








NPG TRANSELECTRICA SA

Quarterly Report
January – March 2023



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**REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES
OF NPG "TRANSELECTRICA" SA**

**In accordance with the provisions of article 67 from Law No. 24/ 2017 on the capital market and
Regulation 5 / 2018 issued by the Financial Supervisory Authority (ASF)
for the period ended on March 31, 2023**

Date of the report:	May 15, 2023
Name of trading company:	NPG TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest, Str. Olteni nr. 2 - 4, sector 3, zip code 030786
Phone/fax number::	021 303 5611/ 021 303 5610
Cod unic la ONRC:	13328043
Code with the ONRC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ Emergency Governmental Ordinance 627
Share capital:	733.031.420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of RON 10/share nominal value each, in dematerialised nominative ordinary indivisible freely marketable form as of 29.08.2006, TEL symbol
Market value:	1,744,614,779.60 RON (23.80 RON/share on 31.03.2023)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The quarterly financial statements elaborated as of 31.03.2023 have not been audited. The amounts corresponding to December 31, 2022 are audited by the external financial auditor.

This Report uses a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the simplified separate interim financial statements as of and for the three-month period ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and give a true and fair view of the financial position and the profit and loss account of NPG Transelectrica SA.

This report contains correct and complete information regarding the economic and financial situation and the activity of NPG Transelectrica SA.

Bucharest, May 04, 2023

**Ștefăniță
MUNTEANU**

Directorate Chairman

**Cătălin-Constantin
NADOLU**

Directorate Member

**Bogdan
TONCESCU**

Directorate Member

**Florin-Cristian
TĂTARU**

Directorate Member



Key figures Q1 2023 vs Q1 2022

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON	1,108	mn	▼	-10%	Revenues
				y/y	
RON	178	mn	▲	136%	EBITDA
				y/y	
RON	80	mn	▲	n/a	Net profit
				y/y	
TWh	13.01		▼	-9%	Charged energy volume**
				y/y	

OPERATIONAL

2.54%	*	▲	0.26	pp	Grid losses
			y/y		
10.66		▼	5.7%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	67	mn	▼	-26%	Acquisition of tangible and intangible assets
				y/y	
RON	55.81	mn	▲	135%	Fixed assets recorded in the accounts (commissioning)
				y/y	

OTC – One's Own Technological Consumption (losses)

* Share of one's own technological consumption in the electricity taken over by the electricity transmission grid (transmitted energy)

** The charged quantity is defined by the electricity amount extracted from public interest networks (transmission and distribution networks), less the electricity exports

*** The transmitted quantity is defined by the power amount physically flowed in the transmission network

Note: For reading facility and result understanding, certain figures provided in graphs and/or tables use mn RON as measuring unit and are rounded up to it. This presentation convention might determine in certain circumstances minor differences between totaling figures and totals obtained by summing up the components.



Financial data

The summary of financial results as of March 31, 2023 is presented in the tables below. The financial results for Q1 2023 are not audited, and their extended version for the same period is presented in the Appendices to this Report.

Separate statement of profit or loss				
[RON mn]	Q1 2023	Q1 2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	13.01	14.35	(1.34)	(9%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	499	431	68	16%
Transmission and other revenues on the electricity market, of wich:	487	419	68	16%
<i>Regulated tariff</i>	368	343	25	7%
<i>Other revenues on the electricity market</i>	17	7	10	n/a
<i>Interconnection</i>	102	70	33	47%
Other revenues	12	13	(0)	(3%)
Operating expenses	312	377	(64)	(17%)
System operating expenses	171	274	(102)	(37%)
Repairs and maintenance expenses	19	18	0	2%
Personnel expenses	75	61	14	22%
Other expenses	48	24	24	98%
EBITDA	187	55	132	n/a
Depreciation	82	63	20	31%
EBIT	105	(8)	113	n/a
ZERO PROFIT ACTIVITIES				
Operating revenues	609	799	(191)	(24%)
Technological system services revenues	101	134	(33)	(25%)
Balancing market revenues	508	665	(157)	(24%)
Operating expenses	618	778	(161)	(21%)
Technological system services expenses	110	121	(12)	(10%)
Balancing market expenses	508	657	(149)	(23%)
EBIT	(9)	21	(30)	n/a
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	1,108	1,231	(123)	(10%)
Operating expenses	930	1,155	(225)	(19%)
EBITDA	178	75	103	n/a
Depreciation	82	63	20	31%
EBIT	96	13	83	n/a
Net finance result	1	(2)	3	n/a
EBT - Profit before income tax	97	11	86	n/a
Income tax	17	3	14	n/a
Net profit	80	8	72	n/a

Separate statement of financial position				
[RON mn]	Q1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,993	4,002	(8)	(0%)
Assets representing rights of use under a lease - buildings	20	22	(2)	(9%)
Intangible assets	315	338	(23)	(7%)
Financial assets	86	86	(0)	(0%)
Total	4,414	4,447	(33)	(1%)
Current assets				
Inventories	45	42	3	8%
Trade and other receivables	1,755	3,340	(1,585)	(47%)
Profit tax recoverable	-	4	(4)	(100%)
Cash and cash equivalents	324	315	9	3%
Total	2,124	3,702	(1,577)	(43%)
Total assets	6,539	8,149	(1,610)	(20%)
Shareholders' Equity	3,949	3,869	80	2%
Non-current liabilities				
Long term deferred revenues	488	439	49	11%
Long term borrowings	50	56	(6)	(11%)
Other loans and assimilated debts - Non-current building lease liabilities	13	15	(2)	(14%)
Other non-current liabilities	174	178	(4)	(2%)
Total	724	687	37	5%
Current liabilities				
Trade and other liabilities	1,696	3,372	(1,676)	(50%)
Short-term borrowings	25	92	(68)	(73%)
Other loans and assimilated debts - Current building lease liabilities	8	8	0	1%
Other current liabilities	137	120	16	14%
Total	1,866	3,593	(1,727)	(48%)
Total liabilities	2,590	4,281	(1,691)	(39%)
Total shareholder's equity and liabilities	6,539	8,149	(1,610)	(20%)

Separate statement of cash flows				
[RON mn]	Q1 2023	Q1 2022	Δ	Δ (%)
Cash flows before changes to working capital	177	62	114	183%
Cash flows from operating activities	127	(251)	379	n/a
Net cash from operating activities	126	(253)	379	n/a
Net cash used in investing activities	(41)	(91)	50	n/a
Net cash used in financing activities	(76)	182	(258)	n/a
Net increase/decrease in cash and cash equivalents	9	(162)	171	n/a
Cash and cash equivalents as at January 1st	315	252	63	25%
Cash and cash equivalents at the end of the period	324	90	234	n/a

OPERATIONAL RESULTS

I. Charged volume of electricity

In the January-March 2023 period, the total amount of electricity charged for the services provided on the electricity market (13.01 TWh) registered a decrease of 9% compared to the same period of 2022 (the difference between the two periods being - 1.3 TWh).

Allowed profit activities

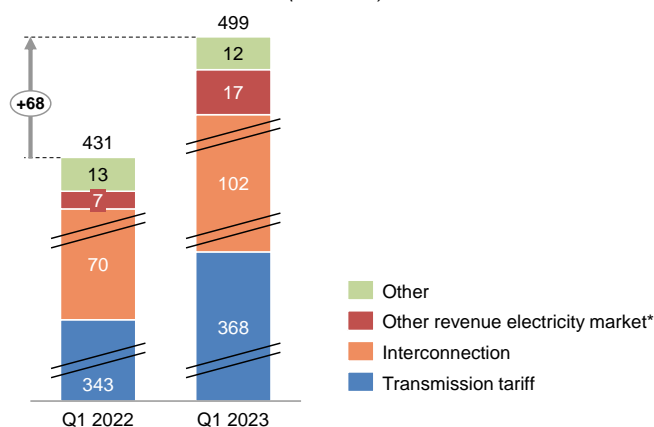
Operational incomes



The segment of **activities with permitted profit** registered a 16% increase in revenues (499 million RON in Q1 2023 compared to 431 million RON in Q1 2022) in the context of the increase mainly in interconnection revenues, as well as in transportation revenues.

Starting from September 30, 2022, the Company applies the provisions of GEO no. 119/2022 approved by law 357/2022 whereby the additional costs of the purchase of electricity made between January 1, 2022 and August 31, 2025, in order to cover its own technological consumption, compared the costs recognized in the regulated tariffs, are capitalized quarterly.

Operating revenues from allowed profit activities
(RON mn)



The increase in transport revenues and other revenues on the energy market (487 million RON in Q1 2023 compared to 419 million RON in Q1 2022) is mainly influenced by the evolution of interconnection revenues. The revenues obtained from the application of the transport tariff registered an increase of 25.3 million RON (+7.4%) compared to the same period of the previous year.

Between January and March 2023, **revenues from the allocation of interconnection capacity** registered a significant increase, from 70 million RON in Q1 2022 to 102 million RON in Q1 2023, motivated by the following:

- the unit price of electricity which has increased throughout the European Union, causing a large price difference between the coupled markets,
- the energy deficit registered at the European level.

Implicit allocations, in which capacity and energy are simultaneously assigned, are strongly influenced by the variations in the price of electricity on the stock exchanges in Europe.

The interconnection capacity allocation mechanism consists of organizing annual, monthly, daily and intraday tenders. The annual, monthly and intraday ones (borders with Serbia, Ukraine) are explicit - only the transport capacity is tendered, and the daily and intraday ones (borders with Hungary and Bulgaria) are implicit - they are allocated simultaneously with energy and capacity, through the mechanism of coupling.

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

The extension of market coupling has the effect of equalizing the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing some guidelines on capacity allocation and congestion management".

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 updated and EU Regulation no. 943 of June 5, 2019 regarding the internal electricity market, as a source of investment financing for the modernization and development of interconnection capacity with neighboring systems.

In coupled markets, energy transactions are made without paying capacity reservation charges on the lines, which facilitates trade and the coupling mechanism makes energy flows to go from the cheapest to the most expensive markets.

Revenue from Inter TSO Compensation (ITC)

These revenues were slightly higher in Q1 2023 (0.42 million RON) compared to the same period in 2022 (0.21 million RON).

Starting from 01.09.2022, the tariff for exchanges with peripheral countries changed from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to a slight increase in recorded revenues compared to the same period of the previous year .

Energy trading revenues for OTC were obtained mainly from the sale of surplus energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market managed by OPCOM and respectively from the difference between the forecasted OTC and the actual OTC achieved on the Market of Balancing.

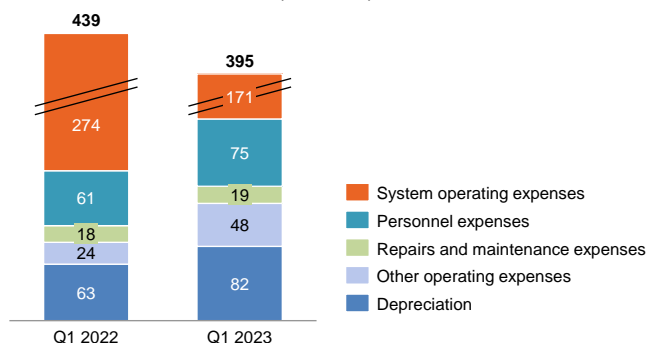
For Q1 2023, the Company recorded an increase compared to the same period of the previous year in revenues from **energy trading for its own technological consumption (OTC)** in the amount of 7 million RON.

In the structure of these revenues, the transactions on the Intraday Market were lower than those made in the previous year, considering that a large part of the necessary OTC was purchased on the long-term markets through the MACEE (Centralized Electricity Purchase Mechanism) mechanism and through bilateral contracts, and the prices on the short-term markets decreased compared to the previous year, while the transactions on the Balancing Market were higher than those made in the previous year, especially due to the fact that more intervals with negative balancing prices were registered.

Operating expenses

In the segment of **activities with permitted profit**, expenses (including depreciation) decreased by 10% (395 million RON in Q1 2023 compared to 439 million RON in Q1 2022).

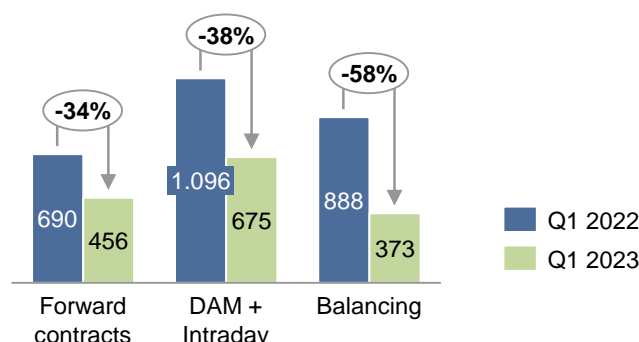
Operational costs activities with permitted profit
(RON mn)



OTC: In the interval January-March 2023, the costs of purchasing energy to cover own technological consumption amount to 147 million RON, lower by 42% (-108 million RON) compared to January-March 2022, motivated by the following:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with the neighboring electric energy systems, its value being very little to no controllable under the conditions of an interconnected and coupled regional energy market;
- as a result of the provisions of GEO no. 153/2022, Transelectrica purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 RON /MWh;
- the provisions of GEO 153/2022 were also applied to the other grid operators, which led to a drop in the quantities traded on short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of the energy purchased from PZU in the first quarter was 633.51 RON /MWh, lower compared to the price in the similar period of 2022, still remaining higher compared to the average purchase price for 2020 , 2021.

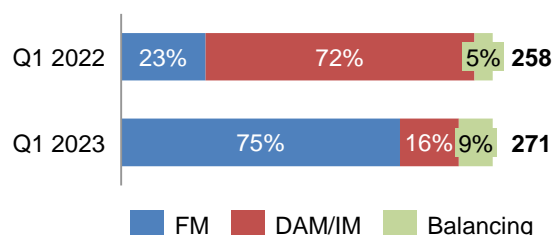
Average purchase prices*
(RON/MWh)



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

On all markets, lower average prices were recorded compared to those in the first quarter of 2022, and the purchase mix (net quantitative) has the following components in the two analyzed periods:

Purchase mix OTC per markets
(net quantities, GWh)



Thus, for the year 2023, the Company concluded a contract for the purchase of a quantity of 714,402.3MWh, representing 75% of the quantity related to the validated consumption forecast.

The expenses regarding electricity consumption in RET stations in the amount of 11.1 million RON recorded a value comparable to that recorded in the first quarter of 2022 in the amount of 11.8 million RON.

In order to carry out the activity of transmission of electricity in the power stations and the operation of the National Electroenergetic System in safe conditions, Transelectrica must purchase electricity to cover the consumption related to internal services from the high-voltage power stations under the Company's administration.

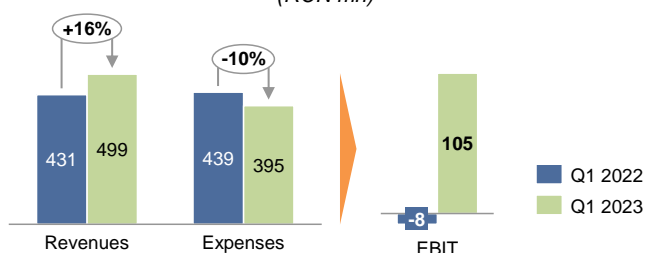
Inter TSO Compensation (ITC) costs

In Q1 2023 these expenses were higher by 6.9 million RON compared to the same period of the previous year and represent the monthly payment obligations/collection rights for each transmission and system operator (TSO) that are established within the mechanism of compensation/settlement of the effects of the use of the electric transmission grid (RET) for electricity transits between TSOs that have joined this mechanism within ENTSO-E.

Operational result

The activities with permitted profit recorded a positive result of 105 million RON, an increase of +113 million RON compared to the one recorded in the same period last year, the increase being mainly due to revenues from interconnection and revenues from transmission in terms of the reduction of operational costs (including depreciation).

EBIT structure activities with permitted profit
(RON mn)



Zero profit segment

Revenues from zero-profit activities decreased by -191 million RON, from 799 million RON on March 31, 2022 to 609 million RON on March 31, 2023, mainly determined by the decrease of -157 million RON in revenues on the balancing market.

The segment of **zero-profit activities** also recorded a decrease in costs by -161 million RON, from 778 million

RON on March 31, 2022 to 618 million RON on March 31, 2023, mainly determined by the decrease in expenses on the balancing market.

The balancing market was mainly influenced by the following elements:

➤ regulation

- the national regulations regarding the electricity market, respectively GEO no. 153 of November 11, 2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market in the period April 1, 2022-March 31, 2023, as well as for the amendment and completion of some normative acts in the field of energy and the amendment of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market between April 1, 2022 and March 31, 2023 updated, as well as for the amendment and completion of some normative acts in the field of energy;
- European legislative regulations regarding the energy market.

➤ regarding the operation of the market

- the evolution of the energy market at European and regional level;
- the way of contracting on the markets prior to the balancing market;
- the evolution of hydraulics and wind production;
- the evolution of the average price recorded on the balancing market;
- the evolution of the negative imbalance registered at the level of electricity suppliers on the balancing market;
- the evolution of electricity production and consumption.

The revenues regarding the balancing market achieved in Q1 2023 were lower by -157 million RON compared to those achieved in Q1 2022.

The expenses regarding the balancing market made in Q1 2023 were lower by -149 million RON compared to those made in Q1 2022. These expenses result from the notifications/achievements of the participants on this market.

For the year 2023, it is estimated that the evolution of the production and consumption of electricity at the national level and the European context of the evolution of the electricity market, the way of contracting on the markets prior to the balancing market, will have a significant impact on the evolution of revenues/costs on balancing market.

The technological system services are purchased by the Company from the producers in order to ensure the maintenance of the safety level in the operation of SEN and the quality of the electricity transmitted at the parameters required by the technical norms in force.

The contracting of these services is carried out:

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

The acquisition of system technological services is carried out competitively through daily tenders, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019.

In Q1 2023, the contracting of system technological services under the regulated regime was carried out only for Reactive Energy. Transelectrica contracted Reactive Energy from Hidroelectrica SA, according to ANRE Decision no. 1078/2020.

During January-March 2023, **revenues from technological system services** registered a percentage decrease of 25% compared to January-March 2022 (101 million RON on March 31, 2023 compared to 134 million RON on March 31, 2022), determined by the decrease of the tariff approved by ANRE for these services, under the conditions of reducing the amount of electricity delivered to consumers by a percentage of 9%.

The value of **expenses regarding technological system services** in Q1 2023, registered a percentage decrease of 10% compared to the same period in 2022 (110 million RON in Q1 2023 compared to 121 million RON in Q1 2022).

The amount of STS acquisition costs for Q1 2023 was mainly determined by the following factors:

- the purchase prices of system services on the competitive market remained around the following values:
 - ✓ the average purchase price of the secondary regulation reserve at the value of 85.00 RON/hMW;
 - ✓ the average purchase price of the rapid tertiary adjustment reserve, power increase to the value of 50.00 RON /hMW;
 - ✓ the average purchase price of the rapid tertiary regulation reserve, power reduction to the value of 12.00 RON /hMW.
- the manifestation during the first quarter of 2023 of a high level of concentration of the system technology services market for the secondary reserve (RS) system technology services.

The company re-invoices the value of the technological system services purchased from manufacturers to the electricity suppliers licensed by ANRE, who ultimately benefit from these services.

For the activity of technological system services, according to ANRE regulations, the income surplus/deficit compared to 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 registered. The surplus/deficit of income compared to the costs resulting from the performance of this activity is calculated on tariff programming periods.

For the next period from 2023, it is estimated that the evolution of ANRE's regulatory framework regarding the electricity market will have a significant impact on the evolution of the costs of purchasing system services through daily and per-way tenders, at the level of Transelectrica SA, as well as the European context of the evolution of the electricity market.

Operational result

The **EBIT** generated by the **zero-profit activities** recorded a negative result of -9 million RON, down from the one recorded in the same period last year.

The specific regulatory framework for zero-profit activities contains regularization mechanisms that ensure the compensation of the excess or deficit of revenues compared to the level of expenses necessary for the performance of the respective activities.

II. Company gross profit (EBT)

Total operating revenue

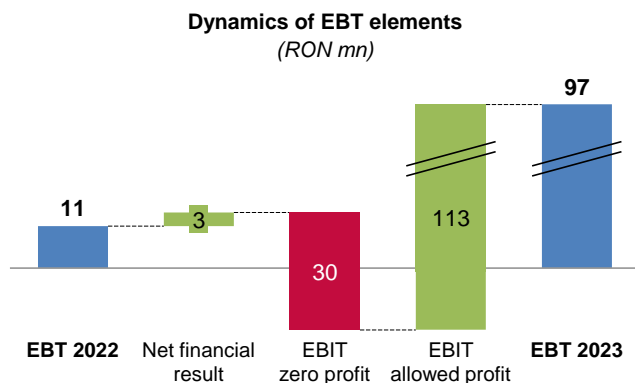
The total operating revenues achieved in the first quarter of 2023 registered a percentage decrease of 10% compared to the same period of the previous year (1,231 million RON in Q1 2022 compared to 1,108 million RON in Q1 2023), in the context of the significant increase in revenues obtained from the allocation of interconnection capacities and of transmission revenues, but also under the conditions of decreasing the amount of electricity delivered to consumers.

Total operating expenses

The total operating expenses (including depreciation) realized in Q1 2023 registered a decrease of 17% compared to the similar period of the previous year, 1,012 million RON in Q1 2023 compared to 1,218 million RON in Q1 2022. The gross revenue increased

during the analyzed period, from 11 million RON in Q1 2022 to 97 million RON in Q1 2023.

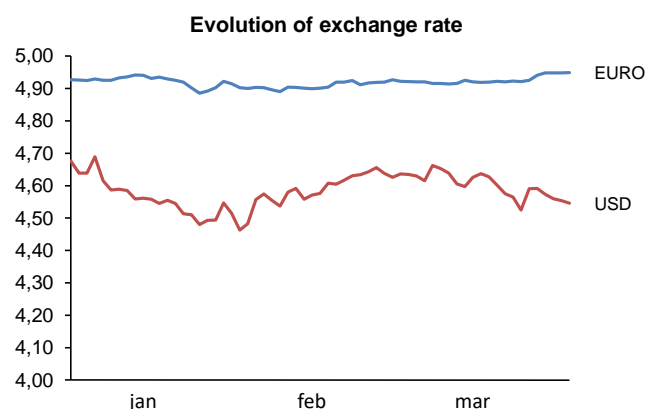
The dynamics between the result recorded in Q1 2023 compared to Q1 2022, broken down by the constituent components of the result, is presented in the following graph:



III. Financial Result

The net financial result recorded in the period January-March 2023 is positive in the amount of 1 million RON, influenced mainly by the interest rates applied during the analyzed period but also by the evolution of the exchange rate (RON/EUR). The increased level of expenses/income from exchange rate differences was significantly influenced by the high volume of transactions related to the market coupling activity segment.

The evolution of the RON/EUR and RON/USD exchange rate in 2023 is shown in the following graph:



IV. Net Result

The net result at the end of the first quarter of 2023 in the amount of 80 million RON, recorded an increase of 72 million RON compared to that recorded in the same period of the previous year, the appreciation being mainly due to the increase in revenues from interconnection and transmission revenues, but also under the conditions of the reduction of operational costs (including depreciation) with the amount of 206 million RON.

FINANCIAL POSITION

I. Fixed assets

Fixed assets recorded in Q1 2023 compared to December 2022 a percentage reduction of 1% (-33 million RON), mainly determined by the decrease in the balance of intangible assets.

Fixed assets related to the rights of use of leased assets - buildings

Fixed assets related to the rights to use the assets leased - buildings represent the right to use the premises leased by the Company in the Platinum office building, according to the provisions of IFRS 16 - Leasing contracts.

Starting from 01.10.2020, the rental contract valid for a period of 5 years entered into force.

As of March 31, 2023, the accounting value of the right to use the premises leased by the Company in the Platinum office building amounts to 19.88 million RON.

Intangible assets

The evolution of intangible assets was mainly influenced by:

- an exit of intangible assets in progress through recognition in costs of 5.4 million RON,
- the fact that for Q1 2023, the Company did not record additional costs with the purchase of electricity in order to cover its own technological consumption compared to the cost recognized in the tariff, instead a depreciation expense was recorded in the amount of 16.96 million RON for the additional OTC previously recognized.

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

Thus, the capitalized costs are depreciated over a period of 5 years from the date of capitalization and are remunerated with 50% of the regulated rate of return approved by the National Energy Regulatory Authority, applicable during the depreciation period of those costs and are recognized as a distinct component.

I. Current assets

Current assets registered a decrease in percentage of 43% on March 31, 2023 (2,124 million RON) compared to the value recorded on December 31, 2022 (3,702 million RON), mainly due to the reduction of trade receivables and other receivables.

Trade receivables decreased by 1,105 million RON (1,289 million RON on March 31, 2023 compared to 2,394 million RON on December 31, 2022). The most important evolutions were registered by:

- customers from the operational activity which, due to the decrease in transactions resulting from the energy market coupling mechanisms, generated a lower balance of receivables from the operational activity (1,286 million RON on March 31, 2023 compared to 1,696 million RON on December 31, 2022).

The main customers in the balance on the electricity market are represented by: IBEX, MAVIR, OPCOM, RAAN, Electrica Furnizare SA, Hidroelectrica SA, Enel Energie SA, CET Govora SA, E. ON Energie Romania SA, Enel Energie Muntenia SA.

Their share is 65.84% in total trade receivables.

- customers – the balancing market which, due to the decrease in the volume of transactions in the balancing market in the first quarter of 2023, compared to the fourth quarter of 2022, also determined the decrease of the customer balance from the contracts concluded for this type of activity (195 million RON on the date of March 31, 2023 compared to 564 million RON on December 31, 2022).

Customers - support scheme, which registered an increase of 7% determined, mainly, by the amount invoiced for the collection of overcompensation related to the year 2022, due in the second quarter of the year 2023.

On March 31, 2023, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration in a proportion of approximately 11% compared to 5% on December 31, 2022, of total trade receivables. 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 duties being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses".

On March 31, 2023, the Company records receivables in the amount of 141 million RON, represented by the invoices issued related to the bonus support scheme

for the promotion of high-efficiency cogeneration, of which mainly:

- overcompensation for the period 2011-2013 in the amount of 76.70 million RON, respectively from RAAN – 63.46 million RON and CET Govora SA – 13.23 million RON;
- undue bonus for 2014 in the amount of 3.91 million RON, respectively from RAAN – 1.98 million RON, and CET Govora – 1.93 million RON;
- overcompensation for 2022 in the amount of 34 million RON, respectively from CET Govora – 13.7 million RON and Electrocentrale Bucharest – 20.4 million RON;
- contribution for cogeneration not collected from suppliers of electricity consumers in the amount of 20.7 million RON, respectively from: Transenergo Com – 5.88 million RON, PetProd – 4.39 million RON, Romenergy Industry – 2.68 million RON, RAAN – 2.38 million RON.

Until the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for the year 2022 (amount of 34.13 million RON): CET Govora (13.7 million RON), and Electrocentrale Bucuresti (20.4 million RON), as well as the amount of 1.8 million RON from the undue bonus established by ANRE Decisions for the year 2022.

Other receivables as of March 31, 2022, amounting to 146 million RON mainly include:

- various debtors (104 million RON), of which:
 - delay penalties calculated for non-paying customers, in the amount of 83.2 million RON (of which the amount of 35.35 million RON represents penalties related to the support scheme). The largest late payment penalties were registered by the clients: RAAN (16.90 million RON), Romelectro (13.42 million RON), CET Govora (9.61 million RON), Electrocentrale București (9.41 million RON), Eco Energy SRL (8.91 million RON), Petprod SRL (8.89 million RON).
 - compensation due by suppliers for non-delivery of electricity in the amount of 11.9 million RON: Next Energy Partners (8.39 million RON), Enol Grup (2.54 million RON) and Arelco Power (0.99 million RON).
 - the debt 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 4.52 million RON.
- expenses recorded in advance in the amount of 14 million RON are mainly represented by international contributions (5.3 million RON), annual ANRE

contribution related to the year 2023 (3.6 million RON).

- other social debts in the amount of 1.47 million RON representing medical leaves 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 on March 31, 2023 are represented by debtor suppliers for services in the amount of 159 million RON compared to December 2022 when they were in the amount of 697 million RON.

The balance mainly represents amounts from transactions related to the price coupling mechanism (ICP – Interim Coupling Project, SIDC - Single Intraday Coupling, SDAC - Single Day-ahead Coupling) in the amount of 132.9 million RON - for ICP and SDAC and 24, 5 million RON - for SIDC.

The start of the successful SDAC Single Day-ahead Coupling took place on October 28, 2021 and is the result of the cooperation between the Designated Operators of the Electric Energy Market (OPEED) and the Transmission and System Operators (OTS) from Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

The launch of flow-based energy market coupling in the Core region, on June 8, 2022, represented the transition from the ICP – Interim Coupling Project coupling mechanism to FBMC – Flow Based Market Coupling, optimizing the European electricity market for 13 countries : Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered in the amount of 370.1 million RON related to statements for the period November 2022 - March 2023 and October 2020, of which, up to the date of this report, the amount of 95.4 million RON has been collected.

The largest existing depreciation adjustments in the balance as of March 31, 2022, represent trade receivables and related penalties for CET Govora (25.1 million RON), Eco Energy SRL (24.7 million RON), Petprod SRL (23.5 million RON), Arelco Power (14.8 million RON), Total Electric Oltenia SA (14.2 million RON), Romenergy Industry (13.5 million RON), Romelectro SA (13.4 million RON), Elsaco Energy (9.3

million RON), RAAN (8.5 million RON), Next Energy Partners SRL (8.4 million RON).

II. Liabilities

Long-term liabilities in the amount of 724 million RON on March 31, 2023 registered a 5% increase compared to the value recorded on December 31, 2022 in the amount of 687 million lei.

Interest-bearing liabilities

As of March 31, 2023, the amount of long-term loans decreased compared to December 31, 2022 mainly due to repayments made under existing loan agreements. At the same time, the value of short-term loans decreased from the balance of 92 million RON in December 2022 to 25 million RON on March 31, 2023. On March 31, 2023, the credit line is not used.

At the same time, **short-term liabilities** decreased by 48%, from 3,593 million RON on December 31, 2022 to 1,866 million RON on March 31, 2023, mainly due to the increase in trade and other debts. The following had an impact on the evolution of commercial liabilities:

- **suppliers on the energy market** that decreased by 1,205 million RON and recorded a balance in the amount of 752 million RON in March 2023 compared to 1,956 million RON in December 2022.

This evolution was mainly influenced by:

- the reduction of the balance of debts related to the operational activity by 778 million RON, which was mainly due to the decrease in the volume of transactions resulting from the coupling of the markets.

The suppliers on the electricity market are mainly represented by: OPCOM, IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, OMV Petrom SA. On March 31, 2023, their share in total energy suppliers is around 96.06%.

- the significant decrease in the balance of "debts related to the balancing market" was determined by the decrease in the volume of transactions registered on the balancing market in the first quarter of 2023, compared to the fourth quarter of 2022.

- *The decrease in debts related to the support scheme to suppliers (producers) by only 6 million RON was determined by the decrease in the value of the monthly bonus for high-efficiency cogeneration from March 2023, compared to December 2022.*
- **immobilization suppliers** decreased by 50 million RON due to the payment of overdue payments,

- **"other debts"** decreased significantly by 424 million RON, from the balance of 1,235.9 million RON on December 31, 2022 to 812 million RON on March 31, 2023, in the context of the evolution of creditor customers.

The structure of "other debts" is as follows:

- various creditors in the amount of 409.6 million RON (increased by 20 million RON compared to December 31, 2022) are mainly represented by the net position of the support scheme regarding high-efficiency cogeneration, debt position, in the amount of 396 million RON and solution study contracts for connection to RET (10 million RON),
- creditor customers on December 31, 2022 amount to 328 million RON (increased by 443 million RON compared to December 31, 2022) and represent amounts received in advance from IBEX (181 million RON), MAVIR (95 million RON), OPCOM (49 million RON) and JAO (0.2) within the transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).

- *the debt for fixed assets related to the rights of use of assets leased - buildings*, according to the provisions of IFRS 16 – Leasing contracts, amounts to 8 million RON (short-term debt).
- *other debts* in the amount of 53.8 million RON are represented, mainly, by the guarantees of good payment of the contracts on the electricity market concluded by Transelectrica in the amount of 32.2 million RON and VAT not due during the reporting period in the amount of 21.3 million RON.

Provisions have a constant evolution on March 31, 2023 (67.3 million RON) compared to December 31, 2022 (68.1 million RON).

IV. Equity capital

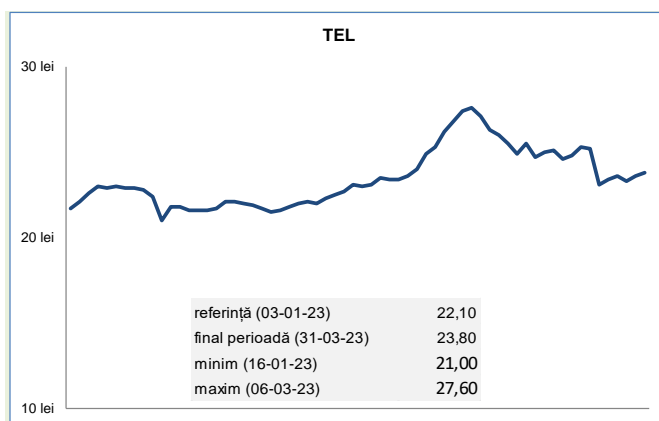
The equity capitals registered an increase determined mainly by the recording in the retained earnings of the net profit in the amount of 80 million RON, achieved on March 31, 2022. Thus, the equity capital on March 31, 2023 amounts to 3,949 million RON compared to 3,869 million RON on December 31, 2022.

SHARE EVOLUTION

The first quarter of 2023 started with a trading price of 22.10 RON/share, opening the way to the maximum price of the period of 27.60 RON /share from 03.06.2023. At the end of the period, the price of a TEL share was 23.80 RON, bringing a stock market capitalization of 1,745 million RON, in value recovery compared to the minimum price of 21.00 RON recorded on 16.01.2023.

The company has the ability to adapt to the economic context, the trading of TEL shares in the first three months of 2023 on the Romanian capital market registering 6,985 transactions with an average number of 111 transactions/day and 1,294,842 traded shares, with a total value of 30,566 thousand RON.

TEL share evolution



Transelectrica shares are part of the structure of the following stock indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, BET-XT-TRN. Among them, the most representative for the Company are:

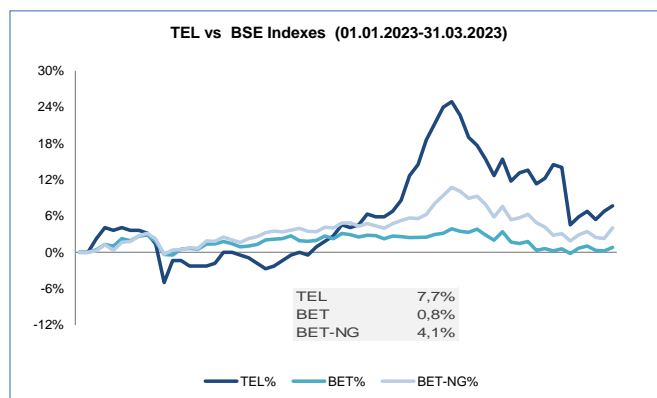
- the BET index (Bucharest Exchange Trading - the reference index of the capital market that reflects the evolution of the 20 most liquid companies listed on the regulated market of BVB),
- the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index that reflects the evolution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

Simbol: TEL
ISIN: ROTSELACNOR9
Tip: Actiuni
Segment: Principal
Categorie: Premium
Stare: Tranzactionabila



According to the last periodic adjustment date recorded on 10.03.2023, TEL shares have a weight of 1.44% in the BET index and 4.42% in the BET-NG index.

The evolution of the TEL share in relation to the two indices can be found in the adjacent graph:



MAIN RISKS AND UNCERTAINTIES

In-depth knowledge of the threats allows their prioritization depending on the eventuality of their materialization, the extent of the impact on the objectives and the costs involved in the measures aimed at reducing the probability of occurrence or limiting the unwanted effects.

At the level of the Company, the risks related to the performance of its own activities are periodically and systematically analyzed, the Register of identified risks, risk tracking sheets, risk alert forms (for newly emerging risks) and the plan for the implementation of control measures are drawn up annually, in order to limit the possible consequences of these risks, in accordance with the legal provisions.

Among the elements that can affect the Company's liquidity are:

- interest rate fluctuation

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

Market interest rates have increased considerably since February 2023. However, this increase has reversed sharply in March in the context of the severe tensions in financial markets. The cost of bank lending to companies in the Euro area has become higher. Lending to companies moderated further, due to lower demand and more restrictive conditions associated with the supply of loans.

The increase in electricity prices generated by the economic context threatened by stagflation, as a result of persistently high tensions on the financial markets, as well as the war in Ukraine, led to an increase in the Company's working capital financing needs, necessitating recourse to contracting short-term credit facilities;

- exchange rate variation

Currency risk expresses a probability of recording losses from international commercial contracts or from other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity.

This probability occurs if, at the time of receipt of the consideration for the goods/services, the contract currency depreciates compared to the time of the conclusion of the international commercial contract.

The unwanted effects of currency risk can be counteracted or, at least, mitigated by hedging. At the level of Transelectrica, there are no currency hedging operations.

Another method by which such effects can be avoided is represented by the inclusion in the contract of a currency clause or a price revision clause. The application of various extra-contractual measures can save the Company from the presence of negative effects.

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

To honor foreign currency obligations, the Company has opened foreign currency accounts at commercial banks within the Romanian banking system.

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

- the provisions of the financing agreements

Within the financing contracts, there are clauses regarding the observance of some financial and non-financial indicators (covenants), the violation of these clauses may entail, on the basis of a prior notification and a reasonable time, the early payment of the financing facilities.

Also, some financing facilities have penalty clauses in case of early repayment.

Until this date, there have been no situations of non-compliance with the provisions of the Company's financing agreements.

- the risk of non-fulfillment of legal conditions

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

- **the level of taxation**, including the introduction of new fees and taxes. In the first quarter of 2023, this risk did not materialize;
- **credit risk**: the company could suffer a financial loss due to the inability or refusal of a contractual partner to fulfill its contractual obligations. This risk mainly results from trade receivables, cash and cash equivalents. During the first quarter of 2023, there were no malfunctions in the relationship with customers, the invoices being collected on time;
- **the risk of non-payment of guarantees in investment projects**: the main cause of this type of risk results from the existence of banking companies or insurance companies that offer guarantee services without having the financial capacity to honor their obligations under the instruments of warranty issued. During the first quarter of 2023, the Company was not unable to meet its financial obligations. Thus, there are no risks and uncertainties for the following months of the 2023 financial year, other than those previously presented, that would affect the Company's liquidity.

- **cash-flow risk** – this represents the risk that Transelectrica will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables.

The company pays more attention to the efficient management of the treasury, through the effective management of cash flows and the optimization of the liquidity surplus in order to be able to honor the financial obligations as they come due, as well as the availability, in case of need, to call for financing through adequate credit facilities.

During the first quarter of 2023, the Company met all of its financial obligations.

Other risks that can influence the Company's financial performance can be:

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

This risk reflects a complex of factors, with a potential effect on the increase in financing costs on the credit market, which can significantly affect the Company considering the substantial amount of capital needed to be attracted to finance the investment plan for the coming years.

On December 8, 2022, the rating granted by Moody's Transelectrica is at the Baa3 level, stable perspective.

The Company's rating is strongly dependent on Romania's sovereign rating.

On March 24, 2023, the Fitch rating agency reconfirmed Romania's government debt rating at BBB-/F3 for long-term and short-term foreign currency debt and revised the country's perspective from negative to stable.

- **investment risk** as a result of financial difficulties at the level of the subsidiaries caused both by historical debts, the competitive environment and their own management.

Regarding the elements, events or factors of uncertainty that influenced the activity of European funds for financing investment projects, we mention:

- the volatility of the construction market and materials in the energy field, as well as the current geopolitical context, have determined a spectacular increase in prices and implicitly in the budgets and quotations of investment projects financed from non-reimbursable European funds, with an impact on the value of the Company's contribution to project financing,

- the amendment of the legislation in the area of price adjustment related to contracts within projects financed from non-reimbursable European funds, for the rebalancing of contracts, has generated uncertainties related to the way of applying the adjustment formulas and different interpretations, for the different types of contracts concluded or to be concluded, a fact that induced syncope in the implementation of the projects and in complying with the work execution plans, with an effect on the assumed implementation deadlines.

The company attaches due importance to the analysis of the risk environment and the early identification of

possible risks that may appear in the future, as well as the use of early warning systems.

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

At the same time, the periodic review of risks, as provided for in the standards, leads to the reallocation of resources in accordance with the modification of hierarchies and, implicitly, of priorities.

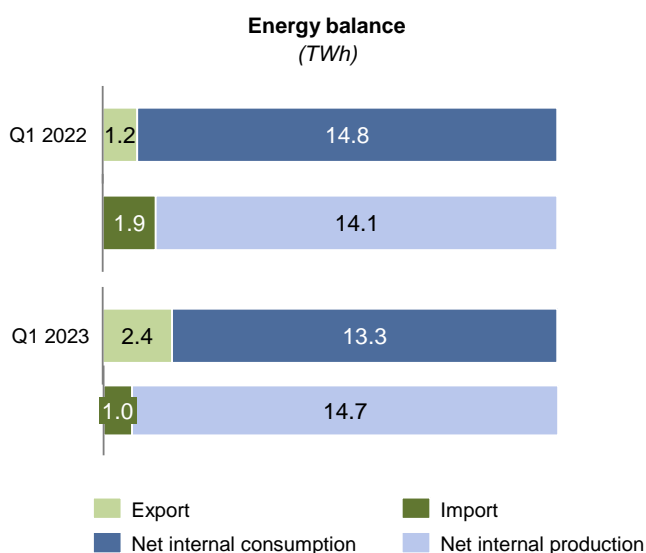


Operational Data

SEN ENERGY BALANCE

Analyzing the evolution of the components of the energy balance, between January and March 2023 compared to the same period in 2022, a 10% decrease in net domestic consumption¹ and a 4% increase in net energy production can be observed.

Cross-border physical export exchanges in Q1 2023 show a 96% increase compared to Q1 2022, and cross-border import flows decreased by 47%.



In the first quarter of 2023, electricity consumption at the SEN level recorded decreases in all three calendar months with values between 5.68% in February and 11.61% respectively in January.

The decrease in consumption was largely influenced by the average monthly temperatures, which registered positive anomalies, generally being above the climatological norms.

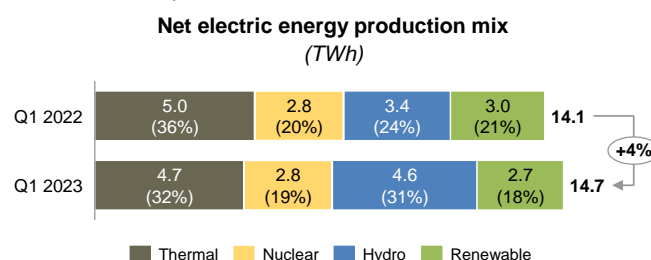
Another element that led to the reduction of national electricity consumption is the entry into force of Regulation (EU) 2022/1854 of October 6, 2022 regarding an emergency intervention to address the issue of high energy prices. It provides in article 3, para. 1, the fact that Member States are making efforts to implement measures to reduce the total monthly gross electricity consumption by 10% compared to the

¹ the values do not include consumption related to own services in electricity generation plants; the net consumption value includes losses in transmission and distribution networks as well as pump consumption in pumped storage hydro stations

average gross electricity consumption of the corresponding months of the reference period².

PRODUCTION MIX

Regarding the production mix, in the period January - March 2023 compared to the similar period of 2022, there was an increase in the component from Hydro sources in percentage of 36%, respectively a decrease in the Thermal component by 7%, Nuclear by 1 %, and the Renewable component by 8% (mainly based on the decrease in photovoltaic energy production -24% and biomass -19%).



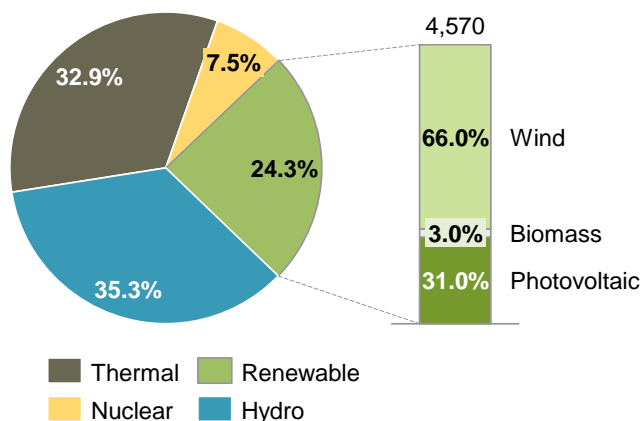
Analyzing the weights of the components of the net production mix for the period January - March 2023, it is noticed that the largest weight, 32%, is represented by the Thermal component followed by the Hydro component 31%, and the energy produced from renewable and nuclear sources have a weight of approximately 18 % and 19% respectively.

NATIONAL PRODUCTION FARMS

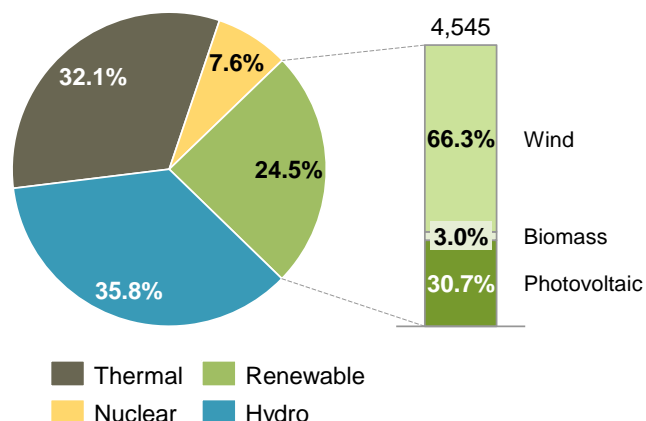
Installed power in thermal power plants increased by approximately 4% in Q1 2023, from 5,966 MW installed on March 31, 2022, to 6,185 MW installed on March 31, 2023. Installed power for the period January - March 2023 versus January - March 2022, is shown in the graphs that follow:

² Art. 4, paragraph (1): Each Member State identifies the peak hours that correspond in total to a minimum percentage of 10% of the total number of hours in the period between 1 December 2022 and 31 March 2023.

Installed power Q1 2023 (18.810 MW. gross value)



Installed power Q1 2022 (18.569 MW. gross value)



CROSS-BORDER FLOWS

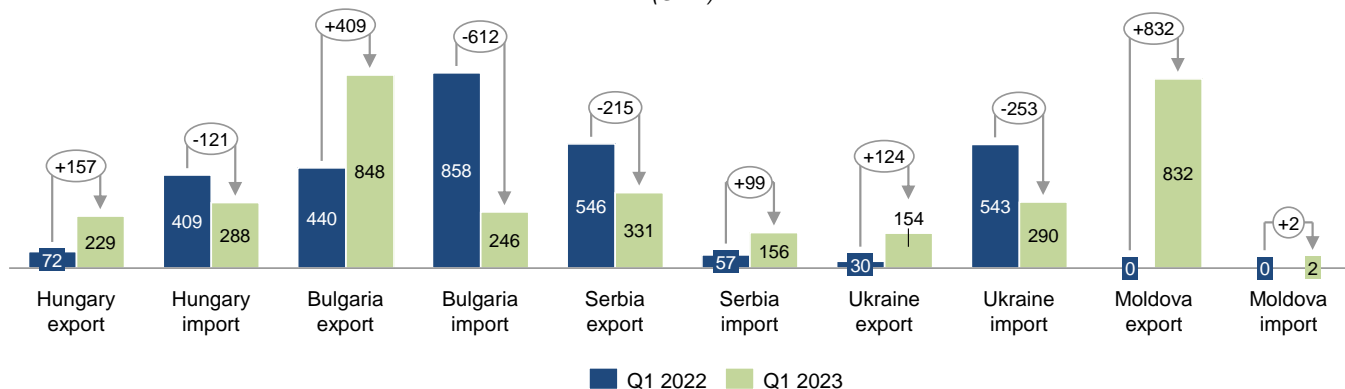
The distribution of **physical import/export flows** on the interconnection lines in the interval January - March 2023 compared to January - March 2022 is presented as follows:

- exports decreased on the border with Serbia, and increased on the border with Bulgaria, Hungary, Ukraine and Moldova, and
- import increased on the border with Serbia and Moldova and decreased on Bulgaria, Hungary and Ukraine.

Concretely, compared to the interval January - March 2022, physical export flows increased with Bulgaria (+93% +409GWh), with Hungary (+157 GWh), Ukraine (+124 GWh) and with Moldova (+700GWh) and decreased on the border with Serbia (-39% -215 GWh), simultaneously with the increase in physical import flows on the interconnection lines with Serbia (+99 GWh) and with Moldova (+2 GWh) and decrease on Bulgaria (-71% -612GWh), Hungary (-30% -121GWh) and Ukraine (-47% -253GWh)

The physical flows of both imports and exports at each border are shown below:

Physical Flows
(GWh)



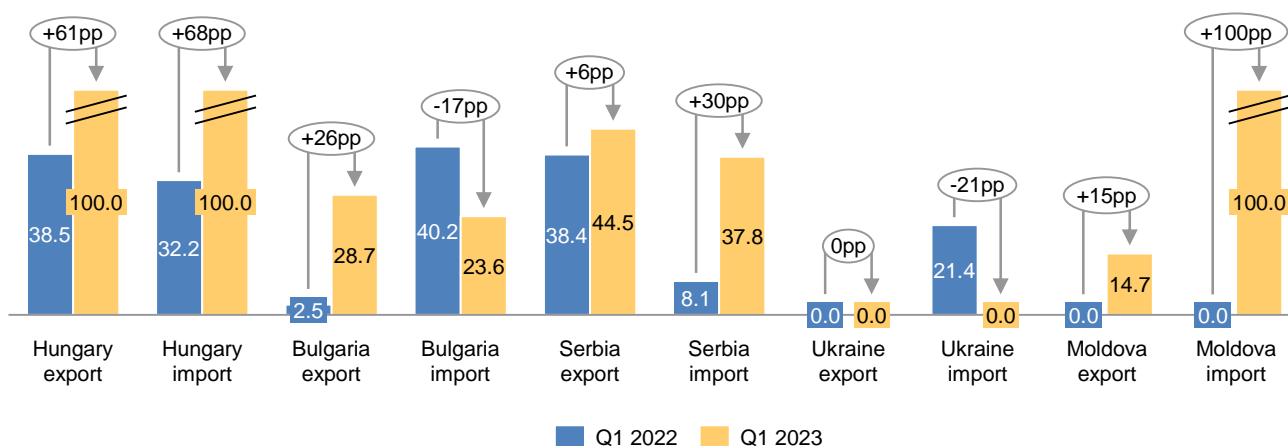
Compared to the first quarter of 2022, there was generally an increase in the degree of utilization of the capacity allocated to export, respectively an increase in export trade and transited energy, in the context of higher hydraulics compared to last year in this period of the year and under the conditions of a lower domestic electricity consumption compared to the similar period in 2022.

The Government's Emergency Ordinance no. 119 of September 1, 2022, for the amendment and completion of Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market, updated, as well as for the modification and completion of some

normative acts in the field of energy, which introduces the solidarity tax for companies that export electricity had a huge impact.

On the border with Hungary, the degree of utilization is 100%, both for import and import, given that the short-term tenders are of the default type (capacity and energy are allocated simultaneously), and starting from January 2023, it was made a complete transfer in the case of long-term tenders from the allocation mechanism of Physical Capacity Rights type to the allocation mechanism of Financial Capacity Rights type (the capacity allocated in the annual and monthly tenders is no longer a physical right that can be used by the participant, but only a financial right of it).

Degree of use of the total allocated capacity (%)



The degree of use of the total capacity rights on a border and direction, represents the ratio expressed as a percentage between the energy related to the commercial exchanges carried out (notified) at the level of a month and the energy corresponding to the total capacity rights.

Commercial exchanges include the amount of electricity imported and exported as a result of Transelectrica's participation as an operational member in the European Imbalance Netting platform (IGCC), starting from December 17, 2021.

Regarding the implications with respect to the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the system of Continental Europe through Romania, Hungary and Slovakia:

- starting from 16.03.2022, the emergency synchronization of the power systems of Ukraine and the Republic of Moldova with the power system of Continental Europe was carried out. This acceleration of the synchronization project, started in 2017, was possible as a result of the studies carried out previously and the adaptation of some measures to reduce the risks in the operation of the electric power systems;
- the synchronous interconnection of the electric power transmission systems of the Republic of Moldova and Ukraine with the European power system, led to a reduction of technological own consumption in the electrical transmission grid in Romania, especially due to a more favorable distribution of flows on the interconnection power lines;
- the synchronous interconnection of the electricity transmission systems from the Republic of Moldova and Ukraine with the power system in Romania contributed to the expansion of the electricity market, offering the opportunity to carry out commercial exchanges of electricity at the regional

level, respectively between Romania, Ukraine and the Republic of Moldova, in the current context of the single European electricity market;

- in the current geopolitical context, the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the system of Continental Europe will put pressure on the neighboring electricity systems (Romania, Hungary and Slovakia) from the point of view of ensuring the interconnected operation, respectively the adequacy at the regional level, taking into account the difficulties experienced during this period by the Republic of Moldova and Ukraine to ensure the electricity requirement;

- on the border with Ukraine, capacity allocation tenders are currently suspended from 16.01.2023, until the coordinated allocation rules are agreed, and on the border with the Republic of Moldova, long-term capacity allocation tenders (annual and monthly) are currently suspended, being organized only bilaterally coordinated daily allocation of capacity for 100% of the total capacity (tenders organized by the Romanian TSO).

In the current context of the conflict between Russia and Ukraine, it can be mentioned that the data related to the operation of the energy systems in Ukraine and the Republic of Moldova are not public data, the energy system in Ukraine being the target of many attacks.

• OWN TECHNOLOGIC CONSUMPTION

Compared to the January-March period of 2022, in the same period of 2023 the OTC in the RET increased by approx. 5%, and the percentage OTC increased from 2.28% to 2.54%.

Due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transmission grid and on the

interconnection lines with the neighboring electric energy systems, its value being very little or not at all controllable under the conditions of an interconnected and coupled regional energy market.

The factors that significantly influenced the OTC between January and December 2022, for example precipitation and the distribution of cross-border physical flows, are not under Traselectrica's control.

OTC EVOLUTION FACTORS

In January 2023, OTC increased compared to January 2022 by 3.5%, as a result of the unfavorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia which led to the increase in the transport of energy at a distance from the sources and of unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the increase in corona losses.

The percentage of losses related to the energy entered into the RET increased from 2.42% in 2022 to 2.62% in 2023. The energy entered into the loop decreased by 4.2% in January 2023 (171.9 GWh) compared to the similar period from 2022, as a result of the decrease by 41.9% (212.7 GWh) of the energy received from imports and by 0.9% (28.8 GWh) of that received from the producers connected to the RET, in the conditions of the increase with 21.9% (69.5 GWh) of the energy received from RED.

In February 2023, OTC increased by 17.6% compared to February 2022 as a result of unfavorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia that led to the increase in energy transmission distance from the sources, but also of unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the increase in corona losses. The percentage of losses relative to the energy entered into

the RET increased from 2.04% in 2022 to 2.42% in 2023. The energy entered into the loop decreased by 1% (36.0 GWh) in February 2023 compared to the similar period in 2022, as a result of the decrease by 42.1% (230.7 GWh) of energy received from imports, in the context of the increase by 3.4% (92.7 GWh) of energy received from producers connected to the RET and by 46.7% (102 GWh) of that received from RED.

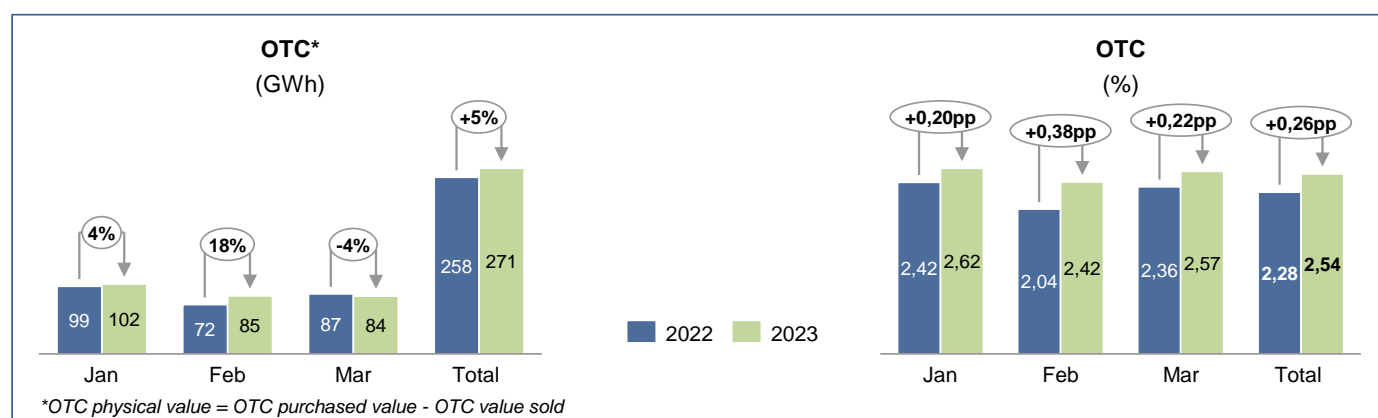
In March 2022, the OTC decreased by 3.5% compared to March 2022, mainly as a result of the decrease of energy entered into the RET contour and the more advantageous distribution of production in the territory, which led to the reduction of energy transmission distance from sources.

The percentage of losses related to the energy entered into the RET increased from 2.36% in 2022 to 2.57% in 2023. The energy entered into the loop decreased by 11.7% (432.3 GWh) in March 2023 compared to the similar period in 2022, as a result of the decrease of energy received from producers directly connected to RET by 0.9% (24.6 GWh), of that received from import by 54.4% (441 GWh), in the conditions of the increase of the energy received from RED by 12.9% (33.3 GWh).

The weather conditions were unfavorable, being characterized by higher precipitation, which caused the corona losses to increase.

In conclusion, for the first quarter of 2023 as a whole, the OTC in the RET increased by 5.1% compared to the similar period in 2022, especially as a result of the unfavorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia and the more unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the reduction of corona losses.

Compared to the energy entered into the circuit, the losses increased from 2.28% to 2.54%.





RET Development

FIXED ASSETS REGISTERED IN THE ACCOUNTANCY

The total value of tangible assets on March 31, 2023 compared to December 31, 2022 was determined by the increase in the value of tangible assets in progress simultaneously with the recording of the depreciation of tangible assets.

The value of fixed assets recorded in the accountancy in the first quarter of 2022 is of 55.8 million RON (23.7 million RON in the same period of 2022), increasing by 32 million RON.

The largest transfers from tangible fixed assets in progress to tangible fixed assets are mainly represented by the commissioning of investment objectives, the most significant of which are listed below:

- Refurbishment of the Ungheni 220/110/20 kV Station – 31.8 million RON;
- Modernization of Dumbrava 220/110 kV Station – 21 million RON;
- Replacement of circuit breakers in electrical stations - Stage II – 1.3 million RON;
- Modernization of the 220/110/20kV Vetiş Station - primary equipment - 0.56 million RON;
- Completing the communications infrastructure necessary for the operation of the Company's private cloud hardware structure, to ensure the implementation and operation of the new Balancing Market platform - DAMAS - 0.41 million RON.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Purchases of tangible and intangible assets in the January-March 2023 period are in the amount of 67.3 million RON, down compared to the same period in 2022 when the purchases were in the amount of 91.3 million RON.

At the same time, the balance of tangible assets under construction according to the financial position on March 31, 2023, in the amount of 1,044 million RON, is represented by ongoing projects, the most significant ones being listed below:

- LEA 400 kV d.c. Cernavodă - Stâlpu and connection in Gura Ialomiței - 349.8 million RON;
- LEA 400 kV d.c. Gutinaș – Smârdan – 143.1 million RON;
- Switching to 400 kV voltage of Portile de Fier - Reșita - Timișoara - Săcălaz - Arad - Stage I - LEA 400kV s.c. Portile de Fier - (Anina) – Reșita – 121.6 million RON;
- Modernization of the 400(220)/110/20 kV Munteni Station – 47.5 million RON;
- Connection to RET of CEE 300 MW Ivesti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new Station (400)/220/110 kV Banca – 46.9 million RON;
- Modernization of Arefu 220/110/20 kV Station – 45.6 million RON;
- Refurbishment of the 400/110/20 kV Smârdan Station -31.9 million RON;
- Switching to the 400 kV voltage of the Portile de Fier - Resita - Timișoara - Săcălaz - Arad - Stage I - Resita 400/220/110 kV Station – 25.6 million RON;
- Refurbishment of the 220/110/20 kV Baru Mare Station – 22.3 million RON;
- Increasing the transmission capacity of LEA 220kV Ștejaru - Gheorgheni - Fântânele - 21.8 million RON;
- Extension of the Gura Ialomiței 400 kV Station with two cells: LEA 400 kV Cernavodă 2 and 3 – 19.3 million RON;
- Refurbishment of the 110 kV Medgidia Sud Station – 13.7 million RON;
- Extension of the 400 kV Cernavodă Station - Stage I+II, Replacement of 2 compensation coils, Connection of new lines - 13.1 million RON;
- Mobile cells of 110 kV, 220 kV and 400 kV – 11.3 million RON.

ANNUAL INVESTMENT PROGRAM

The breakdown of investment expenses on March 31, 2023 on the main chapters of the annual investment program correlated with the main chapters of the Company's Development Plan, is presented as follows:

The degree of completion of the investment program on March 31, 2023 is 12.7%.

No.	Categories of expenses	Program PAI 2023* (thousand RON)	Achievements (thousand RON)	
			Q1 2023	Q1 2022
	Total general (A+B)	465.965	59.307	73.146
A	Own company expenses	456.325	59.307	72.606
	Investments			
B	financed from connection tariff	9.640	0	540

*PAI 2023 review A1

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

EUROPEAN FUNDS

At the end of 2022, the process of contracting the non-refundable financing from the Modernization Fund in the amount of 424,404,843 EUR was completed, by signing the financing contracts with the Ministry of Energy on 10.10.2022.

The financing of 424 million EUR represents 30% of the total funds obtained by Romania through the Modernization Fund, respectively 14% of the total financing obtained by the 8 member states from Central and Eastern Europe (Romania, Czech Republic, Slovakia, Croatia, Lithuania, Hungary, Poland, Estonia) with approved projects.

In the interval January-March 2023, regarding the project "LEA 400 kV d.c. Gutinaș Smârdan", financed by the Large Infrastructure Operational Program 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 over energy produced from renewable resources, were submitted two reimbursement requests, and the Galati Regional Directorate and the Management Authority accepted

Regarding the RET's ability to integrate new production units from renewable sources, the wind and solar potential of the Dobrogea (south-east of the country) and Banat (south-west of the country) regions should be mentioned. These regions, already congested, no longer allow the integration of new capacities, but taking into account the investments being made as well as those planned for these two regions alone, by 2027, there will be approximately 5,000 additional MW available.

CONTRACTUAL ASPECTS

The most important investment contracts signed in Q1 2023 are:

- Increasing operational safety of the Arges-Vâlcea network area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV AT - 71.9 million RON;
- LEA 220 kV double circuit Ostrovu Mare - RET - Stage 1 – 41.4 million RON;
- Installation of a protective conductor with embedded optical fiber on the 400kV Roșiori - Mukacevo LEA (execution/design) – 4.9 million RON.

the full reimbursement of the amounts requested through reimbursement request no. 8 representing non-refundable expenses in the amount of 13.3 million RON and reimbursement request no. 9 representing non-refundable expenses in value of 11.7 million RON.

At the same time, with regard to the **Re PowerEU Plan**, clarifications were sent for the project sheets related to the projects submitted by Transelectrica in order to finance them through RePowerEU - Investment I6 - digitization, efficiency and modernization of the national electricity transmission grid (allocation 148,000. 000 EUR), at the deadline requested by the Ministry of Investments and European Projects as follows:

- Investment 6.a – Accelerating the integration of renewable energy sources and facilitating cross-border exchanges of electricity by building the 400 kV Suceava – Balti Overhead Power Line, including relevant works in the Suceava (RO) and Balti (MD) stations (allocation 76,512,000 EUR);
- Investment 6.b – T-STARES - Installation of photovoltaic power plants (CEF) and electricity storage

facilities intended to supply internal services installed in C.N.T.E.E.. Transelectrica S.A. stations (allocation 32,170,000 EUR);

- Investment 6.c – Retehtnologizarea SMART SA – subsidiary of Transelectrica S.A (allocation 29,940,000 EUR);

- Investment 6.d - Optimizing the communications network and creating a data center – Teletrans SA, subsidiary of Transelectrica S.A. (allocation 9,378,000 EUR).

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

At the same time, in March 2023, representatives from the company were invited by the Ministry of Investments and European Projects to the public presentation session of the RePowerEU plan, following the launch of the public consultation process for submitting reform and investment proposals for the new REPowerEU chapter by the actors concerned.

At the same time, Transelectrica participated in the selection process initiated by the Politehnica 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, the application for funding was submitted for the implementation of the "Dual Politehnica Bucharest Campus" project.

Between March 23-25, 2023, a company delegation participated in the "Smart Electricity Grids TEN-E Thematic Area Group" meeting organized by the European Commission in Brussels, Belgium, to support the CARMEN project in order to be reconfirmed on the 6th list of projects of common interest of the European Commission.

Also in March 2023, by participating in the Consortia formed for the development of the TwinEU and SmarTWin projects, funding applications were

submitted through the European Research Program - Horizon Europe.

The consortium formed for the development of the TwinEU project - brings together more than 70 partners from different locations in Europe, including transport and system operators, technology companies, universities and research institutes, European associations, solution developers, while the consortium formed for the development of the project SmarTWin – brings together more than 40 partners from different locations in Europe, including transmission and system operators, technology companies, universities and research institutes, European associations, solution developers.

SmarTWin aims to develop a smart energy infrastructure using Digital Twin technology, to achieve the improvement of the integration of renewable sources and the active participation of consumers in the energy transition. This comes in full alignment with the directions introduced by the European Commission in the "EU Action Plan on the Digitization of the Energy System" to increase the efficiency and intelligence of the grid.

The funding applications were submitted within the call HORIZON-CL5-2023-D3-01-10 "Supporting the development of a digital twin to improve management, operations, and resilience of the EU Electricity System in support to REPowerEU".

The estimated benefits for the Company regarding participation in the mentioned Consortia, consist in the training and familiarization of the staff with the technical solutions for the development of the transport network using smart technologies and with the benefits they can bring to the system, considering the need to find solutions for energy integration from renewable sources at the quotas established in the National Integrated Energy and Climate Change Plan (PNIESC) for the year 2030 and the fulfillment of the obligations imposed by ANRE.

FINANCIAL INVESTMENTS OF THE COMPANY

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

In this context, the Company is affiliated to the following entities:

- TSCNET
- JAO

TSCNET (TSCNET Services GmbH)

It was established to serve the Transmission and System Operators (TSOs) in the East-Central-West region of Europe (CORE region) in order to implement the coordinated European grid codes. Affiliation is done

with participation in TSCNET's shareholding by making a transaction to purchase shares within the company.

By Decision no. 9 of the AGEA dated June 5, 2018 it was approved the affiliation of the Company to the Security Coordination Center of the CORE region, TSCNET by participating in the share capital with a contribution of 470,500 EUR (1 share - 2,500 EUR).

JAO (Joint Allocation Office)

Starting from 2019, the tenders for the allocation of long-term capacities are coordinated by the JAO, which was designated as the Operator of the Single Allocation Platform (SAP).

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

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

SEE RSC (South East European Electricity Grid Coordination Centre)

Through the Romania-Bulgaria border, Romania is part of the South-East Europe ("SEE") coordinated calculation region of cross-border transfer capacities. From the point of view of regional operational security coordination services, this region will be served by an independent legal entity that will exercise the role of regional operational security coordination center (hereinafter referred to as SEE RSC).

The Company's affiliation with the SEE RSC shareholding became effective starting on 22.05.2020 with a cash subscription in the amount of 50,000 EUR, being allocated 50,000 shares.

On February 25, 2022, the Extraordinary General Meeting of Shareholders approved the exit of the Company from the Selene CC shareholding, with the full recovery of the capital invested by the Company in this company (50,000 EUR). On 07.02.2023 by repaying the consideration of the shares held, the Company effectively exited this association simultaneously with the full receipt of their consideration.



Significant Events

JANUARY – MARCH 2023

- **Contract concluded with Opcom Branch**

According to the information included in the Current Report dated January 10, 2023, the Company concluded a contract with the OPCOM subsidiary in order to purchase electricity to cover the necessary technological own consumption (OTC) for the year 2023, through the Centralized Electricity Purchase Mechanism (MACEE) provided in the Appendix to GEO no. 153/2022.

- **Decision No. 1 of the General Extraordinary Meeting of Shareholders on January 26, 2023**

AGEA meeting on January 26, 2023, approved the amendment, starting from March 1, 2023, of Appendix no. 1 to the Articles of Incorporation, by replacing the terms units, Unit and Unit with the terms branches, Branch, respectively Branch, with mandating the Directorate to extend the effective date of the amendment by no more than 30 days and mandating the chairman of the meeting to sign the updated Articles of Incorporation.

According to the press release dated February 20, 2023, the Company's Directorate based on HAGEA no. 1/2023 approves the extension of the date of entry into force of the amendments to the Articles of Incorporation as March 30, 2023.

- **Bilateral meeting with officials of the Government of the Republic of Moldova for cooperation projects in the field of energy interconnection**

On Thursday, January 26, 2023, the Company's representatives received the official delegation from the Republic of Moldova, led by Andrei Spînu, the Deputy Prime Minister and Minister of Infrastructure and Regional Development, in a visit on the topic of strengthening collaboration in the energy field.

During the meeting, the analysis of the opportunity to expand OPCOM (Operator of the Romanian electricity and natural gas market), a subsidiary of the Company, on the electricity market of the Republic of Moldova was discussed, thus agreeing the next steps for OPCOM to become the operator of the electricity market in the Republic of Moldova.

The discussions were attended by Mr. Gabriel Andronache, the president of the Transelectrica Directorate, Mr. Bogdan Toncescu, a member of the

Directorate, as well as Mr. Victor Ionescu, the general director of OPCOM.

- **Transelectrica sets the bases for the development of an own Operational Security Center with a total Americal investment of 2.7 million Dollars**

According to the Company's press release dated February 3, 2023, Transelectrica signed a Grant Agreement worth approximately 1.1 million dollars with the Government of the United States of America, represented by the United States Trade and Development Agency (USTDA), for the establishment of an Operational Security Center of the Company.

The project that Transelectrica will implement with the support of American partners, involves the realization of a feasibility study and a pilot project to test and validate hardware and software solutions for the adoption of an effective model for improving cyber security.

The preliminary steps to obtain financing from the USTDA were made, in 2021, by the American company Pythia (as a service provider) together with the American company Fortinet (provider of licenses and security software products), which developed together with Transelectrica SA (as the beneficiary), the documentation substantiating the decision to award the Grant in the amount of approximately 1.1 million dollars.

Also, for the entire implementation of this project, Fortinet, as a subcontractor, will contribute about 1.6 million dollars, an amount that represents the value of the use of the security systems that the American company will make available for the pilot project, for a year. Thus, the total value of the investment amounts to approximately 2.7 million dollars.

- **Decision no. 2 and 3 of the Ordinary General Meeting of Shareholders of February 16, 2023**

AGOA meeting on February 16, 2023, approved the appointment as provisional members of the Supervisory Board on:

- ATANASIU Teodor,
- DASCĂL Cătălin-Andrei,
- ORLANDEA Dumitru Virgil,
- PĂUN Costin-Mihai,
- STERP VINGĂRZAN Gheorghe,
- VASILESCU Alexandru-Cristian,

➤ ZEZEANU Luminița.

with a duration of the mandate for a period of four months starting on February 22, 2023 and ending on June 21, 2023, approved the fixed allowance of the members as well as the form of the mandate contract.

It also approved the formulation of the petition to sue against the former members of the Directorate in order to recover the damage in the amount of 237,044 RON, representing compensation of a salary nature/court expenses.

• **Litigation**

According to the press releases issued by Transelectrica, there are arbitration requests submitted by former members of the Supervisory Board and the Directorate to the Arbitration Center in Vienna, representing requests for compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024.

• **Accepting mandates of provisional members and establishing the composition of advisory committees within the Supervisory Board 2023**

Provisional members of the Supervisory Board appointed by HAGOA no. 2 of February 16, 2023, respectively:

- ATHANASIUS Theodore,
- TEACHER Cătălin - Andrei,
- ORLANDEA Dumitru Virgil,
- PĂUN Costin-Mihai,
- STERP VINGĂRZAN Gheorghe,
- VASILESCU Alexandru-Cristian and
- ZEZEANU Luminița

signed, in front of the public notary, the declaration of acceptance of mandates, thus, the mandates of all provisional members of the Supervisory Board appointed on February 16, 2023 are effective.

Also, in accordance with the statutory and legal attributions, the Supervisory Board meeting on 28.02.2023 appointed the members of the advisory committees as follows

Nomination and Remuneration Committee:

- Alexandru-Cristian VASILESCU – president
- Gheorghe STERP VINGĂRZAN
- Costin-Mihai PĂUN
- Dumitru Virgil ORLANDEA
- Cătălin-Andrei DASCĂL

Audit Committee:

- Luminița ZEZEANU– president
- Teodor ATANASIU
- Gheorghe STERP VINGĂRZAN

- Cătălin-Andrei DASCĂL
- Costin-Mihai PĂUN

Energy Security Committee:

- Costin-Mihai PĂUN - president
- Alexandru-Cristian VASILESCU
- Luminița ZEZEANU
- Teodor ATANASIU
- Dumitru Virgil ORLANDEA.

• **Decision No. 4 of the Ordinary general Meeting of the Shareholders on February 28, 2023**

The AGOA meeting on February 28, 2023 approved:

- The Revenue and Expenditure Budget for the year 2023 of the Company as well as the estimates for the years 2024 and 2025 as well as
- establishing the Investment Program for the financial year 2023 and estimates for the years 2024 and 2025

• **Strategic partnership in the field of research and innovation**

On March 21, 2023, the Company and the Politehnica University of Bucharest (UPB) signed a strategic partnership in the field of research and innovation.

Pursuing the materialization of a vision over 5 years, the partnership aims to increase the quality of education and training, to facilitate the transition of students and graduates to the labor market, but also to implement research, development or innovation projects, to ensure technological transfer, and also a greater social impact.

The Company also continues its partnership in the energy field with the Politehnica University of Timișoara, participating with the University's representatives on March 31, 2023, in an event dedicated to the identification of new collaboration opportunities between industry and the academic environment.

• **Completion of the refurbishment of the 220/110 kV Iaz Electric Transformer Station**

The Company's representatives inaugurated on March 30, 2023, in the presence of the Deputy General Secretary of the Government, Mr. Lucian Rusu, as well as the local authorities, the completion of the re-engineering process of the 220/110 kV Iaz Electric Power Station (Caraș-Severin county), with an investment of approximately 62 million RON, from own funds.

The 220/110 kV Iaz Electric Transformation Station represents a connection node within the SEN through the connected 220 kV lines, being an important objective for the operation of the power system and for

the supply of electricity in the western part of the country.

SUBSEQUENT EVENTS

• Regulated tariffs applicable starting with April 01

On 30.03.2023 ANRE Order no. 266 was published in the Official Gazette no. 28/29.03.2023 regarding the

Service	Tariff applicable starting with April 01, 2022	Tariff applicable starting with April 01, 2023	Main component	Component related to the additional costs with OTC	Variation ▲ (3)-(2)
	RON/MWh	RON /MWh	%	RON /MWh	%
Average tariff for transmission service, of which	28,10	31,20	28,61	2,59	+11,0%
Transmission tariff – component for the introduction of the electric energy in the grid – (T _G)	2,53	4,04	3,35	0,69	+59,68%
Transmission tariff – component for the extraction of the electric energy from the grid – (T _L)	25,57	27,44	25,50	1,94	+7,31%

• AGOA meeting on June 07, 2023

The Ordinary General Meeting of Shareholders was convened on April 11, 2023 (the date of the current report) considering:

- The conclusion pronounced by the Bucharest Court, Civil Section VI in file no. 7925/3/2023 on 28.03.2023;
- The provisions of the Articles of Incorporation of the Company, in force ("Articles of Incorporation");
- The provisions of Law no. 31/1990 on companies, with subsequent amendments and additions;
- The provisions of the Government's Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;
- The provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The provisions of the A.S.F. Regulation no. 5/2018 regarding issuers of financial instruments and market operations, with subsequent amendments and additions;

having on the agenda the appointment of the members of the Supervisory Board of the Company".

• Extending the mandates of the provisional members of the Directorate

The Supervisory Board decided in the meeting of April 19, 2023, by reference to the termination by reaching the deadline on 04.24.2023 of the mandates of the provisional members of the Directorate, the extension with a duration of 2 months starting from the date of 04.25.2023 of the mandates of the following provisional members of the Directorate: Gabriel ANDRONACHE,

modification of the average tariff for the transmission service, the components of the transmission tariff for introducing electricity into the network (TG) and extracting electricity from the grid (TL), practiced by the Company.

Thus, the regulated tariffs related to the electricity transmission service, applicable starting from April 1, 2023, are:

Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU and the election of Mr. Gabriel ANDRONACHE as President of the Directorate.

• Changes in the Directorate Structure

In the meeting of April 24, 2023, in accordance with its statutory and legal duties, the Supervisory Board of the Company,

- took note of the resignation of Mr. Gabriel ANDRONACHE's mandate as a provisional member of the Company's Board of Directors and implicitly as President of the Board of Directors starting at the end of April 23, 2023.

- decided to elect Mr. Ștefăniță MUNTEANU as President of the Directorate, alternatively named Executive General Director or Chief Executive Officer - "CEO" of Compania Nationala de Transport al Energiei Electrice "Transelectrica" SA, starting on April 24, 2023, in accordance with the provisions of art. 23 para. (1) of the Articles of Incorporation of the Compania Nationala de Transport al Energiei Electrice "Transelectrica"-SA.

• Decision no. 5 of the Ordinary General Meeting of Shareholders of April 27, 2023

AGOA meeting on April 27, 2023, approved the initiation of the selection procedure for the members of the Supervisory Board of the Company, the separate and consolidated financial statements of the Company for the financial year of 2022, the discharge of the members of the Directorate and the members of the Supervision Board for the financial year 2022, the remuneration policy of the members of the executive and non-executive management of the Company.

With regard to items 7 and 8 on the agenda, the General Meeting of Shareholders did not approve the distribution of the remaining accounting profit after deducting the profit tax on 31.12.2022 and the distribution of dividends from the profit recorded on 31.12.2022, with gross dividend of 0.71 RON/share.

- **Proposal regarding the distribution of the dividends related to the financial year 2022**

On April 28, 2023, the Company, taking note of HAGOA no. 5 of April 27, 2023, by which the shareholders voted against the distribution of dividends proposed by the Company from the profit recorded on 31.12.2022, in conjunction with the Address of the Ministry of Finance no. 1011756/19.04.2023 sent to the General Secretariat of the Government, registered in the Company on 26.04.2023, whereby the Draft Memorandum relating to the proposal to distribute dividends in a share of 50% of the distributable profit for the financial year is returned unapproved for the year 2022, issued a press release informing shareholders and investors regarding the maintenance of the Company's position in terms of applying a "distribution rate" of 50% calculated on the distributable profit related to the financial year of 2022.

In order to be able to fulfill its mission of ensuring the operation of the SEN in conditions of maximum safety and stability, meeting the quality standards, thus realizing the infrastructure of the national electricity market and guaranteeing, at the same time, regulated access to the electrical transmission grid, under conditions of transparency, non-discrimination and equality for all market participants, the Romanian transmission and system operator, with a key role on the Romanian electricity market, needs predictability in the estimation, allocation and distribution of all types of resources.

In support of the justification of a "distribution rate" of 50% calculated on the distributable profit related to the financial year of 2022, the Company took steps and submitted to the attention of all shareholders detailed arguments, which mainly refer to:

- Detailed presentation of the Company's major strategic investment projects for the period 2023-2025;
- Cash flow forecasts for the period 2023-2025, starting from the existing available elements in the Company's accounts on 31.12.2022.



Other aspects

SHAREHOLDING STRUCTURE

The Company Shareholding Structure on 31.12.2023 is as follows:

Shareholder name	No. of shares	Percent age in total
Romanian State through SGG	43,020,309	58.7%
PAVĂL Holding	4,753,567	6.5%
Private Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,043,034	21.9%
Other shareholders – natural persons	5,478,544	7.4%
Total	73,303,142	100%

DIRECTORATE STRUCTURE

On the date of this report, the structure of the Directorate is as follows:

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

TARIFFS

Transport tariff (transport service + system functional service)

Tariff	u.m	Tariff applied 1 January – 31 March 2022	Tariff applied 1 April 2022 – 31 March 2023	Difference (%)
1	2	3	4	5=4/3
Average tariff for transmission service of electric energy	RON/MWh	23.96	28.10	17.28%
Transmission tariff – component for the introduction of the electric energy in the grid	RON /MWh	1.49	2.53	69.8%
Transmission tariff – component for the extraction of the electric energy from the grid	RON /MWh	22.47	25.57	13.8%

In accordance with the provisions of art. 14, paragraph (1) of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market during the period April 1, 2022 - March 31, 2023, as well as for amending and supplementing some normative acts in the field of energy, ANRE established the value of the additional expenses for the purchase of electricity necessary to cover the own technological consumption generated by the increase in prices on the wholesale market.

Thus, compared to the value of the average price of electricity to cover the regulated OTC taken into account ex-ante when calculating the tariffs for the year 2021 of 288.76³ RON/MWh, the new average price of

electricity to cover the regulated OTC recognized by ANRE was established at the value of 455.28 RON/MWh. Considering the above, the table shows the average tariff for the electricity transport service, with the related component:

- the introduction of electricity into the grid (TG);
- extraction of electrical energy from the grid (TL),

with applicability from April 1, 2022, according to ANRE Order no. 33/23.03.2022.

Events subsequent to the reported period regarding the tariff related to the transport service:

ANRE Order no. 28/29.03.2023 approved the average tariff for the transmission service and the components of the transmission tariff for the introduction of electricity into grids (TG) and the extraction of electricity

³ Price resulting from the calculation: $262.71 * 1.0206 * 1.077 = 288.76$, where: 262.71 lei/MWh – the OTC price forecast for 2021 in real terms of 2019
1.0206 – inflation achieved in 2020

1.077 – inflation estimated to occur in 2021, according to the autumn forecast issued by the National Forecasting Commission

from grids (TL), practiced by NPG Transelectrica SA applicable from April 1, 2023:

	Tariff from 01 April 2022 (lei/MWh), according to ANRE Order no. 33/2022, of which:	Tariff from 01 April 2023 (lei/MWh), according to ANRE Order no. 28/2023, of which:			Difference (%)
		Main component (lei/MWh)	Component related to the additional costs with OTC (lei/MWh)	Applicable tariff	
(1)	(2)	(3)	(4)	(5)=(3)+(4)	(6)=(5)/(2)
Average tariff for transmission service of electric energy	28.10	28.61	2.59	31.20	11.03%
Transmission tariff – component for the introduction of the electric energy in the grid	2.53	3.35	0.69	4.04	59.68%
Transmission tariff – component for the extraction of the electric energy from the grid	25.57	25.50	1.94	27.44	7.31%

When determining the average electricity transmission tariff applicable from April 1, 2023, ANRE used part of the revenues obtained by the Company from the allocation of interconnection capacities, as complementary income to the income obtained from the application of the transmission tariff to cover the regulated costs, as follows :

- a negative correction in the amount of 90 million RON.

The additional correction mentioned above was established taking into account the current economic context, following which the European Union decided to institute an emergency intervention to mitigate the effects of extremely high electricity prices, thus adopting Council Regulation (EU) 2022/1854 of October 6, 2022 regarding an emergency intervention to address the issue of high energy prices.

According to the provisions of art. 9, paragraph (1) of Regulation (EU) 2022/1854, by way of derogation from the Union rules regarding the revenues from congestion resulting from the allocation of interzonal capacity (revenues from the allocation of interconnection capacity), the member states can use the revenues surplus to finance measures to support final electricity customers.

According to art. 10, paragraph (4), letter (b) of Regulation (EU) 2022/1854, these measures to support end customers may consist in the use of surplus revenues from the allocation of interconnection capacities to reduce grid tariffs.

We specify that, in accordance with the provisions of art. 9, paragraphs (2) and (3) of Regulation (EU) 2022/1854, the use of these surplus revenues to support end customers is subject to approval by ANRE and is notified to the European Commission. At the same time, ANRE informed NPG Transelectrica SA that it informed both the Government of Romania and the Ministry of Energy regarding the use of surplus revenues from the allocation of interconnection capacities obtained by NPG Transelectrica SA, in order to adjust the electricity transmission tariffs applicable from April 1 2023.

In this sense, the amount of 90 million RON corrects in minus the revenues from the allocation of the interconnection capacity achieved in 2023 and does not become a source of financing for investments in maintaining and/or increasing the cross-border interconnection capacity of the electric transmission network in Romania and, through therefore, it will not be allocated to "Other reserves provided by law".

The tariff related to the system service (formerly system technological services), applicable from January 1, 2023, according to ANRE Order no. 144/21.12.2022, is presented in the table below:

Tariff	m.u.	Tariff applied 1 Jan – 31 Dec 2022	Tariff applied 1 Jan – 31 Dec 2023	Difference (%)
System Service	RON/MWh	9.32	7.73	-17.06%

The main elements that led to the reduction of the tariff applied in the tariff period 2023 compared to the tariff period 2022, are:

- application by ANRE of the (partial) negative correction related to the first semester of 2022;

- non-recognition by ANRE of the integral amounts related to the secondary adjustment reserve, requested by NPG Transelectrica SA for the year 2023.

Probable events subsequent to the reported period regarding the tariff related to the system service:

The tariff for the purchase of system services is regulated by the Methodology for establishing the tariff

for the purchase of system services, approved by ANRE Order no. 116/2022.

According to the mentioned methodology, the tariff is based on a forecast of the costs of the acquisition of the system services necessary for the safe operation of the SEN (services for the regulation of the frequency of the national electric power system, services for the regulation of the voltages in the electric transmission grid, services for participating in the defense and restoration of the national power system).

The tariff is set ex-ante by dividing the forecasted costs by an estimated amount of electricity drawn by consumers from the public electricity grids.

As a rule, the tariff is established for periods of 12 months starting on January 1.

The methodology provides for intermediate checks in the first quarter and the first semester of the tariff year of the realized values compared to the forecasted values when the tariff was set, with the aim of monitoring and evaluating the degree of accuracy of the approved forecast.

In the event that significant deviations from the forecasted values of the costs and charged quantities are found at the intermediate checks, the methodology provides for the appropriate adjustment of the tariff during the year to align it with the actual costs and charged quantities. At the same time, the methodology stipulates that when adjusting the tariff during the year, any corrections not made from previous periods are also included.

For the year 2023, the tariff for the purchase of system services was approved by ANRE and entered into force on January 1, 2023. The interim verification at the end of the first quarter of 2023 showed that the conditions for revising the tariff during the year are met. According to the ANRE methodology, the interim review triggered by the result of the verification of the first quarter data takes place on June 1, 2023. Considering the methodological aspects and the situation of costs and revenues related to the activity of system services in the first quarter of 2023, an adjustment in negative meaning of the tariff for system services on June 1, 2023.

DISPUTES

The most important disputes with an impact on the Company are presented as follows:

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

• ROMENERGY INDUSTRY

File 2088/107/2016 pertained to "Bankruptcy & request to be admitted in the creditors' list".

Transelectrica has filed a request for registration to the creditor's list with the amount of 16 million lei. The claim was admitted and entered in the Preliminary Table.

Final report drawn up by the judicial liquidator New Insolvency SPRL was approved, debtor's bankruptcy procedure was closed, debtor company was ordered to be deleted from RECOM according to Decision No. 293/12.12.2022. Procedure for settling appeals against the closing decision.

At the deadline of 06.04.2023, the appeal against Sentence no. 293/F/2022 pronounced by the Alba Court in file no. 2088/107/2016. Final. Decision no. 134/06.04.2023.

• RAAN

File **9089/101/2013/a140** pertained to contestation against the additional Receivables Table and against debtor RAAN.

Comments: Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator

communicates that only the amount of 11,264,777.30 lei has been entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei has been rejected, an objection to the additional table of claims has been filed within the legal term.

At the hearing on 14.02.2019, it was ordered that case no. **9089/101/2013/a152** be joined to case no. 9089/101/2013/a140 (**concerning claims – payment demand**).

Decision 163/20.06.2019: It admits the exception of decline. It partly admits the main matter as well as the connected contestation. It compels the defendant to pay 16,950,117.14 Lei to the claimant; receivable occurred during the procedure and decided registering this amount in the creditors' table constituted against debtor RAAN. It denies the other connected requests.

Transelectrica appealed within the legal term. The appeal was dismissed as groundless. Transelectrica filed review request for contradictory rulings, registered under file 1711/54/2019 and will be heard by the High Court of Cassation and Justice. The objections of untimeliness and inadmissibility were raised. The solution of the Court of First Instance: the objection of lateness of the request for review is upheld. The next hearing term set is 06.10.2022.

At the term of 06.10.2022, a term was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the completion of the other liquidation operations, and the next term was set for **09.02.2023, rescheduled for 15.06.2023**

There are also other cases between RAAN and Transelectrica at various stages of the proceedings. RAAN's actions against NPG Transelectrica SA arising from contract No C137/08.04.2011.

File no. 3694/3/2016 - Claims 15.698.721,88 lei. Hearing date 08.11.2021: the case has been deferred until the final settlement of Cases No. 26024/3/2015 and No. 28458/3/2017. Decision of 09.05.2022: Rejects the request for the case to be resumed as groundless. With appeal for the duration of the suspension.

Case no. 24206/3/2015 - Transelectrica requested the court to declare that the amount of RON 16,896,664 was compensated by law. An appeal was filed, which was dismissed as groundless by the ICCJ on 9 December 2021.

Case No 26024/3/2015 - Casefile: order the defendant to pay the sum of RON 10 048 628,86. ICCJ decision of 01.03.2022: Admit the appeal filed by RAAN and refer the case back to the CAB. Final. CAB solution: Admit the appeal. It completely changes the contested sentence in the sense that: it admits the summons request as it was formulated. It obliges the defendant to pay the plaintiff the sum of 10,048,628.86 lei. With right of appeal within 30 days from communication.

Decision 1933/12.12.2022

Case No 28458/3/2017 - Casefile: order the defendant to pay a total of RON 2 106 843. At the hearing on 03.03.2022: Dismisses as groundless the appeal brought by the respondent-claimant Transelectrica against civil decision no. 825/12.05.2021 delivered by the Bucharest Court of Appeal, in contradiction with the respondent-claimant RAAN. Final.

File No 28460/3/2017 - Casefile: order the defendant to pay a total of RON 12,346,063. CAB solution 27.09.2021: suspend the appeal proceedings until the final settlement of the cases No. 28458/3/2017, No. 26024/3/2015. Decision of 23.05.2022: Rejects as groundless the request to reopen the case. The appeal is suspended.

- **CET Govora**

Case no. 2428/2/2014 - by the appeal which is the subject of the request, the claimant CET Govora requested the annulment of the Decision of the President of ANRE no. 738/28.03.2014, and by the Precizare filed on 29.10.2014 requested that, if the

appeal is upheld, the sums of money withheld by the administrator of the support scheme, NPG Transelectrica SA, in the execution of the overcompensation decision, for the recovery of the amount of 53,742,755 lei, be ordered to be refunded.

By the Notes of the hearing registered in the file on 13.10.2021 and on 04.01.2022, respectively, the Plaintiff CET Govora SA requests the admission of the request for clarification of the action filed for the term of 29.10.2014, indicating that the amount extinguished by offsetting the mutual claims between CET Govora SA and NPG Transelectrica SA is 40,507,668.67 lei.

Transelectrica was brought into the case, as a forced intervener, by the Court's Decision of 18.10.2021.

By the request for ancillary intervention in the interest of CET Govora SA, the County of Valcea - County Council of Valcea requests the admission of the action brought by CET Govora and the annulment of the Decision of the President of ANRE no. 738/28.03.2014, considering that it is unjustified, being an unlawful act. **Decision of 16.05.2022:** Dismiss the request as amended as groundless. Dismisses the request for ancillary relief in favour of the claimant as groundless

- **REȘIȚA Municipality**

Case no. **2494/115/2018****, registered at the Court of Caras Severin.

File: By the request, the claimant, Municipiul Reșița, 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.

The Court of First Instance (CS): suspends the proceedings on the request brought by the claimant, the Municipality of Reșița, 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 deferred until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin. The new hearing date is **02.03.2023**.

At the deadline of 02.03.2023, the trial of the summons request filed by the plaintiff Municipality of Reșița, in opposition to the defendant Transelectrica, was

suspended, having as its object claims. With the right of appeal throughout the suspension of the trial.

- **ANAF**

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 ANAF - General Directorate for the Administration of Large Taxpayers

Settlement in brief: It admitted the judgment suspension request filed by the contestor. In accordance with article 413 para (1) pct. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the docket of the Appeal Court Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension; appeal to be submitted to the Law Court Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

Case No 1802/2/2018 - At the hearing on 20.10.2020 - in brief judgment: the requests 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 ANAF - General Directorate for Dispute Resolution and on 12.07.2017 by ANAF - 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 income 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 liabilities established for the 349 special tax invoices found to be missing from the claimant'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 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 regarding the obligation of the Sibiu Transmission Branch of NPG 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, in 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 in respect of "the determination of deductible value added tax lower than that recorded by the claimant, 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 respect of that amount.
- ✓ eliminates the obligation to pay penalties for late payment which have a penalty 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 ANAF - DGAMC, Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision No. 122/13.03.2018, on the settlement of the appeal filed against Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - 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 groundless.

Dismisses as groundless the request for costs in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the claimant'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 request.

Transelectrica and ANAF filed an appeal in March 2022. **Decision of 24.05.2022:** Dismissed as groundless the request for clarification and supplementing of the operative part. Admit the request 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 claimant from the contested judgment.

The parties appealed. ICCJ term: **13.12.2023**.

- **CONAID COMPANY SRL**

The subject matter of the file no. **36755/3/2018** is the finding of unjustified refusal to conclude an Addendum of connection contract RET C154/2012 and claims in the amount of 17,216,093.43 lei, the damage incurred and 100,000 euro, the countervalue of the estimated unrealized benefit.

The case is deferred to 28.09.2022 for lack of reply to the objections. The new hearing date is **03.05.2023**.

- **OPCOM**

Case No **22567/3/2019** - Subject-matter of the case: action 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 Transelectrica SA to the share capital of OPCOM SA, issued on the basis of the Loan Agreement no. 7181RO/2003, commitment to finance 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 the non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

Suspends the case 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 Admit 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 drafted. After the drafting and communication of the Civil Judgment No. 3021/ 03.12.2021, the Company will be able to file an appeal against this judgment. Transelectrica has filed an appeal.

Decision of the CAB according to Decision No 532/12.10.2022: Dismiss the appeal as groundless. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days of communication. Transelectrica filed appeal against the Civil Decision no. 532/12.10.2022 issued by CAB, the file being submitted to ICCJ in the filter procedure.

Case no. **24242/3/2021** - Bucharest Tribunal, Civil Division VI - Re: The claimant OPCOM requests a declaration of nullity of the deed - contribution in kind. Hearing term: **16.05..2023** for presentation of evidence with expertise.

- **GRAND VOLTAGE**

Case **No 7976/3/2021**, registered before the Bucharest Court of First Instance, concerns the request for summons, by which the claimant Grand Voltage requests that the defendant NPG Transelectrica SA be ordered to pay compensation for the damage caused to the undersigned in the amount of EUR 6,125.822,13 lei as a result of the culpable non-fulfilment of the obligations related to the Works Contract no. C 111/23.05.2018 concerning the "Connection of the 100kV Isaccea -Varna LEA and the 400 kV Isaccea-Dobrujda LEA in the 400 kV Medgidia Sud Station Stage II-LEA 400kV d.c. Connections Medgidia Sud Station".

Decision of 25.07.2022 in accordance with Decision 1812: dismiss the action as groundless. With right of appeal within 10 days of notification. The request for appeal shall be submitted to the Bucharest Court - Section VI, under penalty of nullity.

- **COURT OF AUDITORS**

- The subject matter of the case file No **1658/2/2014** is 'Annulment of control acts' - Order No 7/20.02.2014 issued by the Court of Auditors.

At the hearing of 13.06.2018, the action of the claimant-Transelectrica SA is partially admitted. Annuls in part the decision no. 7/20.02.2014, the decision no. 37/9.12.2013 and the inspection report no. 35521/6.11.2012 issued by the defendant in relation to the measures ordered by the decision referred to above in paragraph. I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure at points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure at points I.1, I.6, I.8 and I.11. II.13 in the sense of removing the phrase "including those found for invoices issued by SC FLOREA ADMINSTRARE IMOBILIARĂ SRL". Dismisses the remainder of the claimant's action as groundless. Approves the electro-energetic technical expertise report drawn up by expert Toaxen Vasile.

Orders the defendant to pay to the claimant the sum of 121,375 lei in costs (in part expert's fees and stamp duty). With right of appeal within 15 days of notification. Document: decision 2771/13.06.2018. Transelectrica filed the appeal on 14.06.2019.

At the public sitting of 21.10.2020, dismisses the appeals brought by the claimant and the defendant against judgment No 2771 of 13 June 2018 of the Administrative and Fiscal Jurisdiction Chamber of the Supreme Administrative Court (CAB) - Eighth Section - as groundless. Final.

New file no. **2985/1/2021** on 24.11.2022 ICCJ declares the nullity of the appeal filed by the Company.

- **Appeal against Decision CCR No 8/27.06.2017**

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed a number of 8 appeals against the measures ordered by the Court of Accounts of Romania (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals are pending before the Bucharest Court of Appeal (**2 files: file no.6576/2/2017** concerning the annulment of the findings under points 7.1, 7.2 and 8, as well as the measure ordered under point II.10, hearing 20.01.2021, solution: the objections of

inadmissibility, raised in the statement of defence, are rejected, the request is rejected as groundless, TEL filed an appeal on 19.11.2021 and **file no.6581/2/2017** on the annulment of the findings in point 6 as well as the measure ordered in point II.9, hearing **31.03.2023**:

According to the minutes of 29.03.2023, file no. 6581/2/2017 was versioned within panel 12 Fund of the 8th Administrative and Fiscal Litigation Section under no. 6581/2/2017* (on 31.03.2023 Solution in short: To give the parties the opportunity to submit written conclusions, postpone the pronouncement to 13.04.2023 and later to 28.04.2023 with the solution: needing time to deliberate, postpone the pronouncement to 12.05.2023).

Six files were definitively settled, by rejecting the application for annulment by the Bucharest Court of Appeal and the rejection of the appeals by the High Court of Cassation and Justice (file no. 6574/2/2017 regarding the annulment of the findings from point 5.2 as well as the ordered measure at point II.8, file no. 6577/2/2017 regarding the annulment of findings from point 13 as well as the measure ordered at point II.13, became file no. 1614/1/2020, file no. 6578/2/2017 , regarding the cancellation of the findings from point 9 as well as the measure ordered at point II.11, file no. 6580/2/2017 regarding the cancellation of the findings from point 10 as well as the measure ordered at point II.12, file no. 6582/ 2/2017 regarding the cancellation of the findings from point 11 as well as the measure ordered at point I.5 and file no. 6583/2/2017 regarding the cancellation of the findings from point 5.1 as well as the measure ordered at point II.7 and II.8) .

- The object of file no. 2153/2/2021 is the annulment of the administrative document issued as a result of the control carried out by the CCR between January and July 2020 by which it ordered 10 measures to be implemented by the Company contained in Decision no. 15/2020.

At the trial date of 10.12.2021, the CAB rejects the request for summons made by the Company.

At the same time, the Company is also involved in litigation with former members of the Board of Directors and the Supervisory Board, but also in processes that have as their subject contract price adjustment claims according to GEO no. 114/2018.



Appendices

Appendix 1: Separate statement of financial position

[RON mn]	Q1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,993	4,002	(8)	n/a
Assets of the usage rights for leased assets - buildings	20	22	(2)	(9%)
Intangible assets	315	338	(23)	(7%)
Financial assets	86	86	(0)	(0%)
Total non-current assets	4,414	4,447	(33)	(1%)
Current assets				
Inventories	45	42	3	8%
Trade and other receivables	1,755	3,340	(1,585)	(47%)
Cash and cash equivalents	324	315	9	3%
Income tax to be recovered	0	4	(4)	n/a
Total current assets	2,124	3,702	(1,577)	(43%)
Total assets	6,539	8,149	(1,610)	(20%)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	-	n/a
<i>Subscribed share capital</i>	733	733	-	n/a
Share premium	50	50	-	n/a
Legal reserves	147	147	-	n/a
Revaluation reserves	687	703	(16)	(2%)
Other reserves	39	39	-	0%
Retained earnings	2,293	2,196	97	4%
Total shareholders' equity	3,949	3,869	80	2%
Non-current liabilities				
Long term deferred revenues	488	439	49	11%
Long term borrowings	50	56	(6)	(11%)
Other loans and assimilated debts - Non-current building lease liabilities	13	15	(2)	(14%)
Deferred tax liability	103	107	(4)	(4%)
Employee benefits liabilities	71	71	-	n/a
Total non-current liabilities	724	687	37	5%
Current liabilities				
Trade and other liabilities	1,696	3,372	(1,676)	(50%)
Other loans and assimilated debts - Current building lease liabilities	8	8	0,0	1%
Other tax and social security liabilities	12	13	(1)	(6%)
Short-term borrowings	25	92	(68)	(73%)
Provisions	67	68	(1)	(1%)
Short-term deferred revenues	40	39	1	3%
Income tax payable	17	-	17	n/a
Total current liabilities	1,866	3,593	(1,727)	(48%)
Total liabilities	2,590	4,281	(1,691)	(39%)
Total shareholders' equity and liabilities	6,539	8,149	(1,610)	(20%)

Appendix 2: Separate profit and loss account

[RON mn]										
Indicator	2021	Q1 2022	2022	Q1 2023	Budgeted Q1 2023	Achieved 2023 vs 2022	Achieved 2023 vs 2022 (%)	Achieved vs Budgeted 2023	Achieved vs Budgeted 2023 (%)	
0	1	2	3	4	5	6=4-2	7=4/2	8=4-5	9=4/5	
Operating revenues										
Transmission revenues	1,252	419	1,885	487	492	68	16%	(5)	(1%)	
System services revenues	624	134	534	101	109	(33)	(25%)	(8)	(7%)	
Balancing market revenues	1,823	665	3,479	508	1,555	(157)	(24%)	(1,047)	(67%)	
Other revenues	57	13	389	12	56	(0)	(3%)	(44)	(78%)	
Total operating revenues	3,756	1,231	6,286	1,108	2,212	(123)	(10%)	(1,104)	(50%)	
Operating expenses										
System operating expenses	576	274	902	171	235	(102)	(37%)	(64)	(27%)	
Balancing market expenses	1,810	657	3,480	508	1,555	(149)	(23%)	(1,047)	(67%)	
Technological system services expenses	610	121	467	110	134	(12)	(10%)	(25)	(18%)	
Depreciation and Amortisation	274	63	272	82	80	20	31%	2	3%	
Personnel expenses	244	61	306	75	78	14	22%	(4)	(5%)	
Repairs and maintenance expenses	97	18	108	19	19	0	2%	(1)	(3%)	
Materials and consumables	10	3	13	2	3	(1)	(30%)	(1)	(34%)	
Other operating expenses	123	21	145	46	53	24	114%	(7)	(13%)	
Total operating expenses	3,745	1,218	5,692	1,012	2,157	(206)	(17%)	(1,145)	(53%)	
Operating profit	11	13	594	96	55	83	n/a	41	75%	
Financial income	6	2	65	17	19	15	n/a	(2)	(12%)	
Financial expenses	15	4	72	16	21	12	n/a	(5)	(25%)	
Net finance result	(9)	(2)	(7)	1	(1)	3	n/a	3	201%	
Profit before income tax	2	11	587	97	53	86	n/a	44	82%	
Income tax	1	3	73	17	5,4	14,2	n/a	11	212%	
Net profit	0,4	8	515	80	48	72	n/a	32	68%	

Appendix 3: Separate statement of treasury flows

[RON mn]	Q1 2023	Q1 2022	Δ
Cash flows from operational activities			
Profit of the period	80.26	8.03	72.2
Income tax expense	16.77	2.53	14.2
Amortisement expense	82.18	62.65	19.5
Expenses with adjustments for trade receivables impairment	0.52	0.48	0.0
Revenues from reversal of adjustments for trade receivables impairment	(0.43)	(0.28)	(0.2)
Net expenses/income with adjustments for various debtors impairment	0.00	0.07	(0.1)
Net expenditures with adjustments for inventories impairment	(0.12)	0.30	(0.4)
Net profit/ loss on sale of tangible assets	(0.31)	0.05	(0.4)
Net expenditures on adjustments of value regarding tangible assets	(1.63)	-	(1.6)
Net Expenses/Income regarding provisions for risks and expenses	(0.84)	(12.76)	11.9
Interest expense, interest revenue and unrealised exchange rate gains	0.46	1.40	(0.9)
Cash flows before changes to working capital	176.88	62.47	114.4
Changes in:			
Clients and assimilated accounts - energy and other activities	1,225.30	(704.98)	1,930.3
Clients – balancing	369.28	259.31	110.0
Clients – cogeneration	(9.44)	(2.54)	(6.9)
Inventories	(3.18)	(1.67)	(1.5)
Trade and other liabilities - energy and other activities	(1,229.56)	453.02	(1,682.6)
Liabilities - balancing	(420.71)	(325.35)	(95.4)
Liabilities - cogeneration	(6.40)	4.04	(10.4)
Other taxes and social insurance liabilities	(0.77)	(3.34)	2.6
Deferred revenues	25.97	7.55	18.4
Cash flows from operational activities	127.38	(251.48)	378.9
Interests paid	(1.03)	(1.60)	0.6
Income tax paid	(0.02)	-	(0.0)
Net cash generated from operational activities	126.33	(253.08)	379.4
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(67.32)	(91.30)	24.0
Participation titles held in SELENE CC Societe Anonyme	0.24	-	0.2
Proceeds from EC non-reimbursable financing	23.91	-	23.9
Proceeds from sale of tangible assets	0.9	-	0.9
Received Interests	0.85	0.25	0.6
Net cash used in the investment activity	(41.38)	(91.05)	49.7
Cash flows used in financing activities			
Repayments of non-current borrowings	(5.92)	(5.96)	0.03
Use of cogeneration credit line	-	45.57	(45.6)
Use of working capital credit line	-	145.11	(145.1)
Building lease payments	(2.63)	(2.65)	0.0
Reimbursement of the credit line for cogeneration	(67.62)	-	(67.6)
Dividends paid	(0.01)	(0.04)	0.0
Net cash used in financing activities	(76.17)	182.04	(258.2)
Net increase/decrease in cash and cash equivalents	8.77	(162.10)	170.9
Cash and cash equivalents as at January 1st	315.15	252.23	62.9
Cash and cash equivalents at the end of the period	323.92	90.13	233.8

Appendix 4: Economic-financial indicators of the reporting period

Indicators	Formula	Q1 2023	2022
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.14	1.03
Indebtness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	2.4%	4.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	2.4%	4.3%
Clients' turnover (zile)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	60.55	57.88
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.25	1.33

* Within the debt level indicators, the borrowed capital includes short-term loans, long-term loans and other short-term and long-term assimilated loans/debts related to building leasing according to IFRS16.

**When calculating the average balance, customers who contribute to the turnover (energy, balancing, other customers, invoice customers) were taken into account. Values corresponding to customers: uncertain, from the market coupling mechanism, cogeneration scheme and overcompensation, were not included in the average balance.

APPENDIX 5: Articles of incorporation amended between January and March 2023

- The amendment, starting from March 1, 2023, of Appendix no. 1 to the Articles of Incorporation by replacing the terms Units, Unit and Unit with the terms Branches, Branches, respectively Branch.

These amendments were approved in Order No. 1 of the AGEA dated January 26, 2023, registered at the National Trade Registry Office.

APPENDIX 6: Appointment/revocation acts issued in January-March 2023

Supervisory Board

- According to AGOA Decision no. 2/16.02.2023, the appointment of the following members of the Company's Supervisory Board was approved, with a term of office of four months, starting on February 22, 2023 and ending on June 21, 2023: ATANASIU Teodor, DASCĂL Cătălin–Andrei, ORLANDEA Dumitru-Virgil, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminița.

Appendix 7 REPORT (according to HAGEA no. 4/29.04.2015) regarding the contracts signed in the First Quarter of 2023 for the purchase of goods, services and works, the value of which is higher than 500,000 EUR/purchase (for the purchase of goods and works) and respectively of 100,000 EUR/purchase (for services)

No.	Contract Number	Contract object	Period months	Value		Contract type	Legal ground	Purchase procedure
				Thousand RON	Thousand EUR			
0	1	2	3	4	5	6	7	8
1	C 198/2023	Maintenance services in the field of telecommunications, information technology, process informatics and cyber security at the level of NPG Transelectrica SA	36	139,223	0.00	Services	Law 99/2016 + HG 394/2016	negotiation without previous invitation
2	C 93/2023	Increasing operational safety of the Argeş-Aâlcea grid area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV AT	20	71,975	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
3	C 348/2023	LEA 220 kV double circuit Ostrovu Mare - RET - stage 1	24	41,428	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
4	C 67/2023	Installation of a protective conductor with embedded optical fiber on LEA 400 kV Roşiori - Mukacevo (execution/design)	12	4,973	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
5	SB 2/2023	Maintenance services of LEA crossing lanes in areas with tree vegetation (STT Sibiu)	36	2,190	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender
6	BA 1/2023	Maintenance services of LEA crossing lanes in areas with tree vegetation (STT Bacău)	36	2,095	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender
7	C 358/2023	Professional liability insurance services for the position of member of the supervisory board and the directorate of NPG Transelectrica SA (including the presidents)	12	811	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Simplified procedure
8	C 161/2023	Subsequent contract no. 2 to framework agreement no. C 245/ 2021 "mobile phone and mobile internet services"	15	737	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Re-bidding
9	C 357/2023	Repair and maintenance services for the integrated security system - UNO-DEN headquarters (LOT 1)	36	624	0.00	Services	Emergency Governmental Ordinance 114/2011	Limited tender
10	TM 1/2023	Refurbishment of the 110 kV Arad station and the transition to the 400 kV voltage of the Portile de Fier-Anina-Resita-Tiµsoara-Săcălaz-Arad axis. Arad 400 kV station (stage iii) (design)	12	595	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender

Annex 6 - Glossary of terms

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”	Regulated asset base
„BVB”	Bucharest Stock Exchange. the operator of the regulated market on which the Shares are traded
„CAB”	Bucharest Court of Appeal
„CEE”	European Economic Community
„Companie”. „CNTEE”. „TEL”	National Power Transmission Company Transelectrica SA
„CPT”	One’s own Technological Consumption (grid losses)
„CS”	Supervisory Board
„DEN”	National Energy Dispatcher
„EBIT”	Operating profit before interest and income tax
„EBITDA”	Operating profit before interest, income tax and amortisement
„EBT”	Operating profit before income tax
„ENTSOE”	European Network of Transmission and System Operators for Electricity
„HG”	Government Decision
„IFRS”	International Financial Reporting Standards
„LEA”	Overhead power lines
„Leu” sau „Lei” sau „RON”	Official currency of Romania
„MFP”	Ministry of Public Finance
„MO”	Official Gazette of Romania
„OG”	Government Ordinance
„OPCOM”	Operator of the Romanian Electricity Market OPCOM SA
„OUG”	Government Emergency Ordinance
„PZU”	Day-ahead Market
„RET”	Electricity Transmission Grid. national and strategic interest electricity grid with nominal line voltage higher than 110 kV
„SEN”	National Power System
„RS”	Secondary adjustment
„RTL”	Slow tertiary adjustment
„SMART”	Commercial Company for the Maintenance Services of the Electric Transmission Grid SMART SA
„SSF”	Functional system service
„SST”	Technology System Service
„TEL”	Stock market indicator for Transelectrica
„TSR”	Total shareholder return
„UE”	European Union
„u.m.”	Unit of measurement
„USD” sau “dolari US”	US dollar. official currency of the United States of America
„WACC”	Weighted Average Cost of Capital

