



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 model with a tall tower. The sky is filled with soft, white and grey clouds, and the overall lighting is warm and golden.

NPG Co. TRANSELECTRICA S.A.

Half-yearly report
January – June 2022

	Key figures	3
	Financial data	4
	Operational data	17
	RET Development	21
	Significant events	24
	Other issues	30
	Annexes	35

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

**In accordance with the provisions of article 65 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 30 June 2022**

Report date:	August 12, 2022
Name of trading company:	NPG Co. TRANSELECTRICA S.A., company managed under two-tier system
Registered office:	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:	1,334,117,184 RON (18.20 RON/share as of 30.06.2022)
Accounting standard applied:	International financial reporting standards
Audit:	The half-yearly financial statements drawn up on 30.06.2022 have not been audited. The amounts corresponding to the date of 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 six months' period ended on 30 June 2022 have been elaborated in accordance with the International Accounting Standard 34 "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, August 12, 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 H1 2022 vs H1 2021

KEY FIGURES

FINANCIAL

2,604	RON mn	▲	83%	Revenues
			y/y	
164	RON mn	▼	-35%	EBITDA
			y/y	
28	RON mn	▼	-73%	Net profit
			y/y	
26.90	TWh	▼	-5%	Charged energy volume**
			y/y	

OPERATIONAL

2.23%	*	▼	- 0.44	pp	OTC
			y/y		
21.34	TWh	▼	-0.02%		Transmitted energy***
			y/y		

175	RON mn	▼	-18%	Acquisition of tangible and intangible assets
			y/y	

215.73	RON mn	▲	244%	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 H1 2022 financial results have not been audited. The summary of the financial results as of June 30, 2022 in the extended version is presented in the Annexes to this Report.

Stand-alone profit or loss statement - unaudited results				
[RON mn]	H1 2022	H1 2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	26.90	28.28	(1.37)	(4.86%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	858	635	223	35%
Transmission and other revenues on the electricity market, of which:				
<i>Regulated tariff</i>	833	616	217	35%
<i>Other revenues on the electricity market</i>	694	579	114	20%
<i>Interconnection</i>	12	15	(3)	(21%)
Other revenues	127	21	106	n/a
Other revenues	25	19	6	31%
Operating expenses	714	421	294	70%
System operating expenses	466	202	264	131%
Repairs and maintenance expenses	41	37	4	11%
Personnel expenses	132	113	19	17%
Other expenses	75	69	7	10%
EBITDA	143	214	(71)	(33%)
Depreciation	128	130	(2)	(2%)
EBIT	15	84	(69)	(82%)
ZERO PROFIT ACTIVITIES				
Operating revenues	1,747	787	959	122%
Technological system services revenues	252	318	(66)	(21%)
Balancing market revenues	1,495	469	1,026	219%
Operating expenses	1,726	748	978	131%
Technological system services expenses	231	291	(61)	(21%)
Balancing market expenses	1,495	456	1,039	228%
EBIT	21	39	(19)	(47%)
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	2,604	1,422	1,182	83%
Operating expenses	2,440	1,168	1,272	109%
EBITDA	164	253	(89)	(35%)
Depreciation	128	130	(2)	(2%)
EBIT	36	123	(87)	(71%)
Financial result	(3)	(2)	(1)	(47%)
EBT	33	121	(88)	(73%)
Income tax	5	17	(12)	(70%)
Net profit	28	104	(76)	(73%)

Stand-alone statement of financial position				
[RON mn]	H1 2022 -unaudited-	2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,839	3,815	25	1%
Assets representing rights of use under a lease - buildings	26	30	(4)	(13%)
Intangible assets	9	7	2	32%
Financial assets	86	82	4	5%
Total	3,961	3,933	27	1%
Current assets				
Inventories	41	40	1	3%
Trade and other receivables	2,914	2,996	(82)	(3%)
Profit tax recoverable	16	21	(5)	(23%)
Cash and cash equivalents	111	252	(142)	(56%)
Total	3,082	3,309	(227)	(7%)
Total assets	7,042	7,242	(200)	(3%)
Shareholders' Equity	3,389	3,355	34	1%
Non-current liabilities				
Long term deferred revenues	441	443	(2)	(0%)
Long term borrowings	67	79	(12)	(15%)
Other loans and assimilated debts - Non-current building lease liabilities	19	23	(4)	(17%)
Other non-current liabilities	174	177	(3)	(2%)
Total	702	723	(21)	(3%)
Current liabilities				
Trade and other liabilities	2,705	3,034	(329)	(11%)
Short-term borrowings	157	25	132	n/a
Other loans and assimilated debts - Current building lease liabilities	8	8	0	1%
Other current liabilities	81	98	(17)	(17%)
Total	2,951	3,164	(213)	(7%)
Total liabilities	3,653	3,887	(234)	(6%)
Total shareholder's equity and liabilities	7,042	7,242	(200)	(3%)

Stand-alone statement of cash flows - unaudited results				
[RON mn]	H1 2022	H1 2021	Δ	Δ (%)
Cash flows before changes to working capital	161	233	(72)	(31%)
Cash flows from operating activities	(81)	155	(237)	n/a
Net cash from operating activities	(86)	137	(223)	n/a
Net cash used in investing activities	(171)	(212)	42	20%
Net cash used in financing activities	115	(17)	132	n/a
Net increase/(decrease) in cash and cash equivalents	(142)	(93)	(49)	(53%)
Cash and cash equivalents as of 1 January	252	554	(302)	(54%)
Cash and cash equivalents at the end of the period	111	461	(351)	(76%)

Operational results



I. Charged volume of electricity

In the period January–June 2022, the total volume of electricity charged for the services provided on the electricity market (26.90 TWh) registered a decrease of 5% compared to the same period of 2021 (the difference between the two periods being - 1.37 TWh).

II. Profit-allowed activities segment

Operational revenues

The **profit-allowed activities segment** registered a 35% increase in revenues (RON 858 mn in H1 2022 compared to RON 635 mn in H1 2021), mainly determined by the increase in transmission revenues and other revenues on the energy market (RON 833 mn in H1 2022 compared to RON 616 mn in H1 2021). The increase in revenues is influenced by the increase in the average transmission tariff (for revenues from the regulated transmission tariff), amid the decrease in the volume of electricity delivered to consumers, as well as by the evolution of interconnection revenues.

Between January-June 2022, **the revenues from interconnection capacity allocation** registered a significant increase of RON 105.8 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.

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

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).

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

The 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 Inter TSO Compensation (ITC)

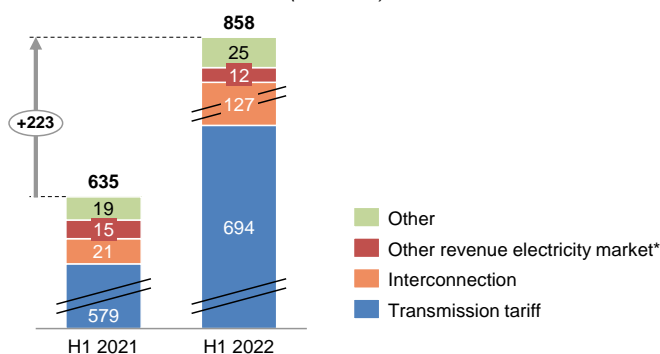
These revenues were lower in the first semester of 2022 compared to the first semester of 2021, the reduction being caused by the international political situation that led to a drastic decrease in scheduled energy exchanges with Ukraine.

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.

In the first semester of 2022 (as during 2021), the main factors that had a significant impact on revenues/expenditures in energy transactions to cover OTC, 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 profit-allowed activities
(RON mn)

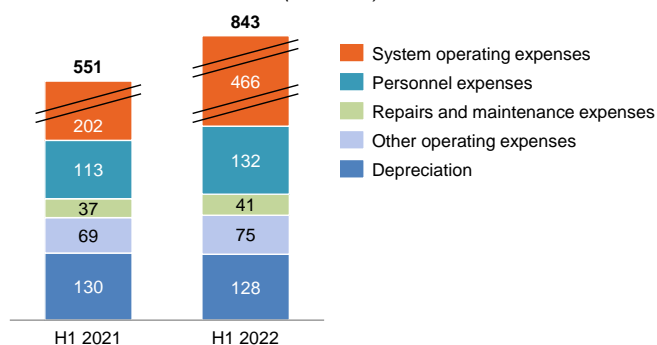


* ITC, reactive energy, OTC transactions, energy exchanges

Operating expenses

In the profit-allowed activities segment, expenses (including depreciation) registered an increase of 53% (RON 843 mn in H1 2022 compared to RON 551 mn in H1 2021).

Operating expenses from allowed profit activities
(RON mn)

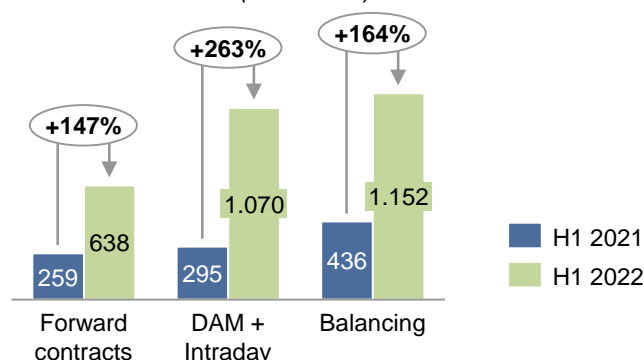


OTC: In H1 2022, the net costs of purchasing energy to cover own technological consumption are in the amount of RON 422.9 mn, higher by 156% (+RON 258 mn) compared to H1 2021, considering the following aspects:

- 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 H1 was more than 3 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;
- 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;
- following the publication of Emergency Ordinance no. 27/18.03.2022 regarding the measures applicable to final customers on the electricity and natural gas market during 01 April 2022 - 31 March 2023, a series of bilateral contracts were concluded directly with energy producers with delivery starting from April 2022, covering about 75% of the estimated own technological consumption, which reduces the need to purchase energy to cover OTC from the spot market and creates a more stable framework for forecasting OTC costs and revenues.

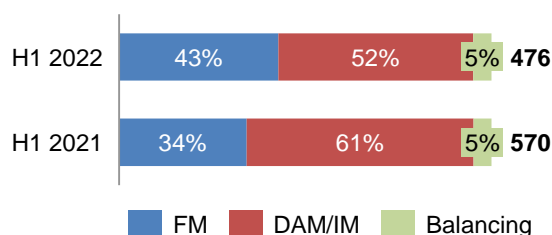
Average acquisition prices*
(ron/ MWh)



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

On all markets there are considerably higher average prices than in H1 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 registered an increase of 101% between January-June 2022 compared to January-June 2021 (RON 20.6 mn in H1 2022 compared to RON 10.3 mn in H1 2021) due to the increase in electricity purchase prices but also to the applicable legislative changes starting on 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.

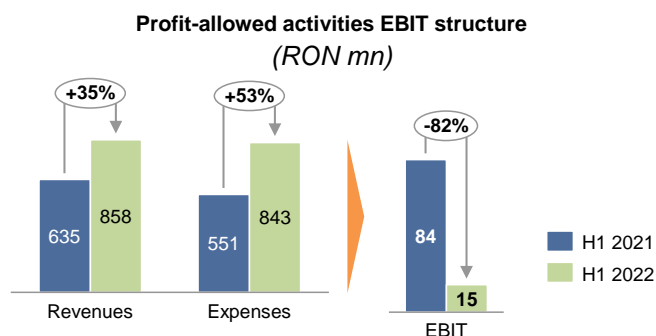
Inter TSO Compensation (ITC) expenses

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-June 2022 these expenditures were 17% higher than in the same period of the previous year.

Operational result

Profit allowed activities registered negative result in H1 2022, decreasing by RON 69 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 H1 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.

Zero-profit activities segment

Revenues from zero-profit activities registered a significant increase of 122% (+ RON 959 mn), from RON 787 mn on 30 June 2021 compared to RON 1,747 mn on 30 June 2022 mainly determined by the increase by RON 1,026 mn of revenues on the balancing market.

The segment of **zero-profit activities** registered a 131% increase in costs (RON 1,726 mn on June 30, 2022 compared to RON 748 mn on June 30, 2021), mainly determined by the increase in expenses on the balancing market.

The balancing market was mainly influenced by the following aspects:

- 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 made at 15 minutes' granularity, the single settlement price on the balancing market have had and will have significant impact on the revenues/costs of the balancing market.

The revenues regarding the balancing market achieved in H1 2022 were higher by RON 1,026 mn compared to those in H1 2021.

The expenses regarding the balancing market made in H1 2022 were higher by RON 1,039 mn compared to those made in H1 2021. These expenses result from the notifications/achievements of the participants on this market.

For the management of the balancing market, according to ANRE regulations, the non-zero monthly balances (revenue surpluses) resulting from this activity are to be compensated by ex-post tariff correction (negative correction) applied by ANRE in the tariff in the years

following the one in which the respective balances were recorded.

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 H1 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.

During January-June 2022, revenues from technological system services recorded a percentage decrease of 21% compared to January-June 2021 (RON 252 mn on June 30, 2022 compared to RON 318 mn on June 30, 2021), determined by reduction of the tariff approved by ANRE for these services under the conditions of the reduction of the volume of electricity delivered to consumers by a percentage of 4.86%.

The value of expenses regarding technological system services in H1 2022, recorded a decrease in percentage of 21% compared to those in H1 2021 (RON 231 mn H1 2022 compared to RON 291 mn in H1 2021)

The amount of TSS procurement costs for H1 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 at the value of 79.10 lei/hMW;
 - ✓ the average purchase price of the fast tertiary control reserve, power surge to the value of 43.80 lei/hMW;
 - ✓ the average purchase price of the fast tertiary control reserve, power reduction to the value of 9.42 lei/hMW.
- during the first semester of 2022: a high level of concentration of the technological system services market for secondary reserve system technological services (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.

For the activity of technological system services, according to ANRE regulations, the income surplus/deficit compared to recognized costs resulting from the performance of this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the in which the respective surplus/deficit was registered. The income surplus/deficit compared to the costs resulting from the performance of this activity is calculated on tariff programming periods.

Operational result

EBIT generated by **zero-profit activities** recorded a positive result of RON 21 mn, down RON 19 mn compared to the one recorded in the same period last year.

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

III. Company gross result (EBT)

Total operational revenues

The total operating revenues achieved in the January-June 2022 interval registered an increase in percentage of 83% compared to the same period of the previous year (RON 2,604 mn in S1 2022 compared to RON 1,422 mn in S1 2021), mainly determined by the increase in the average tariff of transport in the conditions of the decrease in the amount of electricity delivered to consumers, as well as the significant increase in revenues achieved on the balancing market.

Total operational expenses

The total operational expenses (including depreciation) realized in the January-June 2022 interval registered an increase of 98% compared to the similar period of the

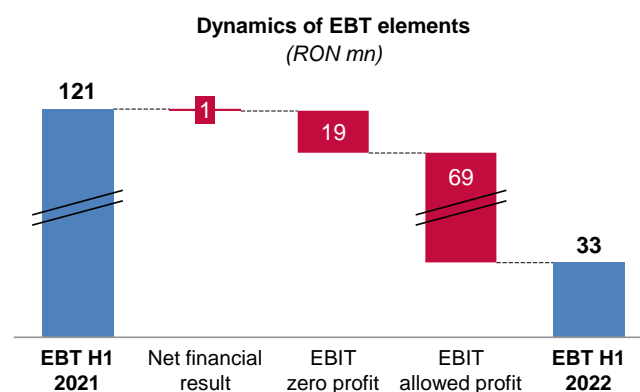
previous year: RON 2,568 mn in S1 2022 compared to RON 1,298 mn in S1 2021).

The gross result registered a decrease in the analyzed period, from RON 121 mn in S1 2021 to RON 33 mn in S1 2022.

The centralized short-term markets organized by the Electricity Exchanges recorded unprecedented historical prices, this situation being influenced by the international context on the energy market, accentuated by the conflict in Ukraine.

No significant price drops are expected for the next period.

The dynamics between the result recorded in S1 2022 compared to S1 2021, broken down by the constituent components of the result, is presented in the following graph:

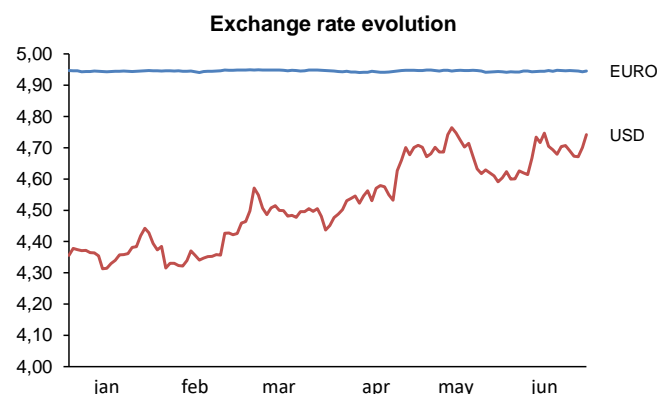


IV. Financial result

The net financial result recorded in S1 2022 is negative in the amount of RON 2.7 mn.

It was mainly influenced by the interest rates applied during the analyzed period together with the exchange rate differences related to bank loan contracts for the financing of investment programs.

The evolution of the leu/euro and leu/usd exchange rate in S1 2022 is shown in the following graph:



V. Net result

The net result decreased during the analyzed period, reaching RON 28 mn in S1 2022, compared to RON 104 mn recorded in S1 2021.



FINANCIAL POSITION

I. Non-current assets

In the first half of 2022, compared to 2021, fixed assets registered a slight increase in the amount of RON 27 mn, against the background of the increase in tangible assets underway determined mainly by the completion of investment works in high-voltage power stations 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, 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 June 30, 2022, the accounting value of the usage rights for Company-leased spaces in the Platinum Office Building amounted to RON 26 mn.

Financial assets

On June 30, 2022 they registered an increase of RON 4 mn compared to December 31, 2021, the value on June 30, 2022 being RON 86 mn.

II. Current assets

Current assets registered a percentage decrease of 7% on June 30, 2022 (RON 3,082 mn) compared to the value recorded on December 31, 2021 (RON 3,309 mn), mainly due to the decrease in trade receivables but also in cash and cash equivalents.

Trade receivables show a decrease of RON 82 mn (RON 2,914 mn on June 30, 2022 compared to RON 2,996 mn on December 31, 2021). The most important developments were:

- customers from the operational activity which, due to the decrease in energy consumption in the first semester of 2022 compared to the second semester of 2021, generated a lower balance of receivables from the operational activity (RON 1,338 mn on June 31, 2022 compared to RON 1,408 mn on December 31, 2021).

- customers on the balancing market, who, due to the increase in the volume of transactions, recorded a higher balance of customers from contracts concluded for this type of activity on June 30, 2022 (RON 596.5 MN) compared to December 31, 2021 (RON 567 mn).

The main customers in the electricity market are represented by: MAVIR, OPCOM, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, TENNET TSO, RAAN, Hidroelectrica, Enel Energie SA, E.ON Energie Romania SA.

The share of the clients presented above is about 73% in total trade receivables.

On June 30, 2022, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration in the proportion of approximately 9% (similar to December 31, 2021) of total trade receivables. The 11% decrease related to the balances of the analyzed period was determined, mainly, by the decrease in the invoiced value for the collection of the monthly contribution, correlated with the decrease in electricity consumption.

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

On June 30, 2022, the Company records receivables in the amount of RON 184 mn, represented by the invoices issued related to the bonus support scheme for the promotion of high-efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 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 consumer 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.

Until the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for the year 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 the year 2022, from the following producers: Bepco SRL, Complexul Energetic Hunedoara, Complexul Energetic Oltenia, CET Govora, Colonia Cluj Napoca Energie, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouilaj SA, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

In order to settle the receivables generated by overcompensation and undue bonus, the Company requested the producers qualified in the support scheme to make mutual compensations. For the producers (RAAN, CET Govora) who did not agree with this way of clearing mutual claims and debts, the Company applied and continues to apply the provisions of art. 17 para. 5 of the ANRE President's Order no. 116/2013 for the approval of the Regulation on establishing the method of collecting the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration and withheld from the payment the amounts related to the due support scheme.

Other receivables on June 30, 2022, in the amount of RON 170 mn mainly include:

- Sundry debtors (RON 105 mn), of which:
 - late payment penalties calculated for non-paying customers, in the amount of RON 96.77 mn (of which the amount of RON 35.36 mn represents penalties related to the support scheme). The largest late payment penalties were registered by the 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 8.91 mn), 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 non-delivery of electricity: Arelco Power (RON 0.99 mn) and Enol Grup (RON 2.54 mn).
 - the claim to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of RON 4.52 mn.
- expenses recorded in advance in the amount of RON 18.08 mn are mainly represented by: expenses

related to the purchase of OTC (RON 10.2 mn), international ENTSO-E contribution (RON 1.4 mn), annual ANRE contribution for the year 2022 (RON 1.8 mn), taxes and charges related to the year 2022 (RON 1.6 mn), office building rent and maintenance (RON 0.7 mn), RCA and CASCO policies;

- other social claims in the amount of RON 3.2 mn representing medical leaves paid by the employer to employees and to be recovered from the National Health Insurance House, according to the legislation in force.

Down payments to suppliers paid on June 30, 2022 are represented by debtor suppliers for services in the amount of RON 661 mn, down 6% compared to December 2021 when they were in the amount of RON 701 mn. The balance mainly represents amounts from transactions related to the price coupling mechanism (*ICP – Interim Coupling Project, SIDC – Single Intraday Coupling, SDAC – Single Day-ahead Coupling and FBMC – Flow Based Market Coupling*) in the amount of RON 633.6 mn – for ICP, FBMC and SDAC and RON 27.5 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 the cooperation between the Designated Operators of the Electric Energy Market (OPEED) and the Transmission and System Operators (OTS) from Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

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

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

Recoverable VAT represents the unrecovered amount on 30.06.2022 amounting to RON 183.8 mn. As of the date of this report, the Company has collected RON 44.5 mn from the amount to be recovered.

Transelectrica's policy is to record impairment adjustments for loss of value in the amount of 100% for litigious, insolvent and bankrupt customers and 100% of trade receivables and other receivables not collected in a period greater than 180 days, with except for

outstanding claims generated by the support scheme. The Company also performs an individual analysis of trade receivables and other uncollected receivables.

The largest existing impairment adjustments in the balance at June 30, 2022, represent 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), Romelectro SA (RON 14.4 mn) Total Electric Oltenia SA (RON 14.2 mn), Romenergy Industry (RON 13.5 mn), GETICA 95 (RON 12 .5 mn), Elsaco Energy (RON 9.3 mn), RAAN (RON 8.5 mn).

III. Liabilities

Long-term liabilities in the amount of RON 702 mn on June 30, 2022 registered a percentage decrease of 3% compared to the value recorded on December 31, 2021 in the amount of RON 723 mn.

Interest-bearing debts

As of June 30, 2022, the amount of long-term borrowings decreased compared to December 31, 2021 mainly due to repayments made under existing loan agreements. Instead, the value of short-term loans increased from the balance of RON 25 mn in December 2021 to RON 157 mn on June 30, 2022 by using some amounts from the short-term bank loans contracted for current activity.

At the same time, current debts registered a percentage decrease of 7%, from RON 3,164 mn on December 31, 2021 to RON 2,951 mn on June 30, 2022, mainly due to the reduction of trade debts and other debts.

The following had an impact on the evolution of trade payables:

- **suppliers on the energy market** that decreased by RON 258 mn and register a balance in the amount of RON 1,635 mn in S1 2022 compared to RON 1,893 mn in 2021.

This evolution was mainly influenced by:

- the reduction of the *balance of debts related to the operational activity* by RON 131 mn, which was mainly determined by the payment in the second quarter of 2022 of the outstanding payment obligations, resulting mainly from the coupling of the electricity markets.

The suppliers on the electricity market are mainly represented by: IBEX, MAVIR, Hidroelectrica SA, OPCOM, Electrocentrale Bucuresti SA, S Complexul energetici Oltenia SA, Joint Allocation Office, CINTA Energy SA, CIGA Energy SA, Electrica Furnizare SA.

On June 30, 2022, their share in total energy suppliers is 89%.

- *the significant decrease in debts related to the support scheme to suppliers (producers)* by RON 167 mn was determined by the reduction in the value of the monthly bonus for high-efficiency cogeneration from June 2022, compared to December 2021.

On 30 June 2022, payment obligations to suppliers (producers) are recorded in the amount of RON 35.5 mn (RAAN – RON 2.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, the ante-overcompensation for the years 2014 and 2015, the bonus not granted for the year 2015.

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

- **fixed assets suppliers** decreased by RON 53.6 mn due to the payment of overdue payments,
- **“other debts”** which decreased by RON 27 mn, from the balance of RON 965.5 mn in 2021 to RON 938.4 mn in H1 2022.

The structure of “other debts” is presented as follows:

- *sundry creditors* in the amount of RON 155 mn (increased by RON 9.6 mn compared to December 31, 2021) are mainly represented by the net position of the support scheme regarding high-efficiency cogeneration, debt position, in the amount of RON 147 mn and solution study contracts for connection to RET (RON 5.3 mn),
- *creditor customers* on June 30, 2022 amount to RON 708 mn (they decreased by RON 44 mn compared to December 31, 2021) and represent amounts received in advance from OPCOM (RON 352 mn), MAVIR (RON 347 mn) , and IBEX (RON 8.7 mn) in transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling) .
- *the debt for fixed assets related to the rights of use of assets leased - buildings*, according to the provisions of IFRS 16 - Leasing contracts, amounts to RON 27 mn (long-term debt RON 19 mn, short-term debt RON 8 mn).
- *other debts* in the amount of RON 47.8 mn are represented, mainly, by the good payment guarantees of the contracts on the electricity

market concluded by Transelectrica in the amount of RON 27.5 mn and VAT not due during the reporting period in the amount of RON 19.9 mn.

Provisions recorded a decrease in value in the first semester of 2022 compared to 2021, from RON 51.7 mn on December 31, 2021 to RON 38.4 mn on June 30, 2022, a decrease mainly determined by:

- the decrease in the value of the provisions set up for litigation which on June 30, 2022 amount to RON 20.5 mn compared to RON 31.2 mn recorded at the end of 2021,

- provisions for mandate contracts which on June 30, 2022 show a balance of RON 17.9 mn and which mainly represent the remuneration of executive and non-executive administrators (the variable component related to the OAVT packages allocated and not capitalized during the mandates executed in the period 2013-2017), as much as the remuneration of the variable component, the non-competition compensation and the one related to the fixed gross monthly allowances remaining until the end of the mandate, i.e. 2024, compared to December 31, 2021 when their balance was 20.4 RON mn.

IV. Shareholders' equity

The equity registered an increase determined mainly by the recording in the retained earnings of the net profit in the amount of RON 28 mn, achieved on June 30, 2022. Thus, the equity on June 30, 2022 amounts to RON 3,389 mn compared to RON 3,355 mn in December 31, 2021.

DEVELOPMENT OF SHARES

(01-Jan-2022 - 30-June-2022)

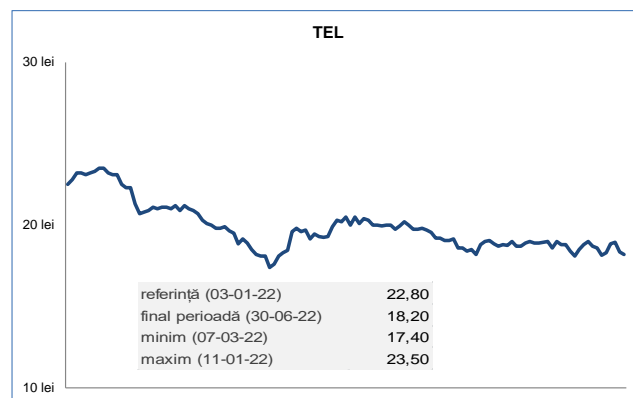
Symbol:	TEL
ISIN:	ROTSELACNOR9
Type:	Shares
Segment:	Main
Category:	Premium
Status:	Tradeable

2022 started with a trading price of 22.80 RON/share. At the end of the period, the stock market capitalization was RON 1,334 mn, finding the share at a price of 18.20 RON/share. The minimum trading price was recorded on 07.03.2022, of 17.40 RON/share, the maximum of 23.50 RON/share was 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 decreased by 20% compared to the reference value from the beginning of the year, implicitly the value of the market registering a decrease of RON 337 mn.

Development of TEL share



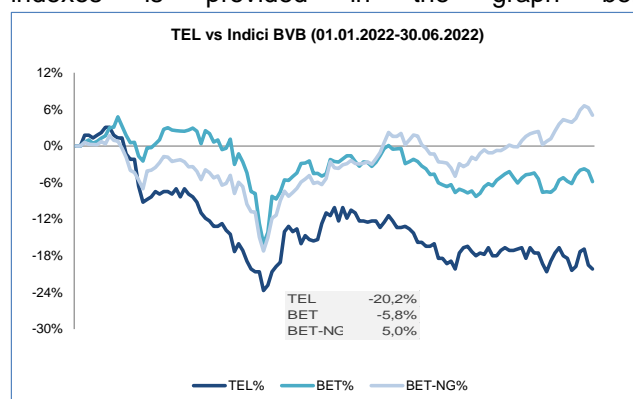
During the first semester of 2022, the trading of TEL shares on the capital market in Romania recorded 8,129 transactions with an average number of 66 transactions/day and 1,080,092 traded shares, with a total value of 21,459 thousand RON.

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 last adjustment date recorded on 10.06.2022, TEL shares have a weight of 1.08% in the BET index and 3.45% 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. Until this date, the Company has not been in a position to receive notices of early repayments, as it has fulfilled its assumed obligations.

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

- credit risk: a financial loss due to the inability or refusal of a contractual partner to fulfill its contractual obligations. This risk mainly results from trade receivables, cash and cash equivalents. In the

first semester of 2022, no problems were encountered in the relationship with clients and banking partners, the invoices being collected on time, at maturity.

- risk of not cashing securities under investment projects: the main cause of this type of risk results from the existence of banking companies or insurance companies that offer guarantee services without having the financial capacity to honor their obligations under the instruments of warranty issued. During the first semester, this risk did not materialize at the level of the Company,
- the risk of non-fulfillment of legal conditions: fines caused by non-conformities reported during periodic control activities by authorized institutions (ANAF, CCR, MFP, etc.). Also, at the level of the first semester of 2022, this risk did not materialize,
- the fiscality level, including the introduction of new charges and taxes.

In the first half of 2022, other identified risks that could influence the financial performance of the Company:

- the risk of deterioration of the credit rating as a result of the deterioration of indicators and the macro-political climate or/and the deterioration of the Company's financial performance. This risk reflects a complex of factors, with a potential effect on the increase in financing costs on the credit market, which can significantly affect the Company considering the substantial amount of capital needed to be attracted to finance the investment plan for the coming years. Until the date of this report, the Moody's rating agency has not issued another rating, the Company being rated with a Baa3 rating (a rating that was granted in October of 2021). However, there is a risk that the rating agencies will downgrade Romania (the Company's rating is strongly dependent on the sovereign rating) as a result of the accelerated inflation that exceeded the 10% percentage, but also of the uncertain situation at the country's borders. investment risk as a result of financial difficulties at the level of the subsidiaries caused both by historical debts, the competitive environment and their own management;
- difficult process of procurement of works from the RET Maintenance Program, a fact that can lead to its incomplete completion;
- difficult procurement process of works from the Annual Investment Program, a fact that can lead to its achievement below the programmed quantitative or qualitative levels.

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

- the volatility of the market of constructions and materials in the energy field, as well as the current geopolitical context, have determined a spectacular increase in prices and implicitly in the budgets and quotations of investment projects financed from non-reimbursable European funds, with an impact on the value of the Company's contribution to project financing,
- the amendment of the legislation in the field of price adjustment related to contracts within projects financed from non-reimbursable European funds, for the rebalancing of contracts, generated uncertainties related to the way of applying the adjustment formulas and different interpretations, for the different types of contracts concluded or to be concluded, a fact that induced syncope in the implementation of the projects and in complying with the work execution plans, with an effect on the assumed implementation deadlines.

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

In this context, the Company faces in certain periods a lack of cash liquidity caused by:

- the unpredictability of the market manifested by the sharp and rapid increase in prices, in the context of the increase in the price of the carbon emissions certificate, of a level of electricity production capacities insufficient to replace the production based on fossil fuels, especially that on coal, in the context of the liberalization of the market, the lack of competition between producers and suppliers for the purchase of energy, in order to be able to fulfill their contracts with the many customers who have opted for the free market.

- accelerated price increases both on the Day-Ahead Market and on the Intraday Market, and the increased volume of transactions carried out by the Company in order to achieve coverage of OTC as close as possible to the time of delivery;
- a significant increase in the time gap (more than 3 months) in which the State Budget reimburses the VAT to be collected, the Company being unable to build up the liquidity necessary to pay the due payment obligations on time.

To combat this situation, Transelectrica resorted to short-term financing by contracting credits in the form of revolving credit lines.

The Company pays attention to efficient treasury management by maintaining sufficient liquid resources to be able to honor obligations as they fall due, as well as the availability of financing through active credit facilities.

During the first semester of 2022, the Company was not unable to meet its financial obligations.

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

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

Transelectrica attaches due importance to the analysis of the risk environment and the early identification of possible risks that may appear in the future and whose approach must be prepared in advance.



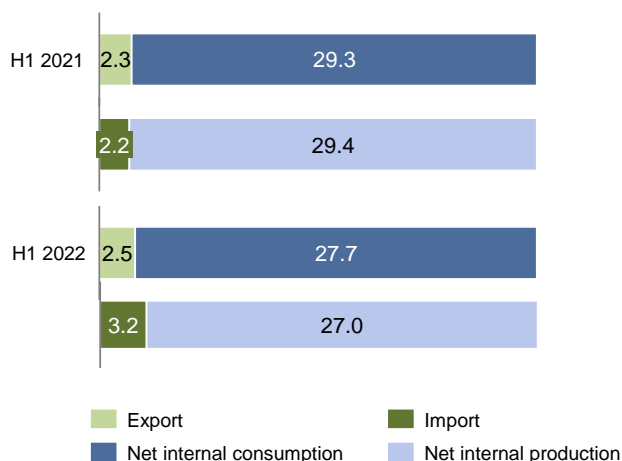
Operational data

ENERGY BALANCE WITHIN SEN

Analyzing the evolution of the components of the energy balance, between January and June 2022, there were decreases in net internal consumption¹ and net energy production, by 5% and 8%, respectively, compared to the same period of the previous year.

Physical cross-border export exchanges in H1 2022 have increased by 6% compared to H1 2021, and cross-border import flows have increased by 47%.

Energy balance
(TWh)



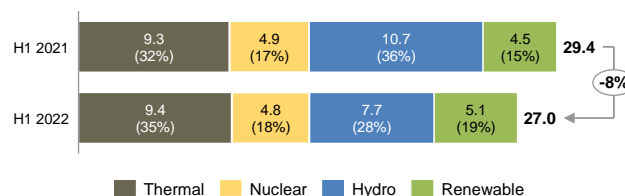
GENERATION MIX

Regarding the production mix, in the period January - June 2022 compared to the similar period of 2021, there was a decrease in the Nuclear component by 2% and in the Hydro component by 28%. Increases were recorded from the Thermal component, in percentage of 2% and from Renewable sources in percentage of 13%.

Analyzing the weights of the components of the net production mix for the period January - June 2022, it is observed that the largest weight, 35%, is represented by the Thermal component followed by the Hydro component 28%, and the energy produced from renewable and nuclear sources have a weight of approximately 19% and 18% 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)

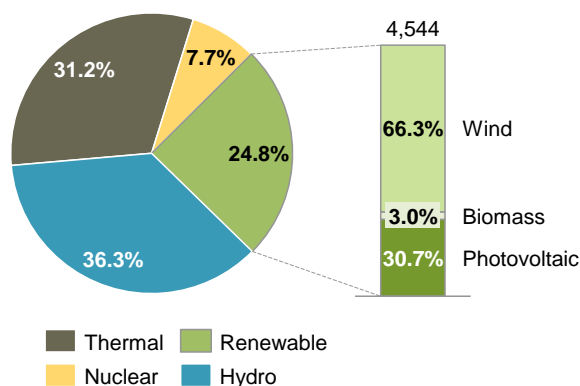


NATIONAL GENERATION FLEET

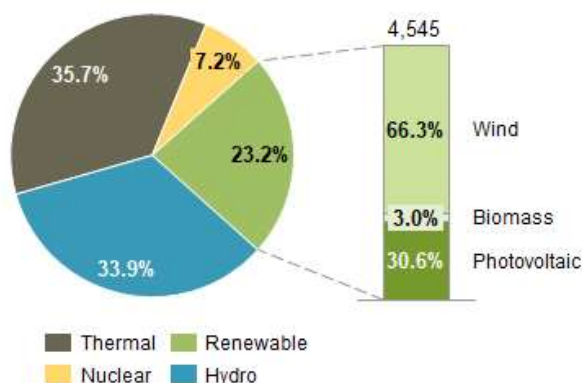
The power installed in thermal power plants decreased by approximately 18%, from 6,982 MW installed on June 30, 2021, to 5,708 MW installed on June 30, 2022.

The installed power related to the period January - June 2022 versus January - June 2021 is shown in the following graphs:

Installed capacity H1 2022 (18,308 MW, gross)



Installed capacity H1 2021 (19,583 MW, gross)



In the first semester of 2022, electricity consumption at the SEN level recorded decreases in all six calendar months.

The first semester of 2022 ended with a decrease in consumption that was influenced on the one hand by the increase in the prices of primary fuels, a phenomenon that was reflected in the final price of electricity, and on the other hand, by the average monthly temperatures that systematically recorded positive anomalies, being above the climatological norms.

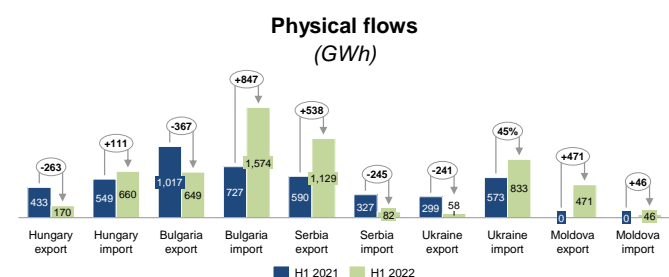
CROSS-BORDER FLOWS

The distribution of physical import/export flows on the interconnection lines in the January - June 2022 interval compared to January - June 2021 is presented as follows:

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

Concretely, compared to the interval January - June 2021, physical export flows decreased with Bulgaria (-36% -367 GWh), with Hungary (-61% - 263 GWh) and with Ukraine (-81% - 241 GWh) and have increased on the border with Serbia (+538 GWh) and with Moldova (+471GWh), simultaneously with the increase in physical import flows on the interconnection lines with Bulgaria (+847 GWh), with Hungary (+20% +111 GWh) with Ukraine (+45% +260 GWh), and with Moldova (+46 GWh) and decrease on Serbia (-75% -245GWh).

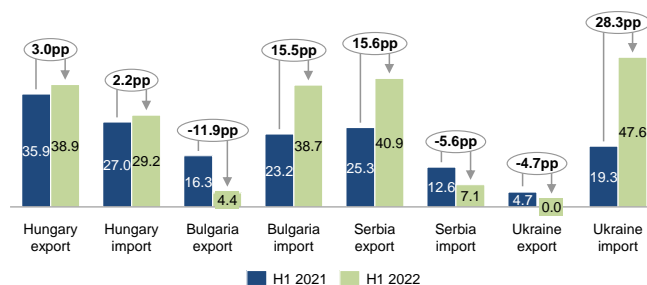
The physical flows of both imports and exports at each border are shown below:



Between January and June 2022, the degree of utilization of the total capacity allocated on the interconnection lines increased for export on the border with Serbia and on the import direction it increased significantly on the border with Ukraine.

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

Usage rate of total allocated capacity (%)



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

Compared to the first semester of 2021, there was generally an increase in the degree of utilization of the capacity allocated to imports, respectively a 15% increase in import trade, a 10% decrease in export trade and 98% of transited energy, against the background of much lower hydraulics compared to last year and under conditions of lower internal electricity consumption compared to the similar period in 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 semester of 2021, in the first semester of 2022 the OTC in RET decreased by approx. 17%, and the percentage OTC decreased from 2.67% to 2.23%.

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

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 april 2022 OTC decreased by 2.4% compared to April 2021, mainly due to the more advantageous distribution of production, which led to the reduction of energy transport at a distance from the sources. The percentage of losses related to the electricity into RET decreased from 2.58% in 2021 to 2.49% in 2022.

The energy entered into the loop increased by 1.1% in April 2022 (38.0 GWh) compared to similar period from 2021, as a result of increase of 8.6% (35.5 GWh) of energy received from import and 1.3% (4.4 GWh) of energy received of RED, against the background of the decrease of 0.1% (1.9 GWh) of that received from producers connected to the RET. The amounts of precipitation were higher, which caused the corona losses to increase.

In May 2022 OTC decreased by 24.8% compared to May 2021 mainly due to the more advantageous distribution of physical flows on interconnection lines and the favorable distribution of production, which led to the reduction of energy transport at distance from sources, but also due to the favorable weather conditions, characterized by lower precipitation, which determined the reduction of corona losses.

The percentage of losses relative to the energy entering in RET decreased from 2.59% in 2021 to 1.9% in 2022. The energy entering the loop increased by 2.5% (79.2 GWh) in May 2022 compared to the similar period from 2021, as a result of the increase in energy received from producers directly connected to the RET by 6.3% (159.9 GWh) and that from imports by 49.4% (113.5 GWh), in the conditions of the decrease in energy received . from RED by 41.4% (194.2 GWh).

In June 2022, the OTC decreased by 11.6% compared to June 2021, as a result of the decrease in the energy entered into the RET outline, the favorable distribution of

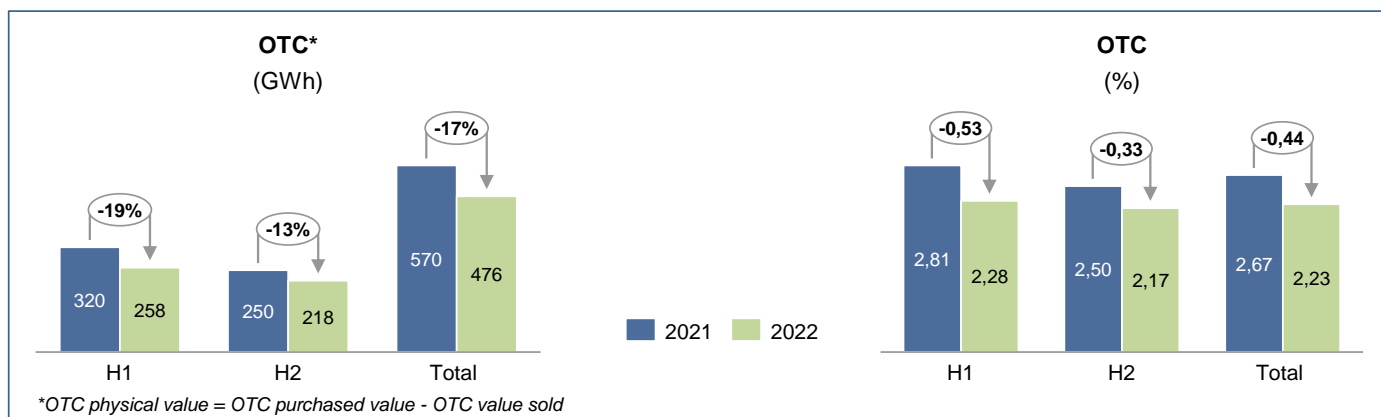
production in the territory, which led to the reduction of energy transport at a distance from sources, but also of favorable weather conditions, characterized by lower precipitation, which determined the reduction of corona losses. The percentage of losses relative to the energy entered into the RET decreased from 2.35% in 2021 to 2.11% in 2022.

The energy entered into the loop decreased by 1.6% (55.1 GWh) in June 2022 compared to the similar period from 2021, against the background of the decrease in energy received from producers directly connected to the RET by 3.8% (104.5 GWh) and that received from RED by 55.9% (266.2 GWh), in the conditions of the increase in energy received from import by 143.7% (315.6 GWh).

In conclusion, for the first quarter of 2022 as a whole, the OTC in the RET decreased by approximately 19.4% compared to the similar period in the first quarter of 2021, as a result of the more advantageous distribution of physical flows on the interconnection lines in the first two months and favorable weather conditions throughout the period, factors that determined the reduction of corona losses. Compared to the energy entered into the circuit, the losses decreased from 2.81% to 2.28%.

On the whole of the second quarter of 2022, the OTC in the RET decreased by approx. 12.8% compared to the same period in 2021, as a result of the favorable distribution of production in April and June and the advantageous distribution of physical flows on the interconnection lines in May, which led to the reduction of long-distance energy transport from sources, but also due to the favorable weather conditions in May and June, which determined the reduction of corona losses. Compared to the energy entered into the circuit, the losses decreased from 2.5% to 2.17%.

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





RET development

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on June 30, 2022 compared to June 30, 2021 was determined by the increase in the value of assets in progress simultaneously with the recording of depreciation of tangible assets.

The value of fixed assets recorded in the accounting in the first semester of 2022 is RON 215.7 mn (RON 62.7 mn in the same period of 2021), increasing by RON 153 mn.

The balance of tangible assets under construction on June 30, 2022, in the amount of RON 823.9 mn, is represented by ongoing projects, the most significant being listed below:

- 400 Kv OHL d.c. Cernavodă - Pillar and connection in Gura Ialomiței – RON 301.6 mn;
- Switching to 400 kV voltage of Portile de Fier - Reșita - Timișoara - Săcălaz - Arad - Stage I - LEA 400kV s.c. Iron Gates - (Anina) – Reșita – RON 102.4 mn;
- Connection to RET of CEE 300 MW Ivesti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new Station (400)/220/110 kV Banca – RON 46.9 mn;
- 400 kV OHL d.c. Gutinaș – Smârdan – RON 37.3 mn;
- Refurbishment of the 220/110 kV Iaz Station – RON 33.2 mn;
- Modernization of Munteni 400 (220)/110/20 kV Station – RON 33.1 mn;
- Refurbishment of the 400/110/20 kV Smârdan Station – RON 25.8 mn;
- Modernization of Arefu 220/110/20 kV Station – RON 23.8 mn
- Extension of the Gura Ialomiței 400 kV Station with two bays: LEA 400 kV Cernavodă 2 and 3 – RON 17 mn;
- Switching to the 400 kV voltage of the Portile de Fier - Resita - Timișoara - Săcălaz - Arad - Stage I - Resita 400/220/110 kV Station – RON 16 mn;
- Modernization of Dumbrava 220/110 kV Station – RON 14.3 mn;
- Mobile bays of 110 kV, 220 kV and 400 kV – RON 14.3 mn;
- Refurbishment of the 110 kV Medgidia Sud Station – RON 13.8 mn;

- Extension of the 400 kV Cernavodă Station - Stage I+II, Replacement of 2 compensation coils, Connection of new lines – RON 12.2 mn;
- Refurbishment of the 220/110/20 kV Ungheni Station – RON 11.6 mn;
- Refurbishment of the 220/110/20 kV Baru Mare Station – RON 10.1 mn;
- Refurbishment of the Timișoara 110 kV Station and Switching to the 400 kV voltage of Portile de Fier - Anina - Reșita - Timișoara - Săcălaz - Arad, stage II: Timișoara 400 kV Station – RON 8.9 mn;

PROCUREMENT OF ASSETS

Purchases of tangible and intangible assets in S1 2022 amount to RON 174.7 mn, down compared to the same period of 2021 when purchases amounted to RON 213.7 mn.

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

- 400 Kv OHL d.c. Gutinaș – Smârdan – RON 29.6 mn;
- Refurbishment of the 220/110 kV Iaz Station – RON 17.1 mn;
- Refurbishment of the Smârdan 400/110/20 kV Station – RON 12.8 mn;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cells in the Iernut Station and modernization of the command control system of the 400/220/110/6 kV Iernut Station – RON 11.5 mn;
- Switching to 400 kV voltage of Portile de Fier - Resita - Timișoara - Săcălaz - Arad - Stage I - LEA 400kV s.c. Iron Gates - (Anina) – Reșita – RON 9.7 mn;

In the first semester of 2022, the largest transfers from tangible fixed assets in progress to tangible fixed assets, in the amount of RON 215.7 mn, are mainly represented by the commissioning of investment objectives, the most significant of which are listed below:

- Connection of the Isaccea-Varna 400 kV OHL and the Isaccea-Dobruja 400 kV OHL in the Medgidia Sud 400 kV Station, Stage I - Extension of the Medgidia Sud 400 kV Station – RON 58.6 mn;
- Refurbishment of the 220/110 kV Hășdat Station – RON 54.3 mn;

- Modernization of the 220/110/20 kV Răureni Station – RON 25.4 mn;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cells in the Iernut Station and modernization of the command and control system of the 400/220/110/6 kV Iernut Station – RON 19.9 mn;
- Modernization of the 110 kV and 400 (220 kV) installations in Focșani West Station – RON 8.4 mn.



INVESTMENTS AS OF 30.06.2022

The breakdown of investment expenses on June 30, 2022 on the main chapters of the annual investment program correlated with the main chapters of the Company's Development Plan, is presented as follows:

No.	Types of expenditures	2022 Investment Programme* (thou. RON)	Achieved (thou. RON)	
			H1 2022	H1 2021
	General total (A+B)	468,292	158,620	242,059
A	Company's own expenses	447,239	149,015	231,621
B	Investments financed from the connection fee	21,053	9,605	10,438

*2022 AIP A5 revision

The degree of completion of the investment program on June 30, 2022 is 33.9%. Compared to the achievements in the first semester of 2021, the investment expenses realized decreased by 34.5%.

EUROPEAN FUNDS

In the first semester of 2022, 8 project files were drawn up and submitted to the Ministry of Energy in order to access non-refundable financing through the Modernization Fund in the amount of 401,412,513 euros. The project contracting process is expected to be completed in the second semester of 2022.

At the same time, in the first semester of 2022, the implementation of 2 investment projects financed from

non-reimbursable European funds took place, as follows:

- *400 kV OHL d.c. Gutinaș Smârdan* (For the construction of the ohl, 445 21 m high towers will be used, equipped with cables, insulation and protective conductors, including an end bay in the Gutinaș station), as well as
- *The internal line between Cernavodă-Stâlpu* (financed from European funds within the Connecting Europe Facility (CEF) mechanism).

At the same time, the preparation of the financing application related to the project of common interest (included on the List of Projects of Common Interest of the EU) - Carpathian Modernization of Energy Network (CARMEN) is underway, for accessing non-reimbursable European funds through the Mechanism for Interconnecting Europe, program managed by the European Climate Infrastructure and Environment Executive Agency (CINEA) – European Commission.

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 – JUNE 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)		21,340,716 lei	

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%

- **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.

- **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.

- **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 million 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.

- **Decision no. 5 of the Extraordinary General Meeting of Shareholders of May 16, 2022**

The extraordinary general meeting of shareholders, on May 16, 2022 decided:

- completion of the Company's object of activity with the activities codified according to CAEN: 3511 Electricity production and the corresponding modification of the Constitutive Act by adding in art. 6 lit. 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 renewable energy plants - CAEN code 3511*".
- moving the registered office of the Company from the Municipality of Bucharest 1, Bldv. General Gheorghe Magheru no. 33, 1 in the Municipality of Bucharest 3, str. Olteni no. 2-4, "Platinum Center" Building and the corresponding amendment of art. 3 paragraph (1) of the Articles of Association, the new wording being the following:
“(1) "Transelectrica" has its main headquarters in Romania, Bucharest City, Olteni str. no. 2-4, sector 3, "Platinum Center" Building and secondary headquarters in Bdul. Hristo Botev no. 16 – 18, Bucharest 3.”

- **Refurbishment of Hășdat substation**

On May 31, 2022, the Company marked, during an inauguration ceremony, the completion of the re-engineering process of the 220/110 kV Hășdat Electric Transformer Station (Hunedoara county), an investment of over RON 60 mn, made from its own funds.

The modernization of the 220/110 kV Hășdat Station, put into operation in 1970, aimed to bring the installations to a level of safety and reliability corresponding to the area from an energy point of view, by using modern technologies used worldwide.

The investment will contribute to increasing the quality of the energy transport service and increasing the safety of supplying consumers connected to the electric transmission network.

The upgrading of the 220 kV and 110 kV voltage levels creates the conditions for reducing maintenance costs, as well as for remote monitoring and diagnosis of equipment.

- **Registration with the ONRC of the registered office of the Company**

In accordance with the Decision of the General Meeting of Shareholders no. 5/2022, the amendments provided for in the Articles of Association of the National Power Grid Company Transelectrica SA approved by the shareholders in the extraordinary meeting of May 16, 2022 were registered at the National Trade Registry Office (ONRC).

Therefore, the new headquarters of NPG Transelectrica S.A. is in the municipality of Bucharest 3, str. Olteni no. 2-4, Platinum Center Building.

- **Appointment of provisional Directorate members**

In the meeting of June 21, 2022, by reference to the expiration on June 24, 2022 of the mandates of the provisional members of the Directorate of Messrs. Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU, pursuant to art. . 642 para. (1) from GEO no. 109/2011 on the corporate governance of public enterprises with subsequent amendments and additions, the following were appointed as provisional members of the Directorate:

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

The term of office of the members of the Directorate will last 4 months starting from June 25, 2022 with the

possibility of extension, for valid reasons, for another two months, but the term of office will not exceed the date of completion of the selection procedure for the members of the Directorate of the National Power Grid Company Transelectrica-SA under the terms of GEO no. 109/2011, if the procedure will be completed within this interval.

- **Commercial exchanges of electricity with Ukraine/Republic of Moldova**

On June 28, 2022, the Transmission and System Operators (TSOs) of Continental Europe confirmed that the preliminary technical conditions have been met to allow commercial exchanges of electricity between Ukraine and neighboring states.

This process follows the successful synchronization of power systems on March 16, 2022, and the acceptance of Ukrenergo as an observer member of ENTSO-E on April 26, 2022.

These achievements were achieved after intensive efforts by all TSOs in Europe, especially Ukrenergo and operators in neighboring states.

Commercial electricity exchanges with Ukraine/Republic of Moldova are planned to start on June 30, 2022 on the interconnection between Ukraine and Romania.

The commercialization of electricity on the other interconnections (Ukraine-Slovakia, Ukraine-Hungary and Moldova-Romania) will follow later, after finalizing the aspects related to the auction rules.

The total commercial capacity will be limited in the first phase to 100 MW, and after this initial stage, it is expected that the traded values will increase gradually, following a monthly assessment of the impact of the exchanged volumes on the stability and security of the energy system.

LATER EVENTS

- **Convocation of the extraordinary general meeting of shareholders**

The Company's Board convened, in accordance with the provisions of Companies Law no. 31/1990, republished, with subsequent amendments and additions, of Law no. 24/2017 on issuers of financial instruments and market operations, republished, of the A.S.F. Regulation. no. 5/2018 regarding issuers of financial instruments and market operations with subsequent amendments and additions, as well as of the Company's Articles of Association in force, the extraordinary general meeting of shareholders on August 18/19, 2022, having on the agenda:

- approval of some amendments to the Articles of Association:
- Art. 20 paragraph (2), the new wording being the following: “(2) The meetings of the Supervisory Board will be convened by means of a notification sent at least 5 (five) calendar days before the date proposed for holding the meeting. The notice period will not include the day of transmission and the day on which the meeting is to take place. The notification will be sent to all members of the Supervisory Board, according to the provisions of the Articles of Association.”
- Art. 21 paragraph (3) letter (a), the new wording being the following: “(a) purchase of products, services and works, regardless of duration, with a value of over 2,500,000 euros;”
- Art. 21 paragraph (3) letter (b), the new wording being the following: “(b) operations with the object of providing the transport service, the system services and the administration of the wholesale electricity market, operations for the collection the contribution for high-efficiency cogeneration, operations for the payment of the bonus and the restitution of the undue overcompensation/bonus, operations for connection to the RET, for achieving the conditions of coexistence, for releasing the location and execution of these works, technical consultancy and project management, related to these works , sale-purchase operations of the lands necessary for the construction of the new installations according to the RET connection contracts, as well as of the lands necessary for the access roads to these installations, operations of establishment in favor of the National Power Grid Company Transelectrica-SA of some rights of use and servitude, of surface area, of use, of affecting the land in any way or affected by the new installations according to the RET connection contracts, as well as any other operations that will be carried out for the smooth running of the Company’s main activity in accordance with the regulations in force, with a value of over 5,000,000 euros;”
- Art. 21 paragraph (3) by adding letter (g) having the following wording: “(g) changes to the organizational structure (organizational chart) of the Company and the organization and operation regulations;”
- Art. 25 letter b) and will have the following content: “approve with the consent of the Supervisory Board the organizational structure (organization chart) of the Company and the organization and operation regulations;”
- the approval of the “Power transmission grid development plan 2022-2031 - main coordinates”, which contains the presentation of the necessary RET development projects and the scheduling of their

realization in time and the mandate of the Company’s Directorate to approve the changes to the “RET Development Plan 2022-2031” which will occur following the public consultation launched by A.N.R.E., in compliance with the main coordinates approved by the General Meeting of Shareholders.

- **Convocation of the ordinary general meeting of shareholders**

- The Company’s Board convened, in accordance with the provisions of Companies Law no. 31/1990, republished, with subsequent amendments and additions, of Law no. 24/2017 on issuers of financial instruments and market operations, republished, of the A.S.F. Regulation. no. 5/2018 regarding issuers of financial instruments and market operations with subsequent amendments and additions, as well as of Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions and of the Company’s Articles of Association in force, taking into account the request of the shareholder the Romanian State represented by the General Secretariat of the Government, the ordinary general meeting of shareholders on 18/19 August 2022, having on the agenda:
 - Approval of the extension of the term of office of the provisional members of the Supervisory Board of NPG Transelectrica S.A. with two months from the expiry date, starting on 22.08.2022 and ending on 21.10.2022;
 - Approval of the form of the additional act, to the mandate contracts, extending the term of office of the provisional members of the Supervisory Board by two months;
 - The authorization of the representative of the majority shareholder, the General Secretariat of the Government, to sign, on behalf of the company, the additional documents to the mandate contracts of the provisional members of the Supervisory Board of NPG Transelectrica S.A.;
 - Approval of the modification of the form of the mandate contract approved according to Decision no. 3/18.04.2022 of the ordinary general meeting of shareholders and the corresponding modification of the mandate contracts by concluding an additional act;
 - Approval of the update of the fixed allowance of the members of the Supervisory Board of the Company as being in an amount representing twice the average for the last 12 months of the average gross monthly salary for class 35 communicated by the National Institute of Statistics prior to the appointment, according to the legal provisions;

- Approval of the formulation and submission of summons requests against the former members of the Supervisory Board mentioned in the Decision of the Court of Audist of Romania no. 15/2020.

• **Majority shareholder request, completing the AGOA agenda of August 18/19, 2022**

On July 22, 2022, the Romanian State, the Company's majority shareholder, requested the completion of the agenda of the Ordinary General Shareholders' Meeting scheduled for August 18/19, 2022, with the following points:

- "Appointment of 7 provisional members of the Supervisory Board of NPG Transelectrica S.A., with a term of office of four months, starting on August 22, 2022 and ending on December 21, 2022".
- "Approval of the fixed allowance of the members of the Supervisory Board of NPG Transelectrica S.A."

- "Approval of the form of the mandate contract to be concluded with the provisional members of the Supervisory Board of NPG Transelectrica S.A. and authorizing the representative of the majority shareholder, the General Secretariat of the Government, in the Ordinary General Meeting of Shareholders to sign on behalf of the Company the mandate contracts with the persons appointed as provisional members of the Supervisory Board."

The proposals of the General Secretariat of the Government for appointment as provisional members of the Supervisory Board are as follows:

1. ATANASIU Teodor,
2. DASCĂL Cătălin-Andrei,
3. ORLANDEA Dumitru Virgil,
4. PĂUN Costin-Mihai,
5. STERP VINGĂRZAN Gheorghe,
6. VASILESCU Alexandru-Cristian,
7. ZEZEANU Luminița.



Other issues

SHAREHOLDER STRUCTURE

The structure of Company shareholders on 30.06.2022 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	4,007,688	5.5%
Fund NN	16,139,600	22.1%
Other shareholders – legal persons	5,381,978	7.3%
	73,303,142	100%

DIRECTORATE MEMBERSHIP

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

TARIFFS

Transmission tariff (transmission service + functional system service)

Tariff	m.u.	Applied tariff 1 jan – 31 mar 2022	Applied tariff 1 apr – 31 dec 2022	Difference (%)
Average electricity transmission tariff	RON/MWh	23.96	28.10	17.28%
Transmission tariff – electricity injection into the grid	RON/MWh	1.49	2.53	69.8%
Transmission tariff – taking out electricity from the grid	RON/MWh	22.47	25.57	13.8%

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

Thus, compared to the average price of electricity to cover the regulated OTC taken into account ex-ante when calculating the tariffs for the year 2021 of 288.76² lei/MWh, the new average price of electricity to cover the regulated OTC recognized by ANRE was stability. the value of 455.28 lei/MWh.

Considering 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 April 1, 2022, according to ANRE Order no. 33/23.03.2022.

The tariff related to the system service (formerly technological system services), applicable from January 1, 2022, according to ANRE Order no. 124/24.11.2021, did not undergo changes during the second quarter of 2022.

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%

² Price resulting from the calculation: $262.71 * 1.0206 * 1.077 = 288.76$, where:
262.71 lei/MWh – the forecast OTC price for 2021 in real terms of 2019
1.0206 – inflation achieved in 2020

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

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 file no. 2088/107/2016 is "Bankruptcy - Application for enrollment in the credal table".

Transelectrica submitted an application for registration to the credit table with the amount of 16 million lei. The claim was admitted and entered in the preliminary Table

A deadline of 19.09.2022 was set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

• RAAN

The object of file no. 9089/101/2013/a140 is an action in claims/contestation against the additional table of claims against the debtor RAAN.

Observations: As a result of the partial registration of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator announces that only the amount of 11,264,777.30 lei was entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei was rejected, an appeal was filed within the legal term to the additional table of claims.

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

Solution Decision 163/20.06.2019: Admits the exception of lapsing. 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 arising during the procedure, ordering its entry in the table of creditors set up against the debtor RAAN with this amount. Reject the rest of the related requests.

Transelectrica filed an appeal within the legal term. The appeal was dismissed as unfounded. Transelectrica filed a review request for contrary 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. The ICCJ solution: admits the exception of the lateness of the review request. The next deadline is 06.10.2022.

Also, between RAAN and Transelectrica, there are other cases in different stages of trial. Actions by RAAN

against NPG Transelectrica SA deriving from contract no. C137/08.04.2011.

File no. 3694/3/2016 - You claim 15,698,721.88 lei. Court term on 08.11.2021: the case was suspended until the final settlement of Files no. 26024/3/2015 and no. 28458/3/2017. Solution 09.05.2022: Rejects the request to reinstate the pending case as unfounded. With appeal for the entire duration of the suspension.

File no. 24206/3/2015 - Transelectrica requested the court to determine 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 - Subject of the file: obliging the subscription to pay the amount of 10,048,628.86 lei. The ICCJ decision of 01.03.2022: Admits the appeal declared by RAAN and sends the case for a new trial at the CAB. Definitive.

File no. 28458/3/2017 - Subject of the file: obliging the underwriter to pay the total amount of 2,106,843 lei. At the court date 03.03.2022: Rejects as unfounded the appeal declared by the appellant-defendant Transelectrica against the civil decision no. 825/12.05.2021 pronounced by the Bucharest Court of Appeal, in opposition to the respondent-plaintiff RAAN. Definitive.

File no. 28460/3/2017 - Subject of the file: obliging the underwriter to pay the total amount of 12,346,063 lei. CAB decision 09/27/2021: Suspends the judgment of the appeal until the final settlement of files no. 28458/3/2017, no. 26024/3/2015. The decision of 23.05.2022: Rejects as unfounded the request to reinstate the pending case. Keeps the judgment of the appeal suspended.

• CET Govora

File no. 2428/2/2014 - through the appeal that is the subject of the introductory request, the applicant CET Govora requests the annulment of the ANRE President's Decision no. 738/28.03.2014, and by the Clarification submitted on 29.10.2014 requested that, in the event of the admission of the appeal, the restitution of the sums of money withheld by the administrator of the support scheme, NPG Transelectrica SA, in the execution of the overcompensation decision, be ordered, for the recovery of the amount of 53,742,755 lei.

Through the meeting notes recorded in the file on 13.10.2021, respectively from 04.01.2022, the Claimant CET Govora SA requests the admission of the request to specify the action submitted for the term of 29.10.2014, indicating that the amount extinguished by compensation with the mutual claims 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 Closing of the meeting dated 18.10.2021.

Through the request for accessory intervention in the interest of CET Govora SA, Vâlcea County - Vâlcea County Council requests the admission of the action filed by CET Govora and the annulment of the ANRE President's Decision no. 738/28.03.2014, considering that this is unmotivated, being an illegal act. Decision on 16.05.2022: Rejects the summons, as amended, as unfounded. Rejects the request for accessory intervention in favor of the plaintiff, as unfounded.

• REȘIȚA CITY

File no. 2494/115/2018**, registered on the roll of the Caraș Severin Court.

Subject of the file: Through the summons request, the plaintiff Reșița Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts: 2,129,765.86 lei, representing the rent for the temporarily occupied land area from the forestry fund related to 2015; 2,129,765.86 lei, representing land rent related to 2016; 2,129,765.86 lei, representing land rent related to 2018; punitive legal interest from the due date until actual payment.

The solution of the SC Court: Suspends the judgment of the summons request made by the plaintiff Reșița Municipality, through the Mayor, in opposition to the defendant Transelectrica, having as its object claims, based on art. 413 paragraph (1) point 1 of the Civil Code With appeal, how long does the suspension of the course of trial of the trial last, to the hierarchically superior court. Document: Termination - Suspension 22.03.2021.

• NAFA

File no. 8993/299/2018 by which the Company contested the enforced execution started pursuant to enforcement title no. 13540/22.08.2017, which is based on Taxation Decision no. F-MC 439/30.06.2017 issued by ANAF - General Directorate for the Administration of Large Taxpayers

The solution in short: Accept the request for suspension of the judgment formulated by the appellants. Based on art. 413 para. (1) point 1 of the procedural code. civil court suspends the trial until the final settlement of file no. 1802/2/2018, pending at the Bucharest Court of Appeal, Section VIII administrative and fiscal litigation. With appeal for the entire duration of the suspension, the request for appeal will be submitted to the District 1 Court of Bucharest. Pronounced in public session. Document: Conclusion - Suspension 17.04.2018.

File no. 1802/2/2018 - At the deadline of 20.10.2020 - short solution: the lis pendens applications were admitted in part.

Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017 issued by ANAF - General Directorate for the Resolution of Appeals and on 12.07.2017 by ANAF, was canceled in part – The General Directorate for the 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 tax decision, in the sense that:

- ✓ removes the obligation to pay 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 debits, in the amount of 48,436,653 lei, fiscal obligations established for the 349 fiscal invoices with a special regime found to be missing from the applicant's management.
- ✓ 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 the energy suppliers, considered non-deductible following the fiscal inspection and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- ✓ removes the non-deductibility of the amount of 343,629.91 lei when calculating the taxable profit. representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- ✓ removes the non-deductible nature of the taxable profit calculation of the amount of 230,685,491 lei, representing the expenses with products of a promotional nature and the protocol and the obligation to pay the main and accessory fiscal claims in connection with this amount.
- ✓ removes the non-deductibility of VAT in the amount of 46,417.1 lei, related to the amount of 343,629.91 lei, representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to 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 promotional and protocol products and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- ✓ removes the mention regarding the obligation of the Sibiu Transmission 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 subsequent amendments and additions, in conjunction with point 23 letter d from GD 44/2004 including the methodological norms for the application of Law no. 571/2003, the chapter relating to profit tax, respectively chapter VII the function of accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European directives and the obligation to pay the main and accessory fiscal claims in relation to this amount.
- ✓ remove from the Minutes the finding made regarding "the determination of the deductible value added tax lower than that 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 debts and accessories in connection with this amount.
- ✓ removes the obligation to pay late penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection, regarding the main fiscal obligations that were maintained by the court through this decision, as established by the Taxation Decision no.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF – DGAMC, Taxation Decision no.F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, issued by ANAF - General Directorate for Resolution of Appeals.

The other provisions contained in Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, are maintained. The rest of the *lis pendens* requests are rejected as unfounded.

The request for court costs, consisting of the judicial stamp duty, is rejected as unfounded. It obliges the defendants, jointly and severally, to pay to the plaintiff

court costs in the amount of 4,000 lei, representing the fee for carrying out the expertise in the accounting-tax specialty, proportional to the admission of the request.

Transelectrica and ANAF declared an appeal in March 2022. Solution on 24.05.2022: Rejects as unfounded the request for clarification and completion of the device. Accepts the request for the correction of the material error in the sense that the amounts of money as main and accessory fiscal obligations, related to the 349 fiscal invoices, as they appear in the disputed taxation decision, will be mentioned as correct. Orders the correction of the material error in the sense of removing the wrong name of the plaintiff from the content of the appealed sentence.

• **CONAID COMPANY SRL**

The object of file no. 36755/3/2018 is Finding unjustified refusal to conclude an additional deed to the RET connection contract C154/2012 and claims in the amount of 17,216,093.43 lei, the damage suffered and 100,000 euros, the counter value of the estimated unrealized benefit.

Court term: 28.09.2022 – the expert evidence is still administered.

• **OPCOM**

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

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

Obliging the defendant OPCOM SA to pay the amount of 1,293,778.27 lei related to invoices TEL 19 T00 no. 17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019 representing the legal penal interest, calculated for non-payment of the invoice series TEL 16 AAA no. 19533/29.07.2016.

Suspends the judgment of the case until the final settlement of file 31001/3/2017, having as its object an action to annul the decision of the Opcom AGM (in which Transelectrica is not a party and in which on 01.02.2021 it was decided to reject the declared appeals, the solution being final) .

The TMB solution accepts the prescription exception. Reject the action as time-barred. With the right of appeal within 30 days from the communication, which is filed at

the Bucharest Court, Civil Section VI. Pronounced by making the solution available to the parties through the mediation of the court registry. Document: Decision 3021/03.12.2021. Until now, the judgment pronounced in this file has not been drafted. After drafting and communicating Civil Sentence no. 3021/ 03.12.2021, the Company will be able to file an appeal against this decision. Transelectrica has filed an appeal, which has no set court date.

File no. 24242/3/2021 - Bucharest Court 6th Civil Section - Subject of the file: OPCOM plaintiff requests declaration of nullity of act - contribution in kind.
Court term: 26.09.2022 for evidence administration.

• **GRAND VOLTAGE**

File no. 7976/3/2021, registered on the roll of the Bucharest Court, is the subject of the summons, through which the plaintiff Grand Voltage requests the obligation of the defendant NPG Transelectrica SA to repair the damage caused to the subscription in the amount of 6,125,822.13 lei as a result of the culpable non-execution of the obligations related to Works Contract no. C 111/23.05.2018 regarding the "Connection of the Isaccea-Varna 100kV LEA and the Isaccea-Dobruja 400kV LEA in the Medgidia Sud 400kV station Stage II-LEA 400kV d.c. Medgidia Sud Station connections".

The decision on 25.07.2022 rejects the action as unfounded. With right of appeal within 10 days of communication. The appeal request is submitted to the Bucharest Court - Section VI, under penalty of nullity. Decision 1812/2022 / 25.07.2022.

• **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 the RRR value is recalculated at the level of 9.87% (recalculated with a coefficient (β) of 1.0359, according to Transelectrica's internal analyses) or, to the extent that this request will be rejected, using the same percentage of 8.52% established by ANRE for the year 2013 and the first semester of 2014.

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

At the deadline of 11.01.2021, the request to complete the device is accepted. It is ordered to complete the provision of 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 of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal.

Transelectrica declared an appeal judged on 25.05.2022 and rejected as unfounded, final decision. The dispute did not affect the relationship with ANRE.

• **COURT OF AUDIT**

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

At the deadline of 13.06.2018, the action of the plaintiff-Transelectrica SA is admitted in part. Partially annuls conclusion no. 7/20.02.2014, decision no. 37/9.12.2013 and control report no. 35521/6.11.2012 issued by the defendant regarding the measures ordered by the decision indicated above at points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure from point II.13 in the sense of removing the phrase "including those found in the case of invoices issued by SC FLOREA ADMINSTRARE IMOBILIARĂ SRL". Rejects the rest, the plaintiff's action as unfounded. Approves the electrical energy technical expertise report drawn up in the case by expert Toaxen Vasile.

It obliges the defendant to pay the plaintiff the sum of 121,375 lei in court costs (partially experts' fees and judicial stamp duty). With right of appeal within 15 days of communication. Document: Decision 2771/13.06.2018. Transelectrica declared an appeal on 14.06.2019.

In the public hearing on 21.10.2020, the appeals declared by the plaintiff and the defendant against sentence no. 2771 of June 13, 2018 of the CAB - Section VIII administrative and fiscal litigation, 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 Audit 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 Court of Audit of Romania (CCR) by Decision no. 8/27.06.2017, requesting their cancellation, as well as Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively of Control Report no. 19211/26.05.2017. The appeals are pending at the Bucharest Court of Appeal (2 files: 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 at point II.10, deadline 01.20.2021, solution : the exceptions of inadmissibility, invoked in the response, 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 a trial date of 09.09. 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 at point II.11, trial deadline on 06.08.2022).

Five files were definitively settled, by rejecting the annulment request 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 ordered measure at point II.8, file no. 6577/2/2017 regarding the annulment of findings from point 13 as well as the measure ordered at point II.13, became file no. 1614/1/2020, file no. 6580/2/2017 regarding the cancellation of the findings from point 10 as well as the

measure ordered at point II.12, file no. 6582/2/2017 regarding the cancellation of the findings from point 11 as well as the measure ordered at point I.5 and file no. 6583/2 /2017 regarding the annulment of the findings from point 5.1 as well as the measure ordered at point II.7 and II.8).

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

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

At the same time, the Company is also involved in disputes with former members of the Board of Directors and the Supervisory Board, and for these disputes the Company has updated the provisions representing the counter value of the OAVTs (options for virtual shares), but also in processes that have as their object contract price adjustment claims according to GEO no. 114/2018.



Annexes

ANNEX 1: Stand-alone statement of financial position

[RON mn]	H1 2022 -unaudited-	2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,839	3,815	25	1%
Assets of the usage rights for leased assets - buildings	26	30	(4)	(13%)
Intangible assets	9	7	2	32%
Financial assets	86	82	4	5%
Total non-current assets	3,961	3,933	27	1%
Current assets				
Inventories	41	40	1	3%
Trade and other receivables	2,914	2,996	(82)	(3%)
Cash and cash equivalents	111	252	(142)	(56%)
Profit tax recoverable	16	21	(5)	(23%)
Total current assets	3,082	3,309	(227)	(7%)
Total assets	7,042	7,242	(200)	(3%)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	138	138	0	0%
Revaluation reserves	736	769	(33)	(4%)
Other reserves	37	31	6	19%
Retained earnings	1,695	1,634	62	4%
Total shareholders' equity	3,389	3,355	34	1%
Non-current liabilities				
Long term deferred revenues	441	443	(2)	(0%)
Long term borrowings	67	79	(12)	(15%)
Other loans and assimilated debts - Long-term leasing of buildings	19	23	(4)	(17%)
Deferred tax liability	114	117	(3)	(3%)
Employee benefits liabilities	60	60	0	0%
Total non-current liabilities	702	723	(21)	(3%)
Current liabilities				
Trade and other liabilities	2,705	3,034	(329)	(11%)
Other loans and assimilated liabilities - Leasing of buildings	8	8	0	1%
Other tax and social security liabilities	11	14	(4)	(25%)
Short-term borrowings	157	25	132	n/a
Provisions	38	52	(13)	(26%)
Short-term deferred revenues	32	32	(0)	(0%)
Total current liabilities	2,951	3,164	(213)	(7%)
Total liabilities	3,653	3,887	(234)	(6%)
Total shareholders' equity and liabilities	7,042	7,242	(200)	(3%)

ANNEX 2: Stand-alone profit or loss statement

[RON mn]										
Indicator	H1 2022 -unaudited-	H1 2021 -unaudited-	2021	2020	Budgeted S1 2022	Achieved H1 2022 vs H1 2021	Achieved S1 2022 vs S1 2021 (%)	Achieved vs Budgeted S1 2022	Achieved vs Budgeted S1 2022 (%)	
0	1	2	3	4	5	6=1-2	7=1/2	8=1-5	9=1/5	
Operating revenues										
Transmission revenues	833	612	1,252	1,035	767	220	36%	65	9%	
System services revenues	252	321	624	795	279	(70)	(22%)	(27)	(10%)	
Balancing market revenues	1,495	469	1,823	495	818	1,026	219%	676	83%	
Other revenues	25	19	57	42	19	6	31%	6	33%	
Total operating revenues	2,604	1,422	3,756	2,367	1,883	1,182	83%	721	38%	
Operating expenses										
System operating expenses	466	202	576	310	429	264	131%	37	9%	
Balancing market expenses	1,495	456	1,810	495	818	1,039	228%	676	83%	
Technological system services expenses	231	291	610	566	285	(61)	(13%)	(54)	(19%)	
Depreciation and Amortisation	128	130	274	268	130	(2)	(2%)	(2)	(2%)	
Personnel expenses	132	113	244	273	136	19	17%	(4)	(3%)	
Repairs and maintenance expenses	41	37	97	98	54	4	11%	(13)	(24%)	
Materials and consumables	6	3	10	8	7	3	92%	(1)	(18%)	
Other operating expenses	69	66	123	170	84	4	6%	(15)	(17%)	
Total operating expenses	2,568	1,299	3,745	2,188	1,944	1,270	98%	624	32%	
Operating profit	36	123	11	180	(61)	(87)	(71%)	97	n/a	
Finance income	7	3	6	10	4	3	88%	2	55%	
Finance expenses	9	5	15	15	6	4	74%	3	61%	
Net finance result	(3)	(2)	(9)	(5)	(2)	(1)	(47%)	(1)	(77%)	
Profit before income tax	33	121	2	175	(63)	(88)	(73%)	96	n/a	
Income tax	5	17	1	30	0	(12)	(70%)	5	n/a	
Profit	28	104	0.45	145	(63)	(76)	(73%)	91	n/a	

ANNEX 3: Stand-alone cash flow statement – unaudited results

[RON mn]	H1 2022	H1 2021	Δ
Cash flows from operational activities			
Profit of the period	28.06	104.37	(76.3)
Income tax expense	5.12	16.89	(11.8)
Amortisement expense	128.12	130.17	(2.1)
Expenses with adjustments for trade receivables impairment	1.00	1.45	(0.4)
Revenues from reversal of adjustments for trade receivables impairment	(0.79)	(1.90)	1.1
Losses from various debtors	0.00	0.04	(0.0)
Net expenses/income with adjustments for various debtors impairment	9.95	(0.34)	10.3
Net expenditures with adjustments for inventories impairment	0.10	1.07	(1.0)
Net profit/ loss on sale of tangible assets	0.05	0.37	(0.3)
Net expenditures on adjustments of value regarding tangible assets	0.00	0.30	(0.3)
Net Expenses/Income regarding provisions for risks and expenses	(13.28)	(21.57)	8.3
Interest expense, interest revenue and unrealised exchange rate gains	2.85	2.21	0.6
Cash flows before changes to working capital	161.20	233.07	(71.9)
Changes in:			
Clients and assimilated accounts - energy and other activities	77.43	(96.18)	173.6
Clients – balancing	(29.81)	(84.19)	54.4
Clients – cogeneration	23.83	21.73	2.1
Inventories	(1.00)	0.67	(1.7)
Trade and other liabilities - energy and other activities	(184.58)	48.50	(233.1)
Liabilities - balancing	40.37	73.11	(32.7)
Liabilities - cogeneration	(167.26)	(76.19)	(91.1)
Debts paid Tax decision NAFA	0.00	(2.14)	2.1
Other loans and assimilated debts - Building lease	0.00	(4.38)	4.4
Other taxes and social insurance liabilities	(3.54)	(5.62)	2.1
Deferred revenues	1.87	47.04	(45.2)
Cash flows from operational activities	(81.50)	155.43	(236.9)
Interests paid	(4.49)	(2.30)	(2.2)
Income tax paid	0.00	(16.43)	16.4
Net cash generated from operational activities	(85.98)	136.69	(222.7)
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(174.67)	(213.75)	39.1
Proceeds from EC non-reimbursable financing	2.00	0.00	2.0
Received Interests	0.48	1.43	(0.9)
Dividends cashed	1.53	0.02	1.5
Net cash used in the investment activity	(170.65)	(212.30)	41.7
Cash flows used in financing activities			
Repayments of non-current borrowings	(11.93)	(11.81)	(0.1)
Use of working capital credit line	132.31	0.00	132.3
Building lease payments	(5.30)	(5.24)	(0.1)
Dividends paid	(0.06)	(0.01)	(0.0)
Net cash used in financing activities	115.03	(17.07)	132.1
Net increase/decrease in cash and cash equivalents	(141.60)	(92.67)	(48.9)
Cash and cash equivalents on 1 January	252.23	554.00	(301.8)
Cash and cash equivalents at the end of the period	110.63	461.33	(350.7)

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	H1 2022 -unaudited-	2021
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.04	1.05
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	6.6%	3.1%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	6.2%	3.0%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	65.1	67.8
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.65	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, from the market coupling mechanism, the cogeneration scheme and the overcompensation were not included in the average balance.

ANNEX 5: Articles of Association amended in H1 2022

- Completion of the Company's object of activity with activities codified according to CAEN: 3511 Electricity production and the corresponding amendment of the Constitutive Act 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 renewable energy plants - CAEN code 3511",
- Moving the registered office of the Company from Bucharest 1, Blvd. General Gheorghe Magheru no. 33, in the Municipality of Bucharest 3, str. Olteni no. 2-4, "Platinum Center" Building and the corresponding amendment of art. 3 paragraph (1) of the Articles of Association, the new wording being the following: "(1) "Transelectrica" has its main headquarters in Romania, Bucharest City 3, Olteni str. no. 2-4, "Platinum Center" Building and secondary headquarters in Blvd. Hristo Botev no. 16 - 18, Bucharest 3".

All these changes were approved in Order no. 5 of the AGEA dated May 16, 2022 and registered at the National Office of the Trade Register, according to the resolution, on June 6, 2022.

ANNEX 6: Appointment/revocation documents issued in January-June 2022

Directorate

- In the meeting of 23.03.2022, the members of the Supervisory Board unanimously decided to extend the terms of office of temporary members of the Directorate for a period of two months, starting from 25 April 2022 and ending on 24 June 2022, for: 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 subsequent amendments and additions, Mr. Bogdan TONCESCU was appointed as a provisional member of the Directorate for a two-month mandate, starting on April 25, 2022 and ending on June 24, 2022.
- In the meeting of 21.06.2022, the members of the Supervisory Board took note of the fact that on 24 June 2022, the mandates of the provisional members of the Directorate ended due to the expiry of the term: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Bogdan TONCESCU and Florin Cristian TĂTARU and decided to extend the terms of office with a duration of 4 months starting from 25.06.2022 with the possibility of extension, for valid reasons, for another two months, but the term of office will not exceed the date of completion of the selection procedure for the members of the Company's Board of Directors, in the conditions of GEO no. 109/2011.

Supervisory Board

- According to AGOA Decision no. 3/18.04.2022, it was decided to appoint, starting on 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 office of four months.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in H1 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	0
1	C 588/2022	Revolving bank credit agreement for financing the working capital of NPG Transelectrica SA	12	4,017.03	-	Services	Law 99/2016 + GD 394/2016	Own procedure
2	C 624/2022	Revolving bank credit line	12	3,710	-	Supply	Law 99/2016 + GD 394/2016	Own procedure
3	C 518/2022	Domestic and international passenger air transport 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 the objectives of TTU Sibiu	4	829.7	-	Services	Law 99/2016 + GD 394/2016	Own procedure
5	SB 28/2022	Cleaning and sanitation services in the premises and stations of TTU Sibiu	24	820.9	-	Services	Law 99/2016 + GD 394/2016	Open tender
6	BA 5/2022	Cleaning services at TTU Bacău and DET objectives	24	718.4	-	Services	Law 99/2016 + GD 394/2016	Open tender
7	TM 25/2022	Cleaning services at the premises of TTU Timișoara - LOT 1 Timiș county	24	502.5	-	Services	Law 99/2016 + GD 394/2016	Open tender
8	C 637/2022	Metering and data management system for measuring electricity in the wholesale market	131	48,007.6	-	Supply	Law 99/2016 + GD 394/2016	Open tender
9	BA 7/2022	Specialized security and intervention services at TTU Bacău objectives	36	9,031.9	-	Services	Law 99/2016 + GD 394/2016	Open tender
10	SB 31/2022	Specialized guarding, monitoring and intervention services at UTT Sibiu objectives	36	8,368.8	-	Services	Law 99/2016 + GD 394/2016	Open tender
11	CJ 780/2022	Specialized security and intervention services at TTU Cluj objectives	36	6,763.4	-	Services	Law 99/2016 + GD 394/2016	Open tender
12	C 630/2022	The relocation of utilities by releasing the site and achieving the conditions of coexistence between the "suspended bridge over the Danube in the Brăila area" objective belonging to CNAIR S.A. and electrical networks, belonging to NPG Transelectrica SA	6	5,013.0	-	Works	Law 99/2016 + GD 394/2016	Open tender

13	BC 27/2022	Specialized security services, monitoring and intervention at the objectives of TTU Bucharest	6	3,200.7	-	Services	Law 99/2016 + GD 394/2016	Own procedure
14	PT 40/5090/2022	Specialized security services, monitoring, intervention and intervention in special situations at the objectives of TTU Pitesti	9	2,584.0	-	Services	Law 99/2016 + GD 394/2016	Own procedure
15	C 778/2022	Optimizing the voltage regulation and the electricity quality parameter by installing facts-type equipment in the Gutinaş, Suceava and Roşiori stations (design)	12	1,190.0	-	Services	Law 99/2016 + GD 394/2016	Open tender
16	C 694/2022	Cleaning services for buildings within NPG Transelectrica SA Executive and UNO DEN	24	821.4	-	Services	Law 99/2016 + GD 394/2016	Open tender

Annex 6 – Glossary

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”	Regulated asset base
„BVB”	Bucharest Stock Exchange, operator of the regulated market where the Shares are transacted
„CEE”	European Economic Community
„Companie”. „CNTEE”. „TEL”	National Power Grid Company Transelectrica SA
„CPT”	One’s own Technological Consumption (grid losses)
„CS”	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
„HG”	Governmental decision
„IFRS”	International Financial Reporting Standards
„LEA”	Overhead lines
„Leu” sau „Lei” sau „RON”	Romania’s official currency
„MFP”	Ministry of Public Finance
„MO”	Romania’s Official Gazette
„OG”	Governmental ordinance
„OPCOM”	Operator of Romania’s Electricity Market OPCOM SA
„OUG”	Governmental emergency ordinance
„PZU”	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
„SSF”	Functional system services
„SST”	Technological system services
„TEL”	Stock exchange indicator for Transelectrica
„TSR”	Total shareholders’ return
„UE”	European Union
„u.m.”	Measuring unit
„USD” sau “dolari US”	American dollar, official currency of the United States of America
„WACC”	Weighted average cost of capital



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