







NPG TRANSELECTRICA SA

Quarterly report
January - September 2023



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REPORT ON ECONOMIC AND FINANCIAL ACTIVITY

A NPG "TRANSELECTRICA" SA

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

for the period ending September 30, 2023

Report date:	14 November 2023
Name of trading company:	NPG TRANSELECTRICA SA, a company managed under a dual system
Headquarters:	Bucharest, Str. Olteni nr. 2 - 4, sector 3, postal code 030786
Phone/fax number:	021 303 5611/ 021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ ORG 627
Share capital:	733,031,420 lei, subscribed and paid up
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares with a nominal value of 10 lei/share, dematerialised, registered, ordinary, indivisible, freely tradable shares since 29.08.2006 under the symbol TEL
Market value:	2,206,424,574.20 lei (30.10 lei/share on 30.09.2023)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The quarterly financial statements as at 30.09.2023 are unaudited. The amounts corresponding to December 31, 2022 are audited by the external financial auditor.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the six months ended 30 September 2023 have been elaborated in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and they provide accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Transelectrica SA.

This report comprises fair complete information about the economic-financial situation and the activities of NPG Transelectrica SA.

Bucharest, 2 November 2023

**Stefăniță
MUNTEANU**

**Directorate
Chairman**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

**Florin-Cristian
TĂTARU**

**Directorate
Member**



Key figures for 9M 2023 vs 9M 2022

KEY FIGURES

FINANCIAL

RON	3,308 mn	▼	-32%	Revenues y/y
RON	483 mn	▼	-30%	EBITDA y/y
RON	207 mn	▼	-51%	Net profit y/y
TWh	37.44	▼	-5%	Charged energy volume ** y/y

OPERATIONAL

2.40%	*	▲	0.20 pp	OTC y/y
30.76 TWh		▼	-4.4%	Transported energy *** y/y

INVESTMENTS

RON	293 mn	▼	-0,2%	Procurement of tangible and intangible assets y/y
RON	545 mn	▲	127%	Fixed assets recorded in the accounts (commissioning) y/y

OTC - Own Technological Consumption

* Share of 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 ease of reading and understanding the results, some figures presented in graphs and/or tables use mil. lei as the unit of measure and are rounded to that unit. This convention of presentation may, in some cases, result in minor differences between the total figures, the totals obtained by summing the components and the calculated percentages.



Financial data

A summary of the financial results as at September 30, 2023 is shown in the tables below. The financial results as at 9M 2023 are unaudited and an extended version for the same period is presented in the Appendices to this Report.

Stand-alone profit or loss statement				
[mil RON]	9M 2023	9M 2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	37.44	39.50	(2.06)	(5%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	1,504	1,740	(237)	(14%)
Transmission and other revenues on the electricity market, of which:	1,458	1,426	33	2%
<i>Regulated tariff</i>	1,137	1,045	92	9%
<i>Other revenues on the electricity market</i>	66	66	0	1%
<i>Interconnection</i>	255	315	(60)	(19%)
Other revenues	45	315	(269)	(86%)
Operating expenses	931	1,081	(150)	(14%)
System operating expenses	470	681	(212)	(31%)
Repairs and maintenance expenses	72	78	(6)	(7%)
Personnel expenses	243	204	38	19%
Other expenses	147	117	29	25%
EBITDA	573	659	(87)	(13%)
Amortisation	252	193	59	30%
EBIT	320	466	(146)	(31%)
ZERO PROFIT ACTIVITIES				
Operating revenues	1,805	3,144	(1,339)	(43%)
System services revenues	273	369	(97)	(26%)
Balancing market revenues	1,532	2,774	(1,242)	(45%)
Operating expenses	1,894	3,114	(1,219)	(39%)
System services expenses	363	339	24	7%
Balancing market expenses	1,532	2,775	(1,243)	(45%)
EBIT	(90)	30	(120)	n/a
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	3,308	4,884	(1,576)	(32%)
Operating expenses	2,826	4,195	(1,369)	(33%)
EBITDA	483	690	(207)	(30%)
Amortisation	252	193	59	30%
EBIT	231	496	(266)	(54%)
Net finance result	3	(1)	4	n/a
EBT - Profit before income tax	234	495	(261)	(53%)
Income tax	27	77	(50)	(64%)
Net profit	207	418	(212)	(51%)

Stand-alone statement of financial position				
[mil RON]	9M 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	4,112	4,002	110	3%
Assets representing rights of use under a lease - buildings	16	22	(6)	(27%)
Intangible assets	288	338	(50)	(15%)
Financial assets	86	86	(0)	n/a
Total	4,502	4,447	55	1%
Current assets				
Inventories	49	42	6	15%
Trade and other receivables	1,508	3,340	(1,833)	(55%)
Profit tax recoverable	-	4	(4)	(100%)
Cash and cash equivalents	645	315	330	105%
Total	2,202	3,702	(1,500)	(41%)
Total assets	6,704	8,149	(1,445)	(18%)
Shareholders' Equity	4,149	3,869	281	7%
Non-current liabilities				
Non-current deferred revenues	476	439	37	8%
Non-current borrowings	38	56	(18)	(32%)
Other loans and assimilated debts - Non-current building lease liabilities	9	15	(6)	(42%)
Other non-current liabilities	169	178	(9)	(5%)
Total	692	687	4	1%
Current liabilities				
Trade and other liabilities	1,697	3,372	(1,675)	(50%)
Short-term borrowings	25	92	(68)	(73%)
Other loans and assimilated liabilities - Current building lease liabilities	9	8	0	2%
Other current liabilities	133	120	12	10%
Total	1,863	3,593	(1,730)	(48%)
Total liabilities	2,554	4,281	(1,726)	(40%)
Total shareholder's equity and liabilities	6,704	8,149	(1,445)	(18%)

Stand-alone cash flow statement				
[mil RON]	9M 2023	9M 2022	Δ	Δ (%)
Net cash from operating activities	646	362	285	79%
Net cash used in investing activities	(171)	(282)	111	39%
Net cash used in financing activities	(145)	50	(195)	(n/a)
Net increase/decrease in cash and cash equivalents	330	130	201	n/a
Cash and cash equivalents as at January 1st	315	252	63	25%
Cash and cash equivalents at the end of the time interval	645	382	263	69%

OPERATIONAL RESULTS

I. Charged volume of electricity

In the period January-September 2023, the total amount of electricity charged for electricity market services (37.44 TWh) decreased by 5% compared to the same period in 2022 (the difference between the two periods was -2.1 TWh).

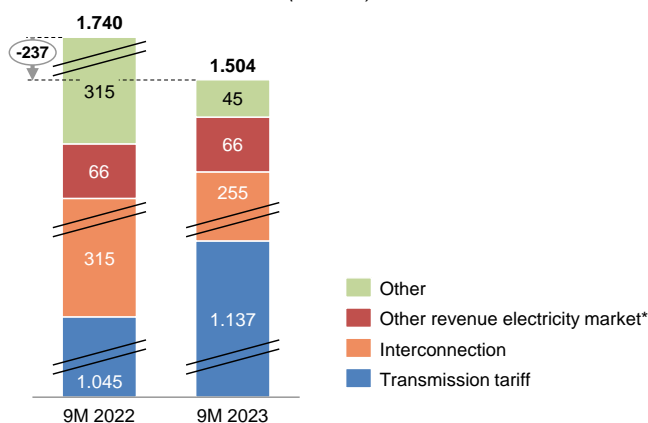
Allowed profit activities

Operating revenues



The segment of **activities with allowed profit** recorded a 14% decrease in revenues (1,504 million lei at 9M 2023 compared to 1,740 million lei at 9M 2022) mainly due to the reduction in revenues from OTC capitalization, but also to the reduction in revenues from interconnection capacities allocation.

Operating revenues from allowed profit activities
(M RON)



* ITC, reactive energy, OTC transactions, energy exchanges

The increase in revenues from transmission and other energy market revenues (1,458 million lei at 9M 2023 compared to 1,426 million lei at 9M 2022) was mainly influenced by the evolution of revenues from the application of the transmission tariff, which increased by 92 million lei (+9%) compared to the same period of the previous year.

In the period January-September 2023 the **revenues from interconnection capacities allocation** decreased from 315 million lei in 9M 2022 to 255 million lei in 9M 2023 due to the following:

- *Level of usage of the available interconnection capacities by traders in the electricity market,*
- *The market for the allocation of interconnection capacities is fluctuating, with prices changing according to demand and the need for electricity market participants to purchase interconnection capacities,*

- *Implicit allocations, in which capacity and energy are allocated simultaneously, are strongly influenced by variations in the price of electricity on European exchanges,*
- *the impact of the extension of market coupling which has the effect of levelling out the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing guidelines for capacity allocation and congestion management".*

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

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

The use of the net revenues from the allocation of interconnection capacities is carried out in accordance with the provisions of the updated ANRE Order no.171/2019 and the EU Regulation no. 943 of 05 June 2019 on the internal electricity market, as a source of financing investments for the modernisation and development of interconnection capacities with neighbouring systems.

Revenues from Inter TSO Compensation (ITC)

These revenues were higher (+8.4 million lei) in the period January-September 2023, compared to the same period in 2022 (1.1 million lei) and come mainly from the scheduled electricity exchanges with perimeter countries (countries not part of the ITC mechanism), namely Ukraine and Moldova.

Starting from 15.06.2023, the tariff for trade with perimeter countries has changed from 1.2 EUR/MWh to 3 EUR/MWh, leading to an increase in revenue compared to the same period last year. This was compounded by the fact that in February and March

2022, trade with Ukraine was severely curtailed due to the onset of armed conflict in the region and trade with Moldova only started in October 2022.

Revenues from energy trading for own technological consumption (OTC) were mainly obtained from the sale of excess energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and from the difference between forecast OTC and actual OTC on the Balancing Market.

For 9M 2023, the Company recorded a decrease compared to the same period of the previous year in revenues from energy trading for OTC in the amount of -24.4 million lei.

In the structure of these revenues, transactions on the intraday market were lower than in the previous year, as a large part of the required OTC was procured on the long-term markets through the Centralised Electricity Purchase Mechanism (CEPA) and bilateral contracts, and prices on the short-term markets decreased compared to the previous year. Transactions on the Balancing Market were comparable to the same period last year, due to the delegation of balancing responsibility to another PRE from June 2022, as well as due to the fact that there were several intervals with negative balancing prices.

Revenues from capitalisation of own technological consumption (OTC)

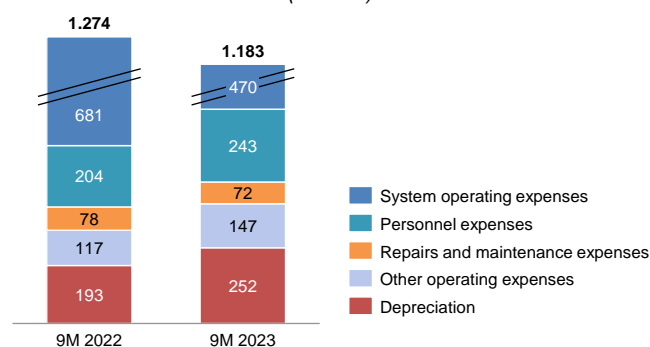
As of September 30, 2022, the Company shall apply the provisions of GEO no. 119/2022, whereby the additional costs for the purchase of electricity made between January 1, 2022 and March 31, 2025 to cover its own technological consumption, compared to the costs recognised in the regulated tariffs, shall be capitalised on a quarterly basis.

The company recorded significantly lower OTC capitalization revenues at 9M 2023 (in the amount of 2.7 mil lei), compared to 9M 2022 (279.2 mil lei).

Operating expenses

On the segment of **activities with allowed profit**, expenses (including depreciation) recorded a decrease of 7% (1,183 million lei as at 9M 2023 compared to 1,274 million lei as at 9M 2022), mainly influenced by the considerable reduction in OTC expenses.

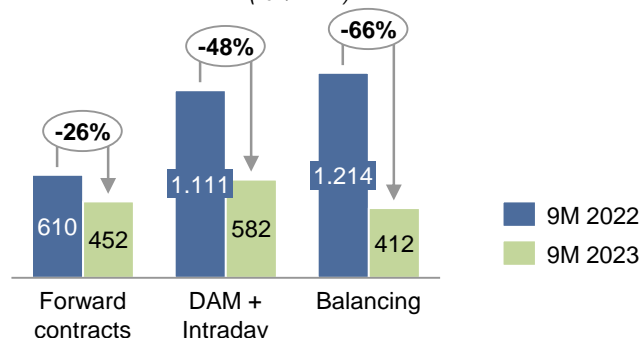
Operational costs activities with permitted profit
(M RON)



OTC: In the period January-September 2023 the costs for energy procurement to cover own technological consumption amounted to 377 million lei, lower by 41% (-259 million lei) compared to January-September 2022, motivated by the following:

- Due to its characteristics, the TPC in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on interconnection lines with neighbouring power systems, and its value is very little to no controllable in an interconnected and coupled regional power market;
- following the provisions of GEO 153/2022, Transelectrica procured electricity to cover 75% of the quantity of the OTC forecast validated by the Centralised Electricity Procurement Mechanism (MACEE), at a regulated procurement price;
- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a fall in consumption of quantities traded on the short-term markets and in energy prices on these markets.

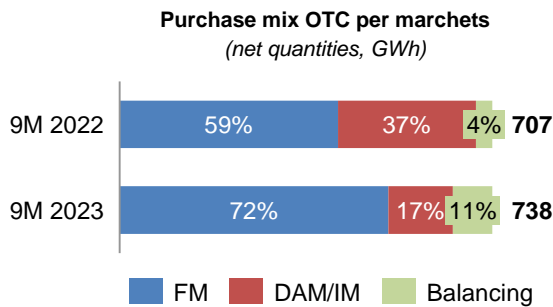
Average purchase prices*
(ron/MWh)



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

Thus, the average price of energy procured on the day-ahead and intraday market in the first 9 months was 48% lower than in the same period of 2022, while remaining higher than in previous years.

All markets saw lower average prices than in the first 9 months of 2022, and the (net quantity) procurement mix shows the following components in the two periods analysed:



Expenses on electricity consumption in RET stations in the amount of 28.1 million lei decreased by 5% compared to the first 9M of 2022 when it amounted to 29.5 million lei.

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

Expenses on Inter TSO Compensation (ITC)

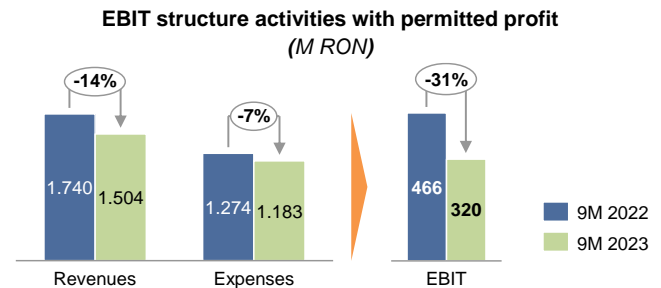
In the period January-September 2023 these expenses were 48 million lei higher than in the same period of the previous year and represent the monthly payment obligations/collection charges for each transmission system operator (TSO) that are established under the mechanism for compensation/settlement of the effects of the use of the electricity transmission network (RET) for electricity transits between the TSOs that have joined this mechanism within ENTSO-E.

Depreciation expenses show an increase of 59 million lei influenced by the recording of expenses with amortization of intangible assets - additional OTC. The additional costs with the procurement of electricity made in the period 1 January 2022 - 31 March 2025, in order to cover own technological consumption, compared to the costs included in the regulated tariffs, are capitalized on a quarterly basis, and the assets resulting from capitalization are amortized over a period of 5 years from the date of capitalization.

Allowable operating-profit result

The activities with allowed profit recorded a positive result at 9M 2023 in the amount of 320 million lei, but

down by -146 million lei compared to the same period last year, the decrease being mainly due to the non-recording of revenues from the capitalization of OTC at last year's amount, a situation that arose as a result of the reduction in operating costs on the electricity market.



Zero profit segment

Revenues from zero-profit activities decreased by 43% (-1,339 million lei) compared to the same period of the previous year, from 3,144 million lei in 9M 2022 to 1,805 million lei in 9M 2023, mainly due to the -1,242 million lei decrease in revenues on the balancing market.

The segment of **zero-profit activities** also recorded a decrease in costs by 39% (-1,219 million lei) from 13,114 million lei at 9M 2022 to 1,894 million lei at 9M 2023, mainly due to lower expenses on the balancing market.

The **balancing market** was mainly influenced by the following elements:

- regulatory:
 - national regulations on the electricity market, namely GEO No 153 of 11 November 2022 for the modification and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the modification and completion of certain regulatory acts in the field of energy and the modification of GEO No 119/2022 for the modification and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023 updated, as well as for the modification and completion of certain regulatory acts in the field of energy;
 - European legislative regulations on the energy market.
- on the functioning of the market:
 - energy market developments at European and regional level;

- how to achieve contracting in pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of electricity production and consumption;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of the average price recorded on the balancing market.

Balancing market revenues/Balancing market expenses decreased by 45% in 9M 2023 compared to 9M 2022.

For the period from 2023 onwards, it is expected that the evolution of electricity production and consumption at national level and the European context of the evolution of the electricity market and the way in which contracting is carried out on the markets prior to the balancing market will have a significant impact on the evolution of revenues/costs on the balancing market.

System services are procured by the Company from producers in order to ensure the maintenance of the safety level in operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force.

The contracting of these services is carried out:

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

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

In the period January-September 2023, the contracting of system 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 9M 2023, **revenues from system services** decreased by 26% compared to the same period last year (273 million lei in 9M 2023 compared to 369 million lei in 9M 2022), due to the decrease in the tariff approved by ANRE for these services, as the amount of electricity delivered to consumers decreased by 5%.

The value of **system services expenses** at 9M 2023 increased compared to the same period in 2022, the difference between the two periods being 24 million lei.

The value of the STS procurement costs was mainly determined by the following factors:

- system service procurement prices in the competitive market have remained around values:
 - ✓ the average procurement price of the secondary regulation reserve at 79,86 lei/hMW;
 - ✓ average procurement price of fast tertiary reserve, power increase to 37,84 lei/hMW;
 - ✓ average procurement price of fast tertiary regulation reserve, power reduction to the value of 16,11 lei/hMW.
- the manifestation during the 9M of 2023 of a high level of system service market concentration for secondary reserve (SR) system services.

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

Operating result-zero profit

EBIT generated by **zero-profit activities** recorded a negative result of 90 million lei, down from the positive amount of 30 million lei at 9M 2022.

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

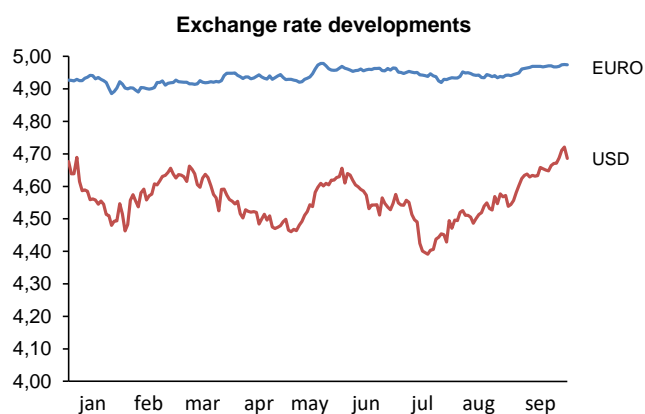
The surplus/deficit of revenue over costs resulting from carrying out this activity is calculated per tariff programming period.

II. Financial Result

The net financial result for the period January-September 2023 is positive in the amount of 3 million lei, compared to a loss of 1 million lei in the same period last year, mainly influenced by the interest received during the period under review.

The share of foreign exchange revenues/expense in total financial revenues/expense is high and is significantly influenced by the high volume of transactions related to the market coupling business segment.

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



III. Gross profit of the Company (EBT)

Total operating revenue

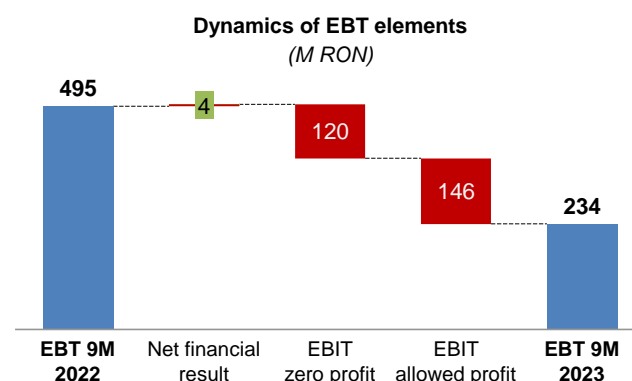
Total operating revenues in 9M 2023 decreased by 32% compared to the same period of the previous year (3,308 million lei in 9M 2023 compared to 4,884 million lei in 9M 2022), due to the significant decrease in revenues from zero-profit activities, which was not offset by the positive evolution of operating expenses, given the decrease in the amount of electricity delivered to consumers.

Total operational expenses

Total operating expenses (including depreciation) at 9M 2023 decreased by 30% compared to the same period last year, 3,078 million lei at 9M 2023 compared to 4,388 million lei at 9M 2022.

The gross result decreased during the period under review, from 495 million lei in January-September 2022 to 234 million lei in January-September 2023.

The dynamics between the result recorded at 9M 2023 compared to 9M 2022, broken down by the constituent components of the result, are shown in the following graph:



IV. Net result

The net result at the end of the 9M 2023 in the amount of 207 million lei, recorded a decrease of 212 million lei compared to the same period of the previous year, mainly due to the fact that in the current year no income was recorded from the OTC capitalization at the level of the amount from the similar period of the previous year (2.7 million in 9M 2023 vs 279.2 million in 9M 2022).

This special income was established for the part of the total OTC cost that was not covered by the transport tariff. We specify that this income is of a non-monetary nature, its collection to be realized by the Company in stages through the transport tariff over the next five years (2023-2027) in accordance with the relevant legislative provisions.

FINANCIAL POSITION

I. Non-current assets

The non-current assets recorded in 9M 2023 compared to December 2022 a slight increase of 1% (+55 million lei), mainly due to the increase in the balance of tangible assets.

Assets relating to rights to use of leased assets - buildings

Assets relating to rights to use of leased assets - buildings represent the right to use the premises leased by the Company in the Platinum office building as defined by IFRS 16 - Leases.

As of 01.10.2020 the lease agreement valid for a period of 5 years came into force.

As of September 30, 2023, the accounting value of the right of use of the premises leased by the Company in

the Platinum office building is in the amount of 15.9 million lei.

Intangible assets

The evolution of intangible assets was mainly influenced by:

- an outflow of intangible assets in progress through recognition in costs of 5.5 million lei,
- the fact that for 9M 2023 the Company capitalized an amount of 2.7 million lei representing additional costs for the procurement of electricity to cover its own technological consumption compared to the cost recognized in the tariff, an amortization expense totalling 64.77 million lei for additional OTC previously recognized. As at September 30, 2023, the accounting value of intangible assets resulting from the capitalisation of additional OTC is in the amount of 276.5 million lei.

As of September 30, 2022, the Company shall apply the provisions of GEO no. 119/2022, whereby the additional costs for the procurement of electricity made to cover its own technological consumption compared to the costs recognised in the regulated tariffs shall be capitalised on a quarterly basis.

Thus, capitalised costs are amortised over a period of 5 years from the date of capitalisation and are remunerated at 50% of the regulated rate of return approved by the National Energy Regulatory Authority applicable over the amortisation period of those costs and are recognised as a separate component.

II. Current assets

Current assets as at September 30, 2023 (2,202 million lei) decreased by 41% compared to the amount recorded as at December 31, 2022 (3,702 million lei), mainly due to the reduction in trade receivables and advances to suppliers.

Trade receivables decreased by RON 1,102 million (RON 1,291 million as at September 30, 2023 compared to RON 2,394 million as at December 31, 2022). The most significant developments were:

- customers from operational activity which due to the decrease in energy consumption generated a lower balance of receivables from operational activity (RON 939 million as of September 30, 2023 compared to RON 1,696 million as of December 31, 2022).

The main outstanding customers on the electricity market are MAVIR, OPCOM, IBEX, Electrica Furnizare SA, RAAN, Hidroelectrica, JAO, Ciga Energy SA, Cinta Energy SA, Enel Energie SA. Their share is 64.49% of total trade receivables.

- customers - balancing market which, due to the decrease in the volume of transactions in the balancing market in the first 9 months of 2023, compared to the same period of 2022, also caused a decrease in the balance of customers in contracts concluded for this type of activity (245 million lei on September 30, 2023 compared to 564 million lei on December 31, 2022).
- customers - support scheme, which recorded a decrease of 20%, mainly due to a decrease in the amount invoiced for the collection of the monthly contribution.

As at September 30, 2023, the Company records receivables from the bonus support scheme for the promotion of high efficiency cogeneration at approximately 8% compared to 5% as at 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 administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009, "the main tasks being the monthly collection of the cogeneration contribution and the monthly payment of the bonuses".

As of September 30, 2023, the Company records receivables in the amount of 105 million lei, represented by 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 lei, respectively from RAAN - 63.46 million lei and CET Govora SA - 13.23 million lei;
- Undue bonus for 2014 in the amount of 3.91 million lei, respectively from RAAN - 1.98 million lei, and CET Govora - 1.93 million lei;
- uncollected contribution for cogeneration from electricity consumer suppliers in the amount of 13.9 million lei, respectively from: Transenergo Com - 5.88 million lei, PetProd - 4.39 million lei, Romenergy Industry - 2.68 million lei, RAAN - 2.38 million lei UGM Energy - 1.50 million lei, etc.

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

Other receivables as at September 30, 2023 in the amount of 136 million lei mainly include:

- sundry debtors (107 million lei), of which:
 - late payment penalties calculated for defaulting customers in the amount of MDL 85.7 million (of which MDL 35.35 million are penalties related to the support scheme).

The highest late payment penalties were recorded by customers: RAAN (16.9 million lei), Romelectro (13.4 million lei), CET Govora (9.6 million lei), Electrocentrale București (9.4 million lei), Eco Energy SRL (8.9 million lei), Petprod SRL (8.9 million lei), OPCOM (3.3 million lei), Total Electric Oltenia (3.3 million lei), Electromontaj SA (2.7 million lei), Multiservice G&G (2.2 million lei).

- compensation owed by suppliers for non-delivery of electricity: Arelco Power (RON 0.99 million), Enol Grup (RON 2.54 million) and Next Energy Partners (RON 8.39 million).
- the receivable to be recovered from OPCOM

representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of 4.52 million lei.

- Prepaid expenses of 5.82 million lei are mainly represented by internal and international dues (1.8 million lei), ANRE annual contribution for 2023 (1.2 million lei), taxes and duties for 2023 (1.1 million lei), rent and maintenance of office building (0.7 million lei), insurance policies (0.7 million lei) and others.
- other social claims in the amount of 1.52 million lei representing sick leave paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

Advances to suppliers paid as at September 30, 2023 are represented by suppliers debtors for the provision of services in the amount of 116 million lei have decreased significantly compared to December 2022 when they amounted to 697 million lei.

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*) amounting to 100.8 million lei - for ICP and SDAC and 13.3 million lei - for SIDC.

The start of the successful SDAC Single Day-ahead Coupling took place on 28 October 2021 and is the result of the cooperation between the Designated Electricity Market Operators (DEMO) and the Transmission System Operators (TSO) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

The launch of Flow Based Market Coupling in the Core region on 08 June 2022 represented the transition from the Interim Coupling Project (ICP) coupling mechanism to Flow Based Market Coupling (FBMC), optimising 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 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 174.1 million lei relating to the statements for the period June - September 2023 and October 2020, of which 55 million lei have been collected up to the date of this report.

The largest impairment allowances existing in the balance at September 30, 2023, represent trade receivables and related penalties for CET Govora (25 million lei), Eco Energy SRL (24.7 million lei), Petprod SRL (23.5 million lei), Arelco Power (MDL 14.8 million), Total Electric Oltenia SA (MDL 14.2 million), Romenergy Industry (MDL 13.5 million), Romelectro SA (MDL 13.4 million), Elsaco Energy (MDL 9.3 million), RAAN (MDL 8.5 million), Next Energy Partners SRL (MDL 8.4 million).

Liabilities

Long-term liabilities in the amount of 692 million lei as of September 30, 2023 increased slightly by 1% compared to the amount of 687 million lei as of December 31, 2022.

Interest-bearing liabilities

As at 30 June 2023 the amount of non-current borrowings has decreased compared to December 31, 2022 mainly due to repayments under existing loan agreements. At the same time, the value of short-term loans decreased from the balance of 92 million lei in December 2022 to 25 million lei as at September 30, 2023. As of September 30, 2023, the credit line is not used.

At the same time, **short-term liabilities** decreased by 48%, from RON 3,593 million as at December 31, 2022 to RON 1,863 million as at September 30, 2023, mainly due to the decrease in trade and other debts.

The impact on the evolution of commercial debt has had:

- **suppliers on the energy market**, which decreased by 1,111 million lei and recorded a balance of 845 million lei on September 30, 2023 compared to 1,956 million lei on December 2022.

This development was mainly influenced by:

- decrease in *the balance of liabilities related to operating activities* by 712 million lei, which was mainly due to the payment when due, in 2023, of the payment obligations outstanding on December 31, 2022, mainly resulting from the coupling of electricity markets.

The suppliers on the electricity market are mainly represented by OPCOM, MAVIR, IBEX, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, Engie Romania. On September 30, 2023, their share of total energy suppliers is about 95.08%.

- *the decrease in the balance of "balancing market liabilities"* by 400 million lei was due to the decrease in

the volume of transactions recorded on the balancing market in the third quarter of 2023 compared to the fourth quarter of 2022.

- the decrease of the liabilities related to the support scheme to suppliers (producers) by only 0.5 million lei was due to the decrease of the monthly bonus for high efficiency cogeneration from September 2023 to December 2022.

- **suppliers of assets** decreased by 22 million lei due to payments falling due,
- **"other liabilities"** decreased significantly by 559 million lei, from a balance of 1,235.9 million lei as at December 31, 2022 to 677 million lei as at September 30, 2023, on the back of the evolution of creditor customers.

The structure of "other liabilities" is as follows:

- **Sundry creditors** in the amount of 402.8 million lei (increased by 13 million lei compared to December 31, 2022) are mainly represented by the net position of the support scheme for high efficiency cogeneration, debt position (396 million lei) and contracts for solution studies for connection to RET (14 million lei),
- **creditor customers** as at September 30, 2023 in the amount of 199 million lei (decreased by 571 million lei compared to December 31, 2022) and represent

amounts received in advance in 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), from OPCOM (73.05 million lei), MAVIR (100.21 million lei), IBEX (24.99 million lei) and JAO (0.03 million lei),

- **the liability for assets related to the rights of use of leased assets - buildings**, according to IFRS 16 - Leases, is in the amount of MDL 8.6 million (short-term liability),
- **other liabilities** in the amount of 56.6 million lei are mainly represented by guarantees of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 36.4 million lei and VAT not due during the reporting period in the amount of 19.9 million lei.

Provisions decreased slightly, - MDL 5.2 million at September 30, 2023 (MDL 63 million) compared to December 31, 2022 (MDL 68 million).

III. Shareholders' equity

The equity recorded an increase mainly due to the recording in the retained earnings of the net profit in the amount of 207 million lei, realized on September 30, 2023. Thus, the equity capital as at September 30, 2023 was RON 4,149 million compared to RON 3,869 million as at December 31, 2022.

SHARE PERFORMANCE

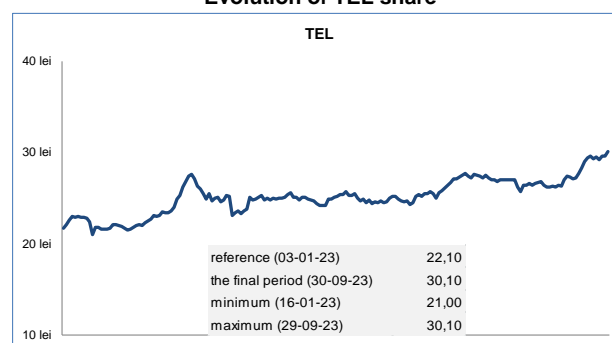
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ISIN:	ROTSSELACNOR9
Tip:	Actiuni
Segment:	Principal
Categorie:	Premium
Stare:	Tranzactionabila

The first nine months of 2023 started with a trading price of 22.10 lei/share, opening the way to the period's maximum price of 30.10 lei/share recorded at the end of the period on 29.09.2023.

The final price of the period brought TEL shares an increase of 36.20%, a higher return than the BET (19.30%), BET-NG (21%) indices and a market capitalization of 2,206 million lei

Trading of TEL shares in the first nine months of 2023 on the Romanian stock market recorded 17,026 transactions with an average number of 91 transactions/day and 2,978,185 shares traded, with a total value of 78,158 thousand lei.

Evolution of TEL share



Transelectrica shares are part of the following stock market indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETplus, BET-TRN, BET-XT-TRN, ROTX. Of these the most representative for the Company are:

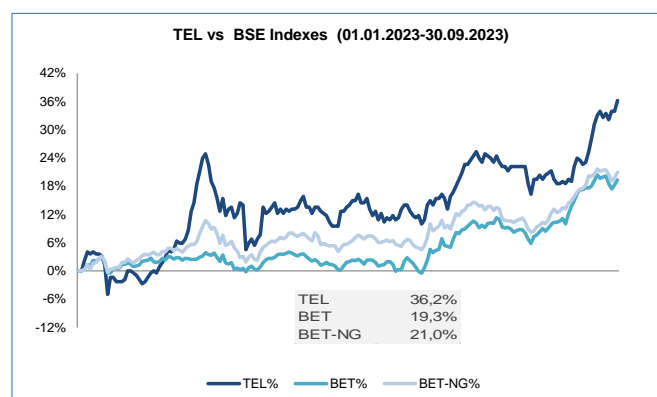
- **BET index** (Bucharest Exchange Trading - the benchmark index of the capital market reflecting the performance of the 20 most liquid companies listed on the regulated market of the BVB),

- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index reflecting the evolution of energy and related utilities companies listed on the BVB regulated market).

According to the latest periodic adjustment date recorded on 08.09.2023, TEL shares have a weighting of 1.37% in the BET index and 2.63% in the BET-NG index.

Internationally, TEL shares have been included in the MSCI Frontier and MSCI Romania indices since August 2023.

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



MAIN RISKS AND UNCERTAINTIES

The analysis of decision problems under risk involves an assessment of decision alternatives, their consequences, considering that the effects of decisions are not known with certainty.

In these cases, the optimal price is the one that maximises the expectation, i.e. reveals the probable or expected value of the outcome.

A thorough knowledge of the threats allows them to be prioritised according to the likelihood of their occurrence, the extent of the impact on the objectives and the costs of measures to reduce the likelihood of their occurrence or to limit undesirable effects.

At the level of the Company, the risks related to the performance of its activities are periodically and systematically analysed and the *Register of Identified Risks, Risk Tracking Sheets, Risk Alert Forms (for new 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 legal provisions.

Items that may affect the Company's liquidity include:

➤ interest rate fluctuation

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

Interest rates on the national money market experienced a downward trend in January-September 2023, with a stagnation in the last 2 months, amid the liquidity surplus in the banking system, coupled with lower demand for credit and more restrictive conditions associated with the supply of credit.

➤ exchange rate change

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

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

In order to limit the impact of exchange rate fluctuations, the Company negotiates the best exchange rates through its specialised department.

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

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

In the context of increasing relative attractiveness of domestic currency investments, the leu has shown a strengthening trend against the euro since mid-January 2023. At the same time, the national currency experienced periods of appreciation between January and September 2023 as a result of developments in international financial markets.

➤ the provisions of the grant agreements

In the financing contracts, there are clauses on compliance with financial and non-financial indicators (covenants), and breach of these clauses may result in early disbursement of the financing facilities, subject to prior notification and a reasonable period of time. Some

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

As of the date of this report, there have been no instances of non-compliance with the provisions of the Company's funding agreements.

➤ **risk of non-compliance with legal conditions**

The liquidity of the Company could be affected by penalties due to non-compliance reported during regular control activities by the competent bodies (ANAF, CCR, MFP, etc.). This risk did not materialise during the period under review.

➤ **the level of taxation**, including the introduction of new taxes and charges. In the first 9 months of 2023, this risk did not materialise;

➤ **cash-flow risk** - this is the risk that Transelectrica will not be able to meet 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 cash inflows expected from the collection of trade receivables as well as the level of cash outflows expected for the payment of trade and other payables.

The Company pays particular attention to effective treasury management, through efficient cash flow management and optimisation of surplus liquidity to meet financial obligations as they fall due, as well as the availability, if necessary, to draw on funding from appropriate credit facilities.

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

In the period January-September 2023, thanks to the solutions found and the measures taken in time, the Company met its financial obligations.

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

➤ **the risk of credit rating deterioration** due to worsening financial indicators, macroeconomic and political climate and/or worsening financial performance of the Company.

This risk reflects a complex of factors, with a potential effect on increasing funding costs in the credit market, which may significantly affect the Company given the substantial amount of capital required to be attracted to finance the investment plan for the coming years.

Moody's currently rates the company at Baa3 with a stable outlook.

➤ **investment risk** as a result of financial difficulties at subsidiary level caused by both historical debt, competitive environment and their own management.

The company attaches due importance to analysing the risk environment and identifying possible risks early on by adopting a reactive management style whereby it implements preventive measures in advance to mitigate the occurrence of risks.

At the same time, the periodic review of risks as set out in the standards is a practice consistently used by the Company which consists of identifying and assessing risks at certain intervals and planning the necessary measures to manage them.

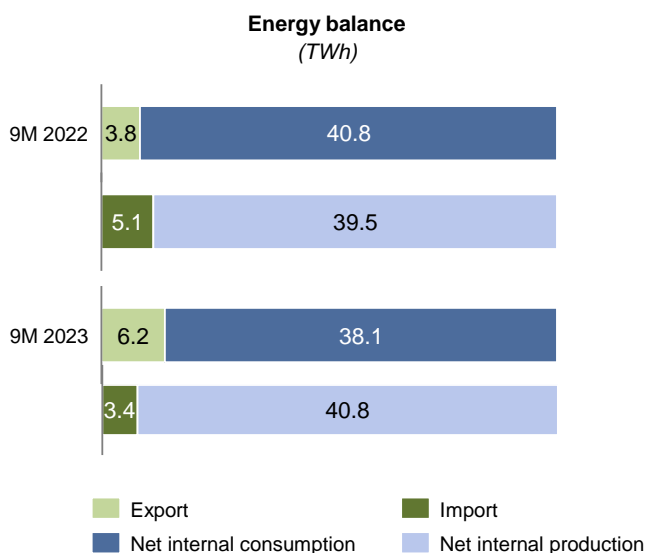


Operational data

ENERGY BALANCE SEN

Analysing the evolution of the components of the energy balance, in the period January - September 2023 compared to the same period in 2022, there is a 7% decrease in net domestic consumption¹ and a 3% increase in net energy production.

Cross-border physical export trade in 9M 2023 is up 63% compared to 9M 2022, while cross-border import flows are down 33%.



In the first 9 months of 2023, electricity consumption at SEN level recorded monthly decreases ranging from 2.77% in August to 11.61% in January.

- The decrease in consumption in the first quarter was largely influenced by average monthly temperatures, which recorded positive anomalies and were generally above climatological norms.

Another element that led to the reduction of national electricity consumption is the entry into force of Regulation (EU) 2022/1854 of 6 October 2022 on emergency action to tackle high energy prices. Article 3(3) of the Regulation provides that Member States shall endeavour to implement measures to reduce total gross monthly electricity consumption by 10% compared to the average gross monthly electricity

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

consumption in the corresponding months of the reference period².

- The decrease in consumption in the second quarter was largely influenced by the European context, characterized by a slowdown in economic activities³, with GDP growth forecast for Romania for spring 2023 at 3.2%, compared to 4.7% in the same period last year.
- The third quarter of 2023 was characterized by a further decline in measured consumption, with values ranging from 5.14% in July to 2.77% in August.

The decrease was largely due to the continued rise in consumer prices and services, which created a stronger than expected impact on the decrease in electricity consumption⁴, although energy prices continued to show a downward trend. Although the 2023 summer tourist season was a busy one across most of Europe, the slowdown in bank lending to the economic sector through monetary policy tightening led to a continued downturn in the economic sector which was implicitly reflected in electricity consumption.

On the other hand, a decisive factor in the decrease of metered consumption is the continuous increase of installed power of prosumers, which reached on 31.08.2023 about 1060MW. Assuming for the production of these prosumers a similar percentage of installed capacity as in the PV parks whose energy is metered, it is estimated that in the third quarter of 2023 the consumption fed by this production accounted for at least 2% of SEN consumption.

²Art. 4(1): Each Member State shall identify the peak hours corresponding in total to a minimum of 10% of the total number of hours in the period from 1 December 2022 to 31 March 2023.

³https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en

⁴https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/summer-2023-economic-forecast-easing-growth-momentum-amid-declining-inflation-and-robust-labour_en

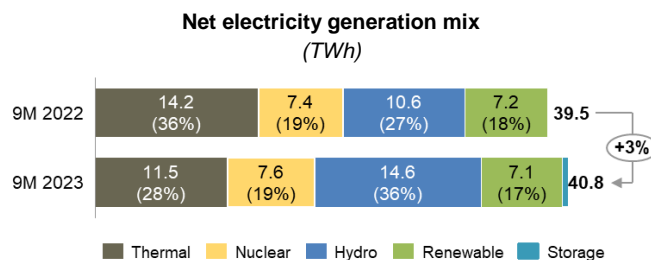
PRODUCTION MIX

In terms of generation mix, in the period January - September 2023 compared to the same period in 2022, there was an increase of 37% in the Hydro component and 3% in the Nuclear component, respectively a decrease of 19% in the Thermal component and 2% in the Renewable component (mainly based on the decrease in PV generation -7%).

Since Q3, battery generation has been introduced into the production mix, totalling 1.2 TWh at 9M.

Analysing the weights of the components of the net production mix for the period January - September 2023, it can be seen that the largest share, 36%, is represented by the Hydro component followed by the

Thermo component 28%, and the energy produced from renewable and nuclear sources have a share of 17% and 19% respectively.

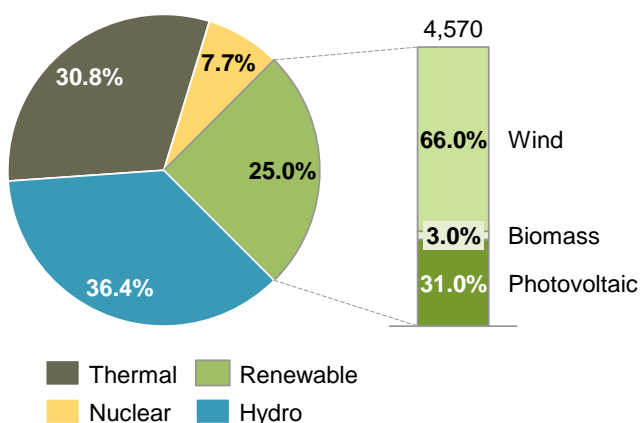


NATIONAL PRODUCTION PARK

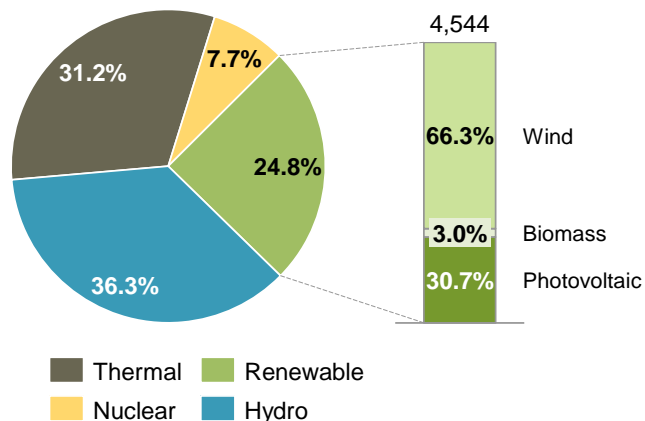
Installed capacity in thermal power plants decreased in 9M 2023 by about 1%, from 5,708 MW installed on September 30, 2022 to 5,630 MW installed on September 30, 2023.

The installed capacity for the period January - September 2023 versus January - September 2022 is shown in the graphs below:

Installed capacity 9M 2023 (18,255 MW. gross value)



Installed capacity 9M 2022 (18,308 MW. gross value)



CROSS-BORDER FLOWS

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

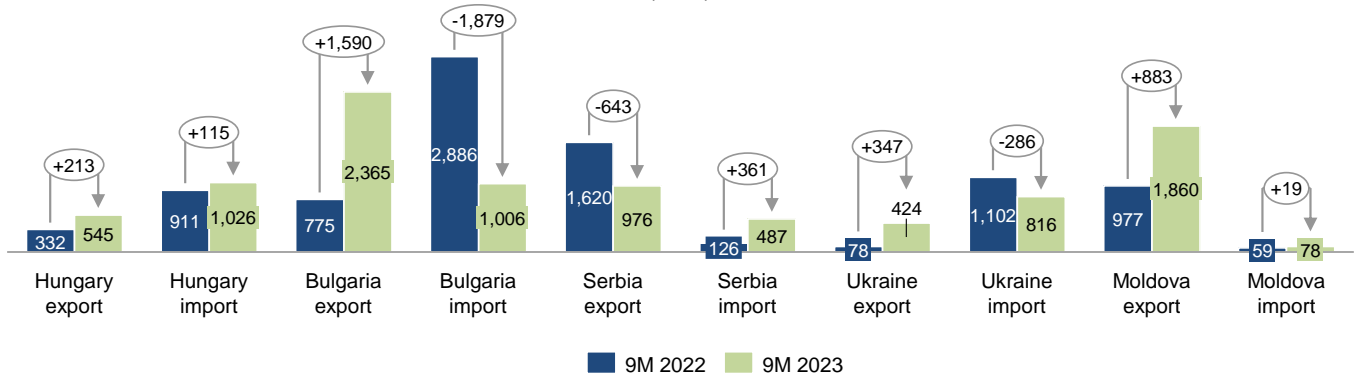
- exports decreased on the border with Serbia, and increased on the border with Hungary, Bulgaria, Ukraine and Moldova, and
- imports increased on the border with Hungary, Serbia and Moldova and decreased on Bulgaria and Ukraine.

Specifically, compared to January - September 2022, physical export flows increased with Hungary (+213GWh), Bulgaria (+1,590GWh), Ukraine (+347GWh) and Moldova (+883GWh) and decreased on the border with Serbia (-40% -643GWh),

concomitant with increasing physical import flows on interconnection lines with Hungary (+115GWh), Serbia (+361GWh), Moldova (+19GWh) and decreasing on Bulgaria (-65% -1,879GWh), and Ukraine (-26% -286GWh).

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

Physical flows
(GWh)



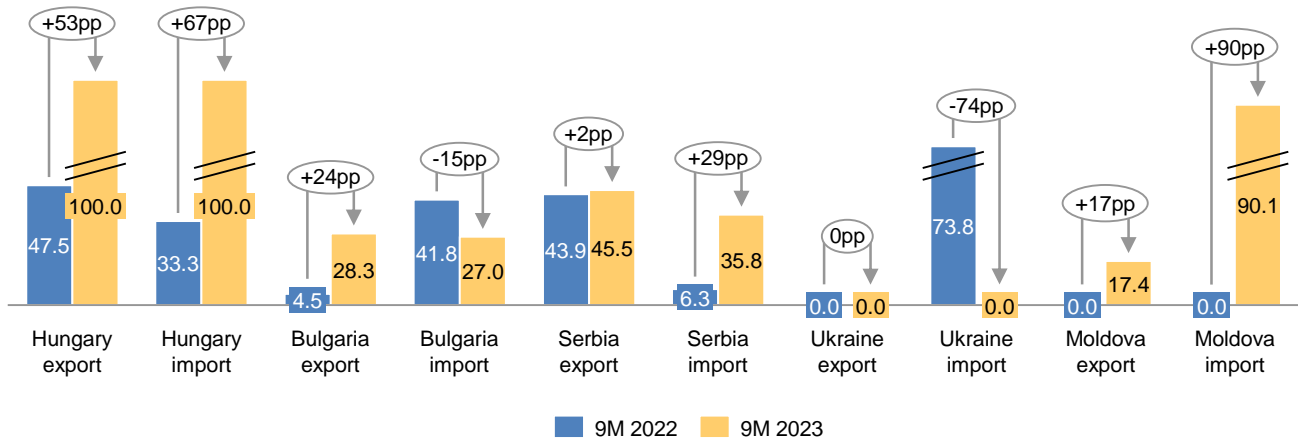
Compared to the same period in 2022, there has been an overall increase in export **capacity utilisation**, i.e. a 68% increase in export trade and energy transited, against a background of higher hydroelectricity compared to last year and lower domestic electricity consumption compared to the same period in 2022.

A significant impact in the increase of transit energy has had the Government Emergency Ordinance no. 119 of 1 September 2022, amending and supplementing the Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market, updated, and amending and supplementing certain regulatory acts in

the field of energy, which introduces a solidarity tax for companies that export electricity.

On the border with Hungary, the utilisation rate is 100%, both import and import, as short-term tenders are default tenders (capacity and energy are allocated simultaneously), and since January 2023, there has been a complete switch in long-term tenders from the Physical Capacity Rights allocation mechanism to the Financial Capacity Rights allocation mechanism (capacity allocated in annual and monthly tenders is no longer a physical right that can be used by the participant, but only a financial right).

Usage rate of total allocated capacity (%)



The degree of utilisation of total capacity rights on a border and direction is the ratio, expressed as a percentage, of the energy corresponding to trade carried out (notified) in a month to the energy corresponding to total capacity rights.

Trade includes 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) from 17 December 2021.

On the implications for the synchronous interconnection of the electricity transmission systems of the Republic

of Moldova and Ukraine with the Continental European system through Romania, Hungary and Slovakia:

- 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 achieved. This acceleration of the synchronization project, which started in 2017, was made possible as a result of previously conducted studies and the adaptation of measures to reduce risks in the operation of power systems;

- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the European electricity system has led to a reduction of the own technological consumption in the Romanian electricity transmission network, mainly due to a more favourable distribution of flows on the interconnection power lines;
- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the electricity system of Romania has contributed to the expansion of the electricity market, providing the opportunity for regional electricity trade 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 Continental European system will put pressure on

the neighbouring power systems (Romania, Hungary and Slovakia) in terms of ensuring interconnected operation and regional adequacy, given the difficulties experienced by the Republic of Moldova and Ukraine in securing their electricity needs;

- on the border with Ukraine, capacity allocation tenders are currently suspended as of 16.01.2023, until 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, with only daily bilateral coordinated capacity allocation being organised for 100% of total capacity (tenders organised by Romanian TSOs).

OWN TECHNOLOGICAL CONSUMPTION

Compared to January-September 2022, in the same period in 2023 the OTC in the RET increased by ca. 4% and the percentage OTC increased from 2.20% to 2.40%.

Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (RET) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market.

Factors that significantly influenced the OTC in the period January - September 2023, such as rainfall and the distribution of physical cross-border flows, are not under Transelectrica's control.

FACTORS EVOLUTION OTC

In January 2023 OTC increased compared to January 2022 by 3.5%, as a result of unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission of energy away from sources and unfavourable weather conditions characterised by higher rainfall amounts leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 2.42% in 2022 to 2.62% in 2023. Energy entering the meter decreased by 4.2% in January 2023 (171.9 GWh) compared to the same period in 2022, due to a 41.9% (212.7 GWh) decrease

in energy received from imports and a 0.9% (28.8 GWh) decrease in energy received from generators connected to the RET, as energy received from the RED increased by 21.9% (69.5 GWh).

In February 2023 OTC increased compared to February 2022 by 17.6% as a result of unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission of energy away from sources, but also unfavourable weather conditions with higher rainfall amounts leading to increased corona losses. The percentage of losses to energy entering the RET increased from 2.04% in 2022 to 2.42% in 2023. Energy entering the grid decreased by 1% (36.0 GWh) in February 2023 compared to the same period in 2022, due to a 42.1% (230.7 GWh) decrease in energy received from imports, amid a 3.4% (92.7 GWh) increase in energy received from generators connected to the RET and a 46.7% (102 GWh) increase in energy received from the RED.

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

The percentage of losses in relation to energy entering the RET increased from 2.36% in 2022 to 2.57% in 2023. Energy entering the grid decreased by 11.7% (432.3 GWh) in March 2023 compared to the same period in 2022, due to the decrease of energy received

from generators directly connected to the RET by 0.9% (24.6 GWh), energy received from imports by 54.4% (441 GWh), while energy received from the RED increased by 12.9% (33.3 GWh).

Weather conditions were unfavourable, with higher rainfall leading to increased crown losses.

In April 2023 OTC increased compared to April 2022 by 0.7%, due to unfavourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Serbia leading to increased transmission away from sources, and unfavourable weather conditions with higher rainfall in areas with higher transmission line density leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 2.49% in 2022 to 2.63% in 2023. Energy entering the meter decreased by 4.7% in April 2023 (159.8 GWh) compared to the same period in 2022, due to a 68.7% (308.3 GWh) decrease in energy received from imports, as energy received from generators connected to the RET increased by 0.6% (15.9 GWh) and energy received from the RED increased by 39.6% (132.6 GWh).

In May 2023 OTC increased compared to May 2022 by 12.8% as a result of the more unfavourable generation structure mainly due to the non-operation of the OMV Petrom CECC and physical flows on the interconnection lines, which led to an increase in the transmission of energy away from sources. Weather conditions were also more unfavourable, characterised by somewhat higher amounts of rainfall in areas with higher density of transmission lines, leading to increased corona losses.

The percentage of losses relative to energy entering the RET increased from 1.9% in 2022 to 2.29% in 2023. Energy entering the grid decreased by 6.6% (217.9 GWh) in May 2023 compared to the same period in 2022, due to an 8.3% (221.8 GWh) decrease in energy received from generators connected to the RET and an 18.4% (63.2 GWh) decrease in energy received from imports, amid a 24.4% (67.1 GWh) increase in energy received from the RED.

In June 2023 OTC increased compared to June 2022 by 24.2%, as a result of the somewhat more disadvantageous distribution of generation in the territory and physical flows on interconnection lines, which led to increased transmission of energy away from sources, but mainly as a result of unfavourable weather conditions, characterised by much higher rainfall, which led to a significant increase in corona losses.

The percentage of losses relative to energy entering the RET increased from 2.11% in 2022 to 2.69% in 2023. Energy entering the grid decreased by 2.7% (89.9 GWh) in June 2023 compared to the same period in 2022, due to a decrease of 6.3% (164.4 GWh) in energy received from generators directly connected to the RET, a decrease of 25.9% (138.6 GWh) in energy received from imports and an increase of 101.7% (213.1 GWh) in energy received from the RED.

In July 2023 OTC decreased compared to July 2022 by 11.7% as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria which led to a reduction in the transmission of energy away from sources. The percentage of losses relative to energy entering the RET decreased from 2.00% in 2022 to 1.91% in 2023.

The energy entering the grid decreased by 7.78% in July 2023 (297.3 GWh) compared to the same period in 2022, as a result of a 25.4% (175.4 GWh) decrease in energy received from imports and a 7.4% (219.2 GWh) decrease in energy received from generators connected to the RET, while energy received from the RED increased by 60.8% (97.3 GWh).

The weather conditions were unfavourable, characterised by higher rainfall, which increased crown losses.

In August 2023 OTC decreased slightly compared to August 2022 by 0.4%, as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria leading to reduced transmission of energy away from sources, and more favourable weather conditions with lower rainfall leading to lower corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.16% in 2022 to 2.15% in 2023. Energy entering the meter decreased by 0.1% (2.4 GWh) in August 2023 compared to the same period in 2022, due to a 22.7% (170.8 GWh) decrease in energy received from imports, amid a 4.5% (122.4 GWh) increase in energy received from generators connected to the RET and a 35.5% (45.9 GWh) increase in energy received from the RED.

In September 2023 OTC increased compared to September 2022 by 1.5%, mainly as a result of increased energy entering the RET contour and more unfavourable physical import/export flows on the interconnection lines on the borders with Serbia and Ukraine leading to increased transmission of energy away from sources.

The percentage of losses relative to energy entering the RET increased from 2.28% in 2022 to 2.31% in 2023. Energy entering the meter increased by 0.2% (6.5 GWh) in September 2023 compared to the same period in 2022, due to an increase in energy received from imports by 15.7% (70.3 GWh), as energy received from generators directly connected to the RET decreased by 1.5% (40.1 GWh) and energy received from the RED by 11.2% (23.7 GWh).

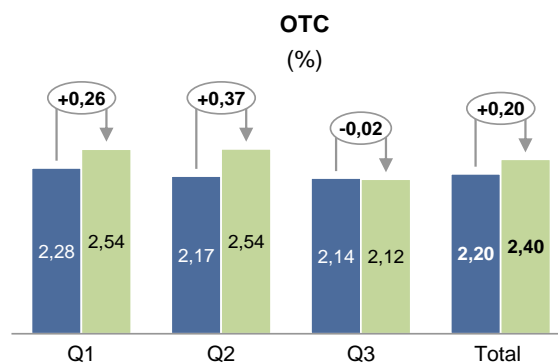
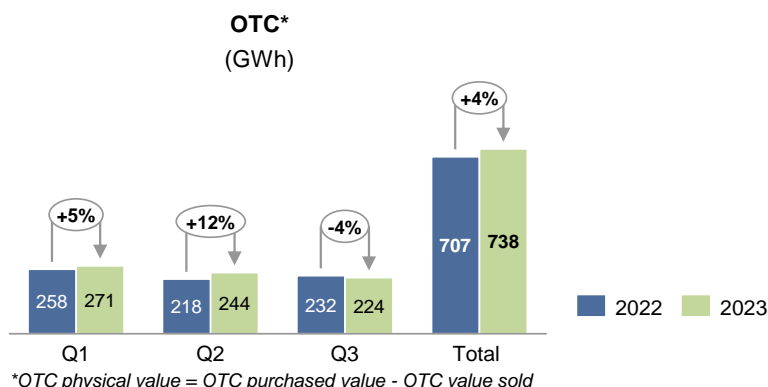
Weather conditions were favourable, with lower rainfall, which reduced crown losses.

In summary, for the whole of the first quarter of 2023, OTC in the RET increased by 5.1% compared to the same period in 2022, mainly as a result of unfavourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia and more unfavourable weather conditions with higher rainfall, which increased corona losses. Relative to

energy entering the contour, losses increased from 2.28% to 2.54%.

For the whole of Q2 2023, OTC in RET increased by 11.8% compared to the same period in 2022, mainly as a result of unfavourable physical flows on interconnection lines and more unfavourable weather conditions characterised by higher rainfall amounts, which increased corona losses. Relative to the energy entering the contour the losses increased from 2.17% to 2.54%.

For the whole of Q3 2023, OTC in the RET decreased by 3.5% compared to the same period in 2022, mainly as a result of more favourable physical flows on interconnection lines on the borders with Ukraine, Hungary and Bulgaria and more favourable weather conditions with lower rainfall, which led to lower corona losses. Relative to the energy entering the contour losses decreased from 2.14% to 2.12%.





RET Development

FIXED ASSETS RECORDED IN THE ACCOUNTS

The total value of tangible assets as at September 30, 2023 compared to December 31, 2022 was driven by the increase in the value of tangible assets in progress, concurrent with the recording of depreciation of tangible assets.

The value of tangible assets recorded in the accounts in January-September 2023 is 544.4 million lei (240.4 million lei in the same period of 2022), an increase of 304.3 million lei.

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

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station - 353,7 mil lei;
- Upgrading of 400/220/110/20 kV Munteni Station - 47,5 ml lei;

- Upgrading of 220/110/20 kV Arefu Station - 39,7 million lei;
- Refurbishment of 220/110/20 kV Ungheni Station - 31,8 million lei;
- Upgrading of 220/110 kV Dumbrava Station - 20,9 million lei;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 12,5 mil lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 - 6,8 mil lei;
- 220 kV double circuit Ostrovu Mare - RET (H.CA no. 17/2007) - 4,2 million lei.

TANGIBLE AND INTANGIBLE ASSETS

Procurements of tangible and intangible assets in the period January-September 2023 are in the amount of 293.5 million lei, a slight decrease compared to the same period of 2022 when procurements were in the amount of 294.2 million lei.

At the same time, the balance of tangible assets in progress according to the financial position as at September 30, 2023, in the amount of 809 million lei, is represented by projects in progress, the most significant being listed below:

- 400 kV d.c. Gutinaș - Smârdan OHL - 187.7 mil lei;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița - 140.5 mil lei;
- Connection to the TSO of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV Banca Station - 46.9 mil lei;
- Refurbishment of 220/110/20kV Baru Mare Station - 42.2;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 38.4 million lei;

- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV Medgidia South substation Phase II - 400 kV OHL d.c. Connections at Medgidia South substation - 37.2 mil lei;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL - 32.6 million lei;
- Refurbishment of 400/110/20 kV Smârdan Station - 32.1 mil lei;
- Upgrading of 220/110/20 kV Arefu Station - 26.7 million lei;
- Refurbishment of 220/110 kV Filești Station - 25.9 million lei;
- Refurbishment of 110 kV Medgidia South Station - 13.8 million lei;
- Metering and data management system for electricity metering on the wholesale market - 13.7 million lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 - 12.5 mil lei;
- Relocation of 220 Kv and 400kV networks for the construction of the Braila-Galati express road - 10.1 million lei;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 10 mil lei;

ANNUAL INVESTMENT PROGRAMME

The breakdown of capital expenses as at September 30, 2023 by the main chapters of the annual investment programme correlated with the main chapters of the Company's Development Plan is as follows:

The degree of realisation of the investment programme as at September 30, 2023 is 57.6%.

No.	Categories of expenses	IPA 2023 Programme*	Achievements (thousand lei)	
		(thousand lei)	9M 2023	9M 2022
	Grand total (A+B)	509,830	293,779	284,197
A	Company's own expenses	456,325	259,364	267,248
B	Investments financed from the feed-in tariff	53,505	34,415	16,948

*PAI 2023 revision A8

The Company's investment plan for the next 10 years includes a comprehensive investment programme aimed at strengthening energy security, digitalization and the implementation of the SMART GRID concept, which will increase the capacity to integrate renewable energy into the system on the one hand and increase interconnection capacities on the other.

EUROPEAN FUNDS

Collaboration between Transelectrica and Politehnica University of Bucharest

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

Although the collaboration between the company and the Politehnica University of Bucharest dates back a long time, **on March 21, 2023, a Framework Agreement - "Collaboration Agreement"** was officially signed between the two entities with an exponential role in the national electro-energy field.

It is prefigured as a general legal basis setting out essential aspects/conditions for possible future arrangements and is based on the mutual interest of the two contracting parties to deepen their cooperation in the field of training and further training of young engineers in line with the requirements of today's energy market, thus contributing in the long term to the development of human resources within the company.

The main lines of collaboration between NPG Transelectrica S.A. and UPB are:

As regards RET's capacity to integrate new renewable generation units, 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, do not allow the integration of new capacities, but taking into account the investments currently underway as well as those planned for these two regions alone, by 2027, there will be around 5,000 additional MW available.

CONTRACTUAL ISSUES

The most important investment contracts signed in 9M 2023 are:

- Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu South and 400/220/110/20 kV Bradu stations – 260.2 million lei
- Increasing the operational reliability of the Arges-Vâlcea network area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV HV – 71.9 million lei;
- Increasing the safety of supplying consumers in the southern area of Bucharest connected to the 400/220/110/10 kv Bucharest South station – 59.2 million lei.

- **Train future energy professionals** by developing programmes and disciplines tailored to the needs of SEN / RET, organising training and skills development courses and identifying young talent;
- **Research and innovation** in UPB doctoral schools, fairs, conferences, workshops, TEL- UPB exchanges of experience as well as advanced research in the field of electrical network and complex studies and tests in UPB laboratories;
- **Support student performance** by:
 - continuation of the Transelectrica Scholarship Project, a programme aimed for students in their third and fourth years;
 - Organizing internships in Transelectrica for UPB graduates: the company supports the training of future energy engineers, offering year after year the opportunity to students from the relevant faculties to intern in the Company;
- **Investing in digitalization.** The start of digitalization was given by the conclusion of a Collaboration Protocol No. C994/20.12.2019 between Transelectrica and UPB, which aims to set

up and equip a SCADA TEL laboratory in the Faculty of Energetics for testing and validating digital technologies associated with energy systems.



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, a funding application was submitted for the implementation of the "**Campus Dual Politehnica București**" project.

After the submission in March 2023 of the funding application for the project "Campus Dual POLITEHNICA Bucharest", within the framework of the Call PNRR/2022/ C15 / MEDU /I6/Pilot programme for the development of regional consortia for dual education, on 11.05.2023 following the eligibility assessment, the project was declared admitted.

On 21.06.2023 the initial list with the results of the qualitative evaluation of the submitted projects was published, the project "Campus Dual Politehnica București" being evaluated with 91.20 points and ranking first.

On 07.07.2023 the final list of the results of the qualitative evaluation was published and the project remained in first position. We mention that in early October the grant contract was signed and therefore the implementation of the project started.

Modernisation Fund

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

The funding of €424 million represents 30% of the total funding obtained by Romania through the Modernisation Fund and 14% of the total funding obtained by the 8 Central and Eastern European Member States (Romania, Czech Republic, Slovakia, Croatia, Lithuania, Hungary, Poland, Estonia) with approved projects.

In the third quarter of 2023, applications for reimbursement were submitted with a total reimbursed amount of 13,832,226 lei according to the submission schedules for the following projects:

- Phase II "Axul Banat", Construction of a new 400 kV overhead power line Reșița - Timișoara/Săcălaz, Refurbishment of the 110 /220 kV Timișoara substation and switch to 400 kV - total amount reimbursed - 7.042.511 lei;
- Pilot project - Refurbishment of the 220/110/20 kV Alba Iulia Station in the concept of a digital station - total amount reimbursed - 2.605.443 lei;
- Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu Sud and 400/220/110/20 kV Bradu stations - total amount reimbursed - 769.574 lei;
- Digitalization of RET by installing 2 online systems for metering and management of electricity metering data on the wholesale market, and for monitoring of electricity quality - total amount reimbursed - 3.414.698 lei.

Project "400 kV d.c. Gutinaș Smârdan OHL"

As regards the project "OHL 400 kV d.c. Gutinaș Smârdan", financed by the Large Scale Infrastructure Operational Programme 2014-2020, Priority Axis 8 - *Intelligent and sustainable electricity and gas transmission systems, Specific objective 8.1 - Increasing the capacity of the National Energy System to take up energy produced from renewable resources, 5 (five) requests for reimbursement were submitted, with a total reimbursed amount of 75.669.726 lei by the Managing Authority - POIM.*

REPowerEU Plan

With regard to the **RePowerEU Plan**, clarifications have been sent for the project sheets of the projects submitted by Transelectrica for financing through *RePowerEU - Investment I6 - Digitalization, efficiency and Upgrading of the national electricity transmission network (allocation 56,235,000 euros)*, within the timeframe requested by the Ministry of Investment and European Projects as follows:

- *Investment 6.a - Installation of photovoltaic power plants (PPS) and electricity storage facilities to supply internal services installed in NPG Transelectrica S.A. stations (allocation 29.557.000 euro);*
- *Investment 6.b - Upgrading of SMART SA - NPG Transelectrica S.A. subsidiary (allocation 18.300.000 euro);*
- *Investment 6.c - Optimisation of the communication network and creation of a data centre -Teletrans SA, subsidiary of NPG Transelectrica S.A. (allocation 8.378.000 euro).*

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

At the same time, in March 2023, representatives from the company were invited by the Ministry of Investment and European Projects to the public session presenting the RePowerEU plan, following the launch of the public consultation process for the submission of proposals for reforms and investments for the new REPowerEU chapter by stakeholders.

Please note that compared to the previous report, the budgets of the three projects have undergone changes due to price adjustments agreed between the representatives of the European Commission and NPG Transelectrica S.A. The final REPowerEU chapter was submitted to the European Commission by the Ministry of European Investment and Projects on 9 September 2023. The European Commission is currently evaluating the REPowerEU Chapter and the final deadline for communicating the final application decision is 9 November 2023.



TwinEU and SmartTwin

In March 2023, through participation in the **consortia formed to develop the TwinEU and SmartTwin**

projects, applications for funding through the European Research Programme - Horizon Europe were submitted.

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

SmartTwin aims to develop a smart energy infrastructure using Digital Twin technology, to achieve improved integration of renewables and active consumer participation in the energy transition. This is fully in line with the directions introduced by the European Commission in the "EU Action Plan on the Digitalisation of the Energy System" to increase efficiency and grid intelligence.

Applications for funding were submitted under 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 expected benefits for the Company in terms of participation in the above-mentioned Consortia consist in training and familiarizing staff with the technical solutions for developing the transmission network using smart technologies and the benefits they can bring to the system, given the need to find solutions for integrating energy from renewable sources at the rates set in the National Integrated Energy and Climate Change Plan (PNIESC) for 2030 and to meet the obligations imposed by ANRE.

European Sustainable Energy Week (EUSEW)

On 19-23 June, the European Sustainable Energy Week (EUSEW) took place in Brussels, Belgium, where a delegation of the Company participated.

This year's EUSEW week was entitled "*Accelerating the transition to clean energy - towards lower bills and more advanced skills*", where Transelectrica applied to participate in the event with a booth and was subsequently accepted.

The Company's participation in the event aimed, from the point of view of the Company's image, to increase

its visibility and notoriety at the level of European bodies.

The "INNOVATIONS LEAD THE POWER" stand held by the Company at the Energy Fair consisted in the presentation of the pilot project "Retrofitting of the 220/110/20kV Alba Iulia Station into a digital station concept", including the DigiTEL digital laboratory.

Members of the delegation also participated in thematic conferences of interest to the Company organised during the event and interacted with other participants at the Energy Fair.

Project fiches for funding from the Modernisation Fund

In September, three project files were submitted to the Ministry of Energy for funding from the Modernisation Fund with a total value of 141,750,790 euros, namely:

- *DigiTEL Green pilot project - Refurbishment of the 220/110/20 kV Mostistea substation in the concept of a digital substation with reduced environmental impact (allocation 49.874.666,71 euro);*

THE COMPANY'S FINANCIAL INVESTMENTS

At European level, the energy sector is undergoing a transformation process, with a focus on the transition from a predominantly national model of evolution and development of the energy sector, to a model of integrated and coordinated development at European level, ensuring a unified development at continental level but also allowing for 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 has been set up to serve Transmission System Operators (TSOs) in the Central-East-West European region (CORE region) for the coordinated implementation of the European network codes. Membership is achieved by participation in the shareholding of TSCNET through a share procurement transaction in the company.

- *DigiTEL Power Lines of the Future Pilot Project - Optimisation of OHLs by installing innovative poles with low environmental impact (allocation 17.159.583,75 euro);*
- *Construction of the Romanian section of the 400 kV Suceava (RO) - Balti (MD) line, including its interconnection to the SEN (allocation 74.716.540 euro).*

Cernavodă-Stâlpu internal line

As regards the project "Internal line between Cernavodă-Stâlpu", financed from European funds under the Connecting Europe Facility (CEF) mechanism, amounting to 54.170.000 euro, of which the European funding is 27.085.000 euro, on 13.07.2023 the final request for reimbursement in the amount of 6.055.497 lei was received.

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

JAO (Joint Allocation Office)

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

Transelectrica has been invited by JAO to become part of its shareholding.

By Resolution no.10 of the EGMS of 20 August 2018, the Company was approved to join the Joint Allocation Office (JAO) shareholding with a cash subscription in the amount of €259,325 and 50 shares were allocated to it.



Significant events

JANUARY - SEPTEMBER 2023

• **Contract concluded with Opcom subsidiary**

According to the information included in the Current Report dated 10 January 2023, the Company has concluded a contract with the subsidiary OPCOM for the procurement of electricity to cover its own technological consumption (OTC) needs for the year 2023, through the Centralized Electricity Procurement Mechanism (MACEE) provided for in the Annex to GEO no. 153/2022.

• **Resolution No. 1 of the Extraordinary General Meeting of Shareholders of 26 January 2023**

The GMS held on 26 January 2023, approved the amendment, with effect from 1 March 2023, of Annex No. 1 to the Memorandum of Association, by replacing the terms *Units, Unit and Unit* with the terms *Branch, Branch and Branch respectively*, with a mandate to the Directorate to extend the effective date of the amendment by no more than 30 days and a mandate to the Chairman of the meeting to sign the updated Memorandum of Association.

According to the communication dated February 20, 2023, the Directorate of the Company on the basis of EGMSR No. 1/2023 approves the extension of the effective date of the amendments to the Articles of Incorporation as March 30, 2023.

• **Bilateral meeting with Moldovan Government officials on energy interconnection cooperation projects**

Company representatives received on Thursday, January 26, 2023, the official delegation from the Republic of Moldova, led by Andrei Spînu, Deputy Prime Minister and Minister of Infrastructure and Regional Development, on a visit to strengthen cooperation in the energy sector.

During the meeting, the opportunity to expand OPCOM (Romanian Electricity and Natural Gas Market Operator), a subsidiary of the Company, on the electricity market of the Republic of Moldova was discussed, and the next steps for OPCOM to become the electricity market operator in the Republic of Moldova were agreed.

Mr. Gabriel Andronache, Chairman of Transelectrica's Directorate, Mr. Bogdan Toncescu, member of the

Directorate, and Mr. Victor Ionescu, General Manager of OPCOM, took part in the discussions.

Resolution No. 2 and 3 of the Ordinary General Meeting of Shareholders of 16 February 2023

The GMS held on 16 February 2023 approved the appointment as provisional members of the Supervisory Board of :

- ATANASIU Teodor,
- DASCĂL Cătălin-Andrei,
- ORLANDEA Dumitru Virgil,
- PĂUN Costin-Mihai,
- STERP VINGĂRZAN Gheorghe,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița, with a four-month term of

office beginning on 22 February 2023 and ending on 21 June 2023, approved the fixed allowance for members and the form of the contract of office.

It also approved the filing of a claim against the former members of the Directorate for the recovery of damages in the amount of 237,044 lei, representing compensation of a salary/legal expenses nature.

• **Litigation**

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

• **Acceptance of provisional members' mandates and establishment of the composition of advisory committees within the Supervisory Board 2023**

Provisional members of the Supervisory Board appointed by OGMSR No. 2 dated 16 February 2023, respectively:

- ATANASIU Teodor,
- DASCĂL Cătălin - Andrei,
- ORLANDEA Dumitru Virgil,
- PĂUN Costin-Mihai,
- STERP VINGĂRZAN Gheorghe,
- VASILESCU Alexandru-Cristian and
- ZEZEANU Luminița, have signed, before a notary public, the declaration of acceptance of mandates, thus the mandates of all provisional

members of the Supervisory Board appointed on 16 February 2023 are effective.

Also, in accordance with its statutory and legal powers, 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.

• **Resolution No. 4 of the Ordinary General Meeting of Shareholders of 28 February 2023**

The GMS held on 28 February 2023 approved:

- The Company's Revenue and Expenses Budget for 2023 and estimates for 2024 and 2025 as well as
- establishment of the Investment Programme for the financial year 2023 and estimates for the years 2024 and 2025
- **Strategic partnership in research and innovation**

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

Aiming at the realisation of a 5-year vision, the partnership aims to increase the quality of education and training to facilitate the transition of students and graduates to the labour market, but also to implement research, development or innovation projects to ensure technology transfer and greater social impact.

The company also continues its partnership in the energy sector with the Politehnica University of Timisoara, participating with representatives of the University on 31 March 2023 in an event dedicated to identifying new opportunities for collaboration between industry and academia.

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

On 30 March 2023, in the presence of the Deputy Secretary General of the Government, Mr. Lucian Rusu, as well as local authorities, representatives of the Company inaugurated the completion of the refurbishment of the 220/110 kV laz Transformer Station (Caras-Severin County), with an investment of approximately 62 million lei, from its own funds.

The 220/110 kV laz Electric Transformer Station is 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 electricity supply in the western part of the country.

• **Extension of the terms of office of the provisional members of the Directorate**

The Supervisory Board decided in its meeting of 19 April 2023, in relation to the expiry on 24.04.2023 of the terms of office of the provisional members of the Directorate, to extend the terms of office of the following provisional members of the Management Board for a period of 2 months starting on 25.04.2023: Gabriel ANDRONACHE, Ștefănița MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU and to elect Mr Gabriel ANDRONACHE as Chairman of the Directorate.

• **Regulatory tariffs applicable from 01 April 2023**

On 30.03.2023, the ANRE Order no. 28/29.03.2023 was published in the Official Gazette no.266 on the modification of the average tariff for the transmission service, of the components of the transmission tariff for the introduction of electricity into the grid (TG) and of the tariff for the extraction of electricity from the grid (TL), applied by the Company. Thus, the regulated tariffs for electricity transmission service, applicable as of 01 April 2023, are:

Service	Tariff applicable from 01 April 2022	Tariff applicable from 01 April 2023	Main component	Component related to additional costs of OTC	Variation ▲ (3)-(2)
	lei/MWh	lei/MWh	%	lei/MWh	%
The average fare for the transmission service, of which	28,10	31,20	28,61	2,59	+11,0%
Transmission Tariff - feed-in component - (T _G)	2,53	4,04	3,35	0,69	+59,68%
Transmission Tariff - withdrawal component - (T _L)	25,57	27,44	25,50	1,94	+7,31%

- **Changes in the composition of the Board**

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

- took note of the resignation of Mr. Gabriel ANDRONACHE as provisional member of the Company's Directorate and, therefore, as Chairman of the Directorate as from the end of April 23, 2023.
- decided to elect as Chairman of the Directorate, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" SA, as of 24 April 2023, Mr. Ștefăniță MUNTEANU, in accordance with the provisions of Article 23 para. (1) of the Constitution of the National Power Transmission Company "Transelectrica"-SA.

- **Resolution No. 5 of the Ordinary General Meeting of Shareholders of 27 April 2023**

The AGM held on 27 April 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 2022, the discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2022, the remuneration policy for 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 accounting profit remaining after deduction of corporate income tax as of 31.12.2022 and the distribution of dividends from the profit as of 31.12.2022, with a gross dividend of 0.71 lei/share.

- **Proposal on the distribution of dividends for the financial year 2022**

On April 28, 2023, the Company, noting HAGOA No. 5 dated April 27, 2023, by which the shareholders voted against the Company's proposed distribution of dividends from the Company's recorded profit

on 31.12.2022, issued a press release informing all shareholders and investors of the Company's position to maintain a "distribution rate" of 50% calculated on distributable profit for the financial year 2022.

In order to be able to fulfil its mission of ensuring the operation of the SEN in conditions of maximum security and stability, meeting quality standards, thus creating the infrastructure of the national electricity market and guaranteeing, at the same time, regulated access to the

electricity transmission network, in conditions of transparency, non-discrimination and fairness for all market participants, the Romanian transmission and system operator, with a key role in 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 for the financial year 2022, the Company has made representations and submitted to the Ministry of Finance and all shareholders detailed analyses and arguments, referring mainly to:

-Presentation in detail of the Company's Major Strategic Investment Projects for the period 2023-2025;

-The cash flow forecasts for the period 2023-2025, based on the cash available in the Company's accounts as at 31.12.2022.

- **Majority shareholder request to complete the agenda of the AGM called for 19/20 June 2023**

On May 31, 2023, the Company informed the investing public that the majority shareholder, the Romanian State through the General Secretariat of the Government, has requested to add the following items to the agenda of the Ordinary General Meeting of Shareholders scheduled for 19/20.06.2023:

- Appointment of the provisional members of the Supervisory Board of the Company, as of 22 June 2023;
- Establishing the term of office of the provisional members of the Supervisory Board of Transelectrica S.A. for a period of four months, starting on 22 June 2023 and ending on 21 October 2023".

The proposals of the Secretariat General of the Government for appointment as provisional members of the Supervisory Board were as follows: ATANASIU Teodor, DASCĂL Cătălin-Andrei, ORLANDEA Dumitru Virgil, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminița.

- **Regulated tariff applicable from 01 June 2023**

On 29 May 2023, the Company informed the investing public about the publication in the Official Gazette no. 464/26.05.2023 of ANRE Order no. 67/25.05.2023 approving the tariff for the system service, charged by the Company.

Therefore, the regulated tariff for the system service, applicable as from 1 June 2023, is:

Service	Tariff applicable from 01 January 2023	Tariff* applicable from 01 June 2023
	lei/MWh	lei/MWh
Tariff for system service:	7,73	6,64

* The change in the tariff value was determined by the application of the mechanism for correcting significant deviations from the forecast on which the approval of the tariff was based, which entered into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by the National Energy Regulatory Authority.

Note: The tariff does not include value added tax (VAT)

• **SGG Invitation for consultations with Transelectrica shareholders to finalise the letter of expectations**

On 16 June 2023, the General Secretariat of the Government (SGG), in its capacity as public supervisory authority for "Transelectrica" S.A., issued an invitation to participate on 27.06.2023, at 10.00 a.m., in the consultations organised at its headquarters in Bucharest, with a view to drawing up the final form of the Letter of Expectations, a mandatory document in the selection procedure for the members of the Supervisory Board of NPG "Transelectrica" S.A.

• **Resolution No. 6 of the Ordinary General Meeting of Shareholders of 19 June 2023**

The GMS held on 19 June 2023 approved the appointment as provisional members of the Supervisory Board of :

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

with a four-month term of office beginning on 22 June 2023 and ending on 21 October 2023, approved the fixed allowance for members and the form of the contract of office.

• **Resolution No. 7 of the Ordinary General Meeting of Shareholders of 19 June 2023**

The AGM held on 19 June 2023 approved:

- the distribution of the accounting profit remaining after deduction of corporate income tax as of 31.12.2022 in the amount of 514,572,741 lei,

- distribution of dividends with a gross dividend of 0.71 lei/share,
- setting 6 July 2023 as the "ex date", the calendar date from which the shares of the Company subject to OGMSR are traded without the rights deriving from the said decision,
- setting 27 July 2023 as the "payment date" for dividends distributed out of the profit recorded on 31.12.2022.

• **Appointment of the Directorate, appointment of the Chairman and advisory committees of the Supervisory Board**

In accordance with its statutory and legal powers, the Supervisory Board decided at its meeting of 20 June 2023 as follows:

- with reference to the expiry on 24 June 2023 of the terms of office of the provisional members of the Directorate of Mr Ștefăniță MUNTEANU, Mr Cătălin Constantin NADOLU, Mr Florin Cristian TĂTARU and Mr Bogdan TONCESCU, pursuant to Article 642(2) of the Treaty establishing the European Community. (1) of GEO no. 109/2011 on the corporate governance of public companies as amended, the appointment as provisional members of the Directorate of Messrs:
 - Ștefăniță MUNTEANU,
 - Cătălin Constantin NADOLU,
 - Florin Cristian TĂTARU
 - Bogdan TONCESCU

with a term of office for a period of 4 months starting on 25 June 2023 with the possibility of extension, for good cause, for a further two months, but the term of office shall not exceed the date of completion of the procedure for the selection of the members of the Directorate under the terms of GEO no. 109/2011, if the procedure is completed within this period.

At the same time, in accordance with Article 23 para. (1) of the Company's Articles of Association, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" S.A..

- the appointment of the members of the advisory committees of the Supervisory Board as follows

Nomination and Remuneration Committee:

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

Audit Committee:

- ZEZEANU Luminița- president
- ATANASIU Teodor
- STERP VINGĂRZAN Gheorghe
- DASCĂL Cătălin-Andrei
- PĂUN Costin-Mihai.

Investment and Energy Security Committee:

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

Election of Mr Cătălin Andrei DASCĂL as Chairman of the Supervisory Board.

- **Procedure for the payment of dividends distributed under OGMSR No 7/2023**

Pursuant to Resolution No. 7 of the Ordinary General Meeting of Shareholders of 19 June 2023, "Transelectrica" S.A. (TEL) notified the shareholders on 26 June 2023 of the procedure for the payment of dividends distributed from the profit as at 31.12.2022.

The gross dividend amount for the financial year 2022 is 0.71 lei gross/share and the payment of dividends will be made, starting from 27 July 2023 (payment date), to shareholders registered on 07 July 2023 in the TEL Shareholders Register (ex-date 06 July 2023), through the Central Depository SA (DC) and the payment agent BRD - Group Société Générale (BRD).

- **Upgrading of the 220/110/20 kV Ungheni Transformer Station**

On 29 June 2023 Transelectrica inaugurated the refurbishment of the 220/110/20 kv Ungheni Transformer Station with a total investment of more than 10 million euros from its own funds, the works being carried out by Siemens Energy SRL - Emsens Prod SRL.

The inauguration ceremony took place in the presence of the Chairman of the Directorate, Mr. Ștefăniță Munteanu, Mr. Virgil Orlandea, member of the Supervisory Board, ANRE Vice President Gabriel Andronache and other local officials.

- **Ministerial meeting on the Agreement between Romania, Azerbaijan, Georgia and Hungary for the Strategic Partnership in the field of green energy development and transmission.**

Mr. Ștefăniță Munteanu, Chairman of Transelectrica's Directorate, took part on 25 July 2023 in the 4th Ministerial Meeting on the Agreement between Romania, Azerbaijan, Georgia and Hungary for the

Strategic Partnership in the field of green energy development and transmission.

During the meeting the Memorandum of Understanding between the four countries for the Black Sea Submarine Cable Project was signed.

Under the Memorandum, Transelectrica was appointed by the Government to represent Romania in a joint venture created by the four partner countries to carry out this project.

The submarine cable in the Black Sea is a large energy infrastructure investment of great strategic importance for both Romania and the countries involved, which will transmission green energy to Europe over a distance of 1200 kilometres between the European Black Sea area and the Caspian Sea area.

- **Letter of expectations**

The company informed that on 26 July 2023, the majority shareholder, the Romanian State through the General Secretariat of the Government, in its capacity as public supervisory authority, sent *the Letter of Expectations necessary for the selection and evaluation of the members of the Supervisory Board and the Directorate of the National Electricity Transmission Company Transelectrica S.A. for the period 2023-2027.*

- **Resolution No. 8 of the Ordinary General Meeting of Shareholders of 18 August 2023**

The Ordinary General Meeting of Shareholders of the Company, meeting on 18 August 2023, approved:

- supplementing point 1 of Decision no. 5 of the AGOA Transelectrica S.A. of 27 April 2023 by introducing the provisions of para. (3), (4) and (5) of art. 29 of O.U.G. no.109/2011 on the corporate governance of public companies, with subsequent amendments and additions, thus, after the addition, the point will have the following content: "Triggering the selection procedure for the members of the supervisory board of NPG Transelectrica S.A., with the application of the provisions of art. 29 para. (3), (4) and (5) of GEO no. 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented".

In the same decision, it approved the profile of the Supervisory Board of the Company and the profile of the candidate for the position of member of the Supervisory Board of the Company as proposed by the shareholder Romanian State through the General Secretariat of the Government.

- **Notice of GMS meeting on 14 September 2023**

On 14 September, the Company's Directorate convened the Ordinary General Meeting of Shareholders for 18 October 2023 with the following items on the agenda:

- appointment of the members of the Supervisory Board of "Transelectrica" S.A. as of 22 October 2023;
- determining the term of office for members of the Supervisory Board;
- determining the remuneration of the members of the Supervisory Board;
- approval of the form of the mandate contract to be concluded with the members of the Supervisory Board and the empowerment of the person who will sign the mandate contracts of the members of the Supervisory Board on behalf of the Company.

- **The Energetician's Trophy**

The most important professional competition organised annually by Transelectrica and FNSE "Univers" - the Energetician's Trophy - has chosen its winners.

Of the 71 competitors who qualified for the final round, 31 of the best made the podium.

This year's edition was hosted by the Territorial Transmission Branch Constanta, from 18 to 21 September 2023, and meant three days full of tests: theoretical, practical and public test within 10 categories of expertise specific to Transelectrica's activity.

- **HVDC Interconnector**

The series of preliminary discussions on the project for the High Voltage Direct Current (HVDC) Interconnector on the BRUA gas main corridor and the future Tuzla-Podişor main line continued on 26 September 2023 with a meeting of the teams of the companies involved, Taqa, Meridiam, Fluor, Transelectrica and E-Infra, with the participation of the Minister of Energy.

The discussions marked steps in the progress of a project of strategic importance in defining the framework for collaboration.

The High Voltage Direct Current (HVDC) interconnector on the BRUA gas main corridor and the future Tuzla-Podişor main line is a strategic project both for Romania and for the whole region, ensuring the take-up of green energy produced in eastern Romania and the transmission of a large amount of energy over long

distances with minimal losses to western Romania and EU countries.

SUBSEQUENT EVENTS

- **Memorandum of Understanding in carrying out a feasibility study**

The company has informed shareholders and the investing public that it has signed with Abu Dhabi National Energy Company PJSC (TAQA), Meridiam SAS, E-INFRA (ELECTROGRUP INFRASTRUCTURE SA) and FLUOR TRANSWORLD a *Memorandum of Understanding for a feasibility study for the construction of a high voltage direct current (HVDC) line and conversion stations in Romania.*

On 16 October 2023 the project was submitted by Transelectrica S.A. together with MAVIR (Hungarian Electricity Transmission Operator), as promoters, for inclusion in the 2024 edition of the 10 Year Network Development Plan (TYNDP).

- **Resolution No. 9 of the Ordinary General Meeting of Shareholders of 18 October 2023**

The Ordinary General Meeting of Shareholders of the Company held on 18 October 2023 approved the appointment as provisional members of the Supervisory Board of :

- ATANASIU Teodor,
- DASCĂL Cătălin-Andrei,
- PĂUN Costin-Mihai,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița.
- MITU Anca,
- BOROTEA Adrian Remus,

with a term of office of 5 (five) months from 22 October 2023, with the possibility of a single extension for a further 2 months for good cause. It also approved the determination of the fixed indemnity of the members of the Supervisory Board of the Company and the form of the mandate contract to be concluded.

- **Acceptance of mandates of provisional members of the Supervisory Board**

On 22 October 2023 the provisional members of the Supervisory Board, appointed by the Resolution of the Ordinary General Meeting of Shareholders No. 9 of 18 October 2023, viz:

- Teodor ATANASIU,
- Cătălin -Andrei DASCĂL,
- Costin-Mihai PĂUN
- Alexandru-Cristian VASILESCU,
- Luminița ZEZEANU and

➤ Anca MITU

have signed before the notary public the declaration of acceptance of the mandates, their appointment becoming effective as of 22 October 2023.

At the same time, the Company informed that Mr. Adrian Remus BOROTEĂ, appointed by the Resolution of the Ordinary General Meeting of Shareholders no. 9/2023, informed the Company that he does not accept the mandate of provisional member of the Supervisory Board.

• **Appointment of the Directorate, appointment of the Chairman and advisory committees of the Supervisory Board**

At its meeting of 24 October 2023, the Supervisory Board, in view of the expiry on 24 October 2023 of the terms of office as provisional members of the Directorate of Mr Ștefăniță MUNTEANU, Mr Cătălin Constantin NADOLU, Mr Florin Cristian TĂTARU and Mr Bogdan TONCESCU, pursuant to Article III of Law no.187/2023 amending and supplementing GEO no.109/2011 on corporate governance, appointed as provisional members of the Directorate Messrs:

- Ștefăniță MUNTEANU,
- Cătălin Constantin NADOLU,
- Florin Cristian TĂTARU,
- Bogdan TONCESCU,

with a term of office of 5 months starting from 25 October 2023, with the possibility of extension, once, for a further 2 months, for good cause, but the term of office shall not exceed the date of completion of the procedure for the selection of the members of the Directorate of the Company under the terms of O.U.G. no.109/2011 on corporate governance of public companies, approved with amendments and additions by Law no.111/2016, with subsequent amendments and additions, as well as those brought by Law no.187/2023, if the procedure is completed within this period.

At the same time, in accordance with Article 23 para. (1) of the Articles of Association of "Transelectrica"-SA, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the Company.

At the same meeting, Mr Cătălin-Andrei DASCĂL was elected Chairman of the Supervisory Board and the following advisory committees of the Supervisory Board were appointed:

Nomination and Remuneration Committee:

- VASILESCU Alexandru-Cristian - President

- PĂUN Costin-Mihai
- DASCĂL Cătălin-Andrei
- MITU Anca
- ATANASIU Teodor.

Audit Committee:

- ZEZEANU Luminița- president
- ATANASIU Teodor
- DASCĂL Cătălin-Andrei
- PĂUN Costin-Mihai
- MITU Anca.

Investment and Energy Security Committee:

- PĂUN Costin-Mihai - president
- VASILESCU Alexandru-Cristian
- ZEZEANU Luminița
- ATANASIU Teodor
- MITU Anca.

Risk Management Committee:

- ATANASIU Teodor - President
- VASILESCU Alexandru-Cristian
- PĂUN Costin-Mihai
- DASCĂL Cătălin-Andrei
- MITU Anca.

• **Convening of the Ordinary General Meeting of Shareholders**

The Directorate of the Company, by means of a communication issued on 25 October 2023, convened, in accordance with the legal provisions in force, the Ordinary General Meeting of Shareholders on 28 November 2023, with the following agenda:

- the appointment of a provisional member of the Supervisory Board for a term of office until 21 March 2024, with the possibility of a one-time extension for a further 2 months for good cause, the approval of the form of the mandate contract to be concluded with the member of the Supervisory Board to be appointed and the determination of their remuneration, as well as the empowerment of the person who will sign the mandate contract with the new member of the Supervisory Board on behalf of the Company,
- presentation of the half-yearly report of the Supervisory Board of the National Power Transmission Company "Transelectrica"-S.A. on the management activity (January-June 2023).

• **Appointment of provisional member of the Supervisory Board**

On 30 October 2023, the Company informed shareholders and investors that in accordance with its powers under the statutory and legal provisions, the Supervisory Board decided to appoint Ms Simona-Geanina PISTRU-POPA as a provisional member of the Supervisory Board, with a term of office until 21 March 2024, but no later than the date of appointment

of a member of the Supervisory Board by the General Meeting of Shareholders, the appointment of Ms Simona-Geanina PISTRU-POPA became effective on 30 October 2023, according to the report signed by the Company.

- **Seventh edition of the International Conference *CONDITION MONITORING, DIAGNOSIS, AND MAINTENANCE (CMDM) 2023*, organised by CNR - CIGRE**

For 3 days, 31 October - 2 November 2023, Transelectrica will support the work of the 7th edition of the International Conference *Condition Monitoring, Diagnosis, and Maintenance (CMDM) 2023*, organized by CNR - CIGRE, where during the sessions of presentations of seminars, exhibitions and networking sessions, current topics for the energy sector will be debated.

More than 20 partner companies and exhibitors, hundreds of representatives from more than 20 countries, both from business, academia and law enforcement, will be present and the main topics will be:

- ✓ Smart Grids; Digital stations;
- ✓ Technical condition monitoring and diagnostics for electrical equipment and high voltage power lines;
- ✓ Technical condition monitoring and diagnosis of power plants;
- ✓ Damage caused by electrical, mechanical, chemical and thermal phenomena;
Degradation analysis of electrical equipment;
- ✓ Modern technologies for maintenance;
- ✓ Advanced detection techniques for condition monitoring and diagnostics;
- ✓ Artificial intelligence applications for data mining and technical condition analysis;
- ✓ Asset management tools for electrical equipment;
- ✓ Distributed and renewable sources.

The CMDM 2023 International Conference is a biennial event of significance to the power sector worldwide, and is the only CIGRE technical conference to address condition monitoring and diagnostics of electrical equipment.



Other aspects

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as of 30.09.2023 is as follows:

Shareholder name	No. shares	Share in total
The Romanian State through the SGG	43,020,309	58.7%
PAVÁL Holding	4,753,567	6.5%
NN Private Managed Pension Fund	4,007,688	5.5%
Other shareholders - legal entities	16,181,582	22.7%
Other shareholders – natural persons	5,339,996	7.3%
Total	73,303,142	100%

COMPOSITION OF THE BOARD

At the date of this report the composition of the Directorate is as follows:

Ștefăniță MUNTEANU	Chairman of the Board
Cătălin-Constantin NADOLU	Board Member
Bogdan TONCESCU	Board Member
Florin-Cristian TĂTARU	Board Member

TARIFFS

In accordance with the provisions of Government Emergency Ordinance no.27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for amending and supplementing certain regulatory acts in the field of energy, the transmission tariff applied in 2022 from 1

April 2022 remained unchanged until 31 March 2023. Normally, on the basis of tariff rules issued by ANRE, the transmission tariff is revised annually on 1 January. By applying the provisions of GEO no. 27/2022, exceptionally in the first quarter of 2023 the transmission tariff set on 1 April 2022 was applied.

Transmission tariff (transmission service + system functional service) applied in the first quarter

Tariff	m.u.	Tariff applied 1 Jan - 31 Mar 2022	Tariff applied 1 Apr 2022 - 31 Mar 2023	Difference (%)
1	2	3	4	5=4/3
Average tariff for electricity transmission service	lei/MWh	23.96	28.10	17.28%
Transmission Tariff - the feed-in component	lei/MWh	1.49	2.53	69.8%
Transmission Tariff - the component of electricity withdrawal from the grid	lei/MWh	22.47	25.57	13.8%

In accordance with the provisions of Article 14, paragraph (1) of GEO no. 27/2022, on 1 April 2022 ANRE included in the transmission tariff the amount of additional expenses for the procurement of electricity necessary to cover its own technological consumption in 2021 which were generated by the significant increase in prices on the wholesale electricity market and which were not initially provided for in the tariff. The application of these provisions has brought forward the time of adjustment of the costs of own technological consumption in 2021⁵ compared to the standard

timetable for the application of corrections provided for in the ANRE tariff rules, according to which annual corrections are applied with a two-year delay.

In view of the above, the above table shows the average tariff for *the* electricity transmission service, with its two components for the introduction of electricity into the grid (TG) and for the withdrawal of electricity from the grid (TL) approved by ANRE Order no.33/23.03.2022 and applied from 1 April 2022 to 31 March 2023.

⁵ For the year 2021, compared to the value of 288.76 lei/MWh of the average electricity price for OTC coverage taken into account ex-ante when calculating the tariff, the actual value of the average electricity price for OTC coverage recognized by ANRE was 455.28 lei/MWh.

Transmission tariff applied in quarters II and III (in force at the date of this report):

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 the grid (TG) and for the withdrawal of electricity from the grid (TL), charged by NPG Transelectrica SA, applicable from 1 April 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 additional costs with OTC (lei/MWh)	Applicable tariff	
(1)	(2)	(3)	(4)	(5)=(3)+(4)	(6)=(5)/(2)
Average tariff for electricity transmission service	28.10	28.61	2.59	31.20	11.03%
Transmission Tariff - the feed-in component	2.53	3.35	0.69	4.04	59.68%
Transmission Tariff - the component of electricity withdrawal from the grid	25.57	25.50	1.94	27.44	7.31%

The main driver for the increase in the average electricity transmission tariff applicable from 1 April 2023 is the additional cost component of the OTC. This component recovers part of the additional OTC costs incurred in 2022 compared to the amount foreseen in the approved tariff for that year, according to the capitalisation mechanism established in GEO 119/2022.

This mechanism ensures that the difference between the actual OTC cost and the amount included in the tariff of the OTC cost in that year is recovered through the transmission tariff in instalments over five years.

For the year 2022, this difference is 338.5 million lei.

In 2023, the tariff will recover a first tranche of this difference of approx. 99 million lei (the amount includes the regulated return and the effect of inflation, which is added to the basic amount of 67.7 million lei).

Events occurring after the reporting period concerning the tariff for the transmission service:

In accordance with the requests and issues raised by ANRE in the address no.109546/27.07.2023, NPG Transelectrica SA has retransmitted to the Authority on 29 August 2023, the proposed values for the regulated tariffs for electricity transmission activity for the tariff year 2024, as shown in the table below:

Electricity transmission	m.u.	Proposed tariff from 1 January 2024	Main component - proposed from 01 January 2024	Additional cost component with OTC - proposed from 01 January 2024	Tariff in force	Main component - in force	Additional cost component with OTC - in force	Difference (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(3)/(6)
Average tariff	Lei/MWh	33.52	32.02	1.50	31.20	28.61	2.59	7.44%
TG (network injection component)	Lei/MWh	3.71	3.35	0.36	4.04	3.35	0.69	-8.17%
TL (network extraction component)	Lei/MWh	29.68	28.55	1.12	27.44	25.50	1.94	8.16%

At this stage, some of the calculations underlying the proposed values in the above table are estimates. They may therefore be reviewed and revised, if necessary, at a later stage closer to the deadline for approving the tariffs.

!Important: At this stage, the calculation of the proposed tariff does not include a correction for the revenue from the allocation of interconnection capacities, which is a possibility provided for in the

European Regulation 1854/2022 on emergency intervention to mitigate the effects of extremely high electricity prices.

DISPUTES

The most important disputes impacting the Company are presented below:

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

• ROMENERGY INDUSTRY

The subject matter of the case No 2088/107/2016 is 'Bankruptcy - Request for entry on the creditors' list'.

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

The final report prepared by the liquidator New Insolvency SPRL was approved, the bankruptcy procedure of the debtor was closed, the debtor company was deleted from RECOM according to the Decision 293/12.12.2022. Procedure for the settlement of appeals against the decision of closure.

On 06.04.2023, the appeal against Judgment No. 293/F/2022 of the Alba Court in case No. 2088/107/2016 was rejected. Final. Judgment no. 134/06.04.2023.

• RAAN

The subject matter of the file No **9089/101/2013/a140** is an action for claims/contestation against the supplementary schedule of claims against the 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 supplementary 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 supplementary 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 - request for payment**).

Decision Judgment 163/20.06.2019: Admit the plea of revocation. Partly upholds the main action and the related appeal. Orders the defendant to pay the claimant the amount of 16,950,117.14 lei, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' list set up against the debtor RAAN for that amount. Dismisses the remainder of the related claims.

Transelectrica appealed within the legal time limit. The appeal was dismissed as unfounded. Transelectrica has filed an application for review on the grounds of inconsistency of judgments, which is registered under no. 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 application for review is upheld. The next hearing set is 06.10.2022.

At the hearing 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 performance of the other liquidation operations and the following hearings were set for 09.02.2023, 15.06.2023, 05.10.2023 rescheduled for **18.01.2024**.

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. Trial date 08.11.2021: the case has been adjourned until the final settlement of Cases No 26024/3/2015 and No 28458/3/2017. Decision of 09.05.2022: Rejects the application to resume the case as unfounded. With appeal for the duration of the stay.*

*File 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 unfounded by the ICCJ on 9 December 2021.*

*File No **26024/3/2015** - Re: order the defendant to pay the amount of RON 10 048 628,86. ICCJ decision of 01.03.2022: Admit the appeal lodged by RAAN and refer the case back to the CAB. Definitive. Decision of the CAB: Appeal admitted. Reverses the judgment under appeal in its entirety in the sense that: admits the writ of summons as formulated. Orders the defendant to pay the claimant the sum of 10,048,628.86 lei. With a right of appeal within 30 days of notification. Judgment 1933/12.12.2022*

*File No **28458/3/2017** - Subject-matter of the case: order the defendant to pay a total of RON 2 106 843. At the hearing on 03.03.2022: Dismisses as unfounded the appeal brought by the defendant-appellant Transelectrica against civil decision no. 825/12.05.2021*

delivered by the Bucharest Court of Appeal, in contradiction with the appellee-claimant RAAN. Final.

File No **28460/3/2017** - Re: order the defendant to pay a total of RON 12,346,063. Decision CAB 27.09.2021: suspends the appeal proceedings until the final settlement of cases no.28458/3/2017, no.26024/3/2015. Decision of 23.05.2022: Rejects as unfounded the request to reopen the case. The appeal is stayed.

- **CET Govora**

Case no. 2428/2/2014 - in the appeal which is the subject of the writ of summons, the claimant CET Govora requested the annulment of the Decision of the President of ANRE no. 738/28.03.2014, and in the statement 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 sum 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 04.01.2022 respectively, the Plaintiff CET Govora SA requests the admission of the request for clarification of the action filed for the hearing 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 Order of 18.10.2021.

By the application 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 application as amended as unfounded. Dismisses the application for ancillary relief in favour of the claimant as unfounded.

- **MUNICIPALITY OF REȘIȚA**

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

Subject-matter of the case: By the writ of summons, the claimant, Municipiul 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.

Decision of the CS Tribunal: suspends the proceedings on the writ of summons 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 adjourned until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin.

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

The next court date has been set for **16.11.2023**.

- **NAFA**

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

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

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

Annulled in part Decision No 122/13.03.2018 on the resolution of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by ANAF - General Directorate for the Settlement of Appeals 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 corporation tax in the amount of 18,522,280 lei, VAT in the amount of

- 5,694,636 lei and the related tax accessories in the amount of 48,436,653 lei, tax obligations established for the 349 special tax invoices found to be missing from the applicant's management.
- ✓ removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount.
 - ✓ removes the non-deductibility of the amount of 343,629.91 lei representing 'weed removal services' from the calculation of taxable profit and the obligation to pay the main and accessory tax claims in relation to this amount.
 - ✓ removes the non-deductible character for the calculation of taxable profit of the amount of 230,685.491 lei, representing the expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims related to this amount.
 - ✓ removes the non-deductible nature of the VAT in the amount of 46,417.1 lei, relating to the amount of 343,629.91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to this amount.
 - ✓ removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the amount of 230,685.49 lei, representing expenses on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount.
 - ✓ removes the mention regarding the obligation of the 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 with regard to the "determination of deductible value added tax lower than that recorded by the applicant, thus resulting in a difference in the amount of 13,141 lei" (Annex No 15) and the obligation to pay the principal and accessory tax claims in relation to this amount.
 - ✓ abolishes the obligation to pay penalties for late payment which have a penal legal status, calculated for a period of more than 6 months from the date of commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as determined by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by 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 lodged 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 unfounded.
- Dismisses as unfounded the application for an order that the costs of the proceedings be paid in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the applicant's costs in the sum of 4 000 lei, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the application.
- Transelectrica and ANAF filed an appeal in March 2022. **Decision of 24.05.2022:** Rejects as unfounded the request for clarification and supplementing of the operative part. Admit the application for rectification of the material error in that the amounts of money by way of principal and accessory tax liabilities in respect of the 349 tax invoices, as set out in the contested tax decision, are to be mentioned as correct. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested judgment.
- The parties appealed. ICCJ hearing: **13.12.2023.**
- **CONAID COMPANY SRL**
- The subject matter of the file no. **36755/3/2018** is the finding of unjustified refusal to conclude an Addenda to the connection contract RET C154/2012 and claims in the amount of 17.216.093,43 lei, the damage suffered and 100.000 euro, the countervalue of the estimated unrealized benefit.

After the hearings of 28.09.2022, 07.12.2022, 22.02.2023, 03.05.2023, 13.09.2023, 11.10.2023 when the case was adjourned, the new trial date is **06.12.2023**.

- **OPCOM**

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

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

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

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

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

Decision of the CAB according to Decision no.1532/12.10.2022: Dismiss the appeal as unfounded. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days from the communication. Transelectrica has appealed against Civil Decision No 1532/12.10.2022 of the CAB. . On 19.09.2023 at the ICCJ the appeal was admitted, the decision 1532/12.10.2022 was annulled and the case was sent for a new trial to the same court. Decision 1640/19.09.2023.

File no. **24242/3/2021** - Bucharest Court, Civil Division VI - Re: The applicant OPCOM requests a declaration of nullity of the deed - contribution in kind.

After several adjournments of the case and the judgment, the next hearing was set for **07.11.2023**.

- **GRAND VOLTAGE**

File **no.17976/3/2021**, registered before the Bucharest Court of First Instance, concerning an application for a writ of summons, by which the claimant Grand Voltage seeks an order that the defendant NPG Transelectrica SA 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 OHL and the 400 kV Isaccea-Dobrujda OHL to the 400 kV Medgidia Sud Stage II-OHL 400kV d.c. Connections Medgidia Sud Station".

Decision of 25.07.2022 in accordance with Decision 1812: dismiss the action as unfounded. With right of appeal within 10 days of notification. The application for appeal shall be submitted to the Bucharest Court - Section VI, under penalty of nullity. The judgment is not redacted.

- **COURT OF ACCOUNTS**

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

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 with regard 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 applicant's action as unfounded. 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 (part of the 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 hearing 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 unfounded. Definitive.

➤ **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 several 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 have been filed with the Bucharest Court of Appeal, among which **the file no.6581/2/2017** concerning the annulment of the findings in point 6 as well as the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, the case no. 6581/2/2017 was versioned in the 12th Administrative and Fiscal Litigation Division of the VIII Administrative and Fiscal Litigation Division under no. **6581/2/2017*** Summary solution: In order to give the parties the opportunity to submit written conclusions and to deliberate, postpone the judgment to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on 26.05.2023, the writ of summons was admitted. Annulled in part Decision No 77/03.08.2017, in so far as it rejected point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point 11.9, and Inspection Report No. 19211/26.05.2017 in respect of the findings in point 3.2. Orders the defendant to pay the claimant's costs in the total amount of 10,450 lei, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Judgment 920/2023 26.05.2023

The remaining cases have been definitively settled, with the Bucharest Court of Appeal dismissing the

request for annulment and the High Court of Cassation and Justice dismissing the appeals (**case no.6574/2/2017** concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, **file no.6576/2/2017** on the annulment of the findings in points 7.1, 7.2 and 8 as well as the measure ordered in point II.10, which became new file no. **2985/1/2021**, in which on 24.11.2022 the ICCJ declared null and void the appeal filed by the Company, final, **file no.6577/2/2017** on the annulment of the findings in point 13 and the measure ordered in point II.13, now **file no.1614/1/2020**, **file no.6578/2/2017**, on the annulment of the findings in point 9 and the measure ordered in point II.11, **file no.6580/2/2017** on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, **case No 6582/2/2017** on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and **case No 6583/2/2017** on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

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

At the hearing on 10.12.2021, the CAB rejects the Company's writ of summons.

Transelectrica filed an appeal on 10.08.2023 with a hearing on **07.03.2024**.

At the same time, the Company is also involved in litigation with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between the Company and them. The Company has made provision for these disputes.



Annexes

ANNEX 1: Separate statement of financial position

[mil RON]	9M 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Fixed assets				
Tangible assets	4,112	4,002	110	3%
Assets of the usage rights for leased assets - buildings	16	22	(6)	(27%)
Intangible assets	288	338	(50)	(15%)
Financial assets	86	86	(0)	n/a
Total assets	4,502	4,447	55	1%
Current assets				
Inventories	49	42	6	15%
Trade and other receivables	1,508	3,340	(1,833)	(55%)
Cash and cash equivalents	645	315	330	n/a
Income tax to be recovered	0	4	(4)	n/a
Total current assets	2,202	3,702	(1,500)	(41%)
Total assets	6,704	8,149	(1,445)	(18%)
SHAREHOLDER'S EQUITY AND LIABILITIES				
Shareholder's 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	655	703	(48)	(7%)
Other reserves	166	39	126	n/a
Retained earnings	2,399	2,196	202	9%
Total Shareholder's Equity	4,149	3,869	281	7%
Non-current liabilities				
Long term deferred revenues	476	439	37	8%
Long term borrowings	38	56	(18)	(32%)
Other loans and assimilated debts - Non-current building lease liabilities	9	15	(6)	(42%)
Deferred tax liability	98	107	(9)	(8%)
Employee benefits liabilities	71	71	-	0%
Total Non-current liabilities	692	687	4	1%
Current liabilities				
Trade and other liabilities	1,697	3,372	(1,675)	(50%)
Other loans and assimilated debts - Current building lease liabilities	9	8	0,2	2%
Other tax and social security liabilities	12	13	(0)	(4%)
Short-term borrowings	25	92	(68)	(73%)
Provisions	63	68	(5)	(8%)
Short-term deferred revenues	49	39	9	24%
Income tax payable	9	-	9	n/a
Total current liabilities	1,863	3,593	(1,730)	(48%)
Total liabilities	2,554	4,281	(1,726)	(40%)
Total Shareholder's Equity and Liabilities	1,697	8,149	(1,445)	(18%)

ANNEX 2: Separate statement of profit or loss

[mil RON]										
Indicator	2021	9M 2022	2022	9M 2023	Budgeted 9M 2023	Achieved 9M 2023 vs 9M 2022	Achieved 9M 2023 vs 9M 2022 (%)	Achieved vs Budgeted 9M 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	1,416	1,885	1,439	1,373	23	2%	66	5%	
System services revenues	624	379	534	292	301	(87)	(23%)	(9)	(3%)	
Balancing market revenues	1,823	2,774	3,479	1,532	4,570	(1,242)	(45%)	(3,038)	(66%)	
Other revenues	57	315	389	45	236	(269)	(86%)	(191)	(81%)	
Total operating revenues	3,756	4,884	6,286	3,308	6,480	(1,576)	(32%)	(3,172)	(49%)	
Operating expenses										
System operating expenses	576	681	902	470	611	(212)	(31%)	(141)	(23%)	
Balancing market expenses	1,810	2,775	3,480	1,532	4,570	(1,243)	(45%)	(3,038)	(66%)	
System services expenses	610	339	467	363	414	24	7%	(51)	(12%)	
Depreciation and Amortisation	274	193	272	252	260	59	30%	(8)	(3%)	
Personnel expenses	244	204	306	243	256	38	19%	(13)	(5%)	
Repairs and maintenance expenses	97	78	108	72	96	(6)	(7%)	(23)	(24%)	
Materials and consumables	10	10	13	6	11	(4)	(39%)	(5)	(45%)	
Other operating expenses	123	107	145	141	174	33	31%	(33)	(19%)	
Total operating expenses	3,745	4,388	5,692	3,078	6,391	(1,310)	(30%)	(3,313)	(52%)	
Operating profit	11	496	594	231	90	(266)	(54%)	141	158%	
Financial revenues	6	45	65	32	59	(13)	(29%)	(27)	(46%)	
Financial expenses	15	46	72	29	59	(17)	(38%)	(30)	(51%)	
Net financial result	(9)	(1)	(7)	3	0	4	402%	3	n/a	
Profit before income tax	2	495	587	234	90	(261)	(53%)	144	161%	
Income tax	1	77	73	27	15	(50)	(64%)	12	80%	
Profit for the time interval	0.45	418	515	207	74	(212)	(51%)	132	178%	

ANNEX 3: Separate cash flow statement

[Mil RON]	9M 2023	9M 2022	Δ
Cash flows from operational activities			
Profit of the period	206.53	418.19	(211.7)
Income tax expense	27.47	77.13	(49.7)
Amortisement expense	252.05	193.14	58.9
Grid losses anticipatory tariff income	(2.73)	(279.24)	276.5
Expenses with adjustments for trade receivables impairment	1.31	1.47	(0.2)
Revenues from reversal of adjustments for trade receivables impairment	(1.37)	(1.35)	(0.0)
Losses from various debtors	0.01	-	0.01
Net expenses/income with adjustments for various debtors impairment	0.11	10.18	(10.1)
Net expenditures with adjustments for inventories impairment	(0.40)	0.05	(0.4)
Net profit/ loss on sale of tangible assets	(0.95)	0.05	(1.0)
Net expenditures on adjustments of value regarding tangible assets	(1.63)	-	(1.6)
Net Expenses/Income regarding provisions for risks and expenses	(5.19)	(13.78)	8.6
Interest expense, interest revenue and unrealised exchange rate gains	(3.40)	2.75	(6.2)
Cash flows before changes to working capital	471.81	408.61	63.2
Changes in:			
Clients and assimilated accounts - energy and other activities	1,487.79	(819.79)	2,307.6
Clients – balancing	318.63	117.81	200.8
Clients – cogeneration	26.22	37.09	(10.9)
Inventories	(6.07)	(0.76)	(5.3)
Trade and other liabilities - energy and other activities	(1,284.05)	820.40	(2,104.5)
Liabilities - balancing	(399.98)	(30.25)	(369.7)
Liabilities - cogeneration	0.50	(160.60)	161.1
Other taxes and social insurance liabilities	(0.45)	(4.00)	3.5
Deferred revenues	58.17	(1.30)	59.5
Cash flows from operational activities	672.58	367.23	305.4
Interest paid	(2.38)	(5.55)	3.2
Income tax paid	(23.82)	-	(23.8)
Net cash generated from operating activities	646.38	361.68	284.7
Cash flows from investing activities			
Acquisition of tangible and intangible assets	(293.48)	(294.18)	0.7
Participation titles held in SELENE CC Societe Anonyme	0.24	-	0.2
Proceeds from EC non-reimbursable financing	114.43	8.68	105.8
Proceeds from sale of tangible assets	1.77	0.00	1.8
Received Interests	4.06	1.94	2.1
Dividends cashed	1.98	1.53	0.4
Net cash used in investment activity	(170.98)	(282.01)	111.0
Cash flows used in financing activity			
Repayments of non-current borrowings	(17.84)	(17.78)	(0.07)
Use of working capital credit line	-	75.78	(75.8)
Building lease payments	(7.92)	(7.93)	0.0
Repayments of short-term borrowings	(67.62)	-	(67.6)
Dividends paid	(51.84)	(0.08)	(51.8)
Net cash used in financing activity	(145.23)	49.98	(195.2)
Net increase/(decrease) in cash and cash equivalents	330.17	129.65	200.5
Cash and cash equivalents at January 1st	315.15	252.23	62.9
Cash and cash equivalents at the end of the period	645.32	381.88	263.4

ANNEX 4: Economic and financial indicators for the reporting period

Indicators	Calculation formula	9M 2023	2022
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.18	1.03
Indebtness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	1.92%	4.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	1.90%	4.3%
Clients' turnover (zile)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	64.9	57.9
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.72	1.33

* Within the leverage ratio indicators, borrowed capital includes short-term borrowings, long-term borrowings and other similar short-term and long-term borrowings/liabilities related to building leases under IFRS16.

**Customers with a contribution to turnover (energy, balancing, other customers, customers with invoices to be drawn up) have been taken into account when calculating the average balance. The values corresponding to customers: uncertain, from the market coupling mechanism, cogeneration scheme and overcompensation, have not been included in the average balance.

ANNEX 5: Constituent instruments amended between January and September 2023

- Amendment as from 1 March 2023 of Annex No. 1 to the Articles of incorporation by replacing the terms *Units, Unit and the Unit* by the terms *Branches, Branch* and the *Branch* respectively.

These changes were approved in the Resolution No. 1 of the EGMS dated 26 January 2023, registered at the National Trade Registry Office.

ANNEX 6: Appointment/revocation acts issued in January-September 2023

Supervisory Board

- According to the OGMS Decision no.2/16.02.2023, the appointment of the following members of the Supervisory Board of the Company was approved for a four-month term of office, starting on 22 February 2023 and ending on 21 June 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Ștepuț Vințarzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița.
- According to the OGMS Decision no.6/19 June 2023, the appointment of the following members of the Supervisory Board of the Company was approved for a four-month term of office, starting on 22 June 2023 and ending on 21 October 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Ștepuț Vințarzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița.
- According to the OGMS Decision no.9/18 October 2023, the appointment of the following members of the Supervisory Board of the Company was approved for a five-month term of office, starting from 22 October 2023, with the possibility of extension, once only, for another two months, for justified reasons: Atanasiu Teodor, Dascăl Cătălin-Andrei, Păun Costin-Mihai, Vasilescu Alexandru-Cristian, Zezeanu Luminița, Mitu Anca, Borotea Adrian Remus.

Mr. Adrian Remus BOROTEA, appointed by HAGUE no. 9/2023, informed the Company that it does not accept the mandate of provisional member of the Supervisory Board. On October 30, 2023, the Supervisory Board decided to appoint Ms. Simona-Geanina PISTRU-POPA as a provisional member of the Company, with a term of office until March 31, 2024, an appointment that became effective on the same date.

ANNEX 7 REPORT (as per EGMSR No 4/29.04.2015) on contracts signed in Q3 2023 for the procurement of goods, services and works, the value of which is higher than 500.000 Euro/procurement (for procurement of goods and works) and 100.000 Euro/procurement (for services) respectively

No.	Contract Number	Object of the Contract	Duration In months	Value		Contract Type	Legal Basis	Procurement Procedure
				Thousands Lei	Thousands Euro			
0	1	2	3	4	5	6	7	8
1	C 698/2023	Installation of two modern means of reactive power compensation in 400/220/110/20 KV Sibiu South and 400/220/110/20 KV Bradu stations	36	260.233,97	0,00	Works	Law 99/2016+ HG 394/2016	Open tender
2	C 726/2023	Increasing the degree of safety in supplying consumers in the southern area of Bucharest connected to the 400/ 220/ 110/ 10 KV Bucharest South station	24	59.196,03	0,00	Works	Law 99/2016+ HG 394/2016	Open tender
3	C 676/2023	Optimization of the operation of the existing 400 KV power lines in the SEN, used in interconnection and for power evacuation from the Cernavoda nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (smart grid type).	28	0,00	6.024,87	Supply	Law 99/2016+ HG 394/2016	Open tender
4	C 673/2023	Extension of SCADA functions - implementation of new functions and software changes in the ems - SCADA information system	18	6.558,76	0,00	Services	Law 99/2016+ HG 394/2016	Negotiation without prior invitation to a competitive tendering procedure (NFIP)
5	C 697/2023	Increasing the transmission capacity of the 400 KV Bucuresti Sud - Pelicanu OHL (8 km)	12	6.017,94	0,00	Works	Law 99/2016+ HG 394/2016	Simplified procedure
6	C 645/2023	Maintenance of the power quality monitoring system	36	3.381,18	0,00	Services	Law 99/2016+ HG 394/2016	Open tender
7	CR 771/2023	Cleaning services at STT Craiova offices and 5 electrical stations	24	517,41	0,00	Services	Law 99/2016+ HG 394/2016	Simplified procedure

Annex 6 - Glossary of terms

"ANRE"	National Electricity Regulatory Authority
"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
"EEC"	European Economic Community
"Company". "CNTEE". "TEL"	National Power Transmission Company Transelectrica SA
"OTC"	Own Technological Consumption
"CS"	Supervisory Board
"DEN"	National Energy Dispatcher
"EBIT"	Operating profit before interest and income tax
"EBITDA"	Operating profit before interest, income tax and depreciation
"EBT"	Operating profit before income tax
"ENTSOE"	European Network of Transmission System Operators for Electricity
"GD"	Government Decision
"IFRS"	International Financial Reporting Standards
"OHL"	Overhead power lines
"Leu" or "Lei" or "RON"	Official currency of Romania
"MFP"	Ministry of Public Finance
"OG"	Official Gazette of Romania
"GO"	Government Ordinance
"OPCOM"	Operator of the Romanian Electricity Market OPCOM SA
"GEO"	Government Emergency Ordinance
"DAM"	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
"SS"	System service
"TEL"	Stock market indicator for Transelectrica
"TSR"	Total shareholder return
"EU"	European Union
"m.u."	Measurement unit
"USD" or "US dollars"	US dollar. official currency of the United States of America
"WACC"	Weighted Average Cost of Capital



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