

A photograph of a power transmission tower and a wind turbine against a cloudy sky at sunset or sunrise. The tower is a lattice structure with multiple cross-arms supporting power lines. The wind turbine is a three-bladed design. The sky is filled with soft, white clouds, and the horizon shows a warm, orange glow from the setting or rising sun.

NPG Co. TRANSELECTRICA

Quarterly report
January – March 2022

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

**In accordance with the provisions of article 67 from law 24/2017 on the capital market and
Regulation 5/2018 issued by the Financial Supervisory Authority (ASF)
for the time period ended on 31 March 2022**

Data raportului:	13 May 2022
Name of trading company:	NATIONAL POWER GRID COMPANY TRANSELECTRICA SA, company managed under two-tier system
Working location:	Bucharest 3, Str. Olteni 2 - 4, postal code 030786
Phone/fax numbers:	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/ GEO 627
Share capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of 10 RON/nominal value each, as dematerialised, nominative, ordinary, indivisible and freely transactable shares as of 29.08.2006 under TEL symbol
Market value:	1,466,062,840 RON (20.00 RON/share on 31.03.2022)
Accounting standard applied:	International financial reporting standards
Audit:	The quarterly financial statements prepared on 31.03.2022 have not been audited. The amounts corresponding to December 31, 2021 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 three months' period ended on 31 March 2022 have been elaborated in accordance with the International Accounting Standard 31 "Interim Financial Reporting" and they provide an accurate image in compliance with the real situation of the financial position and profit and loss account of NPG Co. Transelectrica SA.

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

Bucharest, 6 May 2022

**Gabriel
ANDRONACHE**

**Directorate
Chairman**

**Ștefăniță
MUNTEANU**

**Directorate
Member**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

**Florin-Cristian
TĂTARU**

**Directorate
Member**



Key figures of Q1 2022 vs Q1 2021

KEY FIGURES

FINANCIAL

1,231	RON mn	▲	69%	Revenues
			y/y	
75	RON mn	▼	-53%	EBITDA
			y/y	
8	RON mn	▼	-90%	Net profit
			y/y	
14.35	TWh	▼	-4%	Charged energy volume**
			y/y	

OPERATIONAL

2.28%	*	▼	-0.53	pp	OTC
			y/y		
11.30	TWh	▼	-1%		Transmitted energy***
			y/y		

91 RON
mn ▼ -18% Acquisition of
tangible and
intangible assets

y/y

23.74 RON
mn ▼ -48% Fixed assets
recorded in the
accounts
(commissioning)

y/y

OTC – one's Own Technological Consumption (grid losses)

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

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

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

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



Financial data

The summary of financial results on 31 March 2022 is provided in the tables below. The Q1 2022 financial results have not been audited, and their extended version for the same period is provided in the Annexes to this Report.

Stand-alone profit or loss statement				
[RON mn]	Q1 2022	Q1 2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	14.35	14.93	(0.58)	(4%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	431	333	98	30%
Transmission and other revenues on the electricity market, of which:	419	323	96	30%
<i>Regulated tariff</i>	343	306	37	12%
<i>Other revenues on the electricity market</i>	7	7	(0)	n/a
<i>Interconnection</i>	70	10	59	n/a
Other revenues	13	10	2	23%
Operating expenses	377	211	165	78%
System operating expenses	274	109	165	152%
Repairs and maintenance expenses	18	15	3	19%
Personnel expenses	61	49	12	24%
Other expenses	24	38	(14)	(37%)
EBITDA	55	122	(67)	(55%)
Depreciation	63	64	(1)	(2%)
EBIT	(8)	58	(66)	n/a
ZERO PROFIT ACTIVITIES				
Operating revenues	799	393	406	103%
Technological system services revenues	134	173	(39)	(23%)
Balancing market revenues	665	220	445	202%
Operating expenses	778	355	423	119%
Technological system services expenses	121	143	(22)	(15%)
Balancing market expenses	657	212	445	210%
EBIT	21	38	(17)	(46%)
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	1,231	726	504	69%
Operating expenses	1,155	567	589	104%
EBITDA	75	160	(84)	(53%)
Depreciation	63	64	(1)	(2%)
EBIT	13	96	(83)	(87%)
Financial result	(2)	(1)	(1)	n/a
EBT	11	94	(84)	(89%)
Income tax	3	12	(10)	(80%)
Net profit	8	82	(74)	(90%)

Stand-alone statement of financial position				
[RON mn]	Q1 2022	2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,822	3,815	8	0%
Assets of the usage rights for leased assets - buildings	28	30	(2)	(7%)
Intangible assets	7	7	0	1%
Financial assets	82	82	0	0%
Total	3,939	3,933	6	0%
Current assets				
Inventories	42	40	2	4%
Receivables	3,443	2,996	448	15%
Income tax to be recovered	18	21	(3)	(15%)
Cash and cash equivalents	90	252	(162)	(64%)
Total	3,593	3,309	284	9%
Total assets	7,532	7,242	290	4%
Shareholders' Equity	3,366	3,355	11	0%
Non-current liabilities				
Deferred revenues	447	443	4	1%
Borrowings	73	79	(6)	(8%)
Other borrowings and similar liabilities – Building leasing	21	23	(2)	(9%)
Other non-current liabilities	177	177	(1)	(0%)
Total	718	723	(5)	(1%)
Current liabilities				
Trade payables and other liabilities	3,142	3,034	108	4%
Current borrowings	216	25	191	n/a
Other borrowings and similar liabilities – Building leasing	8	8	0	1%
Other current liabilities	82	98	(16)	(16%)
Total	3,447	3,164	283	9%
Total liabilities	4,166	3,887	278	7%
Total shareholder's equity and liabilities	7,532	7,242	290	4%

Stand-alone statement of cash flows				
[RON mn]	Q1 2022	Q1 2021	Δ	Δ (%)
Cash flows before changes to working capital	62	145	(82)	(57%)
Cash flows from operating activities	(251)	(30)	(221)	n/a
Net cash from operating activities	(253)	(34)	(220)	(n/a)
Net cash used in investing activities	(91)	(111)	20	18%
Net cash used in financing activities	182	(8)	191	n/a
Net increase/(decrease) in cash and cash equivalents	(162)	(153)	(9)	(6%)
Cash and cash equivalents as of 1 January	252	554	(302)	(54%)
Cash and cash equivalents at the end of the period	90	401	(311)	(78%)

OPERATIONAL RESULTS

Charged volume of electricity

Between January and March 2022, the total amount of electricity charged for services provided on the electricity market (14.35 TWh) decreased by 4% compared to the same period of 2021 (the difference between the two periods being - 0.6 TWh).

Operational revenues

Total operational revenues between January and March 2022 increased by 69% compared to the same period of the previous year (RON 1,231 mn in Q1 2022 compared to RON 726 mn in Q1 2021), mainly due to the increase in the average tariff amid the decrease in the amount of electricity delivered to consumers as well as the significant increase of revenues achieved on the balancing market.

The **profit allowed activities segment** registered an increase of 30% in revenues (RON 431 mn in Q1 2022 compared to RON 333 mn in Q1 2021), mainly determined by the increase of transmission revenues and other revenues on the energy market (RON 419 mn in Q1 2022 compared to RON 323 mn in Q1 2021). The increase in revenues is influenced by the increase in the average transmission tariff (for regulated transmission tariff revenues), but also by the evolution of interconnection revenues, mainly determined by the use of interconnection availabilities, by the increase in electricity market prices Europe-wide as well as the energy deficit in Europe. Default allocations, capacity and energy being simultaneously allocated, are strongly influenced by changes in the electricity price on European stock exchanges.

Between January and March 2022, the revenues from interconnection capacity allocation registered a significant increase of RON 59.2 mn compared to the same period last year, corresponding to:

- the utilisation of interconnection capacity by traders on the electricity market,
- increasing the interest of participants to purchase interconnection capacity (the market fluctuates depending on their need to purchase)
- the energy deficit Europe-wide,
- the unit price of electricity that has increased throughout the European Union, causing large price differences between coupled markets.

The mechanism for allocating interconnection capacity consists of organizing annual, monthly, daily and intraday tenders. The annual, monthly and intraday ones (*only on the border with Serbia*) are explicit - only the transmission capacity is tendered, and the daily ones (*border with Hungary and Bulgaria*) and the intraday ones (*borders with Hungary and Bulgaria*) are implicit - are allocated simultaneously with energy and capacity, through the coupling mechanism.

On June 17, 2021, the Romanian Day-Ahead Market started operating in a coupled mechanism at European level, with the implementation of the DE-AT-PL-4M MC project, also known as Interim Coupling, the Romania-Hungary border being integrated in the single day-ahead market coupling (SDAC). As of October 27, 2021, the Romania-Bulgaria border has been integrated into the single day-ahead market coupling (SDAC), cross-border capacity between Romania and Bulgaria being implicitly allocated.

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

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

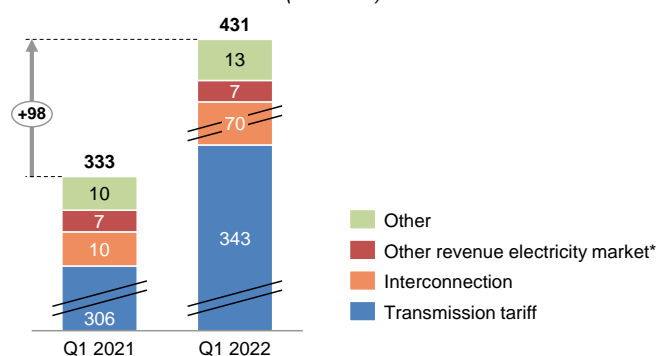
Revenues from electricity transacted for OTC were mainly obtained by selling excess energy on the Intraday Market managed by OPCOM and under BRP CIGA Energy, on the Balancing Market.

The launch of the coupled intraday market at European level has ensured greater market liquidity and diversification of traded products under the XBID/SIDC project.

OTC transaction revenues were lower in Q1 2022 compared to Q1 2021 (from RON 6.1 mn in Q1 2021 to RON 5.8 mn in Q1 2022).

In the first quarter of 2022 as well as during 2021, the main factors that had a significant impact on revenues/expenditures in energy transactions to cover PTC, are the legislative changes on the electricity balancing market, with applicability from 1 February 2021 (e.g. 15-minute settlement, application of the single settlement price on the balancing market).

Operating revenues from allowed profit activities
(RON mn)



* ITC , reactive energy, OTC transactions, energy exchanges

Revenues from zero-profit activities registered a significant increase of 103% (+ RON 406 mn), from RON 393 mn on March 31, 2021 compared to RON 799 mn on March 31, 2022 mainly determined by the increase by RON 445 mn of revenues on the balancing market.

The higher revenues on the balancing market were owed mainly to the following issues:

➤ regulation

- price limits of offers on the balancing market were removed according to the *Regulation for balancing market settlement and Regulation for scheduling dispatchable generating units, dispatchable consumers and dispatchable storage installations*, approved by ANRE Order 61/31.02.2020;
- removing the obligation to participate on the balancing market, according to the *Regulation for calculating and settling imbalances of the balancing responsible parties - single imbalance price and for amending some orders of the President of the National Energy Regulatory Authority*, approved by ANRE Order no. 213/25.11.2020;
- the balancing market applied the 15 minutes' settlement interval;
- the single settlement price was applied on the balancing market from 1 February 2021 onward;
- beginning with 01 June 2021 a new set was applied of common settlement rules for international electricity exchanges and unplanned exchanges (calculation methodology FSKAR – Financial Settlement of $k\Delta f$, ACE and Ramping Period), providing financial settlement between Transmission System Operators and thus removing the compensations in kind by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland) determined according to ENTSO-E methodology.
- the application, starting with January 1, 2022, of the rules for imbalance netting between all TSOs, according to the IN (Imbalance Netting) Platform. In

this sense, from 01.01.2022 the European platform, International Grid Control Cooperation (IGCC)/IN Platform (Imbalance Netting) for the imbalance netting process between all TSOs, which perform the automatic frequency restoration process under part IV of Regulation (EU) 2017/1485.

➤ market operation

- the manner of contracting on the markets before the balancing one, at local and regional level;
- the development of the average price recorded on the balancing market;
- the development of hydraulicity;
- the development of electricity generation and consumption;
- the trend of the CO2 certificates' development,
- the common settlement rules for planned energy exchanges and the common settlement rules for unplanned energy exchanges established in accordance with the provisions of Regulation (EU) no. 1485/2017 establishing a guideline on the operation of the electricity transmission system and Regulation (EU) no. 2195/2017 establishing a guideline on electricity system balancing.

The regulations applied in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market, namely settlement price at 15 minutes' granularity, the single settlement price on the balancing and the management of COVID-19 nation-wide have had and will have significant impact on the revenues/costs of the balancing market.

The balancing market management has a specific regulatory framework containing regularisation mechanisms which compensate the revenue excess or deficit in the expenses necessary to develop such activities. Thus according to ANRE regulations the non-null monthly balances (revenue surpluses) resulting from such activities will be compensated by ex-post tariff correction (negative correction) applied by ANRE in the tariff of years following that when such balances were registered.

During January-March 2022, **revenues from technological system services** decreased by 23% compared to January-March 2021 (RON 134 mn on March 31, 2022 compared to RON 173 mn on March 31, 2021), due to the decrease in the tariff approved by ANRE for these services amid the reduction of the amount of electricity delivered to consumers by a percentage of 4%.

The regulatory framework specific for technological system services includes regularisation mechanisms

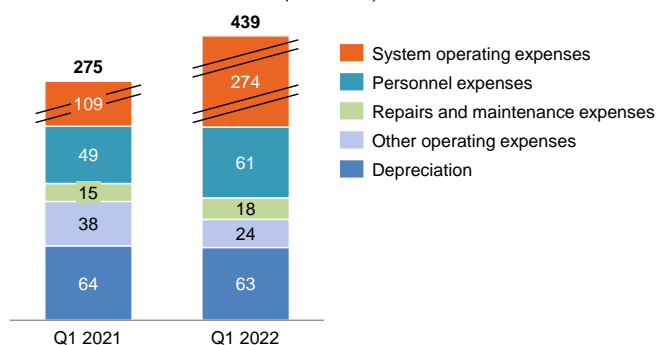
providing compensation of revenue excess/deficit compared to expenses necessary for such activities. Thus according to ANRE regulations the revenue surplus/deficit against costs recognised for such activities will be compensated by ex-post (negative/positive) tariff correction applied by ANRE in the tariff of years following that when such surplus/deficit was registered. The revenue surplus/deficit against costs resulting from such activities is calculated for the tariff scheduling period.

Operational expenses

Total operational expenses (amortisement included) made in January-March 2022 registered an increase of 93% compared to the similar period of the previous year (RON 1,218 mn in Q1 2022 compared to RON 631 mn in Q1 2021).

In the **profit allowed activities** segment expenses (amortisement included) registered an increase of 60% (RON 439 mn in Q1 2022 compared to RON 275 mn in Q1 2021).

Operating expenses from allowed profit activities
(RON mn)



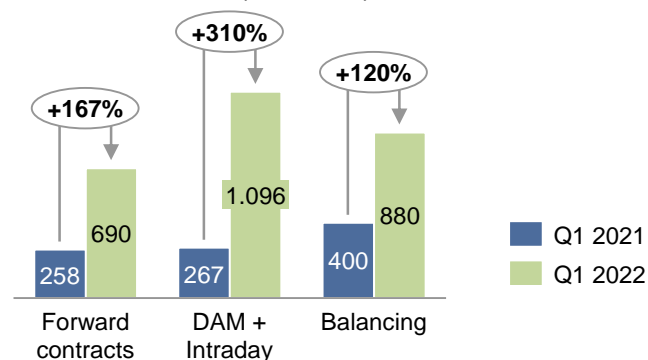
OTC: In Q1 2022, expenses for one's own technological consumption were higher by 173% (+ RON 162 mn) compared to Q1 2021, taking into account the following aspects:

- due to its characteristics, the Own Technological Consumption (OTC) in the Power Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity generation and consumption nation-wide, the distribution of electricity flows in the internal transmission network and on the interconnection lines with the neighbouring power systems, its value being almost not controllable at all amid an interconnected and coupled regional energy market;
- the average price of energy purchased on DAM/IDM, which in Q1 was more than 4 times higher than the similar period of 2021, significantly exceeding the values recorded in recent years, the same trend is

noted Europe-wide, which has a significant impact on the costs incurred to cover OTC;

- the unpredictability of the market is proved by the sharp and quick rise in prices, amid the increase in the price of the carbon certificate, a level of electricity generation capacity insufficient to replace generation based on fossil fuels, especially coal, in the context of market liberalisation, lack of competition from producers and competition from suppliers for the purchase of energy, in order to be able to fulfill its contracts with the many customers who have chosen the free market;
- maintaining the high prices on the wholesale electricity market much higher than in the first quarter of 2021 as well as compared to the situation in previous years.
- legislative changes in the balancing market (elimination of bid price limits on the balancing market, elimination of the obligation to participate in the balancing market, application of the single settlement price on the balancing market, transition of the balancing market to the 15-minute settlement interval) led to more than 2 times higher increases in the average price of energy purchased on the Balancing Market.

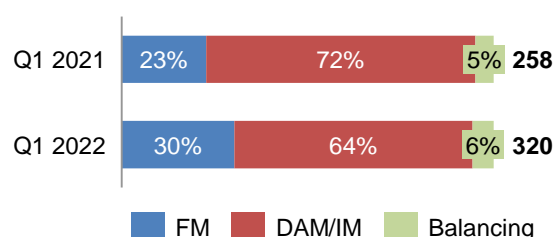
Average acquisition prices*
(ron/ MWh)



*- the average price was calculated at net value (purchase - sale)

On all markets there are considerably higher average prices than in Q1 2021, and the acquisition mix (net quantity) has the following components in the two analyzed periods:

OTC market acquisition mix
(net quantities, GWh)



Expenditures on electricity consumption in RET substations increased by 96% in January-March 2022 compared to January-March 2021 (RON 11.8 mn in 2022 compared to RON 6 mn in Q1 2021) due to price increases for the acquisition of electricity but also to the applicable legislative amendments starting with July 1, 2021, respectively the provisions of ANRE Order no. 82/2021.

In view of executing electricity transmission activities in electric substations and safely operate the National Power System Transelectrica has to procure electricity to cover the consumption of auxiliary services in high voltage power stations managed by the Company.

Inter TSO Compensation (ITC) Expenses

Monthly payment obligations/collection rights of each transmission system operator (TSO) are established under the compensation/settlement mechanism for the effects of using the electricity transmission grid (RET) to transit electricity in-between the TSOs that adhered to this ENTSO-E mechanism.

Between January and March 2022, these expenditures were 16% higher than in the same period of the previous year.

The zero-profit activities segment registered an increase of costs by 119% (RON 778 mn on March 31, 2022 compared to RON 355 mn on March 31, 2021), mainly determined by the increase of expenses on the balancing market.

The Company procures technological system services from producers in order to maintain safe operation of SEN and the quality of electricity transmitted at parameters required in applicable technical norms.

Such services are contracted as follows:

- under regulatory regime according to Governmental Decisions and Decisions issued by the National Regulatory Authority in the Energy domain (ANRE);
- by means of competitive mechanisms.

Technological system services are procured by competitive regime using daily bids, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In the first quarter of 2022, the contracting of technological system services under regulated regime was carried out only for Reactive Energy. Transelectrica contracted Reactive Energy from Hidroelectrica SA, according to ANRE Decision no. 1078/2020.

The value of the expenses regarding the technological system services in Q1 2022, registered a decrease of

15% compared to those in Q1 2021 (RON 121 mn in Q1 2022 compared to RON 143 mn in Q1 2021)

The value of TSS acquisition costs for Q1 2022 was mainly determined by the following factors:

- purchase prices of system services on the competitive market:
 - ✓ the average purchase price of the secondary control reserve of RON 79.10/hMW;
 - ✓ the average purchase price of the fast tertiary control reserve, power surge of RON 43.80/hMW;
 - ✓ the average purchase price of the fast tertiary control reserve, power reduction of RON 9.42/hMW.
- in 2022 the technological system services market showed high concentration for technological system services of secondary reserve (RS).

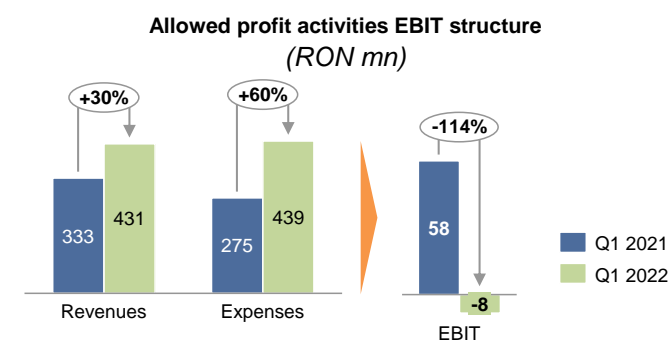
The Company re-invoices the technological system services procured from generators to ANRE – licensed electricity suppliers, which eventually benefit of such services.

For 2022 it is estimated that the procurement of technological system services through import/export daily bids in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019, the evolution of ANRE's regulatory framework on the electricity market will have a significant impact on the development of technological system services procurement costs within Transelectrica.

Expenses regarding the balancing market made in Q1 2022, were higher by RON 445 mn compared to those achieved in Q1 2021. These expenses result from the notifications achievements of the participants on this market.

Operational result

Profit allowed activities registered negative result in Q1 2022, decreasing by RON 66 mn compared to the one registered in the same period last year.



The current situation of prices on the wholesale electricity market is fundamentally different from the situation in Q1 2021, strongly influenced by the increase in prices on the electricity market.

The difference is significant and obvious Europe-wide, not only in Romania.

In this respect, the development of wholesale energy prices on the European spot market can be observed. The situation Europe-wide has deteriorated rapidly since the second half of 2021, with energy stress being unprecedented, especially for electricity and natural gas, fuels for electricity production.

In this situation, the short-term centralised markets organized by the Electricity Exchanges registered unprecedented historical prices, and for the next period no significant price decreases are expected

EBIT generated by **zero-profit activities** registered positive RON 21 mn, decreasing RON 17 mn against that recorded in the same interval of last year.

The zero-profit regulatory framework contains regularisation mechanisms that compensate for the excess or deficit of revenue relative to the level of expenditure required to carry out those activities.

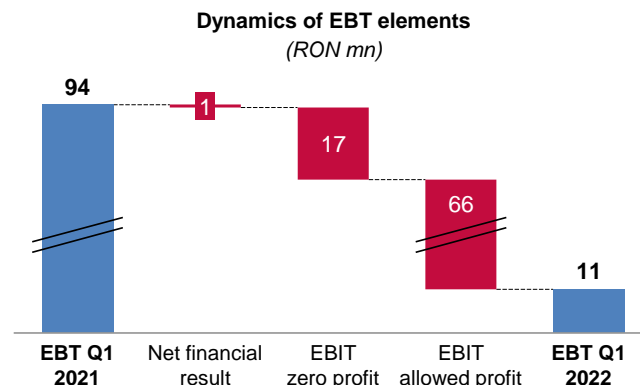
For balancing market management, according to ANRE regulations, the non-zero monthly balances (income surpluses) resulting from the development of this activity are to be compensated by ex-post tariff correction (negative correction) applied by ANRE in the tariff in the years following those when the balances were recorded.

For technological system services, according to ANRE regulations, the surplus/deficit of income compared to the included costs resulting from the development of this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the surplus/deficit in question was recorded. The income surplus/deficit compared to the costs resulting from this activity is calculated over the scheduling periods of the tariff.

Gross result (EBT)

The gross result registered a decrease in the analyzed period, from RON 94 mn in Q1 2021 to RON 11 mn in Q1 2022.

The dynamics between the result recorded in Q1 2022 compared to Q1 2021, broken down by profit constitutive components, is provided in the following graph:

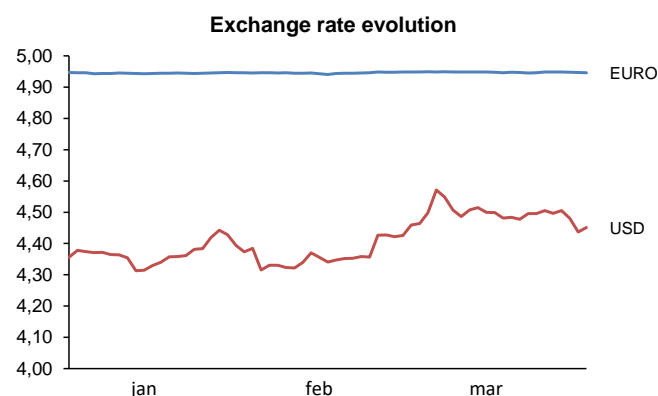


Financial result

The net financial result registered in Q1 2022 is negative in the amount of RON 2 mn.

It was mainly influenced by the interest rates applied during the analysed period but also by the development of the national currency's exchange rate against Euro, the currency in which the Company has contracted bank loans to finance investment programs

The RON/Euro and RON/USD exchange rate in Q1 2022 is provided in the following graph:



Net result

The net result registered a decrease in the analyzed period, reaching RON 8 mn in Q1 2022, compared to RON 81.9 mn registered in 2021.

FINANCIAL POSITION

Non-current assets

They registered in the first quarter of 2022 compared to 2021 a slight increase in the amount of RON 6 mn, against a background of higher tangible assets underway, mainly determined by investments made into high voltage substations and lines.

Assets of the usage rights for leased assets-buildings

Such assets related to the usage rights for leased assets - buildings represent the right to use the Company-rented spaces in Platinum Office Building, Pag | 10

according to the provisions of IFRS 16 – Leasing Contracts.

Beginning with 01.10.2020 the new lease contract (C232/2020 concluded with Dagesh Rom SRL) became effective, which is valid for 5 years.

As of March 31, 2022, the accounting value of the usage rights for Company-leased spaces in the Platinum Office Building amounted to RON 28 mn.

Financial assets

As of March 31, 2022, they did not register changes compared to December 31, 2021, remaining at the value of RON 82 mn.

Current assets

Current assets increased by 9% on March 31, 2022 (RON 3,593 mn) compared to December 31, 2021 (RON 3,309 mn), mainly due to the increase in trade receivables, advances to suppliers and recoverable VAT.

Trade receivables increase by RON 70 mn (RON 2,264 mn as of March 31, 2022 compared to RON 2,194 mn as of December 31, 2021). The most important developments were:

- clients from the operational activity which due to the increase in the volume of transactions resulting from the market coupling in the first quarter of 2022 compared to the fourth quarter of 2021 generated a higher balance of receivables from the operational activity (RON 1,744 mn on March 31, 2022 compared to RON 1,408 mn as of December 31, 2021).

- clients on the balancing market, which due to the decrease in the volume of transactions recorded a decrease in the balance of customers from contracts concluded for this type of activity on March 31, 2022 (RON 307 mn) compared to December 31, 2021 (RON 567 mn).

The main clients on balance on the electricity market are represented by: OPCOM, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, RAAN, Enel Energie SA, E.ON Energie Romania SA, IBEX, Tinmar Energy.

The share of the fore-mentioned clients is about 75% in total trade receivables.

As of March 31, 2022, the Company records receivables from the bonus-type support scheme for the promotion of high-efficiency cogeneration of approximately 9% (similar to December 31, 2021) of the total trade receivables. The increase of 1% related to the balances of the analyzed period was mainly determined by the increase of the invoiced value for the collection of the

monthly contribution.

The Company carries out activities under the bonus-type support scheme to promote high efficiency cogeneration in its capacity of support scheme administrator in accordance with the provisions of HGR 1215/2009, its “main attributions being to collect monthly the cogeneration contribution and to pay bonuses each month”.

As of March 31, 2022, the Company registers receivables in the amount of RON 210 mn, represented by the invoices issued related to the bonus-type support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of RON 76.70 mn, respectively from RAAN - RON 63.46 mn and CET Govora SA - RON 13.23 mn;

- undue bonus for 2014 in the amount of RON 3.91 mn, respectively from RAAN – RON 1.98 mn, and CET Govora – RON 1.93 mn;

- undue bonus for 2015 in the amount of RON 0.56 mn, respectively from CET Govora – RON 0.53 mn, Interagro – RON 0.03 mn;

- undue bonus for 2020 in the amount of RON 0.52 mn from Donau Chem;

- contribution for uncollected cogeneration from electricity cLIENTS' suppliers in the amount of RON 21.2 mn, respectively from: Transenergo Com - RON 5.88 mn, PetProd - RON 4.39 mn, Romenergy Industry - RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.50 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

As of the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for 2021 (amount of RON 22.89 mn): CET Govora (RON 15.04 mn), BEPCO (RON 4.26 mn) and Electrocentrale Bucharest (RON 3.59 mn), as well as the amount of RON 32.63 mn from the undue bonus established by ANRE Decisions for 2022, from the following producers: Bepco SRL, Hunedoara Energy Complex, Oltenia Energy Complex, CET Govora, Colonia Cluj Napoca Energie, Contourglobal Solutions, Electrocentrale București, Electro Energy Sud, Electroulaj SA, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

To extinguish receivables generated by over-compensation and undue bonus the Company requested the producers qualified under the support scheme to make mutual compensations. In case of generators (RAAN, CET Govora) that did not agree with

such manner of extinguishing mutual receivables and liabilities the Company has applied and further applies the provisions of article 17 para. 5 from Order 116/2013 of ANRE president approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration, and withheld from payment the related amounts under the support scheme.

Other receivables on 31 March 2022 amounted to RON 195 mn and mainly included:

- sundry debtors (RON 161 mn), of which:
 - the net position of the support scheme regarding high efficiency cogeneration, debt position, in the amount of RON 56.98 mn.

The net position of the support scheme is the difference between:

- *the value of the contribution collected from the electricity clients' suppliers, the value of the overcompensation for producing electricity and heat in high efficiency cogeneration, the undue bonus to be collected from the producers, according to ANRE decisions, on the one hand, and*
- *the amount of the cogeneration bonus, the pre-compensation and the unpaid bonus paid to the high-efficiency cogeneration energy producers, beneficiaries of the support scheme, on the other hand.*

- delay penalties calculated for defaulting clients, in the amount of RON 95.75 mn (of which the amount of RON 35.36 mn represents penalties related to the support scheme). The greatest delay penalties were registered by the following clients: RAAN (RON 16.90 mn), Romelectro (RON 14.75 mn), CET Govora (RON 9.61 mn), Electrocentrale București (RON 9.41 mn), Eco Energy SRL (RON 8.91mn), Petprod SRL (RON 8.89 mn), Next Energy Partners (RON 8.39 mn), Total Electric Oltenia (RON 3.29 mn), OPCOM (RON 2.40 mn),

- compensations owed by suppliers for their non-delivery of electricity: Arelco Power (RON 0.99 mn) and Enol Grup (RON 2.54 mn), impairment allowances were registered for the compensations owed by suppliers from operational activities,

- receivables recoverable from OPCOM representing VAT related to the contribution in kind to the subsidiary's share capital amounting to RON 4.52 mn.

- deferred expenses amounting to RON 17.6 mn mainly represented by: expenses related to the acquisition of OTC (RON 6.6 mn), international fee ENTSO-E (RON

4.4 mn), ANRE annual contribution for 2022 (RON 2.8 mn), taxes and fees for 2022 (RON 2.6 mn), rent and maintenance of office buildings (RON 0.7 mn), RCA and CASCO policies;

- other non-current receivables in sum of RON 4.3 mn, of which RON 4.2 mn represent guarantees for temporary land occupation, calculated and withheld according to article 39 para. (1), para. (2) & para. (5) of Law 46/2008 on the Forestry Code, in order to achieve the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);
- other social receivables in sum of RON 4 mn representing medical leaves the employer paid to employees, which will be recovered from the National Health Insurance House, according to applicable legislation.

Down payments to suppliers paid on 31 March 2022 are represented by debtor suppliers for services amounting to RON 929 mn and mainly represent sums from transactions related to the price-coupling mechanism (ICP – Interim Coupling Project, SIDC - Single Intraday Coupling and SDAC - Single Day-ahead Coupling) (RON 870.5 mn for ICP & SDAC and 58.1 mn for SIDC).

The start of the new successful SDAC Single Day-ahead Coupling took place on October 28, 2021 and is the result of cooperation between Nominated Electricity Market Operators (NEMOs) and Transmission System Operators (TSOs) in Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

VAT to recover represents the amount not recovered (related to the settlements of December 2021 - March 2022) of RON 267.5 mn. On May 4, 2022, the Company received from the state the amount of RON 169.4 mn.

The policy of Transelectrica consists in registering impairment allowances for value losses in quantum of 100% for clients under dispute, insolvency and bankruptcy and 100% of trade receivables and other receivables not collected for more than 180 days, except for outstanding receivables generated by the support scheme. The Company also makes individual analysis of uncollected trade receivables and other receivables.

The greatest impairment allowances as of March 31, 2022, calculated for trade receivables and related penalties, were recorded for CET Govora (RON 25.1 mn), Eco Energy SRL (RON 24.7 mn), Petprod SRL (RON 23.5 mn), Arelco Power (RON 14.8 mn), Total Electric Oltenia SA (RON 14.2 mn), Romenergy Industry (RON 13.5 mn), Romelectro SA (RON 12.9 mn) GETICA 95 (RON 12.5 mn), Elsaco Energy (RON 9.3 mn), RAAN (RON 8.5 mn).

Liabilities

Non-current liabilities amounting to RON 718 mn on March 31, 2022 registered a decrease of 1% compared to the value recorded on December 31, 2021 in the amount of RON 723 mn.

Interest-bearing liabilities

As of March 31, 2022, the value of non-current loans decreased compared to December 31, 2021, mainly due to repayments made under existing loan agreements. Instead, the value of current loans increased from the balance of RON 25 mn in December 2021 to RON 216 mn on March 31, 2022 by contracting current bank loans for the current activity.

At the same time, current debt increased by 9%, from RON 3,164 mn on December 31, 2021 to RON 3,447 mn on March 31, 2022, mainly due to the increase in current loans but also trade payables and other liabilities.

Impact on the evolution of trade payables had:

- **suppliers on the energy market** which decreased by RON 39 mn and record a balance in the amount of RON 1,893 mn in Q1 2022 compared to RON 1,855 mn in 2021

This evolution was mainly influenced by:

- the increase of the *debt balance related to the operational activity* by RON 288 mn, which was mainly determined by the payment in the second quarter of 2022 of the payment obligations outstanding on March 31, 2022, resulting mainly from the coupling of the electricity markets.

The suppliers on the electricity market are mainly represented by: IBEX, Hidroelectrica SA, OPCOM, MAVIR, Electrocentrale București SA, S Complexul energetic Oltenia SA, Joint Allocation Office, CIGA Energy SA, CINTA Energy SA, Electrica Furnizare SA. As of March 31, 2022, their share in total energy suppliers is about 89%.

- the decrease of the *debts related to the balancing market* by RON 325 mn was determined by the decrease of the volume of transactions registered on the balancing market in the first quarter of 2022, compared to December 2021.

- the decrease of the *debts related to the support scheme to suppliers (producers)* by RON 1 mn was determined by the decrease of the value of the monthly bonus for high efficiency cogeneration from March 2022, compared to December 2021.

As of March 31, 2022, there are payment obligations to suppliers (producers) in the amount of RON 35.5 mn

(RAAN – RON 32.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, pre-overcompensation for 2014 and 2015, bonus not granted for 2015.

The amounts representing the debts of the Company related to the support scheme towards RAAN and CET Govora were withheld from payment based on art. 17 para. 5 of the Order ANRE President no. 116/2013, as suppliers (producers) record payment obligations to the Company on the bonus support scheme.

- **“Other debts”** which increased by RON 198 mn, registering an increase from the balance of RON 965.5 mn in 2021 to RON 1,163 mn in Q1 2022.

The “other debt” structure is as follows:

- *sundry debtors* in the amount of RON 8.8 mn (decreased by RON 137 mn compared to December 31, 2021) are mainly represented by solution contracts for connection to RET (RON 4.7 mn), studies for synchronous interconnection of systems from Ukraine and the Republic of Moldova with the continental European system (RON 1.4 mn), related royalty Q1 2022,
- *client creditors* as of March 31, 2022 are in the amount of RON 1,068 mn (increased by RON 316 mn compared to December 31, 2021) of which RON 1,068.3 mn and represent amounts received in advance from OPCOM (RON 942.2 mn), MAVIR (RON 118 mn), and IBEX (RON 8.1 mn) in transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling) and SDAC (Single Day-ahead Coupling).
- *liability for assets related to usage rights of leased assets - buildings*, according to the provisions of IFRS 16 - Leasing contracts, is in the amount of RON 29.1 mn (non-current liability RON 20.8 mn, current liability RON 8.3 mn).
- *other liabilities* in the amount of RON 56.8 mn are mainly represented by payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of RON 33.8 mn, non-requestable VAT during the reporting period of RON 22.7 mn.

Provisions decreased in value in the first quarter of 2022 compared to 2021, from RON 51.7 mn on December 31, 2021 to RON 38.9 mn on March 31, 2022, a decrease mainly determined by:

- the decrease of the value of the provisions set up for litigations which on March 31, 2022 are in the amount of RON 20.5 mn compared to RON 31.2 mn registered at the end of 2021,

- provisions for mandate contracts which on March 31, 2022 have a balance of RON 18.4 mn and which mainly represent the remuneration of executive and non-executive directors, remuneration consisting of the variable component related to the OAVT packages allocated and not valued during the mandates between 2013-2017.

Shareholders' equity

Equity registered an increase mainly determined by the registration in the retained earnings of the net profit in the amount of RON 8 mn, achieved on March 31, 2022. Thus the equity on March 31, 2022 is worth RON 3,366.4 mn compared to RON 3,355.1 mn in 2021.

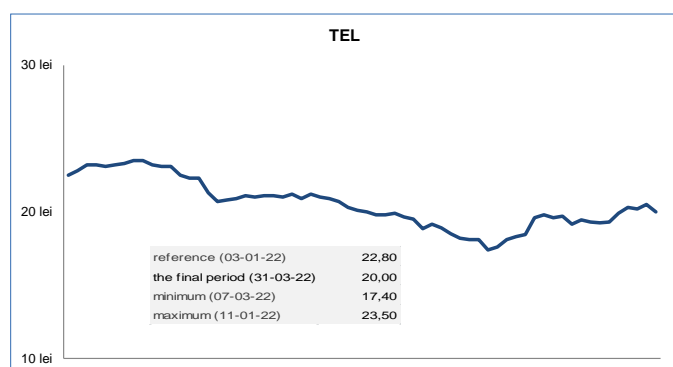
DEVELOPMENT OF SHARES

(01-Jan-2022 la 31-March-2022)

2022 started with a trading price of 22.80 lei/share. At the end of the period, the market capitalization was 1,466 mn lei, the share's price being 20.00 lei/share. The minimum trading price was registered on 07.03.2022, of 17.40 lei/share, the maximum of 23.50 lei/share being reached on 11.01.2022.

The company has the ability to adapt to the economic context generated by the energy crisis aggravated by the war between Russia and Ukraine, the repercussions being observed even in the share price which at the end of the period fell by 12% from the reference value at the beginning of the year, consequently the market value registered a decrease of RON 205 mn.

Development of TEL share



During the first quarter of 2022, the trading of TEL shares on the Romanian capital market registered 5,159 transactions with an average number of 82 transactions/day and 729,619 traded shares, with a total value of 14,763 thousand lei.

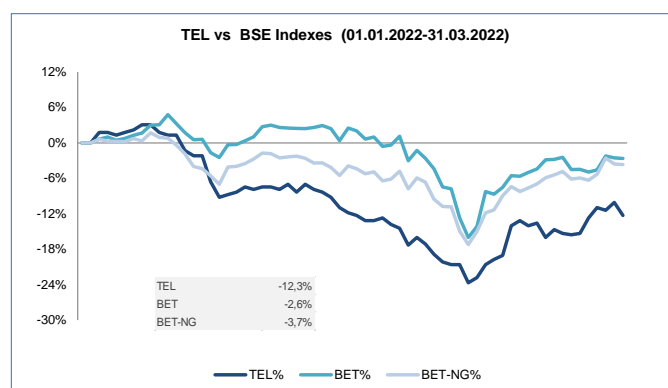
Transelectrica shares belong in the structure of the following stock exchange indexes: BET-NG, BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, and BET-XT-TRN.

Among those, the most representative for the Company are:

- BET index (Bucharest Exchange Trading - reference index of the capital market showing the development of the most liquid 19 companies listed on BVB's regulated market)
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index mirroring the development of energy companies and of the associated utilities listed on BVB's regulated market)

According to the latest adjustment date registered on 11.03.2022, TEL shares have a share of 1.10% in the BET index and 3.67% in the BET-NG index.

The development of the TEL share against the two indexes is provided in the graph below:



MAIN RISKS AND UNCERTAINTIES

Risk is an objective concept, which means it is measurable and can be minimised using preventive measures. Risk exposure occurs when a share provides a possible gain or loss, which cannot be anticipated for certain.

Incertitude refers to a situation when there are several alternatives leading to a specific result, but the result probability is not certain. This is owed to insufficient information or knowledge about current state of affairs. Consequently, it is difficult to define or predict future results or events.

Obviously knowing the threats enables their classification depending on the likelihood of their occurrence, on the size of impacts over objectives and on the costs implied by the measures meant to reduce the occurrence chances or to limit unwanted effects.

In entire Transelectrica risks are periodically systematically analysed pertaining to one's activities, elaborating the Risk Register of identified risks and the corresponding Measure Plan towards limiting the possible consequences of such risks, according to legal provisions.

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

- Interest rate fluctuation; the Company attempts to minimise such risk both by negotiating the best interest rates and by contracting credits with fixed interest rate;
- Exchange rate variation; at present Transelectrica has got a single hard currency credit (Euro);
- The provisions of financing agreements: finance contracts comprise clauses regarding compliance with certain financial indicators, control changes over the Company, and *pari passu* clauses.

Breaching these clauses can entail, based on preliminary notification and a reasonable amount of time, anticipated credit payment; some credits include penalty clauses for anticipated repayment.

To date the Company did not receive notification of anticipated reimbursement for the failure to comply with assumed obligations.

- Credit risk: the Company incurs financial loss because of a contractual partner's incapacity or refusal to comply with his contractual obligations; such risk mainly results from trade receivables, cash and cash equivalents. As measure to limit consequences the Company aims at concluding contracts with partners with sound solvability and a rating of "investment grade",
- Risk of not cashing securities under investment projects: the main cause of this risk results from bank or insurance companies providing security services without the financial capacity to pay the liabilities assumed under the securing instruments issued,
- The fiscal level, including the introduction of new charges and taxes.

In the first quarter of 2022, but also at the end of 2021 other identified risks that could influence the financial performance of the Company:

- Risk of credit rating deterioration when indicators and the macro-political environment worsen and/or the Company's financial performance gets worse. This risk reflects a complex of factors with potential effect over the financing costs on the credit market, which can significantly impact the Company taking into account the substantial capital amount necessary to be drawn to finance the investment plan of the following years. On the other hand the Company rating depends strongly on Romania's sovereign rating. There is a risk that the rating agencies will demote Romania as a result of

accelerated inflation, which tends to exceed 10%, but also as a result of the uncertain situation at the country's borders.

As of October 19, 2021, the Company has improved its rating (Corporate Family Rating) being evaluated by the agency Moody's Investors Service at the level of the sovereign rating, respectively Baa3, stable outlook.

- investment risk as result of financial difficulties caused both by historical liabilities, the competitive environment and by their management;
- the risk of non-collecting sums of money as a result of the execution of the guarantee instruments which were the basis for guaranteeing the advances received by the executors within the investment projects;
- difficult process of procurement of works from the RET Maintenance Program, which may lead to its incomplete implementation;
- difficult process of acquisitions of works from the Annual Investment Program, which can lead to the achievement below its scheduled quantitative or qualitative levels.
- risks materialized at the level of territorial transmission units, namely, damage/failure/unavailability of 220 kV and 400 kV OHLs, primary equipment in substations, transformer units and/or compensation coils, protection and automation systems, control-monitoring (SCC) systems, direct current and alternating current service facilities, fire prevention and extinguishing installations, communication/telecommunication systems, affecting the health and safety of personnel, releases/discharges of harmful substances environment (smoke, SF6, oil, fuels, etc.).

The Company does not only treat the consequences of events that might occur but applies reactive management, implementing measures meant to mitigate risk occurrence.

At the same time periodical reviews of risks, as provided by standards, lead to resource re-allocation in accordance with changed classifications and, implicitly, changed priorities.

Transelectrica pays proper importance to analysing the risk environment and timely detection of possible risks that might occur in the future, which should be approached in due time.

Throughout Q1 2022 the Company did not find it impossible to comply with its financial obligations.

At the same time, the Company pays attention to the efficient management of the treasury by maintaining sufficient liquid resources to be able to meet its obligations as they mature, as well as the availability of financing through active credit facilities.

The current situation of wholesale electricity prices continues to maintain the same trend started in 2021 when the average price of energy purchased on DAM was 4 times higher than the similar period of 2020, significantly exceeding the values recorded in recent years.

In this context, the Company faces in some periods a lack of cash caused by accelerated price increases on both the Day-Ahead Market and the Intraday Market to achieve an OTC coverage as close as possible to the delivery time.

To tackle this situation, Transelectrica used short-term financing by contracting loans as revolving credit lines.

Thus, there are no risks and uncertainties for the next months of the financial year 2022, other than those presented above, which would affect the Company's liquidity.

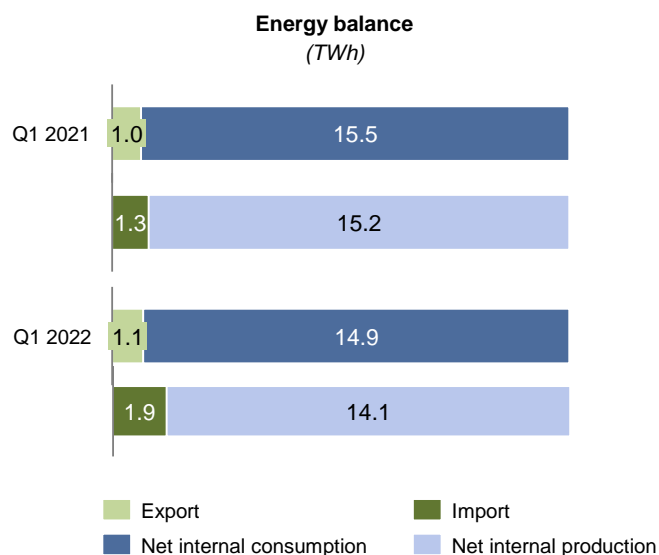


Operational data

ENERGY BALANCE WITHIN SEN

Analyzing the evolution of the components of the energy balance, in the period January - March 2022, there were decreases in net internal consumption¹ and net electricity output, by 4% and 7% compared to the same period of the previous year.

Physical exporting cross-border exchanges increased by 4% in Q1 2022 compared to Q1 2021, and cross-border import flows increased by 42%.



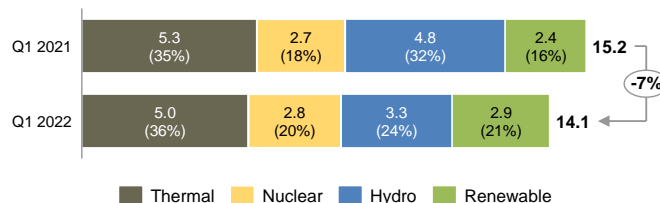
GENERATION MIX

Regarding the generation mix, in the period January - March 2022 compared to the similar period of 2021, there was a decrease of the Thermal component by 5% and the Hydro component by 30%. Increases were recorded from the Nuclear component, in a percentage of 5% and from Renewable sources in a percentage of 20%.

Examining the shares of net output mix components for the period January - March 2022, it is observed that the largest share, 36%, is represented by the Thermal component followed by the Hydro component 24%, and the energy produced from renewable and nuclear sources has a share of approximately 21% and 20% respectively.

¹ Values do not include the consumption of auxiliary services from electricity generating plants; the net consumption value includes the losses of transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations

Net electricity production mix evolution (TWh)

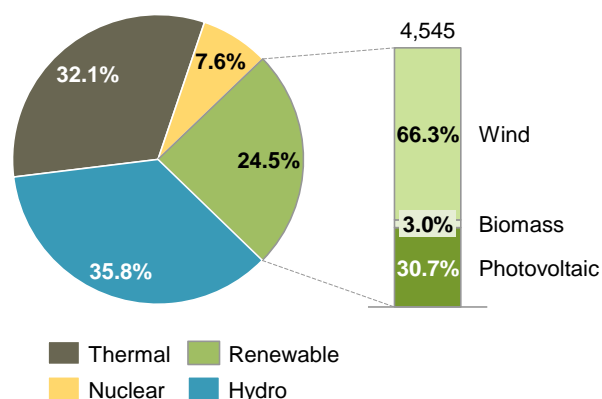


NATIONAL GENERATION FLEET

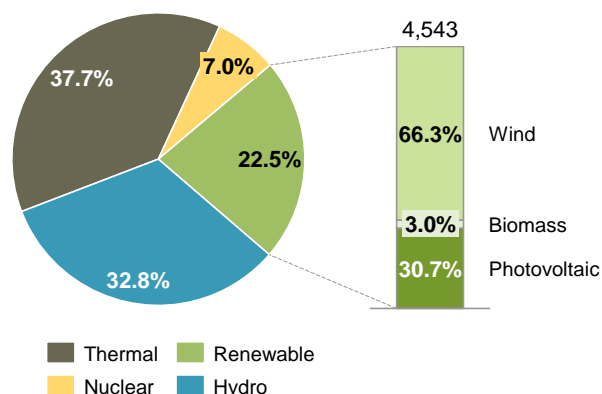
The installed capacity in thermal power plants decreased by about 22%, from 7,627 MW installed on March 31, 2021, to 5,966 MW installed on March 31, 2022.

The installed capacity for the period January - March 2022 versus January - March 2021, is shown in the following graphs:

Installed capacity Q1 2022 (18,569 MW, gross)



Installed capacity Q1 2021 (20,226 MW, gross)



In the first quarter of 2022, electricity demand at SEN level decreased in all three months, with values between 0.16% in January and 5.04% in February, respectively.

The first quarter of 2022 ended with a decrease in consumption, which was influenced on the one hand by the increase in prices for primary fuels, a phenomenon that was reflected in the final price of electricity, and on the other hand, the average temperatures in January and February recorded positive anomalies, being above the climatological norms. Production also decreased by 7.18%.

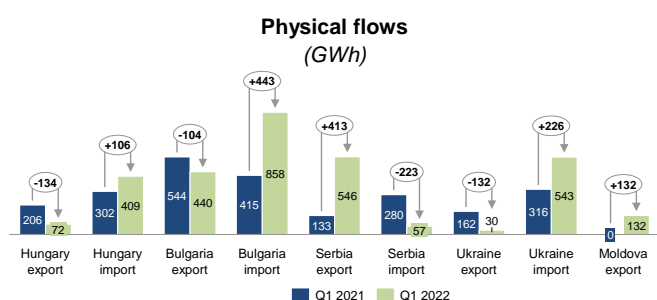
CROSS-BORDER FLOWS

The distribution of physical import/export flows on the interconnection lines between January and March 2022 compared to January - March 2021 is as follows:

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

Specifically, compared to the period January - March 2021, physical export flows decreased with Bulgaria (-19% -104 GWh), Hungary (-65% - 134 GWh) and Ukraine (-82% - 132 GWh) and increased on the border with Serbia (+413 GWh) and Moldova (+ 132GWh), at the same time as the increase in physical import flows on the interconnection lines with Bulgaria (+443 GWh), Hungary (+ 35% +106 GWh) and Ukraine (+ 72% +226 GWh), and decrease on Serbia (-80% -223GWh).

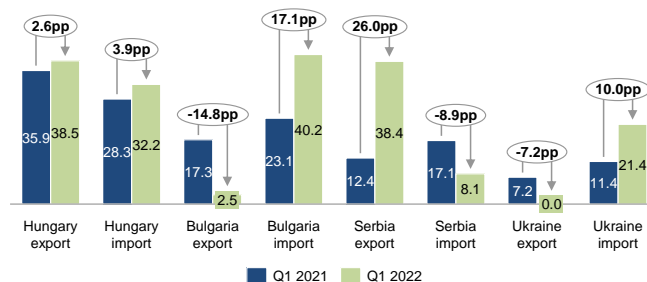
The physical import and export flows across each border are as follows:



Between January and March 2022, the total allocated capacity on the interconnection lines for export increased significantly compared to the same period of 2021 to Serbia.

Trade in the first quarter of 2022 includes the amount of imported and exported electricity as a result of the Company's participation as an operational member in the European Imbalance Netting (IGCC) platform, as of December 17, 2021.

Usage rate of total allocated capacity (%)



The usage rate of total capacity rights on one border and one direction represents the ratio, expressed in percentage points, between the electricity associated to achieved (notified) commercial exchanges during one month and the electricity corresponding to the total capacity rights.

Compared to the first quarter of 2021, there was an increase in the allocated capacity to imports, respectively an increase of 15% in trade in imports, a decrease of 67% in trade in exports and 97% of transited energy, against the background of a much lower hydraulicity compared to last year and in the conditions of a lower internal consumption of electricity compared to the similar period of 2021.

Transelectrica, as a Transmission System Operator, invests in increasing interconnection capacities in the context of alignment with European requirements, as follows:

- From 1 June 2021, a new set of common rules for the settlement of planned energy exchanges and unplanned energy exchanges applies (FSKAR calculation methodology - Financial Settlement of $k\Delta f$, ACE and Ramping Period) which provides carrying out a financial settlement between the Transmission System Operators and the System, thus eliminating the in-kind compensations determined according to the ENTSO-E methodology by the Settlement Centers in Brauweiler (Germany) and Laufenburg (Switzerland), which the Company trades on the Day-Ahead Market.

The respective Settlement Centers will transmit the results to each Transmission System Operator in the form of daily files containing the intended exchanges and unintentional exchanges (quantities - prices) calculated for the respective Transmission System Operator, on each settlement interval.

The price set is the weighted average of the prices for trading on the Day-Ahead Markets in all ENTSO-E Member States, the prices being in Euro/MWh.

The costs and revenues highlighted in the invoice received from JAO regarding the settlement of energy related to unintentional exchanges will be included in the

settlement calculation from the Balancing Market, in accordance with the provisions of ANRE Order no. 33/2021, regarding the amendment and completion of the Regulation for the calculation and settlement of imbalances of the parties responsible for balancing - single imbalance price, approved by ANRE Order no. 213/2020.

Revenue and expenditure on intentional energy exchanges (FSKAR-FCP-EU) and unintentional energy exchanges (FSKAR-EU) are recorded on the indicators of balancing market revenues and balancing market expenditures, taking into account settlement of energy market imbalances, with intentional and unintended trade being integrated into the balancing market settlement mechanism;

- As of January 1, 2022, the European platform, International Grid Control Cooperation (IGCC)/IN Platform (Imbalance Netting) for the process of compensating for imbalances between all TSOs, which performs the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485.

It should be noted that the International Grid Control Cooperation (IGCC) is the project that was chosen in 2016 by ENTSO-E to become the future European platform for the process of offsetting imbalances, as defined in Regulation (EU) 2017 / 1485 of the Commission of 2 August 2017 establishing a guideline on the operation of the electricity transmission system (art. 22).

The IGCC initiative was launched in 2010 by German operators and later extended to Central European systems, as a way of optimizing the secondary frequency control, by reducing the counter-actions of member operators' regulators, resulting in thus an optimized use of the system reserve "Automatic Frequency Restoration Reserve" of the aFRR, overall.

• ONE'S OWN TECHNOLOGICAL CONSUMPTION

Compared to the first quarter of 2021, in the first quarter of 2022 OTC in RET decreased by approx. 19%, and the percentage OTC decreased from 2.81% to 2.28%.

The factors that significantly influenced the OTC between January and March 2022, such as precipitation and the distribution of cross-border physical flows, are not under the control of Transelectrica.

OTC DEVELOPMENT FACTORS

In January 2022 the OTC decreased by 7.3% compared to January 2021, mainly due to the better distribution of physical flows on the interconnection

lines, which led to a reduction in electricity transmission at long distance from sources, but also favorable weather conditions, characterized by lower rainfall, which led to lower corona losses.

The percentage of losses compared to the electricity input into RET outline decreased from 2.94% in January 2021 to 2.42% in January 2022. The electricity input into the outline increased by 3.6% in January 2022 (141 GWh) compared to for the same period in 2021, as a result of an increase of 3.2% (100.3 GWh) in energy received from producers connected to RET and 10.1% (46.6 GWh) in energy received from imports, against the background of the decrease by 1.8% (5.9 GWh) of the one received from RED.

In February 2022, OTC decreased by 26.7% compared to February 2021, mainly due to the more advantageous distribution of physical flows on the interconnection lines and the favorable distribution of production, which led to a reduction in electricity transmission at long distance from sources, but also from the favorable meteorological conditions, characterized by lower precipitation, which determined lower corona losses.

The percentage of losses related to the electricity input into RET outline decreased from 2.93% in February 2021 to 2.04% in February 2022. The electricity input into the outline decreased by 2.8% (100.8 GWh) in February 2022 compared to the similar period of 2021, against the background of the decrease of the energy received from the producers connected directly to RET by 7.4% (220.3 GWh) and of the one from RED by 7.3% (17.1 GWh), amid the increase in energy received from imports by 33.3% (106.7 GWh).

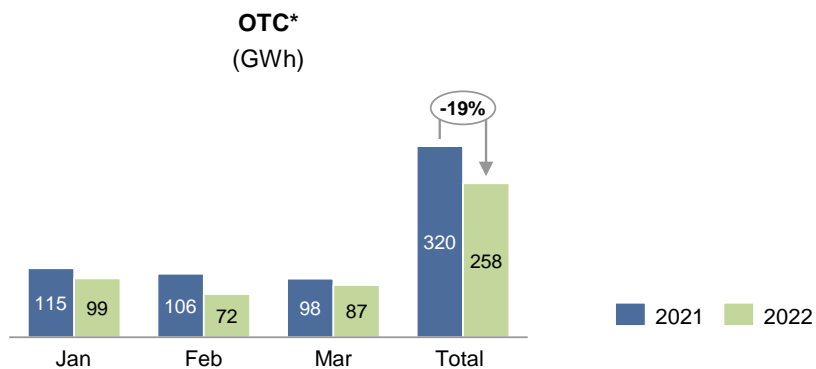
In March 2022, OTC increased by 0.8% compared to March 2021, mainly due to the more unfavorable distribution of physical flows on the interconnection lines in the south of the country, which led to an increase in electricity transmission at long distance from sources.

The percentage of losses related to the electricity input into RET outline decreased from 2.57% in March 2021 to 2.36% in March 2022. The electricity input into the outline decreased by 2.8% (106 GWh) in March 2022 compared to similar period in 2021, against the background of the decrease of the energy received from the producers connected directly to RET by 13.4% (406.1 GWh) and of the one received from RED by 21.1% (69.5 GWh), amid the energy increase received from imports by 83.8% (369.7 GWh). The amount of precipitation was lower, which led to lower corona losses.

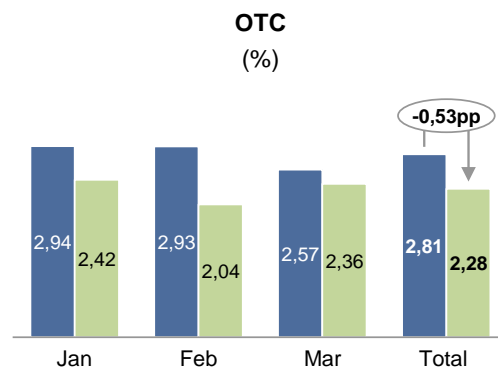
In conclusion, over the whole of the first quarter of 2022, OTC in RET decreased by about 19.4% compared to the same period in the first quarter of 2021, due to the

more advantageous distribution of physical flows on the interconnection lines in the first two months and favorable weather conditions throughout the period, which led to lower corona losses. Compared to the energy input into the outline, the losses decreased from 2.81% to 2.28%.

It should be noted that the values for March 2022 are preliminary.



*OTC physical value = OTC purchased value - OTC value sold





Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on 31 March 2022 compared to 31 March 2021 was determined by the increase in the value of tangible assets in progress simultaneously with the recording of the depreciation of tangible assets.

The value of fixed assets registered in accounting books in Q1 2022 is RON 23.7 mn (RON 45.5 mn in the same period of 2021) decreasing by RON 21.8 mn.

The balance of tangible assets in progress on March 31, 2022, in the amount of RON 931.5 mn, is represented by the ongoing projects, the most significant being listed below:

- The 400 kV double circuit OHL Cernavodă-Stâlpu and connection in Gura Ialomiței – RON 301.6 mn;
- Converting the Porțile de Fier - Reșița - Timișoara – Săcălaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Porțile de Fier - (Anina) – Reșița – RON 98.2 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 59.4 mn;
- Refurbishing 220/110 kV Hășdat substation – RON 53.7 mn;
- Connecting to RET the 300 MW Ivești WPP, the 88 MW WPP Fălcu 1 and 18 MW WPP Fălcu 2 through the new (400)/220/110 kV Banca substation – RON 46.9 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut; upgrading the command control system of the 400/220/110/6 kV substation Iernut – RON 23.8 mn;
- Upgrading 400 (220)/110/20 kV Munteni substation – RON 31.7 mn;
- Upgrading 220/110/20 kV Răureni substation – RON 25.5 mn;
- Refurbishing 220/110 kV Iaz substation – RON 23.5 mn;
- Upgrading 220/110 kV Dumbrava substation – RON 21.2 mn;
- 400 kV d.c. OHL Gutinaș – Smârdan – RON 18.9 mn;
- Upgrading 220/110/20 kV Arefu substation – RON 17.9 mn;
- Extension of 400 kV Gura Ialomiței substation with two bays: 400 kV OHL Cernavodă 2 and 3 – RON 15.4 mn;
- Refurbishing 400/110/20 kV Smârdan substation – RON 14.5 mn;
- 110 kV, 220 kV and 400 kV mobile bays – RON 14.3 mn;
- Refurbishing 110 kV Medgidia Sud substation – RON 13.7 mn;
- Extending the 400 kV substation Cernavodă, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 12.2 mn;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - Stage I - 400/220/110 kV Reșița substation – RON 11 mn.

PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in Q1 2022 amounted to RON 91.3 mn, a lower amount compared to the same period of 2021 when procurements were of RON 111.9 mn.

In Q1 2022 there was an increase in the value of tangible fixed assets in progress mainly represented by the execution of investment works in high voltage power stations and lines, as follows:

- 400 kV d.c. OHL Gutinaș – Smârdan – RON 18.9 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut; upgrading the command control system of the 400/220/110/6 kV substation Iernut – RON 10.2 mn;
- Refurbishing 220/110 kV Iaz substation – RON 7.4 mn;
- The 400 kV double circuit OHL Cernavodă-Stâlpu and connection in Gura Ialomiței – RON 7 mn;
- Converting the Porțile de Fier - Reșița - Timișoara – Săcălaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Porțile de Fier - (Anina) – Reșița – RON 5.5 mn;
- Upgrading power supply at UNO-DEN headquarters – RON 3.7 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 2.7 mn;
- Extension of 400 kV Gura Ialomiței substation with two bays: 400 kV OHL Cernavodă 2 and 3 – RON 2.6 mn;

- Upgrading 220/110 kV Dumbrava substation – RON 2.5 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 2.5 mn;
- Refurbishing 220/110/20 kV Baru Mare substation – RON 2.2 mn.

In Q1 2022, the greatest transfers from tangible assets in progress to tangible assets, amounting to RON 23.7 mn, are represented mainly by the commissioning of investment objectives as follows:

- Upgrading the 110 kV & 400 (220 kV) installations of Focșani Vest substation – RON 8.3 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldavia – RON 6.9 mn;
- Upgrade with a view to remove galloping on the 400 kV OHL of Bărăgan – Fetești area. Reducing galloping effects on the 400 kV OHL București Sud - Gura Ialomiței and the 400 kV OHL Cernavodă - Gura Ialomiței (circuit 2) – RON 3.7 mn;
- Relocation of high voltage networks 220 kV OHL d.c. Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170 – RON 3.3 mn;
- Refurbishing 220/110 kV Turnu Severin Est substation – RON 0.8 mn.



INVESTMENT ACTIVITY on 31.03.2022

Investment expenses as of 31 March 2022 are detailed by main chapters in the annual investment plan correlated with the main chapters in the Company's Development Plan and are as follows:

No	Types of expenditures	2022 Investment Programme* (thou. RON)	Achieved (thou. RON)	
			3M 2022	3M 2021
	Total general (A+B)	466,933	73,146	82,586
A	Cheltuieli proprii Companiei	447,239	72,606	82,126
B	Investiții finanțate din tarif de racordare	19,694	540	460

*2022 AIP revision A2

On March 31, 2022 the investment plan was achieved 15.7%. Compared to the achievements in Q1 2021, investment expenses made in Q1 2022 decreased by 11.43%.

COMPANY FINANCIAL INVESTMENTS

In Europe the energy sector is under change with emphasis on the transition from a prevalingly national development model of the energy sector to an European integrated coordinated development model continental-wide, enabling also tailoring to national specific features while targeting the legitimate interests of European states.

In this context the Company has affiliated to the following entities:

- **TSCNET**
- **JAO**
- **SEE RSC**

TSCNET (TSCNET Services GmbH)

It was established to serve the Transmission System Operators (TSO) of eastern-central-western European part (CORE region) in view of coordinated implementation of European network codes. Affiliation means participating to the shareholders of TSCNET by purchasing company shares.

Decision 9 of SEGA of 05 June 2018 approved Company affiliation to the Security Coordinating Centre of CORE region, TSCNET by participating to its share capital with 470,500 Euro (1 share – 2.500 EUR).

JAO (Joint Allocation Office)

Beginning with 2019 bids allocating long-term capacities have been performed in coordinated manner by JAO, which was nominated Operator of the Single Allocation Platform (SAP).

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

Decision 10 of SEGA of 20 August 2018 approved the Company's affiliation to the Joint Allocation Office (JAO) by cash subscription of 259,325 Euro, being allotted 50 shares.

SEE RSC (Centre Coordinating the Electricity Network of South-Eastern Europe)

Through the Romanian – Bulgarian border Romania is part of the coordinated calculation region of cross-border transfer capacities South-East Europe (SEE). In terms of regional coordination of operational safety services, this region will be served by an independent legal entity exercising the part of regional operational safety coordination centre (further called SEE RSC).

The Company's affiliation to the shareholders of SEE RSC became effective on 22.05.2020 by cash

subscription of 50,000 Euro, being allotted 50,000 shares.

On February 25, 2022, the Shareholders' Extraordinary

General Assembly approved the Company's exit from Selene CC shareholding, with the full recovery of the capital invested by the Company so far (50,000 Euro).



Significant events

JANUARY - MARCH 2022

- **Joint integration tests and the new launch date of the Core Flow-Based Market Coupling project**

The project parties involved in the Core Flow-Based Market Coupling project have reported that the first phase of Full Integration Testing (FIT) has been successfully completed on January 13, 2022.

FIT testing focused on the functionality of all systems involved in the FB MC process and between them, proved that the solution is able to perform the FB MC process.

- **Execution of Civil Sentence no. 3982/08.10.2018 of the Bucharest Court of Appeal**

Following the sentence of the Bucharest Court of Appeal, of ANRE Decision no. 167/16.02.2022 and of the ANRE Document 29104/17.02.2022, the following are established:

The regulated purchase price of the technological system services provided by Hidroelectrica for Transelectrica, recalculated for the past periods is:

- 01.07.2015 – 30.06.2016 amounting to RON 676.67/hour-group and
- 01.07.2016 – 30.06.2017 amounting to RON 713.42/hour-group.

The price difference resulting from the prices approved by ANRE through Decisions 1377/25.06.2015 and 1035/22.06.2016 related to Decision 167/16.02.2022 amounts to RON 21,340,716, according to ANRE specifications, detailed below:

Item name	M.U.	ANRE Decision no. 1377/2015	ANRE Decision no. 1035/2015
TSS-RE supply recalculated regulated price	RON/hour-group	686.67	713.42
TSS-RE supply regulated price approved in the previous decision	RON/hour-group	86.85	101.91
Difference to be recovered TSS-RE supply regulated price	RON/hour-group	589.82	611.51
Number of TSS-RE supply hours	hour-group	17,074	18,430
Difference to be recovered	RON	10,070,587	11,270,129
Total difference to be recovered (Decision no.1377/2015 and Decision no. 1035/2015)		RON 21,340,716	

Transelectrica, will pay to Hidroelectrica the total amount mentioned until 31.12.2022, and will fully recover the amount of RON 21,340,716, through the regulated tariff for system services, in the next tariff period.

- **Agreement for EIB advisory services**

In order to improve the management processes of investment projects by removing existing obstacles and streamlining activities, the Company has signed a free support service agreement with the European Investment Bank (EIB), with the aim of conducting an in-depth analysis of the Company's internal processes.

This support also aims to expand access to a base of national and international contractors, who until now and for reasons to be identified have not collaborated with Transelectrica.

- **Convening the Shareholders' Ordinary and Extraordinary General Assembly**

The Company's Directorate convened on February 25, 2022 the Shareholders' Ordinary and Extraordinary General Assembly with the following main items on the agenda:

- Establishing the Investment Programme for the financial year 2022 and the estimates for 2023 and 2024
- Approval of the 2022 Income and Expense Budget as well as estimates for 2023 and 2024
- Approval of the Company's exit from the shareholding of the regional center for the coordination of the operational safety of power systems in South-Eastern Europe - Selene CC.

- **TSOs in Continental Europe are fully engaged in synchronization with the power systems of Ukraine and Moldova**

At the meeting of the Energy Council on 28 February 2022, Member States stressed the importance of the possibility of urgently synchronizing the Ukrainian electricity network with the electricity network of Continental Europe and the need to consider the impact on the Republic of Moldova.

TSOs in Continental Europe focus on identifying the key conditions needed to support Ukraine's electricity supply as a matter of priority and are committed to responding positively to the request and have analysed the conditions for emergency synchronization, at the same

time ensuring the security of the supply system in Continental Europe. (www.entsoe.eu).

- **The Republic of Moldova and Ukraine have completed the process of synchronization with the European energy network ENTSO-E**

On 11 March, the Continental Europe TSOs concluded that the conditions for the emergency synchronization of the Moldovan-Ukrainian electricity systems with that of Continental Europe had been met and completed the technical procedures for connecting the networks on 16 March 2022.

Throughout the process, the TSOs of Continental Europe receive support from the European Commission, the Member States and the regulators. (www.entsoe.eu).

- **Extension of mandates and changes in the management bodies' membership**

In accordance with its statutory and legal responsibilities, the Supervisory Board decided in the meeting of March 23, 2022, regarding the termination by the expiration on time (24.04.2022) of the mandates of provisional Directorate members Mr. Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Marius-Viorel STANCIU and Florin Cristian TĂTARU, the following:

- the extension, based on the conditions of art. 64² of GEO no. 109/2011 on the corporate governance of public enterprises with later amendments and additions, with 2 months starting with 25.04.2022, of the mandates of the following provisional Directorate members:
 - Gabriel ANDRONACHE,
 - Ștefăniță MUNTEANU,
 - Cătălin-Constantin NADOLU and
 - Florin-Cristian TĂTARU.
- the appointment as Directorate member, based on the conditions of art. 64² of GEO no. 109/2011 on the corporate governance of public enterprises with later amendments and additions, for a term of 2 months starting with 25.04.2022, of Mr. Bogdan TONCESCU, this appointment becoming effective under the condition of express acceptance of the mandate of NPG Co. Transelectrica SA Directorate member.
- for April 25 - June 24, 2022, Directorate chairman, alternatively called Executive Director General or Chief Executive Officer – “CEO” of National Power Grid Company Transelectrica SA, was appointed Mr. Gabriel ANDRONACHE, in accordance with the provisions of art. 23 para. (1) of the Articles of Association of National Power Grid Company Transelectrica SA.

- **Presentation of the annual financial results 2021**

The presentation of the 2021 financial results took place on March 25, 2022. The teleconference started at 12:00 (Romanian time).

- **Regulated tariffs applicable from April 1, 2022**

On 28.03.2022, ANRE Order no. 33/23.03.2022 was published in the Official Gazette no. 299/28.03.2022, regarding the change of the transmission service average tariff, of the components of the transmission tariff for electricity injection into the grid (TG) and for taking out electricity from the grid (TL), charged by the Company. Therefore, the regulated tariffs related to the electricity transmission service, applicable from April 1, 2022, are:

Service	Applied tariff from 01 January 2022	Applied tariff from 01 April 2022	Variation
	RON/MWh	RON/MWh	%
Transmission service average tariff, of which	23.96	28.10	+17.3%
Transmission tariff – electricity injection into the grid – (T _G)	1.49	2.53	+69.8%
Transmission tariff – componenta de taking out electricity from the grid – (T _L)	22.47	25.57	+13.8%

LATER EVENTS

- **Major indirect holdings of NN Group N.V. (over 5% of TEL's share capital)**

The percentage held, in concert, on April 11, 2022 by NN Group N.V., is 5.62% of the Company's share capital.

- **Decision no. 3 of the Shareholders' Ordinary General Assembly of April 18, 2022**

On April 18, 2022, the Shareholders' Ordinary General Assembly approved the appointment, starting with April 22, 2022 and until August 21, 2022, of the following Supervisory Board members with a mandate of four months:

- ✓ Mrs. Oana-Cristina BALACCIU;
- ✓ Mr. Adrian-Nicolae BLĂJAN;
- ✓ Mr. Cătălin-Andrei DASCĂL;
- ✓ Mr. Victor-Florin DUMITRIU;
- ✓ Mr. Dumitru Virgil ORLANDEA;
- ✓ Mr. Costin-Mihai PĂUN;
- ✓ Mr. Alexandru-Cristian VASILESCU.

At the same time, it established the Supervisory Board members' remuneration as being calculated according to art. 8 of GEO no. 109/2011, approved with modifications and additions by Law no. 111/2016 and approved the mandate contract form to be concluded

with the Supervisory Board members and the power of attorney of the person who will sign on behalf of the Company the mandate contracts of the Supervisory Board members.

- **Decision no. 4 of the Shareholders' Ordinary General Assembly of April 28, 2022**

On April 28, 2022, SOGA approved:

- The stand-alone financial statements of National Power Grid Company Transelectrica SA for the financial year 2021;
- Consolidated financial statements of National Power Grid Company Transelectrica SA for the financial year 2021;
- The distribution of the accounting profit remaining after the deduction of the income tax on 31.12.2021;
- Establishing the reserves related to the revenues achieved from the allocation of transmission capacity on the interconnection lines in 2021, from the excess achieved from the taxable and non-taxable revaluation reserves upon change of destination;
- Discharge of the Directorate members and the Supervisory Board members for the financial year 2021.

- **Convening the Shareholders' Extraordinary General Assembly**

The Company's Directorate convened on May 16, 2022 SEGA, with the following agenda:

- Approval of the completion of the object of activity of the Company with the activities codified according to CANE: 3511 Electricity production and the corresponding modification of the Articles of Association by adding in art. 6 let. B of the following wording: "Electricity production (exclusively for the Company's own consumption) - the activity of electricity generating installations; including thermal, nuclear, hydroelectric, gas turbine, diesel and recoverable energy plants - CAEN code 3511".
- Approval of the relocation of the registered office of the Company from Bucharest, Blvd. G-ral Gheorghe Magheru no. 33, in Bucharest 1, 2-4 Olteni Street, Bucharest 3, "Platinum Center" Building and the corresponding amendment to Article 3 paragraph (1) of the Articles of Association, the new wording being as follows:
„(1) Transelectrica "has its main headquarters in Romania, Bucharest Municipality, 2-4 Olteni Street, district 3, the "Platinum Center" Building and the secondary headquarters in Blvd. Hristo Botev no. 16 - 18, district 3."

- **The CARMEN Smart Grid Project has officially become a Project of Common Interest of the European Union**

The Carpathian Modernized Energy Network (CARMEN) Smart Grid project, developed by Delgaz Grid SA and NPG Co. Transelectrica SA in partnership with the Hungarian transmission operator, MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt, received final approval from the European Union, being included on the fifth list of Energy Projects of Common Interest (PCI).

Projects of Common Interest are key cross-border energy infrastructure projects for building a more integrated and resilient European internal energy market and pursuing energy and climate goals.

The current PCI List includes 98 projects: 67 projects in the field of electricity transmission and storage, 20 in the field of natural gas, 6 projects in CO2 networks and 5 projects in smart grids.

The CARMEN project has a value of approximately 150 mn EUR, the application for funding will be submitted in the second half of 2022.

The implementation will take place over a period of 6 years, starting with the year 2023 and until 2028.

- **Appointment of Chairman and Advisory Committees within the Supervisory Board**

On May 3, 2022, the Supervisory Board elected Mr. Cătălin-Andrei DASCĂL as SB Chairman and appointed the members of the advisory committees of the Supervisory Board as follows:

- Nomination and Remuneration Committee:
 - Alexandru-Cristian VASILESCU – chairman
 - Oana-Cristina BALACCIU
 - Costin-Mihai PĂUN
 - Dumitru Virgil ORLANDEA
 - Cătălin-Andrei DASCĂL.
- Audit Committee:
 - Oana-Cristina BALACCIU – chairman
 - Adrian-Nicolae BLĂJAN
 - Victor- Florin DUMITRIU
 - Cătălin-Andrei DASCĂL
 - Costin-Mihai PĂUN.
- Energy Security Committee:
 - Costin-Mihai PĂUN – chairman
 - Alexandru-Cristian VASILESCU
 - Victor- Florin DUMITRIU
 - Adrian-Nicolae BLĂJAN
 - Dumitru Virgil ORLANDEA.



Other issues

SHAREHOLDER STRUCTURE

The structure of Company shareholders on 31.03.2022 was the following:

Shareholder name	No. of shares	Shares in total
Romanian State - GSG	43,020,309	58.7%
PAVĂL Holding	4,753,567	6.5%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,147,255	22.3%
Other shareholders – natural persons	5,374,323	7.3%
Total	73,303,142	100%

TARIFFS

Transmission tariff (transmission service + functional system service)

In accordance with the Methodology establishing tariffs of electricity transmission services approved by ANRE President Order no. 171/2019, with later amendments and additions brought by ANRE Order no. 153/2020, establishing the determining method of regulated revenues and the calculation of regulated tariffs for electricity transmission services, which also include a component for the functional system service.

Tariff	m.u.	Applied tariff	Applied tariff	Difference (%)
		1 Jan – 31 Dec 2021	1 Jan – 31 Mar 2022	
Average electricity transmission tariff	RON/MWh	20.55	23.96	16.59%
Transmission tariff – electricity injection into the grid	RON/MWh	1.30	1.49	14.62%
Transmission tariff – taking out electricity from the grid	RON/MWh	19.22	22.47	16.91%

When establishing the tariffs presented in the table above, the results of the annual corrections for 2020 (ex-post corrections), calculated separately for the regulated activities of transmission and functional system services due to the fact that in 2020 different Tariff Methodologies were applied and, consequently, separate tariffs for these activities.

COMPONENȚA DIRECTORATULUI

On the date of this report Directorate membership is the following:

Gabriel ANDRONACHE	Directorate Chairman
Ștefăniță MUNTEANU	Directorate Member
Cătălin-Constantin NADOLU	Directorate Member
Bogdan TONCESCU	Directorate Member
Florin-Cristian TĂTARU	Directorate Member

In view of the above, the table below shows:

- the average tariff for the electricity transmission service, with the related component:
 - electricity injection into the grid (TG);
 - taking out electricity from the grid (TL),

with effect from January 1, 2022, according to ANRE Order no. 124/24.11.2021.

Thus, the correction factors for the closing of 2020, which had a significant contribution to the change in tariffs presented in the table above, are detailed as follows:

➤ **Corrections related to the transmission service**

- a) The correction related to the differences in the amounts of extracted electricity and the purchase price of OTC. The correction value is – RON 30,395,017.
- b) The correction related to the income obtained from the application of the electricity transmission tariff. The correction value is + RON 36,417,075.

The correction related to the revenue obtained from the tariff was calculated as: the difference between the regulated income approved for 2020 adjusted with the

NFC – Autumn forecast 2019	NFC – Spring forecast 2021
2020	2020
3%	2.06%

- d) Correction related to uncontrollable operating and maintenance costs. The correction value is + RON 3,816,197.
- e) Correction related to electricity transmission between TSOs. The correction value is – RON 5,177,692.

➤ **Corrections related to the functional system service**

Tariff	m.u.	Applied tariff 1 Mar - 31 Dec 2021	Applied tariff 1 Jan – 31 Dec 2022	Difference (%)
System service	RON/MWh	10.82	9.32	-13.86%

In accordance with the provisions of the *Methodology for establishing the system service tariffs, approved by the Order of the National Energy Regulatory Authority President no. 45/2017*, with later amendments and additions, when determining the regulated income and the system service tariff for 2022 (presented in the table above), the following were taken into account:

➤ **Corrections:**

- a) The second tranche of the correction determined upon the approval of the tariff valid from March 1, 2021 and recalculated taking into account the inflation rates achieved, amounting to – RON 56,414,653;
- b) Income from penalties amounting to – RON 1,200,000.

➤ **Scenarios:**

- a) For the acquisition of the secondary control reserve (power surge), the quantities requested by TEL were considered. At the same time, the used price was updated to RON 75.80 lei/hMW, in accordance with TEL request, representing the weighted average price for March - September 2021;
- b) The required quantities were not considered for the purchase of the secondary control reserve (power reduction), considering that the need for the secondary control from the previous tariff periods

difference of the correction applied to the tariff from 1 January 2021 for 1–15 January 2021 to reflect the reduction of TSO contribution to ANRE budget that was not considered on January 1, 2021 (on January 1, 2021 the contribution was calculated at the level of 1% starting with January 1, 2021) and the income achieved in 2020.

- c) The difference between the percentage values related to the inflation for 2020, communicated by the National Forecast Commission within the 2019 Autumn Forecast vs. 2021 Spring forecast. The correction value is – RON 9,133,135.

The corrections related to the functional system service for 2020 amounted to +RON 14,545,122 and were made in accordance with the provisions of the *Methodology for establishing the system service tariffs*, approved by ANRE Order no. 45/2017, applicable to the functional system service for 2020.

- (achieved values) is around 3,900,000 hMW, and the amount of secondary control reserve (power surge) was considered at the level of 3,828,000 hMW;
- c) For the acquisition of fast tertiary reserve (power surge), the required quantities were considered. At the same time, the used price was updated to RON 46.96/hMW, in accordance with TEL request, representing the weighted average price for March - September 2021;
- d) For the acquisition of fast tertiary reserve (power reduction), the required quantities were considered. At the same time, the used price was updated to RON 12.33/hMW, in accordance with TEL request, representing the weighted average price for March - September 2021;
- e) For the acquisition of reactive electricity, the requested quantities and the price of RON 199.68/hour-group were considered, price approved by ANRE Decision no. 1078/29.06.2020;

DISPUTES

The most important disputes impacting the Company are provided further:

Note: To facilitate reading and understanding, all amounts of this chapter are expressed in RON (Lei)/EURO.

• ROMENERGY INDUSTRY

The object of the file no. 2088/107/2016 is „Bankruptcy - Application for registration in the bankruptcy mass“.

Transelectrica applied for registration in the credit table with the amount of 16 mn lei. The claim was admitted and entered in the Preliminary Table.

The deadline was set at 16.05.2022, for the continuation of the bankruptcy procedure, by capitalizing the goods and recovering the receivables.

• RAAN

The object of the file no. **9089/101/2013/a140** is an action in claims / appeal against the Supplementary Table of claims against the debtor RAAN.

Observations: As a result of the registration in part of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and of the address no. 4162 / 03.10.2016, by which the judicial liquidator communicates the fact that only the amount of 11,264,777.30 lei was entered in the supplementary table in the category of claims that resulted from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei was rejected, an appeal was filed within the legal deadline at the Supplementary Table of Claims.

At the trial date of 14.02.2019, it was ordered to connect the file no. **9089/101/2013/a152** to the file no. 9089/101/2013 / a140 (**having as object claims - request for payment**).

Solution Decision 163 / 20.06.2019: Admits the exception of forfeiture. It admits in part the main action as well as the related appeal. Obliges the defendant to pay to the plaintiff the amount of 16,950,117.14 lei, a claim born during the procedure, ordering its registration in the table of creditors constituted against the debtor RAAN with this amount. Otherwise, reject the related claims.

Transelectrica filed an appeal within the legal deadline. The appeal was dismissed as unfounded. Transelectrica has filed a request for review for the contrary of the decisions, which is registered under no. 1711/54/2019 and which will be tried at the High Court of Cassation and Justice. The exceptions of lateness and inadmissibility were discussed. ICCJ solution: admits the exception of late request for revision. The next deadline is **02.06.2022**.

There are also other cases between RAAN and Transelectrica in various stages of the trial. RAAN actions against NPG Transelectrica SA deriving from contract no. C137 / 08.04.2011.

*File no. **3694/3/2016** - Claims 15,698,721.88 lei. Judgment period on 08.11.2021: the case was suspended until the final settlement of Cases no. 26024/3/2015 and no. 28458/3/2017.*

*File no. **24206/3/2015** - Transelectrica requested the court to find the legal compensation of the amount of 16,896,664 lei. An appeal was declared, which was rejected as unfounded by the ICCJ on December 9, 2021.*

*File no. **26024/3/2015** - The object of the file: the obligation of the subscriber to pay the amount of 10,048,628.86 lei. ICCJ solution from 01.03.2022: Admits the appeal declared by RAAN and sends the case to a new trial at CAB.*

*File no. **28458/3/2017** - The object of the file: the obligation of the subscriber to pay the total amount of 2,106,843 lei. ICCJ solution: Rejects as unfounded the appeal declared by the Company against the civil decision no. 825/2021 of May 12, 2021 pronounced by CAB. final*

*File no. **28460/3/2017** - The object of the file: the obligation of the subscriber to pay the total amount of 12,346,063 lei. CAB solution 27.09.2021: Suspends the trial of the appeal until the final settlement of the files no. 28458/3/2017, no. 26024/3/2015.*

• CET Govora

File no. 2428/2/2014 - through the appeal that is the object of the introductory request, the plaintiff CET Govora requests the annulment of the Decision of the President of ANRE no. 738 / 28.03.2014, and by the Clarification submitted on 29.10.2014 requested that, in case of admission of the appeal, to order the refund of the amounts of money withheld by the administrator of the support scheme, NPG Transelectrica SA, in execution of the overcompensation decision, for the recovery of the amount of 53,742,755 lei.

By the Meeting Notes registered in the file on 13.10.2021, respectively from 04.01.2022, the plaintiff CET Govora SA requests the admission of the request for clarification of the action submitted for the term of 29.10.2014, indicating that the amount extinguished by compensation with the reciprocal receivables between

CET Govora SA and NPG Transelectrica SA is in the amount of 40,507,668.67 lei.

Transelectrica was brought into the case, as a forced intervener, by the close of the hearing on 18.10.2021.

By the request for accessory intervention in the interest of CET Govora SA, Valcea County - Valcea County Council requests the admission of the action formulated by CET Govora and the annulment of the Decision of the President of ANRE no. 738 / 28.03.2014, considering that this is unmotivated, being an illegal act. The ruling is postponed to **13.05.2022**.

• RESITA CITY

File no. **2494/115/2018****, registered with the Caraş Severin Tribunal.

Object of the file: By the request for summons, the plaintiff Resita Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts: 2,129,765.86 lei, representing the rent for the land area temporarily occupied from the forest fund for 2015; 2,129,765.86 lei, representing land rent for 2016; 2,129,765.86 lei, representing land rent for 2018; penalizing legal interest from maturity to actual payment. Solution of the CS Tribunal: Suspends the trial of the summons filed by the plaintiff Resita Municipality, through the Mayor, in contradiction with the defendant Transelectrica, having as object claims, pursuant to art. 413 para. (1) pt.1 C.pr.civ. With an appeal for the duration of the suspension of the trial of the trial, at the hierarchically superior court. Document: Closing - Suspension 22.03.2021.

• NAFA

File no. 8993/299/2018 by which the Company challenged the forced execution initiated on the basis of the executory title no. 13540 / 22.08.2017, which is based on the Tax Decision no. F-MC 439 / 30.06.2017 issued by NAFA - General Directorate for Administration of Large Taxpayers

Solution in brief: Admits the appellant's request for suspension of the trial. Based on art. 413 para. (1) point 1 proc. civil court suspends the trial until the final settlement of **case no. 1802/2/2018**, pending before the Bucharest Court of Appeal, Section VIII administrative and fiscal contentious. With an appeal for the entire duration of the suspension, the appeal request will be submitted to the court of district 1 Bucharest. Delivered in open court. Document: Closing - Suspension 17.04.2018.

File no. 1802/2/2018 - At the deadline of 20.10.2020 - solution in brief: the suspended applications were partially admitted.

Decision no. 122 / 13.03.2018 was partially annulled, regarding the settlement of the appeal filed against the Tax Decision no. F-MC 439 / 30.06.2017 issued by NAFA - General Directorate for Solving Appeals and on 12.07.2017 by NAFA - The General Directorate for Administration of Large Taxpayers, but also the Fiscal Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the taxation decision, in the sense that:

- ✓ removes the obligation to pay the profit tax in the amount of 18,522,280 lei, VAT in the amount of 5,694,636 lei and the fiscal accessories related to these main fiscal debts, in the amount of 48,436,653 lei, fiscal obligations established for the 349 fiscal invoices with special regime found lack of management of the applicant.
- ✓ removes the non-deductible character when calculating the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and ancillary tax receivables related to this amount.
- ✓ removes the non-deductible character when calculating the taxable profit of the amount of 343,629.91 lei. representing "weed removal services" and the obligation to pay the principal and ancillary tax claims in connection with this amount.
- ✓ removes the non-deductible character when calculating the taxable profit of the amount of 230,685,491 lei, representing the expenses with products of promotional nature and protocol and the obligation to pay the main and accessory tax receivables in connection with this amount.
- ✓ removes the non-deductible character of VAT in the amount of 46,417.1 lei, corresponding to the amount of 343,629.91 lei, representing "weed removal services" and the obligation to pay the main and accessory tax receivables in connection with this amount.
- ✓ removes the non-deductible character of VAT in the amount of 37,693.88 lei related to the amount of 230,685.49 lei, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and accessory tax receivables in connection with this amount.
- ✓ removes the mention regarding the obligation of the Sibiu Transport Branch within NPG Transelectrica S.A. to register the amount of 576,846.80 lei as taxable income, at the latest on 30.06.2010, the date on which the registration of the verified unit at the credit table was accepted with this amount, the

mention regarding the character of taxable income when calculating the profit of the amount of 576,846.80 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 regarding the Fiscal Code with the subsequent amendments and completions, corroborated with point 23 let. d of GD 44/2004 comprising the Methodological Norms for the application of Law no. 571/2003, the chapter regarding the profit tax, respectively chapter VII the function of the accounts from the Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations compliant with the European directives and the obligation to pay the main and ancillary tax receivables in connection with this amount.

- ✓ removes from the Minutes the finding made regarding the “determination of the deductible value added tax lower than the one registered by the plaintiff, thus resulting in a difference in the amount of 13,141 lei” (annex no. 15) and the obligation to pay the main tax receivables and accessories in connection with this amount.
- ✓ removes the obligation to pay late payment penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of starting the tax inspection, regarding the main tax obligations that were maintained by the court by this decision, as established by the Tax Decision no. F-MC 439 / 30.06.2017, issued on 12.07.2017, by NAFA - DGAMC, Tax Decision no. F-MC 439 / 30.06.2017, issued by NAFA - DGAMC and by Decision no. 122 / 13.03.2018, regarding the settlement of the appeal formulated against the Tax Decision no. F-MC 439 / 30.06.2017, issued by NAFA - General Directorate for the Settlement of Appeals.

The other provisions of the Decision no. 122 / 13.03.2018 are maintained, regarding the settlement of the appeal filed against the Tax Decision no. F-MC 439 / 30.06.2017. Otherwise, dismissed claims are rejected as unfounded.

Dismisses as unfounded the claim for costs consisting of the judicial stamp duty. Obliges the defendants, jointly and severally, to pay to the plaintiff the court costs in the amount of 4,000 lei, representing a fee for carrying out the expertise in the accounting-taxation specialty, proportionally with the admission of the request.

Transelectrica and NAFA filed an appeal in March 2022. Judgment period: **10.05.2022**

• **CONAID COMPANY SRL**

The object of the file no. **36755/3/2018** is a finding of unjustified refusal to conclude an additional act contracting RET connection C154 / 2012 and claims

amounting to 17,216,093.43 lei, the damage suffered and 100,000 euros, equivalent to the estimated unrealized benefit.

Judgment period: **07.06.2022** - the expert evidence is administered.

• **OPCOM**

File no. **22567/3/2019** - Object of the file: action in common law claims.

Obligation of 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 equivalent value of VAT, related to the contribution brought by NPG Transelectrica SA to the share capital of OPCOM SA, issued based on the Loan Agreement no. 7181RO / 2003, commitment for financing the “Electricity Market Project” investment project.

Obligation of 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 penalizing legal interest, calculated for non-payment on time of the invoice series TEL 16 AAA no. 19533 / 29.07.2016.

Suspends the trial of the case until the final settlement of the case 31001/3/2017, having as object an action for annulment of the decision of the GMO Opcom (in which Transelectrica is not a party and in which on 01.02.2021 it was ordered to reject the declared appeals, the solution being final) .

TMB Solution Admits the prescription exception. Dismisses the action as time-barred. With the right to appeal within 30 days from the communication, which is submitted to the Bucharest Tribunal, Civil Section VI. Pronounced by making the solution available to the parties through the court registry. Document: Decision 3021 / 03.12.2021. To date, the decision in this case has not been drafted. After the drafting and communication of the Civil Sentence no. 3021 / 03.12.2021, the Company will be able to appeal against this decision.

File no. **24242/3/2021** - Bucharest Tribunal, Civil Section VI - Object of the file: The applicant OPCOM requests the finding of nullity act - contribution in kind.

Judgment period: **26.09.2022** for the administration of evidence.

• **GRAND VOLTAGE**

The file no. **796/3/2021**, registered before the Bucharest Tribunal, has as object the request for summons, by which the plaintiff Grand Voltage requests the obligation of the defendant NPG Transelectrica SA to repair the

damage caused to the undersigned in the amount of 6,125,822.13 lei as following the culpable non-execution of the obligations related to the Works Contract no. C 111 / 23.05.2018 regarding "Connection of 100kV OHL Isaccea -Varna and 400 kV OHL Isaccea-Dobrujda in the 400 kV substation Medgidia Sud Stage II-OHL 400kV d.c. Medgidia Sud Station Connections".

Judgment period: **09.05.2022** - no report of expertise.

- **ANRE**

File no. 4921/2/2014 requesting either the modification of Order no. 51 / 26.26.2014, or the issuance of a new order, in which to recalculate the value of RRR at the level of 9.87% 1,0359, according to Transelectrica's internal analyzes) or, insofar as this request will be rejected, using the same percentage of 8.52% set by ANRE for 2013 and the first half of 2014.

On 06.10.2020, the request was rejected with the following solution in brief: the objection of inadmissibility was rejected as unfounded. The action was dismissed as unfounded. With appeal within 15 days from the communication. Pronounced by making the solution available to the parties, through the court registry. Decision 362/2020.

At the deadline of 11.01.2021, the request for completing the device is admitted. It is ordered to complete the operative part of the civil sentence no. 362 / 06.10.2020 with the solution given on the request for accessory intervention, in the sense that: the request for accessory intervention, formulated by the intervener ALRO SA in support of the defendant ANRE is admitted. With the right to appeal within 15 days from the communication, the appeal request will be submitted to the Bucharest Court of Appeal.

Transelectrica declared an appeal that will be judged on **11.05.2022**. The dispute did not affect the relationship with ANRE.

- **COURT OF AUDIT**

The object of the file with no. **1658/2/2014** is "cancellation of control documents" - Conclusion no. 7 / 20.02.2014 issued by the Court of Accounts

At the deadline of 13.06.2018, the action of the plaintiff-Transelectrica SA is admitted in part. Cancels in the conclusion part no. 7 / 20.02.2014, decision no. 37 / 9.12.2013 and the control report no. 35521 / 6.11.2012 issued by the defendant regarding the measures ordered by the decision indicated above in 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 partial measurement from point II.13 in the sense of removing the phrase "including those found in the case of facts issued by SC FLOREA ADMINSTRARE

IMOBILIARĂ SRL". Dismisses the remainder of the applicant's action as unfounded. Approves the report of technical expertise on electricity prepared in the case of expert Toaxen Vasile.

Obliges the defendant to pay to the plaintiff the amount of 121,375 lei in court costs (partially the fees of experts for the judicial stamp duty). With the right to appeal within 15 days of communication. Document: Decision 2771 / 13.06.2018. Transelectrica filed an appeal on June 14, 2019.

In the public hearing of 21.10.2020, the appeals declared by the plaintiff and the defendant against the sentence no. 2771 of June 13, 2018 of the CAB - Section VIII administrative and fiscal contentious, as unfounded. Definitive.

- **Appeal against CCR Decision no. 8 / 27.06.2017**

As a result of an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of deficiencies found during this audit. The company filed a number of 8 appeals against the measures ordered by the Romanian Court of Accounts (CCR) by Decision no. 8 / 27.06.2017, requesting their cancellation, as well as the Conclusion no. 77 / 03.08.2017, registered at the Company's registry under no. 29117 / 08.08.2017, respectively of the Control Report no.19211 / 26.05.2017. The appeals are pending before the Bucharest Court of Appeal (2 cases: file no. **6576/2/2017** regarding the annulment of the findings from points 7.1, 7.2 and 8, as well as the measure ordered in point II.10, deadline 20.01.2021, solution : the exceptions of inadmissibility, invoked by the objection, are rejected, the request is rejected, as unfounded and file no. **6581/2/2017** regarding the annulment of the findings from point 6 as well as the measure ordered in point II.9, with trial on **13.05. 2022**) and on the role of the High Court of Cassation and Justice (file no. **6578/2/2017**, regarding the annulment of the findings from point 9 as well as the measure ordered in point II.11, trial on **08.06.2022**).

Five cases were definitively resolved, by rejecting the request for annulment by the Bucharest Court of Appeal and rejecting the appeals by the High Court of Cassation and Justice (file no. **6574/2/2017** regarding the annulment of the findings from point 5.2 as well as the measure ordered in point II.8, file no. **6577/2/2017** regarding the annulment of the findings from point 13 as well as of the measure ordered in point II.13, which became file no. **1614/1/2020**, file no. **6580/2/2017** concerning the annulment of the findings in point 10 as well as the measure provided for in point II.12, the file no. **6582/2/2017** regarding the annulment of the findings from point 11 as well as the measure ordered in point I.5 and the file no.**6583/2/2017** regarding the annulment of

the findings from point 5.1 as well as the measure ordered in point II.7 and II.8).

At the same time, the Company is involved in litigation with former members of the Management Board and the Supervisory Board, and for these litigations the

Company has updated the provisions representing the equivalent value of the OAVTs (options for virtual shares), but also in lawsuits related to contract price adjustment claims. according to GEO no. 114/2018.



Annexes

ANNEX 1: Stand-alone statement of financial position

[RON mn]	Q1 2022	2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,822	3,815	8	-
Assets of the usage rights for leased assets - buildings	28	30	(2)	(7%)
Intangible assets	7	7	-	1%
Financial assets	82	82	-	-
Total non-current assets	3,939	3,933	6	-
Current assets				
Inventories	42	40	2	4%
Trade and other receivables	3,443	2,996	448	15%
Cash and cash equivalents	90	252	(162)	(64%)
Income tax to be recovered	18	21	(3)	(15%)
Total current assets	3,593	3,309	284	9%
Total assets	7,532	7,242	290	4%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	-	-
<i>Subscribed share capital</i>	733	733	-	-
Share premium	50	50	-	-
Legal reserves	138	138	-	-
Revaluation reserves	753	769	(17)	(2%)
Other reserves	34	31	3	11%
Retained earnings	1,659	1,634	25	2%
Total shareholders' equity	3,366	3,355	11	0%
Non-current liabilities				
Long term deferred revenues	447	443	4	1%
Long term borrowings	73	79	(6)	(8%)
Other loans and assimilated debts - Non-current building lease liabilities	21	23	(2)	(9%)
Deferred tax liability	117	117	(1)	(1%)
Employee benefits liabilities	60	60	-	-
Total non-current liabilities	718	723	(5)	(1%)
Current liabilities				
Trade and other liabilities	3,142	3,034	108	4%
Other loans and assimilated debts - Current building lease liabilities	8	8	-	1%
Other tax and social security liabilities	11	14	(3)	(23%)
Short-term borrowings	216	25	191	767%
Provisions	39	52	(13)	(25%)
Short-term deferred revenues	32	32	-	1%
Total current liabilities	3,447	3,164	283	9%
Total liabilities	4,166	3,887	278	7%
Total shareholders' equity and liabilities	7,532	7,242	290	4%

ANNEX 2: Stand-alone profit or loss statement - unaudited

[RON mn]										
Indicator	Q1 2022	Q1 2021	2021	2020	Budgeted Q1 2022	Achieved Q1 2022 vs 2021	Achieved Q1 2022 vs 2021 (%)	Achieved vs Budgeted Q1 2022	Achieved vs Budgeted Q1 2022 (%)	
0	1	2	3	4	5	6=1-2	7=1/2	8=1-5	9=1/5	
Operating revenues										
Transmission revenues	419	323	1252	1035	406	96	9%	13	3%	
System services revenues	134	173	624	795	148	(39)	(5%)	(14)	(9%)	
Balancing market revenues	665	220	1823	495	409	445	90%	256	63%	
Other revenues	13	10	57	42	9	2	6%	3	33%	
Total operating revenues	1,231	726	3,756	2,367	972	504	21%	258	27%	
Operating expenses										
System operating expenses	274	109	576	310	222	165	53%	51	23%	
Balancing market expenses	657	212	1810	495	409	445	90%	248	61%	
Technological system services expenses	121	143	610	566	142	(22)	(4%)	(20)	(14%)	
Depreciation and Amortisation	63	64	274	268	68	(1)	(0%)	(5)	(7%)	
Personnel expenses	61	49	244	273	67	12	4%	(7)	(10%)	
Repairs and maintenance expenses	18	15	97	98	24	3	3%	(6)	(23%)	
Materials and consumables	3	2	10	8	3	1	14%	(1)	(25%)	
Other operating expenses	21	37	123	170	39	(15)	(9%)	(17)	(45%)	
Total operating expenses	1,218	631	3,745	2,188	974	587	27%	244	25%	
Operating profit	13	96	11	180	(2)	(83)	(46%)	15	n/a	
Finance income	2	2	6	10	2	(0)	(1%)	(0)	(11%)	
Finance expenses	4	3	15	15	2	1	4%	1	60%	
Net finance result	(2)	(1)	(9)	(5)	(0)	(1)	(14%)	(2)	n/a	
Profit before income tax	11	94	2	175	(3)	(84)	(48%)	13	n/a	
Income tax	3	12	1	30	0	(10)	(33%)	2	n/a	
Profit	8	82	0.45	145	(3)	(74)	(51%)	11	n/a	

ANNEX 3: Stand-alone cash flow statement – unaudited

[RON mn]	Q1 2022	Q1 2021	Δ
Cash flows from operational activities			
Profit of the period	8.03	81.97	(73.9)
Income tax expense	2.53	12.45	(9.9)
Amortisement expense	62.65	63.96	(1.3)
Expenses with adjustments for trade receivables impairment	0.48	0.41	0.1
Revenues from reversal of adjustments for trade receivables impairment	(0.28)	(0.81)	0.5
Losses from various debtors	0.00	0.04	(0.0)
Net expenses with adjustments for various debtors impairment	0.07	(0.24)	0.3
Net expenditures with adjustments for inventories impairment	0.30	0.68	(0.4)
Net profit/ loss on sale of tangible assets	0.05	0.03	0.0
Net expenditures on adjustments of value regarding tangible assets	0.00	0.30	(0.3)
Net Expenses/Income regarding provisions for risks and expenses, net	(12.76)	(15.90)	3.1
Interest expense, interest revenue and unrealised exchange rate gains	1.40	1.87	(0.5)
Cash flows before changes to working capital	62.47	144.76	(82.3)
Changes in:			
Clients and assimilated accounts - energy and other activities	(704.98)	(57.72)	(647.3)
Clients – balancing	259.31	(3.79)	263.1
Clients – cogeneration	(2.54)	3.33	(5.9)
Inventories	(1.67)	1.24	(2.9)
Trade and other liabilities - energy and other activities	453.02	(78.90)	531.9
Liabilities - balancing	(325.35)	(26.04)	(299.3)
Liabilities - cogeneration	4.04	(10.50)	14.5
Debts paid Tax decision NAFA	0.00	(2.14)	2.1
Other loans and assimilated debts - Building lease	0.00	(2.19)	2.2
Other taxes and social insurance liabilities	(3.34)	(5.08)	1.7
Deferred revenues	7.55	7.05	0.5
Cash flows from operational activities	(251.48)	(29.99)	(221.5)
Interests paid	(1.60)	(1.04)	(0.6)
Income tax paid	0.00	(2.51)	2.5
Net cash generated from operational activities	(253.08)	(33.55)	(219.5)
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(91.30)	(111.92)	20.6
Received Interests	0.25	0.76	(0.5)
Net cash used in investments	(91.05)	(111.16)	20.1
Cash flows used in financing activities			
Repayments of non-current borrowings	(5.96)	(5.87)	(0.1)
Use of cogeneration credit line	45.57	0.00	45.6
Use of working capital credit line	145.11	0.00	145.1
Building leasing payments	(2.65)	(2.61)	(0.0)
Dividends paid	(0.04)	(0.01)	(0.0)
Net cash used for financing	182.04	(8.48)	190.5
Net increase/(diminution) of cash and cash equivalents	(162.10)	(153.19)	(8.9)
Cash and cash equivalents on 1 January	252.23	554.00	(301.8)
Cash and cash equivalents at the end of the period	90.13	400.82	(310.7)

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	Q1 2022	2021
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.04	1.05
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	8.6%	3.1%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	7.9%	3.0%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	143.24	122.21
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.31	0.94

* The clients contributing to the turnover (energy, balancing, other clients, and clients with invoices to issue) were taken into consideration. The values corresponding to doubtful clients, the cogeneration scheme and the overcompensation were not included in the average balance.

ANNEX 5: Amending the Company's articles of association in Q1 2022

At the time of drafting this report, there are no amended articles of association in 2022.

ANNEX 6: Appointment/recalling deeds in January-March 2022

Directorate

At the meeting of 23.03.2022, the Supervisory Board members unanimously decided to extend by two months, starting with April 25, 2022, and until June 24, 2022, the mandates of the following provisional Directorate members: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin-Constantin NADOLU, and Florin-Cristian TĂTARU.

Also, pursuant to art. 64² paragraph (1) of GEO no.109/2022 on the corporate governance of public enterprises with later amendments and additions, they appointed Mr. Bogdan TONCESCU as a provisional Directorate member for a term of two months, starting with April 25, 2022 and ending with June 24, 2022.

Supervisory Board

- According to the SOGA Decision no. 3/18.04.2022, it was decided to appoint, starting with April 22, 2022 and until August 21, 2022, the following members of the Company's Supervisory Board: Oana-Cristina BALACCIU; Adrian-Nicolae BLĂJAN; Cătălin-Andrei DASCĂL; Victor-Florin DUMITRIU; Dumitru Virgil ORLANDEA; Costin-Mihai PĂUN; Alexandru-Cristian VASILESCU, with a term of four months.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q1 2022 to procure assets, services and works, which value is above 500,000 Euro/purchase (for assets and works) and above 100,000 Euro/purchase (for services)

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				thousand RON	thousand Euro			
0	1	2	3	4	5	6	7	8
1	C 588/2022	Revolving bank credit agreement for financing the working capital of NPG Co. Transelectrica SA	12	4,017.03	-	Services	Law 99/2016 + GD 394/2016	One's own procedure
2	C 624/2022	Revolving bank credit line	12	3,710	-	Supply	Law 99/2016 + GD 394/2016	One's own procedure
3	C 518/2022	Domestic and international air passenger services (framework agreement)	24	2,533	-	Services	Law 99/2016 + GD 394/2016	Open tender
4	SB 27/2022	Specialized security services, monitoring, intervention and intervention in special situations at TTU Sibiu facilities	4	829.7	-	Services	Law 99/2016 + GD 394/2016	One's own procedure
5	SB 28/2022	Cleaning and sanitation services at TTU Sibiu headquarters and substations	24	820.9	-	Services	Law 99/2016 + GD 394/2016	Open tender
6	BA 5/2022	Cleaning services at TTU Bacău and DET facilities	24	718.4	-	Services	Law 99/2016 + GD 394/2016	Open tender
7	TM 25/2022	Cleaning services at TTU Timișoara headquarters - LOT 1 Timiș County	24	502.5	-	Services	Law 99/2016 + GD 394/2016	Open tender

Annex 6 – Glossary

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”	Regulated asset base
„BSE”	Bucharest Stock Exchange, operator of the regulated market where the Shares are transacted
„CEE”	European Economic Community
„Company”. „CNTEE”. „TEL”	National Power Grid Company Transelectrica SA
„OTC”	One’s own Technological Consumption (grid losses)
„SB”	Supervisory Board
„DEN”	National Power Dispatcher
„EBIT”	Operational profit before interest and income tax
„EBITDA”	Operational profit before interest, income tax and amortisement
„EBT”	Operational profit before income tax
„ENTSOE”	European Network of Transmission and System Operators for Electricity
„GD”	Governmental decision
„IFRS”	International Financial Reporting Standards
„OHL”	Overhead lines
„Leu”, „Lei” or „RON”	Romania’s official currency
„MPF”	Ministry of Public Finance
„MO”	Romania’s Official Gazette
„GO”	Governmental ordinance
„OPCOM”	Operator of Romania’s Electricity Market OPCOM SA
„GEO”	Governmental emergency ordinance
„DAM”	Day-ahead Market
„RET”	Electricity Transmission Grid, electric network of national and strategic interest and nominal line voltage above 110 kV
„SEN”	National Power System
“RS”	Secondary control – frequency restoration reserve
“RTL”	Slow tertiary control – replacement reserve
„SMART”	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
„FSS”	Functional system services
„TSS”	Technological system services
„TEL”	Stock exchange indicator for Transelectrica
„TSR”	Total shareholders’ return
„EU”	European Union
„m.u.”	Measuring unit
„USD” or “US dollars”	American dollar, official currency of the United States of America
„WACC”	Weighted average cost of capital

