significant negative prices in the Balancing Market, which determines, on the one hand, important revenues for the generators that offered negative prices at the power reduction, respectively considerable costs for the PREs that recorded positive imbalances;
- the evolution of contractual imbalances registered at the level of electricity suppliers on the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption.

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

Revenue from capitalisation of Own Technological Consumption (OTC)

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

Accordingly, in the third quarter of 2024, the Company recorded OTC capitalization income in the amount of 25,421,144, representing additional OTC calculated as the difference between the net OTC acquisition cost and the OTC cost included in the regulatory tariff, for the period July 1 through September 30, 2024.

# Period January 01, 2024 - September 30, 2024 compared to January 01, 2023 - September 30, 2023

The tariffs approved by ANRE for the services provided on the electricity market, during the analyzed periods, are as follows:

|  | Average tariff for transmission service | Tariff for system service |
|--|---|---------------------------|
| Order No 57/28.08.2024<br>for the period September 01 - September 30, 2024 | -                                       | 11.51*)                   |
| Order No 15/29.05.2024<br>for the period June 01 - August 31, 2024         |   | 12.84                     |
| Order No 116/20.12.2023<br>for the period January 01 - May 31, 2024        | -                                       | 9.17                      |
| Order No 109/20.12.2023 for the period January 01 - September 30, 2024     | 31.67**)                                | -                         |
| Order no. 67/25.05.2023 for the period June 01 - September 30, 2023        | -                                       | 6.64                      |
| Order No 144/21.12.2022<br>for the period January 01 - May 31, 2023        | -                                       | 7.73                      |
| Order no. 28/29.03.2023<br>for the period April 01 - September 30, 2023    | 31.20                                   | -                         |
| Order no. 33/23.03.2022<br>for the period January 01 - March 31, 2023      | 28.10                                   |                           |

<sup>\*)</sup> The change in the value of the tariff for the system service was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that entered into force on June 01, 2024, in accordance with the provisions of the regulatory framework issued by ANRE;

The quantity of electricity delivered to consumers from January 1, 2024 to September 30, 2024 and from January 1, 2023 to September 30, 2023, respectively, is as follows:

|  | January 01 -              | January 01 -              |
|--|---------------------------|---------------------------|
|  | <b>September 30, 2024</b> | <b>September 30, 2023</b> |
| Quantity of electricity delivered to consumers (MWh) | 38,320,926                | 37,441,512                |

The operating revenues realized from January 01, 2024 to September 30, 2024 and from January 01, 2023 to September 30, 2023, respectively, are presented as follows:

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

(All amounts are expressed in RON unless otherwise provided))

|   | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
|---|------------------------------------|------------------------------------|
| Revenues from transmission services                       | 1,200,385,645                      | 1,137,261,930                      |
| Revenues from the allocation of interconnection capacity  | 188,529,365                        | 254,549,436                        |
| Reactive energy revenues                                  | 1,027,198                          | 7,625,600                          |
| Revenues from Inter TSO Compensation (ITC)                | 22,777,079                         | 9,507,217                          |
| OTC transaction revenues                                  | 80,757,355                         | 29,958,425                         |
| Revenues from transmission services - total               | 1,493,476,642                      | 1,438,902,608                      |
| Revenues from system services                             | 412,986,891                        | 272,604,969                        |
| Revenues from emergency aid                               | 61,198,501                         | 19,295,569                         |
| Revenues from system services - total                     | 474,185,392                        | 291,900,538                        |
| Balancing market revenues                                 | 4,012,864,936                      | 1,532,048,147                      |
| Revenues from other benefits and other operating revenues | 140,746,610                        | 42,726,251                         |
| OTC capitalization revenues                               | 49,287,300                         | 2,727,619                          |
| Other revenue - total                                     | 190,033,910                        | 45,453,870                         |
| Total revenue   | 6,170,560,880                      | 3,308,305,163                      |

#### Revenues from transmission services

Revenues from the transmission service recorded an increase in the period January - September 2024 compared to the period January - September 2023 by the amount of 63,123,715, determined both by the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 2.35%, i.e. by 879,414 MWh.

# Revenues from the allocation of interconnection capacity

Interconnection capacity allocation revenues decreased in the period January - September 2024 compared to the period January - September 2023 in the amount of 66,020,071, corresponding to the level of utilization of available interconnection capacity by electricity market traders.

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

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

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

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

As of November 2019, the 2nd wave of the European Single Intraday Market Coupling (SIDC - Single Intraday Coupling) has been launched. The single intraday market coupling mechanism ensures that bids and offers from market participants in a bidding area are continuously matched with bids and offers from within their own bidding area and from any other bidding area where cross-border capacity is available. Thus, explicit intra-domestic auctions are only on the border with Serbia, while on the borders with Bulgaria and Hungary they are implicit (within the ITES).

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(All amounts are expressed in RON unless otherwise provided))

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

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

## Revenues from Inter TSO Compensation (ITC)

The revenues recorded from the application of the ITC mechanism come mostly from scheduled exchanges of electricity with countries considered perimeter countries of the mechanism, namely Ukraine and the Republic of Moldova. As of July 01, 2024, Ukraine joined the ITC mechanism and will no longer be considered perimeter country. As a consequence, the exchanges taken into account will be only those with the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, income can also be recorded from monthly settlements.

For the first semester of 2024, the tariff applied to exchanges with perimeter countries was 2.8 EUR/MWh. As of July 1, 2024, since Ukraine's entry into the mechanism, the tariff decreased to 2.5 EUR/MWh, being applied only to exchanges on the border with the Republic of Moldova, which led to a reduction in the quantities and amounts invoiced respectively.

Thus, for the period January through September 2024, the revenues recorded from the application of the ITC Facility were 13,269,862 higher than those recorded for the same period in 2023. This increase is mainly due to:

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

## Revenues from OTC transaction

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

These revenues were higher in the January through September 2024 period compared to the January through September 2023 period by 50,798,930.

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

Revenues from transactions on the Balancing Market were significantly higher than those realized in the same period of the previous year, given the very high prices recorded on the Balancing Market, as well as the fact that the imbalances recorded for OTC were in the opposite direction to the system, which led to the purchase of energy at a negative price. This trend has been more pronounced in the first half of the year, but since July 2024 there has been a decline in revenues.

## Revenues from system services

Revenues from system services recorded an increase in the period January - September 2024 compared to the period January - September 2023 by the amount of 140,381,922, determined both by the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period analyzed, presented above), and by the increase in the quantity of electricity delivered to consumers by 2.35%, i.e. by 879,414 MWh.

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

## Revenues from emergency aid

Between January and September 2024, emergency aid totaling 61,198,501 was granted to Ukraine, as a result of damage to its energy infrastructure as a result of armed conflicts, and to Serbia, as a result of accidental shutdowns of groups in that country.

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(All amounts are expressed in RON unless otherwise provided))

Revenue on the balancing market

Revenues realized in the balancing market increased significantly from January through September 2024 compared to January through September 2023, in the amount of 2,480,816,789 (approx. 162%), mainly driven by the following:

- The accelerated increase in installed capacity at prosumers, from about 420 MW at the beginning of 2023 to about 1,500 MW in 2024, which, in terms of system impact, corresponds to a reduction in consumption;
- Lack of control/monitoring at the level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers beneficiaries of green certificates, based on the provisions of Law no. 220/2008);
- a sharp increase in supply prices on the balancing market (positive upwards and negative downwards respectively), with an impact on the marginal prices recorded in particular for energy activated for secondary balancing, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in the conditions of a predominantly surplus system, a high volume of selections at the balancing market is recorded at the level of the balancing market, respectively significant negative prices in the Balancing Market, which determines, on the one hand, important revenues for the generators that offered negative prices at the power reduction, respectively considerable costs for the PREs that recorded positive imbalances;
- the evolution of contractual imbalances registered at the level of electricity suppliers on the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption.

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

Revenue from capitalization of own technological consumption (OTC)

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

Accordingly, as of September 30, 2024, the Company recorded OTC capitalization income of 49,287,300, representing additional OTC calculated as the difference between the net OTC acquisition cost and the OTC cost included in the regulatory tariff, for the period January 1 through September 30, 2024.

Revenue from other benefits and other operating revenues

Revenues from other services and other operating income increased in the period January - September 2024 compared to the period January - September 2023 by 98,020,359, mainly due to the recording of income from indemnities, fines and penalties as a result of the legal recovery, according to the Civil Judgment no. 6169/2023, rendered on December 20, 2023, by the ICCJ - Administrative and Tax Litigation Section and communicated to the Company on May 15, 2024, of amounts (additional payment obligations established by Tax Assessment Decision no. F-MC 439/30.06.2017) executed in 2017 by ANAF, based on the enforceable title no. 13540/22.08.2017.

## 14. System operation and balancing market expenses

## Period July 01, 2024 - September 30, 2024 compared to July 01, 2023 - September 30, 2023

The expenses realized in the third quarter of 2024 compared to the third quarter of 2023 are presented as follows:

|   | Third quarter 2024 | Third quarter 2023 |
|---|--------------------|--------------------|
| Expenses on own technological consumption           | 138,518,672        | 116,211,576        |
| Expenses on electricity consumption in ETG stations | 8,621,899          | 2,654,477          |
| Expenses with Inter TSO Compensation (ITC)          | 6,093,333          | 43,633,461         |
| Total operational expenses                          | 153,233,904        | 162,499,514        |
| Expenses on system services                         | 105,070,688        | 131,914,004        |
| Balancing market expenses                           | 782,620,157        | 514,662,899        |
| Total   | 1,040,924,749      | 809,076,417        |

### Expenses on Own Technological Consumption

These represent expenses for the purchase of electricity from the free energy market to cover own technological consumption in the transmission grid and were higher in Q3 2024 than in Q3 2023 by 22,307,096, taking into account a number of aspects, as follows:

- Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity production and consumption at national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighboring power systems, its value being very little to not controllable in an interconnected and coupled regional energy market;
- following the provisions of GEO no. 153/2022, amending and supplementing GEO no. 27/2022, NPG CO. Transelectrica SA purchased electricity to cover 75% of the quantity of the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE). For 50% of the validated needs, the energy was purchased through annual allocation, at a regulated purchase price of 450 lei/MWh. For the remaining energy requirements, monthly allocations were made at the price of 450 lei/MWh and 400 lei/MWh respectively (from April 01, 2024);
- as of 01.04.2024, the mechanism of centralized electricity purchase MACEE was amended by GEO no. 32/2024, in the following sense:
  - reducing the regulated purchase price to 400 lei/MWh;
  - removing the obligation for producers to participate in the mechanism;
  - changing the period of application of the mechanism from 31.03.2025 to 31.12.2024;
  - allowing other producers with production capacities below 10MW to participate in the scheme.
- The changes introduced by GEO 32/2024 led to a gradual exit from the support scheme and a return to competitive market mechanisms. As a result, starting with the monthly allocations for the month of August, the amount allocated to cover OTC through MACEE was almost zero. The required energy was purchased through bilateral contracts (at an average price of 550 lei/MWh) and from DAM;
- The accelerated increase in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1,500 MW at the beginning of 2024), together with the increasing share of wind and solar, led to a decrease in energy prices in short-term markets. As a result, the average price of energy purchased from the DAM in the period from July to September 2024 was lower than the price in the similar period of 2023;
- The price of DAM is highly dependent on weather conditions (drought, rainfall, extreme events) and European market prices. The Day-ahead market is an unpredictable market with a high degree of volatility, with prices increasing by as much as 30-40% in a week;
- As of July 01, 2024, a number of amendments to the Regulation on Terms and Conditions for Balancing Parties, in line with the requirements of the European Codes, came into force, which led to very high prices in the Balancing Market. These prices have a high degree of volatility and uncertainty and can vary widely.

# Expenses on electricity consumption in ETG stations

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

These expenditures increased by 5,967,422 in Q3 2024 compared to Q3 2023.

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## Expenses with Inter TSO Compensation (ITC)

ITC expenses are the monthly payment obligations/collection fees for each transmission system operator (TSO). They are determined under the mechanism of compensation/dispensation of the effects of the use of the transmission electricity network (ETG) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In the third quarter of 2024, these expenses were lower by 37,540,128 compared to the same period of the previous year.

## Expenses on system services

System services expense decreased in the third quarter 2024 compared to the third quarter 2023 in the amount of 26,843,316.

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

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

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

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

- ✓ at a maximum price of 82.30lei/hMW for the secondary regulating reserve / frequency restoration reserve with automatic increase activation and automatic decrease activation:
- ✓ at a maximum price of 37.94lei/hMW for the fast tertiary regulation reserve on boost / frequency restoration reserve with manual activation on boost;
- ✓ at a maximum price of 16.38lei/hMW for the fast tertiary dimming reserve at discount / frequency restoration reserve with manual activation at discount.

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

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

## Balancing market expenses

The balancing market expenses realized in Q3 2024 of 782,620,157 were 267,957,258 higher than in Q3 2023. These expenses result from participant notifications/realizations in this market.

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

## Period January 01, 2024 - September 30, 2024 compared to January 01, 2023 - September 30, 2023

The expenses realized in the period January 01, 2024 - September 30, 2024 compared to the period January 01, 2023 - September 30, 2023 are presented as follows:

|   | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
|---|------------------------------------|------------------------------------|
| Expenses on own technological consumption           | 434,599,714                        | 377,416,146                        |
| Congestion expenses                                 | 107,222                            | 88,286                             |
| Expenses on electricity consumption in ETG stations | 34,189,630                         | 28,110,959                         |
| OTC expenses transit RED (cf. ANRE decision)        | 12,840,055                         | -                                  |
| Expenses with Inter TSO Compensation (ITC)          | 26,698,092                         | 63,954,441                         |
| Total operational expenses                          | 508,434,713                        | 469,569,832                        |
| Expenses on system services                         | 406,027,734                        | 362,648,636                        |
| Balancing market expenses                           | 4,011,905,718                      | 1,531,819,945                      |
| Total   | 4,926,368,165                      | 2,364,038,413                      |

## Expenses on own technological consumption

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

Technology Own Consumption expenditures were higher by 57,183,568 in January through September 2024 compared to January through September 2023, due to a number of factors, as follows:

- Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity production and consumption at national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighboring power systems, its value being very little to not controllable in an interconnected and coupled regional energy market;
- Following the provisions of GEO no. 153/2022, amending and supplementing GEO no. 27/2022, NPG CO. Transelectrica SA purchased electricity to cover 75% of the quantity of the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE). For 50% of the validated needs, the energy was purchased through annual allocation, at a regulated purchase price of 450 lei/MWh. For the remaining energy requirements, monthly allocations were made at the price of 450 lei/MWh respectively (from April 01, 2024);
- as of 01.04.2024, the mechanism of centralized electricity purchase MACEE was amended by GEO no. 32/2024, in the following sense:
  - reducing the regulated purchase price to 400 lei/MWh;
  - removing the obligation for producers to participate in the mechanism;
  - changing the period of application of the mechanism from 31.03.2025 to 31.12.2024;
  - allowing other producers with production capacities below 10MW to participate in the scheme.
- The changes introduced by GEO 32/2024 led to a gradual exit from the support scheme and a return to competitive market mechanisms. As a result, starting with the monthly allocations for the month of August, the amount allocated to cover OTC through MACEE was almost zero. The required energy was purchased through bilateral contracts (at an average price of 550 lei/MWh) and from DAM;
- The accelerated increase in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1,500 MW at the beginning of 2024), together with the increasing share of wind and solar, led to a decrease in energy prices in short-term markets. Thus, the average price of energy purchased from the DAM in January-September 2024 was lower than the price in the similar period of 2023;
- The price of DAM is highly dependent on weather conditions (drought, rainfall, extreme events) and European market prices. The Day-ahead market is an unpredictable market with a high degree of volatility, with prices increasing by as much as 30-40% in a week:
- As of July 01, 2024, a number of amendments to the Regulation on Terms and Conditions for Balancing Parties, in line with the requirements of the European Codes, came into force, which led to very high prices in the Balancing Market. These prices have a high degree of volatility and uncertainty and can vary widely. As a result, the costs resulting from covering the energy shortfall in this market were higher compared to the same period in 2023.

## Congestion expenses

During the period January through September 2024, congestion totaled 107,222. Due to the simultaneous unavailability of the 400 kV Bradu - Braşov and 400 kV Ţânţăreni - Sibiu Sud power lines, which are located in the south - north direction of the NES, a very

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high transit of electricity through Romania from the south - east part of Europe to the center - north part of Europe, as a result of transactions on the European electricity market, high production in wind power plants and scorching temperatures, it was necessary to select units in the southern part of Romania (Oltenia and Dobrogea areas) for power reduction in order to manage network congestion. The 400 kV Bradu - Braşov line was taken out of service to remove a tree fallen on the line, cut by unknown persons. The 400 kV line Ţânţăreni - Sibiu Sud was put back into operation after the completion of the line inspection.

Expenses on electricity consumption in ETG stations

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

These expenditures increased by 6,078,671 in January through September 2024 compared to January through September 2023.

OTC expenses transit RED (acc. to ANRE decision)

In the period January - September 2024, OTC expenses related to additional transits of electricity from the networks of concessionary distribution operators at the voltage level of 110 kV (for the quota assigned to the OTS) were recorded in the amount of 12,840,055. By ANRE Decisions no. 2642/14.11.2023 and no. 2643/14.11.2023, the forecast OTC quantities and the corresponding costs for additional transits of electricity from the 110 kV electricity grids for 2024 were approved for Distribuție Energie Oltenia S.A. and E-Distribuție Dobrogea S.A.

Expenses with Inter TSO Compensation (ITC)

ITC expenses represent the monthly payment obligations/collection fees for each transmission system operator (TSO). They are established under the mechanism of compensation/dispensation of the effects of the use of the transmission electricity network (ETG) for electricity transits between TSOs of the countries that have joined this mechanism under ENTSO-E. In the period January - September 2024, these expenses were lower by 37,256,349 compared to the same period of the previous year.

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

Expenses on system services

System services expenditures increased from January through September 2024 compared to January through September 2023 in the amount of 43,379,098.

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

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

In the period January - September 2024, the contracting of system services in the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by the Society for the Production of Electricity in Hydropower Plants "Hidroelectrica" SA.

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

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

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

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

On the balancing capacity market, in line with the balancing market trend for the first 9 months of 2024, the following were found:

- a steep increase in the purchase price of fast tertiary reserve power curtailment. Thus, there were increases in the reserve purchase price from 9.82 lei/hMW to values up to 250 lei/hMW;
- The same trend was observed for the secondary reserve between January and June 2024;
- in the period June August 2024, the purchase prices of balancing capacities RRFa, RRFm, for increasing and reducing power, were maintained at the level of the prices regulated by the provisions of Article II of ANRE Order no. 18/30.05.2024, with prices below the maximum limit imposed by the authority;
- in September 2024, with the elimination of the capped prices, in accordance with the provisions of Article II of ANRE Order no. 18/30.05.2024, there was an upward trend in the purchase price for RRFa at increasing and reducing power and RRfm at reducing power.

### Balancing market expenses

The balancing market expenses realized in the period January - September 2024 showed an increase of 161.90% compared to the similar period of 2023, i.e. by the amount of 2,480,085,773. These expenses result from the notifications/realizations of the participants on this market and are significantly influenced by the evolution of electricity production and consumption at national level, the European context of the evolution of the electricity market and the way of realization of contracting on the markets prior to the balancing market.

| 5. Amortization   |                                |                                   |
|---|--------------------------------|-----------------------------------|
|   | Third quarter 2024             | Third quarter 2023                |
| Amortization of tangible and intangible assets  | 70,872,829                     | 66,057,038                        |
| Amortization of intangible assets - additional OTC  | 18,806,410                     | 16,926,334                        |
| Amortization of assets related to rights of use of leased assets  | 1,988,060                      | 1,988,059                         |
| Total   | 91,667,299                     | 84,971,431                        |
|   |                                |                                   |
|   | January 01 -                   | January 01 -                      |
| Amortization and depreciation of tangible and intangible assets   | <b>September 30, 2024</b>      | <b>September 30, 2023</b>         |
| Amortization and depreciation of tangible and intangible assets  Amortization of intangible assets - additional OTC | •                              | •                                 |
|   | September 30, 2024 202,944,928 | September 30, 2023<br>195,304,241 |

Amortisation of tangible and intangible assets in the amount of 202,944,928 represents the depreciation recorded from January to September 2024, calculated at the revalued amount of the assets as of December 31, 2023, correlated with the commissioning of the capital works and the acceptance of the assets.

Expenses with amortization of intangible assets - additional OTC in the amount of 54,401,071 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 for amending and supplementing GEO no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period from April 1, 2022 to March 31, 2023, as well as for amending and supplementing some normative acts in the energy sector.

According to Article III of GEO no. 119/2022 approved by Law no. 357/13.12.2022 with subsequent amendments and additions, for licensed economic operators, providers of electricity transmission services, the additional costs of electricity purchase incurred in the period from 1 January 2022 to 31 March 2025, in order to cover their own technological consumption, compared to the costs

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included in the regulated tariffs, are capitalized quarterly, and the assets resulting from capitalization are depreciated over a period of 5 years from the date of capitalization.

Amortization expense of intangible assets recognized under IFRS 16 in the amount of 5,964,179 (the Company partially operates in leased office premises). In accordance with IFRS 16 - Leases, the right to use the premises leased by the Company in the Platinium office building at 2-4 Olteni Street, Platinium Platinium, is recognized as an asset measured at the level of the rent payable until the end of the lease contract. The asset recognized in accordance with IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "depreciation and amortization of tangible and intangible assets".

## 16. Personnel expenses

| •  | Third quarter 2024                 | Third quarter 2023                 |
|--|------------------------------------|------------------------------------|
| Expenses on personnel salaries   | 82,680,431                         | 70,035,083                         |
| Social expenses  | 6,235,972                          | 4,996,881                          |
| Expenses on vouchers granted to employees                                  | 3,899,200                          | 4,464,335                          |
| Expenses related to the service contract and other committees, commissions | 1,253,283                          | 1,037,046                          |
| Social security and social protection expenses                             | 6,813,852                          | 5,014,759                          |
| Provisions set aside for salary and similar costs                          | (2,717,644)                        | (1,008,982)                        |
| Other expenses   | (8,032)                            | 7,495                              |
| Total  | 98,157,062                         | 84,546,617                         |
|  | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
| Expenses on personnel salaries   | 245,514,249                        | 204,711,585                        |
| Social expenses  | 11,148,920                         | 9,206,951                          |
| Expenses on vouchers granted to employees                                  | 12,346,080                         | 15,122,015                         |
| Expenses related to the service contract and other committees,             |                                    |                                    |
| commissions  | 3,615,691                          | 3,316,046                          |
| Social security and social protection expenses                             | 19,710,698                         | 15,341,772                         |
| Provisions set aside for salary and similar costs                          | (6,677,530)                        | (5,160,015)                        |
| Other expenses   | (7,944)                            | 19,267                             |
| Total  | 285,650,164                        | 242,557,621                        |

Total personnel expenses realized in the third quarter and January through September 2024 show an increase compared to the same period of the prior year, primarily driven by increases in expense items such as: staff salary expenses, social expenses, expenses related to the Directors' contract and other committees and commissions, insurance and social protection expenses, as well as the reversal to income of part of the provisions set aside for dismissed executive and non-executive directors, representing the variable component relating to the packages of OAVTs allocated and not valorized during the terms of office executed in the period 2013-2017 and compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with the payments made on the basis of enforceable court judgments received by the Company.

# 17. Other operating expenses

|   | Third quarter 2024 | Third quarter 2023 |
|---|--------------------|--------------------|
| Other expenses on services performed by third parties   | 33,524,879         | 29,353,801         |
| Postage and telecommunication expenses  | 254,398            | 186,870            |
| Expenses on royalties and rents   | 1,738,346          | 1,682,616          |
| (Net) operational expenses on impairment allowances for current assets                                  | (1,747,999)        | 554,353            |
| Other expenses, of which:   | 21,895,238         | 13,989,874         |
| - losses on sundry receivables and debtors<br>- expenses (net of provisions for other operating charges | 8,280<br>(672,816) | 9,724<br>(7,958)   |

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(All amounts are expressed in RON unless otherwise provided))

| -   | Third quarter 2024 | Third quarter 2023 |
|---|--------------------|--------------------|
| - compensation expenses under mandate contracts/ OAVTs acc.to court decision                        | 3,298,660          | 984,740            |
| - expenses on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes) | 8,908,966          | 4,760,942          |
| - expenses on goods   | 5,938,281          | 497,199            |
| - expenses on energy purchased for administrative consumption                                       | 1,753,703          | 1,169,130          |
| - other operating expenses  | 2,660,164          | 6,576,097          |
| Total   | 55,664,862         | 45,767,514         |

In the third quarter of 2024, these expenses increased in the amount of 9,897,348 compared to the third quarter of 2023, mainly due to the change in certain expense items such as:

- increase of some expenditure items, namely: expenditure on civil protection and security, expenditure on the implementation of pan-European codes, Teletrans maintenance, staff training, goods, purchased energy for administrative consumption, taxes, duties and similar payments (recording of expenses with the monitoring fee according to AMEPIP Order no. 277/2024);
- the recording of expenses related to the OAVTs paid on the basis of enforceable court judgments (performance bonus related to the OAVT Certificates granted to former executive and non-executive and non-revoked members, remuneration under the mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members who were dismissed, representing compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024;
- recording of adjustments for the impairment of receivables (ADERRO GP ENERGY SRL, etc.), adjustments for the impairment of inventories, as well as the reversal to income of provisions for litigation (ELM ELECTROMONTAJ CLUJ SA, ENERGOBIT SA), respectively adjustments for the impairment of inventories, etc.

| -<br>-   | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
|--|------------------------------------|------------------------------------|
| Other expenses on services performed by third parties                        | 96,097,031                         | 80,827,877                         |
| Postage and telecommunication expenses                                       | 713,022                            | 606,698                            |
| Expenses on royalties and rents  | 5,180,275                          | 4,867,174                          |
| (Net) operating expenses related to impairment adjustments on current assets | (1,399,046)                        | (350,854)                          |
| Other expenses, of which:  | 73,416,834                         | 54,646,076                         |
| - losses on sundry receivables and debtors                                   | 2,926,236                          | 12,911                             |
| - expenses (net of provisions for other operating charges                    | (969,179)                          | (25,485)                           |
| - compensation expenses under mandate contracts/ OAVTs acc. to               |                                    |                                    |
| court decision   | 6,535,008                          | 5,044,882                          |
| - expenses on taxes, duties and similar charges (ANRE tax, natural           | 17,454,370                         | 19,419,641                         |
| monopoly tax, other local taxes)   | 14.216.500                         | 2 222 167                          |
| - expenses on goods  | 14,216,599                         | 3,333,167                          |
| - expenses on international dues   | 5,680,784                          | 5,247,257                          |
| - travel expenses  | 5,258,957                          | 4,347,452                          |
| - expenses on energy purchased for administrative consumption                | 5,078,047                          | 2,344,713                          |
| - sponsorship expenses   |                                    |                                    |
|  | 4,914,300                          | 2,439,400                          |
| - other operating expenses   | 12,321,712                         | 12,482,138                         |
| Total  | 174,008,116                        | 140,596,971                        |

For the period January through September 2024, these expenditures increased in the amount of 33,411,145 compared to the period January through September 2023, primarily due to variances in certain expense items such as:

- the increase of some expenditure items, namely: civil protection and security costs, costs related to the implementation of pan-European codes, Teletrans maintenance costs, staff training costs, costs related to goods, costs related to energy purchased for administrative consumption etc.;
- the reduction of certain items of expenditure, such as: expenditure on taxes, duties and similar charges, other non-deductible operating expenses etc.;

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- the recording of expenses related to the OAVTs paid on the basis of enforceable court judgments (performance bonus related to the OAVT Certificates granted to former executive and non-executive and non-revoked members, remuneration under the mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members who were dismissed, representing compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024;
- recording of adjustments for the impairment of receivables (ROMELECTRO SA, OPCOM SA, ADERRO GP ENERGY SRL, etc.), adjustments for the impairment of inventories, as well as the reversal to income of adjustments for the impairment of current assets (ROMELECTRO SA, CET GOVORA SA etc.), provisions for litigation (ELM ELECTROMONTAJ CLUJ SA, ENERGOBIT SA) and adjustments for the impairment of inventories etc.

## 18. Net financial result

| 10. Ivet illialiciai result             |                                    |                                    |
|---|------------------------------------|------------------------------------|
|   | Third quarter 2024                 | Third quarter 2023                 |
| Interest revenues                       | 1,547,423                          | 1,647,243                          |
| Revenues from exchange rate differences | 1,520,354                          | 3,090,903                          |
| Other financial revenues                | 1,094                              | 781,788                            |
| Total financial revenues                | 3,068,871                          | 5,519,934                          |
| Interest-related expenses               | (492,373)                          | (791,844)                          |
| Expenses from exchange rate differences | (2,309,949)                        | (3,415,406)                        |
| Total financial expenses                | (2,802,322)                        | (4,207,250)                        |
| Net financial result                    | 266,549                            | 1,312,684                          |
|   | January 01 -<br>September 30, 2024 | January 01 -<br>September 30, 2023 |
| Interest revenues                       | 4,985,772                          | 4,056,113                          |
| Revenues from exchange rate differences | 3,124,014                          | 25,642,117                         |
| Other financial revenues                | 14,693,567                         | 2,275,611                          |
| Total financial revenues                | 22,803,353                         | 31,973,841                         |
| Interest-related expenses               | (1,857,110)                        | (2,934,881)                        |
| Interest-related expenses               | (4,485,212)                        | (25,464,343)                       |
| Expenses from exchange rate differences |                                    | (242,140)                          |
| Total financial expenses                | (6,342,322)                        | (28,641,364)                       |
| Net financial result                    | 16,461,031                         | 3,332,477                          |
|   | 20,102,002                         | -,,                                |

As of September 30, 2024, the Company recorded a net financial result (profit) in the amount of 16,461,031, higher by 13,128,554 compared to the same period of the previous year. It was mainly influenced by the dividends received from the subsidiary OPCOM SA in the total amount of 14,649,757, the increase in interest income received during the period under review, as well as the exchange rate evolution of the national currency against the foreign currencies in which the Company has bank loans to finance investment programs (Euro).

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

As at September 30, 2024, in the total amount of 1,857,110 (interest expense), the amount of 360,197 represents the interest calculated on the fixed assets related to the rights to use the leased assets - buildings, in accordance with IFRS 16 - Leases.

The exchange rate of the national currency recorded on September 30, 2024 compared to that recorded on September 30, 2023, is as follows:

| Currency   | 30.09.2024 | 30.09.2023 |
|------------|------------|------------|
| Lei / Euro | 4.9756     | 4.9746     |

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## 19. Disputes and contingencies

## i) Disputes in progress

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

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

## • INDEPENDENT AUTHORITY FOR NUCLEAR ACTIVITIES (RAAN)

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

On 09.03.2015, the Mehedinți Court confirmed the reorganization plan of the debtor Autonomous Authority for Nuclear Activities RAAN proposed by the insolvency administrator Tudor&Asociatii SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

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

NPG CO. Transelectrica SA filed an objection to the supplementary table of claims, which was the subject of file no. 9089/101/2013/a152 against the debtor RAAN, as the judicial liquidator did not enter a claim in the amount of RON 78,096,209 on the grounds that "it does not appear as being due in RAAN's accounting records". Moreover, the insolvency liquidator considered that the request to enter the amount of RON 78,096,209 in the table was submitted out of time, as it related to the period 2011 - 2013, which is why the statement of claim should have been submitted at the time of the opening of the insolvency proceedings, i.e. on 18.09.2013. By Judgment 163/20.06.2019, the solution of the Mehedinți Tribunal is: Admit the exception of forfeiture. Admit in part the main action as well as the related appeal. Orders the defendant to pay to the plaintiff the amount of RON 16,950,117.14 claim arising in the course of the proceedings, ordering its entry in the table of creditors established against the debtor RAAN with this amount. Dismisses the related claims. On the basis of Article 453(2) of the Code of Civil Procedure, orders the defendant to pay the applicant RON 1,000 costs. With appeal. Delivered in open court. Judgment 163/20.06.2019.

Transelectrica appealed within the legal deadline. At the term of 06.11.2019, the Craiova Court of Appeal ordered the dismissal of Transelectrica's appeal as unfounded. Final decision. Judgment 846/06.11.2019.

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

Hearing for the continuation of the procedure for the collection of claims, valuation of assets and other liquidation operations: 03.10.2024.

At the term of 03.10.2024, the court grants a term on 23.01.2025, for the continuation of the proceedings, namely for the collection of the claims, the valuation of the assets, as well as for the performance of the other liquidation operations.

There are also 2 other cases between RAAN and Transelectrica at different stages of judgment, as follows:

a) File No. 28460/3/2017 - Bucharest Tribunal - Section VI - Civil. Re: order the undersigned to pay the total amount of RON 12,346,063.10.

The TMB's decision in short: Dismisses the claim brought by the plaintiff Regia Autonomă pentru Activități Nucleare against the defendant National Power Grid Company Transelectrica SA, as unfounded. Dismisses, as unfounded, the parties' application for costs. With right of appeal within 30 days of communication. The appeal shall be lodged with the Bucharest Tribunal - 6th Civil Section. Document: Decision no. 777/24.06.2020. RAAN filed an appeal, which was heard on 27.09.2021. CAB's solution: Admit the appeal. Changes the judgment under appeal to the extent that: Admits the appeal. Orders the defendant to pay to the plaintiff the amount of RON 12,346,063.10, representing the principal debt and penalties. With the right to appeal within 30 days of notification, to be lodged with the Bucharest Court of Appeal, Section VI. Pronounced by making the solution available to the parties through the court clerk's office, today, 20.05.2024. Document: civil decision no. 806/20.05.2024.

# b) File No. 3694/3/2016 - Bucharest Tribunal - Civil Section VI.

By its application, the plaintiff R.A.A.A.N. seeks an order that the undersigned pay the total amount of RON 15,698,721.80. In its statement of claim, NPG CO. Transelectrica SA asked the court to reject the claim regarding late payment penalties and to find that the mutual debts are set off by operation of law and that they are extinguished up to the amount of the lesser of the two, namely the total amount of RON 12.727,101.99, representing the countervalue of the bonus value of electricity produced in high-efficiency cogeneration and delivered to NES for the period March - September 2015 and the regularization before overcompensation for the period 01.01.2014 - 31.12.2014 requested by the plaintiff, by the summons.

At the hearing on 11.06.2020, TMB's summary judgment: dismissed the application as unfounded. With appeal within 30 days of communication. Document: judgment no. 630/11.06.2020.

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RAAN appealed, which was allowed by the CAB.

The CAB's solution: Appeal allowed. Changes the judgment under appeal in its entirety, to the effect that: Admits the claim. Orders the defendant to pay to the applicant the amount of RON 12,727,101.99, representing the amount of bonus and regularization of the ante-overcompensation for which invoices SRTF series no. 1500031 of 24.04.2015, SRTF series no. 1500033 of 22.05.2015, SRTF series no. 1500036 of 22.06.2015, SRTF series no. 1521311 of 23.07.2015, SRTF series no. 1500041 dated 17.08.2015, SRTF series no. 1500045 dated 23.09.2015, SRTF series no. 1521339 dated 26.10.2015 and SRTF series no. 1521282 dated 8.04.2015, as well as the amount of RON 2,917,619.81, representing late payment penalties related to the principal debit, for which invoices SRTF series no. 1500059 dated 31.12.2015 and SRTF series no. 1500060 dated 31.12.2015 were issued. With a right of appeal within 30 days of communication. The appeal shall be filed with the Bucharest Court of Appeal - Section VI Civil. Pronounced, today, 03.06.2024, and made available to the parties through the court registry. Document: Decision 898/03.06.2024.

## • COURT OF AUDITORS OF ROMANIA

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during this audit. The Company lodged several appeals against the measures ordered by the Court of Auditors of Romania (CoA) by Decision no. 8/27.06.2017, requesting their cancellation, as well as against the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Audit Report no. 19211/26.05.2017. The appeals were filed before the Bucharest Court of Appeal, among which file No. 6581/2/2017 concerning the annulment of the findings in paragraph 6 and the measure ordered in paragraph II.9, at the trial term of 31.03.2023: According to the minutes of 29.03.2023, file No. 6581/2/2017 was filed in the 12th Panel of first instance of the Eighth Administrative and Tax Litigation Department under no. 6581/2/2017\* The solution in brief: In order to give the parties the opportunity to submit written submissions and to deliberate, the Court adjourns the hearing to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023. At the hearing on 26 May 2023, the application was granted. Partial annulment of Decision No 77/03.08.2017, as regards the rejection of point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 as regards the findings in point 6 and the measure ordered in point 11.9, and Control Report No 19211/26.05.2017 as regards the findings in point 3.2. Orders the defendant to pay to the applicant the costs totalling 10,450 RON, representing the court stamp duty and the fees of the court expert. With appeal within 15 days of notification. Decision 920/2023 26.05.2023.

Judgment fixed for 23.01.2025.

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

After finalising the control on the management of the State's public and private patrimony, as well as the legality of the realisation of revenues and the legality of the expenses for the period 2017-2019, control finalised on 06.10.2020, the Control Report was issued with no. 40507/06.10.2020 and on 09.11.2020, the Court of Auditors of Romania, through Department IV, issued Decision No. 15 containing 10 measures, with a deadline for implementation of 31.05.2021, which was extended by the Court of Auditors of Romania, at the Company's request, until 31.12.2021.

The Company objected and filed Contestation No. 50090/26.11.2020, registered with the Court of Auditors under No. 139775/26.11.2020, requesting the annulment of the measures. Following the examination and analysis by the auditors of the Court of Auditors of the Appeal filed by the Company, by Decision No. 2 of 10.03.2021, the annulment of one of the 10 measures ordered was admitted.

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

At the term of 10.12.2021, CAB dismisses the application brought by the applicant National Power Grid Company "Transelectrica" SA against the defendant Court of Auditors of Romania, as unfounded. Dismisses the application for suspension as unfounded. With the right to appeal within 15 days from the date of communication and with the right to appeal within 5 days from the date of communication with regard to the claim regarding the suspension; the appeal shall be filed with the Bucharest Court of Appeal.

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

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

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#### OPCOM

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

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

- order the defendant OPCOM SA to pay the amount of 4,517,460 RON, corresponding to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the VAT value of the contribution made by NPG CO. Transelectrica SA to the share capital of OPCOM SA, issued under Loan Agreement no. 7181RO/2003, a commitment to finance the investment project "Electricity Market Project";
- order the defendant OPCOM SA to pay the amount of 1,293,778.27 RON, related to the invoices TEL 19 T00 no. 17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019, representing the legal penalty interest, calculated for the non-payment on time of the invoice TEL 16 AAA series no. 19533/29.07.2016.
- order the defendant OPCOM SA to pay the costs.

At the term of 03.12.2021, the Bucharest Tribunal rendered the following brief solution: "Admit the plea of prescription of the substantive right to bring an action. Dismisses the action as time-barred. With the right to appeal within 30 days from the date of communication, which shall be filed with the Bucharest Tribunal, 6th Civil Section. Pronounced by making the solution available to the parties through the court clerk's office, today, 03.12.2021. Document: Hotarâre nr.3021/2021 03.12.2021".

The company has appealed.

At the term of 12.10.2022, the Bucharest Court of Appeal rendered the following brief decision: Dismisses the appeal as unfounded. Orders the appellant to pay to the respondent the amount of RON 11,325.21 by way of costs. With appeal within 30 days from the communication of the judgment. Pronounced today, October 12, 2022, by making the judgment available to the parties through the court registry. Document: Decision 1532/12.10.2022.

NPG CO. Transelectrica SA appealed against the civil Decision no. 1532/12.10.2022 rendered by the CAB, the case was submitted to the ICCJ where it was settled by Judgment no. 1640/19.09.2023 by which the supreme court ordered the following: "Admit the main appeal filed by the appellant-claimant National Power Grid Company "TRANSELECTRICA" S.A. and the cross-appeal filed by the appellant-defendant Operatorul Pietei de Energie Electrica si Gaze Naturale "OPCOM" S.A. against the civil decision no. 1532 of October 12, 2022, rendered by the Bucharest Court of Appeal - Fifth Civil Section, which it reverses and sends the case for retrial to the same court. Final".

In view of the cassation decision of the ICCJ, the case was submitted to the Bucharest Court of Appeal with a hearing for appeal/judgment on 26.11.2024.

On the Bucharest Tribunal's docket, the file No. 24242/3/2021, in which OPCOM SA is the plaintiff and NPG CO. Transelectrica SA is the defendant, is pending before the Bucharest Tribunal.

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

At the hearing on 11.04.2022, the court put to the parties the objections raised by NPG CO. Transelectrica SA, by way of defence. The evidence proposed to be given in this case was also discussed at that time. The court adjourned the hearing of the case to the fixed date of 22.11.2022, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several postponements, the next date is set for 27.06.2023 for lack of expert's report. At the term of 27.06.2023, on the basis of the decision of the General Assembly of Judges of the Bucharest Tribunal No. 4/20.06.2023, the case is adjourned, and the next term is set for 10.10.2023. The court adjourned the hearing of the case to the fixed date of 07.11.2023.

At the term of judgment of 07.11.2023, the court's solution is: Qualifies the plea of inadmissibility as a substantive defense. Dismisses the motion to dismiss as without merit. With the right to appeal, within 30 days from the communication for the parties, the appeal to be filed at the Bucharest Tribunal, Section VI Civil. Pronounced today, 07.11.2023, on the basis of art. 396 para. 2 C.C.P.Civ. by making the solution available to the parties at the court registry.

OPCOM appealed and a hearing was set for 12.09.2024. At the term of 12.09.2024, the case was adjourned to 24.10.2024, the court determining OPCOM's obligation to pay the difference in court stamp duty to the amount of the contribution in kind.

At the term of 24.10.2024, the court took note that OPCOM SA deposited the difference of the stamp duty, ordered the administration of the evidence proposed by the parties, postponing the administration of the evidence with interrogatory in the charge of Transelectrica SA, in order to respond at least 5 days before the deadline set to this evidence proposed by Opcom, ordering the postponement of the case to the term of **05.12.2024**.

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## CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an additional act to the connection contract or a new connection contract and claimed compensation for expenses incurred up to that time in the amount of 17,419,508 RON and unrealised profits for the period 2013-2033 in the amount of EUR 722,756,000. So far, the Company has not concluded an additional act to the connection contract as the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, by which time the technical connection permit expired. The **file No. 5302/2/2013** is pending before the High Court of Cassation and Justice, Administrative and Tax Litigation Section, with the object to compel the issuance of an administrative act, procedural stage - appeal, the hearing for the judgement is 09.12.2015. On that date, the High Court of Cassation and Justice allowed, in principle, the appeals and set a date for the appeals to be heard on the merits on 8 April 2016. Panel 4, with summons to the parties.

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

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

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

At the hearing on 15 October 2019, dismisses as unfounded the objections of lack of standing and lack of interest. Joins the exception of prescription to the merits. With appeal on the merits. Delivered by delivery of the judgment to the parties through the court registry. The parties are summoned to appear on 26.11.2019 for further investigation of the case. With appeal on the merits. Delivered by delivery of the judgment to the parties through the court registry.

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

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

At the hearing of 31.03.2020, the short solution was as follows: Suspended by right on the basis of Article 42 paragraph 6 of the Decree of the President of Romania 195/2020 on the establishment of a state of emergency on the territory of Romania, for the entire period of the state of emergency.

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

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

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

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

On 06.12.2023, the Bucharest Tribunal remained in pronouncement, postponing the judgement to 20.12.2023, then to 03.01.2024 when it ordered the following: "Rejects the request for an increase in the expert's fee, submitted by exp. Chirilă Adelaida Adriana, as unfounded. The plea of limitation of the substantive right to bring proceedings, raised by way of defence, is admissible. Dismisses the application as time-barred". With an appeal within 30 days of notification. The appeal is filed with the Bucharest Tribunal, Civil Section VI. Delivered by the clerk of the court, today, 03.01.2024.

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## • MUNICIPALITY OF RESITA

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

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

At the term of 25.10.2019, the plea of lack of territorial jurisdiction of the Bucharest Tribunal is admitted. Declares that the Court of Caras-Severin has jurisdiction to hear the case. Declares that there is a negative conflict of jurisdiction between the Bucharest Tribunal and the Caras-Severin Tribunal. Suspends the case and forwards the file to the High Court of Cassation and Justice, with a view to resolving the negative conflict of jurisdiction. No recourse. The judgement will be pronounced by making the solution available to the parties through the court registry. Decision 2376/25.10.2019.

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

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

At the term of March 22, 2021, the summary judgment is: Suspends the judgment on the claim filed by the plaintiff Municipality of Reşiţa, through the Mayor, against the defendant National Company for the Transmission of Electricity "Transelectrica" SA, having as its object claims, pursuant to art. 413 paragraph (1) item 1 C.pr.civ. With appeal, while the suspension of the course of the trial lasts, to the higher court.

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

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

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

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

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

At the hearing of 27.06.2024, the court orders the communication to the expert of a copy of the notes of the hearing, on pages 172-174, submitted by the defendant National Power Grid Company "Transelectrica" SA. Orders that a copy of the explanations submitted by the applicant, Reşiţa Municipality, in response to the expert's request, be communicated to the expert. Postpones the judgment of the case, due to the absence of the expert's report, to 19.09.2024, for when the parties have a term of hearing on the basis of art. 229 of the Code of Civil Procedure through their representatives.

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

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

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

Orders that a copy of this judgment be communicated to the expert. Fixes the hearing for the expert's report for 12.12.2024.

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## • SMART SA

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

At the term of 23.03.2023, a term of 15.06.2023 is set for the expert's report.

After several adjournments, due to the absence of the expert's report, the trial is set for October 17, 2024.

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

### ANAF

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

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

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

Mainly, ANAF's tax inspection report recorded the following additional payment obligations: corporate income tax in the amount of RON 13,726,800, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out on the night of June 26-27, 2009, at the work point in the Millenium Business Center building at 2-4 Armand Călinescu Street, sector 2, where the Company was operating), documents with special regime.

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

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

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

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

Following the declination of jurisdiction, file No. **8993/29999/2018** was registered on the District Court of Sector 1, whereby the Company challenged the enforcement of execution initiated on the basis of enforceable title no. 13540/22.08.2017, which is based on the Tax Assessment Decision no. F-MC 439/30.06.2017.

After the Company challenged the tax administrative act Decision no. F-MC 439/30.06.2017, ANAF communicated to the Company Decision no. 122/13.03.2018 rejecting as unfounded the appeal filed by NPG CO. Transelectrica SA, the decision being received on 16.03.2018, after the filing of the summons subject of file no. 1802/2/2018.

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

The hearing of the case was resumed and, at the hearing of 10.10.2024, for the communication of the documents submitted on the file by the appellant to the respondent, the hearing of the case was adjourned to **21.11.2024**.

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

At the hearing on 06.11.2018, the expert evidence in the field of accounting - taxation was admitted. Judgment date: 12.05.2020. At the judgment of the CAB of 21.07.2020, judgment was adjourned.

On 30.07.2020, the case was reinstated for further clarifications.

At the hearing of 20.10.2020, the application was partially admitted with the following brief solution: the pending applications were partially admitted, Decision No 122/13.03.2018, regarding the settlement of the appeal lodged against the tax assessment decision No F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Settlement of

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Appeals, the tax assessment decision No. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Assessment Decision no. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers and Tax Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for the issuance of the tax assessment decision, to the effect that: - it removes the obligation to pay corporate income tax in the amount of RON 18,522,280, VAT in the amount of RON 5,694,636 and the tax accessory charges related to these main tax debts in the amount of RON 48,436,653, tax liabilities established for the 349 tax invoices with special regime found to be missing from the management of the applicant. - Removes the non-deductibility in the calculation of taxable profit of the sum of RON 27 001 727, representing system technology services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the principal and accessory tax claims in relation to that sum. - removes the non-deductibility from the calculation of taxable profit of the amount of RON 343,629.91, representing 'weed removal services' and the obligation to pay the principal and ancillary tax claims in relation to that amount - removes the non-deductibility from the calculation of taxable profit of the amount of RON 230.685.491, representing expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims in relation to this amount - removes the non-deductibility of VAT in the amount of RON 46.417,1, corresponding to the amount of RON 343.629,91, representing "weed removal services" and the obligation to pay the main and accessory tax claims in relation to this amount - removes the non-deductibility of VAT in the amount of 37.693,88 relating to the amount of RON 230.685,49, representing expenditure on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the mention of the obligation of the Sibiu Transmission Branch of NPG CO. Transelectrica S.A to record the amount of RON 576,846.80 as taxable income, at the latest on 30.06.2010, the date on which the registration of the audited entity in the creditor's list with this amount was accepted, the mention relating to the character of taxable income for the calculation of the profit of the amount of 576,846.80 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 on the Tax Code with subsequent amendments and additions, in conjunction with item 23 let. d of HG 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, chapter on corporate income tax, respectively chapter VII on the function of the accounts of Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European Directives and the obligation to pay the principal and accessory tax claims in relation to this amount - removes from the Minutes the finding made in relation to the "determination of the deductible value added tax lower than that recorded by the plaintiff, thus resulting in a difference in the amount of RON 13,141" (Annex no. 15) and the obligation to pay the principal and ancillary tax claims in respect of that amount - dismisses the obligation to pay the penalties for late payment which have a punitive legal regime, calculated for a period of more than 6 months from the date of the commencement of the tax inspection, in respect of the principal tax liabilities which were upheld by the court in the present judgment, as established by Tax Assessment Decision no.F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, by the Tax Assessment Decision no. 122/13.03.2018, on the settlement of the appeal lodged against the Tax Assessment Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for Settlement of Appeals. The other provisions of Decision No 122/F-MC 439/30.06.2017, issued by the National Agency for Tax Administration -General Directorate for the Settlement of Appeals, Tax Decision No. F-MC 439/30.06.2017, issued on 12.07.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Assessment Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers. Dismisses, in the remainder, the pending claims as unfounded. Dismisses as unfounded the application for an award of costs consisting of the court stamp duty. Orders the defendants, jointly and severally, to pay to the plaintiff the costs in the amount of RON 4 000, representing the fee for the expert's report in the field of accounting and taxation, in proportion to the admissibility of the claim. With the right to appeal within 15 days from the date of communication, the appeal to be filed with the Bucharest Court of Appeal. Decision no. 382/20.10.2020.

The parties appealed in March 2022.

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

At the hearing on 24.05.2022, the CAB rejected as unfounded the request for clarification and for the supplementing of the operative part. Admitted the request for correction of the substantive error to the effect that the amounts of the principal and ancillary tax liabilities in respect of the 349 tax invoices, as set out in the contested tax assessment decision, be stated as correct. orders the correction of the clerical error so as to remove the erroneous name of the applicant from the contested judgment. Appeal lodged within 15 days of service.

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

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

- Admit the appeals filed by the plaintiff National Electricity Transmission Company "Transelectrica" S.A., the defendant Directorate General for the Administration of Large Taxpayers and the defendant National Agency for Tax Administration against the civil judgment no.382 of October 20, 2020, delivered by the Bucharest Court of Appeal Section VIII Administrative and Tax Litigation.
- ✓ Partially quashes the judgment under appeal and, on appeal: Dismisses the application for annulment of the Decision on the settlement of the appeal No. 122/13.03.2018 and of the tax assessment decision No. F-MC 439/30.06.2017 in respect of:

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- withholding the non-deductibility of expenses in the amount of RON 343,629.91, representing "weed removal services" and the related VAT;
- to withhold the non-deductibility of expenses in the amount of 230.685, representing the value of promotional and protocol goods and the related VAT;
- the obligation to pay penalties for late payment which have a sanctioning legal regime, calculated for a period of more than 6 months from the date of the start of the tax inspection.
- Fixes the amount of the costs to which the defendants are jointly and severally ordered to pay at the amount of RON 6000, representing the fee for the expert's report in the field of accounting-tax expertise.
  - ✓ Upholds the other provisions of civil judgment No 382 of October 20, 2020.
- ✓ Admit the appeals filed by the plaintiff National Electricity Transmission Company "Transelectrica" S.A. and by the defendant Directorate General for the Administration of Large Taxpayers against the civil judgment no.134 of May 24, 2022, rendered by the Bucharest Court of Appeal Section VIII Administrative and Tax Litigation. Partially quashes civil judgment no. 134 of May 24, 2022 and,

rejudging:

- ✓ Admit in part the request for clarification and completion of the operative part of civil judgment no. 382 of October 20, 2020, filed by the plaintiff National Power Grid Company Transelectrica S.A.
  - ✓ Orders the following to be added to the operative part of civil judgment no.382 of October 20, 2020:
  - Annuls also the Tax Inspection Report No. F-MC 222/30.06.2017 in so far as the Tax Assessment Decision No. F-MC 439/30.06.2017 was annulled;
  - annuls the principal tax liabilities established for 2005 and the ancillary tax liabilities relating thereto, as the right of the tax authority to establish such liabilities is time-barred;
    - Annuls the tax administrative tax acts regarding the non-deductibility of expenses with SMART's share of benefits.
- ✓ Strikes out the entries relating to the amounts of corporation tax and ancillary tax annulled in respect of the 349 tax invoices in both the judgment correcting the substantive error and the main judgment.
  - ✓ Maintains the other provisions of the civil judgment no.134 of May 24, 2022.
- ✓ Orders the appellants defendants to pay to the appellant plaintiff National Power Grid Company "Transelectrica" S.A. the amount of RON 200, representing the costs of the appeal.

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

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

# OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g. Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Govora, Nuclearelectrica, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL MULTISERVICE G& G S.R.L, ICCO Energ SRL, Aderro GP Energy, PET Communication, ISPE, Grand Voltage SRL, EXPLOCOM GK SRL and others).

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

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

# ii) Contingencies

At September 30, 2024, **contingent liabilities** amount to RON 19,034,260. These relate to litigations involving claims for additional costs following the increase in the minimum wage in the construction sector for investment contracts, of which we list the most significant:

• File no. 25896/3/202020 - claimant Electromontaj Bucharest (10,000,000)

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

Hearing for judgment: 25.08.2022 - submission of expert's report.

At the term of August 25, 2022, the judgment was adjourned until September 13, 2022. On 13.09.2022, the TMB dismisses the objections to the expert's report in the accounting specialization filed by the defendant as unfounded. Admit the objections to the expert's report in the specialty of accounting filed by the plaintiff. Address to the expert, Cojocaru Mihaela Cojocaru, to reply to the objections and to file the reply on the file. Appeal on the merits.

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

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At the court's term of May 16, 2023, the court adjourned the case to September 12, 2023, to file a response to the expert's objections. At the hearing on 12.09.2023, the court adjourned the judgment to 26.09.2023 and adjourned the hearing to 07.11.2023.

After several adjournments, at the term of January 18, 2024, the TMB dismisses the action as unfounded. With right of appeal within 10 days of communication.

Electromontaj SA filed an appeal and set a hearing for 13.09.2024.

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

• File No 30801/3/2021 - Claimant Romelectro (2,271,075)

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

At the hearing of 20.04.2022, the TMB's solution is: "Consents to the evidence of an expert accountant with the following objectives: - to specify from the expert whether Romelectro fulfills the condition set out in Article 66 of GEO 114/2018, i.e. whether 80% of Romelectro's turnover is realized from construction works, both in the year preceding the reference period (2018) and in the reference period (2019);

- to calculate the expert the cost difference generated by the increase in the salaries of the human resources actually employed by Romelectro in the performance of the work related to Contract No. C145/2018, during the reference period and the first two months prior to it, respectively:
- a) Specify for each employee (human resource actually employed) whether his/her gross salary was below 3000 lei/month or higher in November and December 2018;
  - b) When the HR salary was increased to 3000 lei/month;
  - c) What is the difference between the previous salary and the salary imposed by GEO no. 114/2018;
  - d) Whether between 01.11.2018 31.12.2018, Romelectro has reduced the salaries of the human resources employed;
- (e) Specify the actual cumulative cost difference in the actual cumulative cost difference in the salary of the human resources utilized by Romelectro in the actual performance of the works covered by Contract No. C145/2018, for the reference period.
- to determine the expert, on the basis of the analytical estimates, which is the percentage, i.e. the amount by which Transelectrica must adjust the price of Contract no. C145/2018 for the labor related to the works remaining to be executed on 01.01.2019, as a result of the legislative changes instituted by GEO no. 114/2018 in the sense of increasing the minimum wage in the construction sector to the amount of 3000 lei/month;
- to determine the expert the days/months of delay recorded in the execution of the works related to Works Contract no. C145/2018 as a result of the financing problems encountered by Romelectro S.A. due to Transelectrica's refusal to pay the price at the adjusted value, respectively how the execution schedule was influenced by Transelectrica's failure to adjust the Contract price as a result of the legislative changes introduced by GEO 114/2018 in the sense of increasing the minimum wage in the construction sector to the amount of 3000 lei/month.

Sets April 29, 2022, at 9:00 a.m., for the parties to be summoned. At the hearing on April 29, 2022, the case is adjourned for the taking of evidence and set a date of October 14, 2022.

After several adjournments of the judgment of the case, at the term of 12.01.2024, the short solution is: it grants a term of 08.03.2024 to take cognizance of the content of the expert's report.

After several adjournments, at the term of 27.05.2024, the short solution: Rejects the request for completion of the expert's report, filed by the defendant National Power Grid Company TRANSELECTRICA SA, as unfounded. Admit the request for a new expert's report submitted by the plaintiff ROMELECTRO S.A. Instructs the expert to redo the expert's report. Instructs the expert to take into account all the documents provided by the parties, including the subcontracting agreements, when drawing up the new expert's report. Sets October 18, 2024 as the hearing for the submission of the expert's report, when the parties will be summoned. Instructs the expert to submit the expert report at least 10 days before the hearing of October 18, 2024.

At the term of October 18, 2024, adjourned the case for 10.01.2025 for lack of expert report.

• File No. 8193/3/2022 - claimant Tempos Sev (2,437,253)

The file concerns claims - OUG 114/2018 for contract C80/2018 - *Refurbishment of 220/110kV Hăşdat station*. At the term of June 10, 2022, the case is adjourned to 10/14/2022.

At the hearing of October 14, 2022, the judgment was adjourned to October 21, 2022. Solution: "Pursuant to art. 258 and art. 255 of the Code of Civil Procedure, the parties are granted written evidence and the defendant is also granted the evidence of the plaintiff's cross-examination and of the expert's report. Orders that the accountant's expert's report is to have the objectives indicated by the defendant in its statement of objections, to which are to be added the additional objectives indicated by the defendant in the note of evidence lodged at the hearing on 14.10.2022, and the objectives indicated by the applicant in the notes of the hearing lodged at the same hearing. Orders the applicant to file the documents requested by the defendant in the Note of Evidence of October 14, 2022. The applicant is ordered to file the reply to the interrogatory which was communicated with the statement of defense, under the signature of the legal representative, subject to the application of the provisions of Article 358 of the Code of Civil Procedure. Pronounced today, 21.10.2022, by the court clerk's office making the solution available to the parties." Trial date 05.05.2023.

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

After several adjournments, at the hearing of 14.06.2024, the short solution: Due to the absence of the expert's report, the case is adjourned to 18.10.2024.

At the term of October 18, 2024, adjourned the case for 13.12.2024 for lack of expert report.

• File No. 8442/3/2022 - claimant Tempos Sev (1,429,832)

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

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

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

• File No. 8440/3/2022 - claimant Tempos Sev (2,437,253)

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

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

At the hearing on 08.11.2022, the case is adjourned.

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

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

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

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

• Audit by the Court of Auditors of Romania

As of September 04, 2023, the Court of Auditors, through Department IV, is carrying out a compliance audit at NPG CO. Transelectrica SA. The scope of the audit being:

a) contracting and procurement;

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

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

The audit has not been finalized at the date of preparation of these financial statements.

## 20. Related parties

*i)* Transactions with subsidiaries owned by the Company

| Entity                   | Country<br>of<br>Origin | September 30, 2024<br>% of shares | December 31, 2023<br>% of shares |
|--------------------------|-------------------------|-----------------------------------|----------------------------------|
| SMART SA                 | Romania                 | 100                               | 100                              |
| TELETRANS SA             | Romania                 | 100                               | 100                              |
| ICEMENERG SA *)          | Romania                 | -                                 | -                                |
| OPCOM SA                 | Romania                 | 97.84                             | 97.84                            |
| FORMENERG SA             | Romania                 | 100                               | 100                              |
| ICEMENERG SERVICE SA **) | Romania                 | -                                 | -                                |

The net value of shares held by the Company in its subsidiaries is 78,038,750 as of September 30, 2024 and December 31, 2023, respectively.

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

## **SMART SA**

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

The Extraordinary General Meeting of the Shareholders of S Smart SA approved with Resolution no. 14/10.12.2014 the capital increase of S Smart SA by contribution in kind with the value of the land for which the certificate of attestation of ownership was obtained.

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

As of 25.01.2016, the National Office of the Trade Register of Commerce has made the change in the shareholding structure of S Smart SA, namely the mention regarding the management of the state portfolio, a change required, according to art. 10 of GEO no. 86/2014, amended and updated.

Thus, on September 30, 2024, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 lei, fully subscribed and paid in by the Company.

## **TELETRANS SA**

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

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

#### **ICEMENERG SA**

The Subsidiary Company Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA with registered office in B-dul Energeticienilor, nr. 8, sector 3, Bucharest, has as its main object of activity research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urban planning, engineering and other technical services and was established by HG no. 1065/04.09.2003.

In the Company's books, as at September 30, 2024, the share capital of the Subsidiary Icemenerg SA amounts to 1,083,450, fully subscribed and paid in.

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

The Bucharest Tribunal, Civil Section VI, by Judgment no. 3569/14.07.2014 rendered in file No. 15483/3/2014, in which the Company was in conflict with the defendants Filiala Institutul de Cercetări şi Modernizări Energetice "Icemenerg" S.A. Bucharest and Institutul Național de Cercetare-Dezvoltare pentru Energie-Icemenerg Bucharest, rejected the Company's complaint, on the grounds that HG no. 925/2010 had not been abolished until the moment of the cancellation at the ORC. On 24.02.2015, the Court of Appeal communicated the decision rendered in file No. 15483/3/2014 și.e. Decision no. 173/2015, rejecting the appeal of NPG CO. Transelectrica SA as unfounded, the decision being final.

Against Decision no. 173/2015, issued by the Bucharest Court of Appeal, Transelectrica SA filed an appeal for annulment, which is the subject of file No. 1088/2/2015, pending before the Bucharest Court of Appeal - Section VI Civil, with a hearing for judgment on 13.05.2015. On 13.05.2015, by Decision no. 777/2015, the Bucharest Court of Appeal rejected the appeal for annulment as unfounded, the decision being final.

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

In the meetings held on 28.03.2016 and 30.08.2016, the EGMS did not approve the reduction of the share capital of NPG CO. Transelectrica SA by the amount of 1,084,610, representing the subscribed and paid-up share capital of the Subsidiary ICEMENERG

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SA Bucharest, by reducing the Romanian State's participation in the share capital of NPG CO. Transelectrica SA, in application of the provisions of GD no. 925/2010.

## OPCOM SA

The company OPCOM SA with registered office at B-dul Hristo Botev no. 16-18, sector 3, Bucharest, with legal personality, has as its main object of activity the organization, management and supervision of the energy market and was established by HG no. 627/2000.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company OPCOM SA ("OPCOM SA"), the Operator of the Electricity and Natural Gas Market OPCOM SA, by the amount of RON 678,790 by contribution in kind represented by the value of the land for which the company obtained the Certificate of Attestation of Ownership of Land, series M03 no. 12899/27.02.2014, issued by the Ministry of Economy. The contribution in kind was valued by an expert appraiser appointed by the ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised from the date of the resolution of the EGMS the powers of the person involved, a number of 67,879 new registered shares with a nominal value of RON 10 each. On 20.03.2019, the National Trade Register Office of the Bucharest Tribunal resolved the application for registration of the share capital increase of OPCOM SA.

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

As of September 30, 2024, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-in share capital. The share capital difference in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and IBRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

As of September 30, 2024, the share capital of OPCOM SA is RON 31,366,090, representing a number of 3,136,609 registered shares with a share value of RON 10 and a shareholding of NPG CO. Transelectrica SA in profits and losses of 97.84%.

#### FORMENERG SA

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

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

## ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, the transfer of the shares held by the Subsidiary "Institutul de Cercetări și Modernizări Energetice - ICEMENERG" - S.A. Bucharest to the Subsidiary "ICEMENERG-SERVICE" - S.A. Bucharest to the National Company for the Transport of Electricity "Transelectrica" - S.A. was approved.

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

The share capital at September 30, 2024 is 493,000, subscribed and fully paid up.

\*\*) On 09.06.2017, the Bucharest District Court, Civil Section VII, ordered the debtor ICEMENERG SERVICE - SA, appointing Solvendi SPRL as provisional liquidator.

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

In file No.18051/3/2017, According to the Insolvency Proceedings Bulletin no. 9152/26.05.2022, the Bucharest Tribunal - Civil Section VII by civil judgment no.2429 approved the final report of the judicial liquidator, and on the basis of Article 175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Societatea Filiala "Icemenerg-Service" SA by striking it from the Bucharest Trade Register. The company was not notified of the judgment until 09/30/2024.

Balances with subsidiaries held by the Company are as follows:

| AFFILIATED   | Trade receivables*)       |                          | Trade                     | liabilities              |
|--------------|---------------------------|--------------------------|---------------------------|--------------------------|
| ENTITY       | <b>September 30, 2024</b> | <b>December 31, 2023</b> | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
| SMART SA     | 308,182                   | 505,575                  | 21,358,988                | 26,136,624               |
| TELETRANS SA | 169,422                   | 163,073                  | 26,716,333                | 32,618,057               |
| FORMENERG SA | -                         | -                        | 1,904                     | -                        |
| OPCOM SA     | 250,679,484               | 137,025,151              | 273,424,923               | 170,043,524              |
| TOTAL        | 251,157,088               | 137,693,799              | 321,502,148               | 228,798,205              |

<sup>\*)</sup> Trade receivables are shown gross.

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

| AFFILIATED   |                    | Sales              |               |               |
|--------------|--------------------|--------------------|---------------|---------------|
| ENTITY       | Third quarter 2024 | Third quarter 2023 | 9 months 2024 | 9 months 2023 |
| SMART SA     | 165,925            | 175,129            | 789,975       | 683,026       |
| TELETRANS SA | 177,715            | 1,006,164          | 596,840       | 1,754,073     |
| FORMENERG SA | -                  | -                  | -             | -             |
| OPCOM SA     | 1,298,584,928      | 527,492,729        | 2,033,211,330 | 935,309,343   |
| TOTAL        | 1,298,928,568      | 528,674,022        | 2,034,598,145 | 937,746,442   |

| ENTITY       |                    | Acquisitions       |               |               |  |
|--------------|--------------------|--------------------|---------------|---------------|--|
| AFFILIATE    | Third quarter 2024 | Third quarter 2023 | 9 months 2024 | 9 months 2023 |  |
| SMART SA     | 28,271,871         | 26,305,321         | 70,247,106    | 65,534,712    |  |
| TELETRANS SA | 13,616,990         | 12,250,610         | 40,047,870    | 36,221,668    |  |
| FORMENERG SA | 1,600              | 550                | 1,600         | 2,174         |  |
| OPCOM SA     | 304,552,042        | 493,134,556        | 1,395,107,565 | 2,656,978,692 |  |
| TOTAL        | 346,442,503        | 531,691,037        | 1,505,404,141 | 2,758,737,246 |  |

In the first 9 months of 2024, the Company received dividends from its subsidiary OPCOM amounting to 14,649,757.

# ii) Salaries of the Company's management

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

|                          | Third quarter 2024 | Third quarter 2023 | 9 months 2024 | 9 months 2023 |
|--------------------------|--------------------|--------------------|---------------|---------------|
| Short-term benefits      | 5,882,377          | 4,736,593          | 17,416,057    | 14,233,926    |
| Other long-term benefits | 211,364            | -                  | 237,944       | 79,250        |
| Total                    | 6,093,741          | 4,736,593          | 17,654,001    | 14,313,176    |

## 21. Credit risk

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

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

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts the obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk. The maximum exposure to collection risk at the reporting date was:

| September 30, 2024 | December 31, 2023                         |
|--------------------|---|
|                    |   |
|                    |   |
| 1,700,191,231      | 1,620,132,453                             |
| 437,222,925        | 280,338,797                               |
| 223,524,327        | 215,086,522                               |
| 899,907,906        | 519,358,908                               |
| <u> </u>           |   |
| 3,260,846,389      | 2,634,916,680                             |
|                    | 437,222,925<br>223,524,327<br>899,907,906 |

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

|                                       | Gross value September 30, | Impairment<br>adjustment<br>September 30, | Gross value December 31, | Impairment adjustment December 31, |
|---------------------------------------|---------------------------|---|--------------------------|------------------------------------|
|                                       | 2024                      | 2024                                      | 2023                     | 2023                               |
| Not reached maturity                  | 1,608,916,692             | 680                                       | 1,531,342,224            | 330,772                            |
| Due date exceeded from 1 to 30 days   | 575,689                   | -   | (329,026)                | -                                  |
| Due date exceeded from 31 to 90       | (3,824)                   | -   | 169,704                  | -                                  |
| days                                  |                           |   |                          |                                    |
| Due date exceeded from 90 to 180 days | 1,560,800                 | -   | 200,418                  | 15,266                             |
| Due date exceeded from 180 to 270     | 173,157                   | -   | 30,019,270               | 30,014,000                         |
| days                                  |                           |   |                          |                                    |
| Due date exceeded from 270 to 365     | 45,375                    | 1,388                                     | 206,356                  | 17,254                             |
| days                                  |                           |   |                          |                                    |
| More than a year                      | 212,394,420               | 123,469,010                               | 184,044,637              | 95,143,838                         |
| Total                                 | 1,823,662,309             | 123,471,078                               | 1,745,653,583            | 125,521,130                        |

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

|  | Gross value<br>September 30,<br>2024 | Impairment<br>adjustment<br>September 30,<br>2024 | Gross value<br>December 31,<br>2023 | Impairment adjustment December 31, 2023 |
|--|--------------------------------------|---|-------------------------------------|---|
| Not reached maturity                   | 632,549,286                          | -   | 468,005,322                         | 1,841,664                               |
| Due date exceeded from 1 to 30 days    | 378,531                              | -   | 11,004,350                          | -                                       |
| Due date exceeded from 31 to 90 days   | 641,043                              | 342,478   | 16,352,177                          | 347,123                                 |
| Due date exceeded from 90 to 180 days  | 1,944,607                            | 1,845,055   | 481,065                             | 15,824                                  |
| Due date exceeded from 180 to 270 days | 5,073,389                            | 1,887,139   | 142,180                             | 34,948                                  |
| Due date exceeded from 270 to 365 days | 23,456,895                           | 23,451,874  | 372,881                             | 1,770,073                               |
| More than a year                       | 82,543,071                           | 58,313,024  | 83,523,474                          | 80,446,498                              |
| Total                                  | 746,586,822                          | 85,839,570  | 579,881,449                         | 84,456,130                              |

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

The highest impairment adjustments at September 30, 2024, calculated for trade receivables and related penalties, were recorded for Romelectro (39,784,774), JAO (30,011,010), CET Govora (24,645,019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), OPCOM (8,487,394), Next Energy Partners (8,395,132).

In order to recover the claims adjusted for impairment, the Company has taken the following measures: legal action, registration in the creditor's list etc.

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

|                                       | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------|---------------------------|--------------------------|
| Balance at January 1                  | 125,521,130               | 132,837,163              |
| Recognition of impairment adjustments | 6,032                     | 31,664,485               |
| Reversal of impairment adjustments    | 2,056,084                 | 38,980,518               |
| Balance at end of period              | 123,471,078               | 125,521,130              |

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

|                                       | <b>September 30, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------|---------------------------|--------------------------|
| Balance at January 1                  | 84,456,130                | 76,330,845               |
| Recognition of impairment adjustments | 4,725,950                 | 25,239,079               |
| Reversal of impairment adjustments    | 3,342,510                 | 17,113,794               |
| Balance at end of period              | 85,839,570                | 84,456,130               |

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

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

Notes to the separate interim financial statements as at September 30, 2024

(All amounts are expressed in RON unless otherwise provided))

## 22. Subsequent events

# Acceptance of mandates for members of the Directorate

In addition to the current report disseminated through the capital market institutions on September 30, 2024, the National Company for Electric Power Transmission "Transelectrica" S.A. informed the shareholders and the interested public that Mr:

- ➤ Victor MORARU,
- > Ştefăniță MUNTEANU,
- ➤ Cătălin-Constantin NADOLU,
- > Vasile-Cosmin NICULA and
- > Florin-Cristian TĂTARU,

have expressly accepted their mandates as members of the Directorate. Their appointment therefore became effective as of October 03, 2024.