

NPG Co. TRANSELECTRICA S.A.
SUPERVISORY BOARD REPORT ON THE
ADMINISTRATION ACTIVITY



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The Supervisory Board is based on the principles of corporate governance, which state a responsible, professional and objective attitude of the Company towards all stakeholders. The Board examines the Company's strategy and its environmental premises it operates in, in order to plan Transelectrica's development and its performance, thus ensuring a rigorous formulation of objectives.

The Supervisory Board's half-yearly report was reviewed by the Supervisory Board members. The half-yearly report provides a true and fair picture of the Company's results for the first semester of 2022.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for monitoring the financial reporting process, management reporting, the internal control system, the audit process, the risk management system and the organisational process for monitoring the compliance with laws, regulations and regulations and the code of conduct.

The simplified stand-alone interim financial statements as of and for the six-month period ended June 30, 2022, were prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting” and were verified by the Supervisory Board Audit Committee in the meeting of August 11, 2021.

With highest consideration,

Catalin-Andrei DASCAL	Oana-Cristina BALACCIU	Costin-Mihai PAUN	Alexandru-Cristian VASILESCU	Victor Florin DUMITRIU	Adrian Nicolae BLAJAN	Virgil Dumitru ORLANDEA
SB Chairman	SB Member	SB Member	SB Member	SB Member	SB Member	SB Member



Corporate structure

SUPERVISORY BOARD

National Power Grid Company Transelectrica S.A. ("NPG Co. Transelectrica S.A.", "Transelectrica" or the "Company") is a joint stock company, organised and operating in accordance with the Romanian laws, being managed in a dualistic system, based on the resolution of the Shareholders' Extraordinary General Assembly, dated July 18, 2012 by a 5-member Directorate under the supervision of a Supervisory Board (consisting of 7 members).

At the date of this report, the composition of the Supervisory Board ("SB" or "the Board") of Transelectrica is the following:

- **Catalin-Andrei DASCĂL – Supervisory Board Chairman**

Beginning with 22 April 2022 Mr. Catalin Andrei Dascal was appointed member in the Supervisory Board of NPG Transelectrica SA.

Mr. Dascal joined the non-executive team of Transelectrica, having vast experience in the juridical domain.

The career of Mr. Catalin Andrei Dascal includes managerial and executive positions exercised to acquire complex juridical expertise, both in public administration and in the private sector.

Thus, among the positions held he was juridical counsellor of IPCMG – REFAL SPRL, executor and expert jurist with the Authority Managing State Assets.

From 2006 to date Mr. Dascal has been attorney with practice in insolvency – Member of Insol Europe, founder and partner lawyer in Dascăl Ciotea & Associates SPARL, founder and associate coordinator of Dascăl Insolvency SPRL.

Also, as of 2016 to date he has been President of the National Insolvency Lawyers' Union of Romania (UNPIR), Bucharest Subsidiary, and from 2021 onward he has been member in the National Steering Committee of UNPIR as well as working groups coordinator within this structure.

Mr. Catalin Andrei Dascal graduated the Law School of University Nicolae Titulescu, Bucharest, being bachelor of juridical studies of the Law Faculty from Bucharest University. At the same time he has attended the post-graduate European Community Law (Law Faculty, Bucharest University) and Commercial Law courses (Academy of Economic Studies, Bucharest).

- **Oana-Cristina BALACCIU – Supervisory Board Member**

Starting with April 22, 2022, Mrs. Oana-Cristina Balacciu was appointed Supervisory Board member of National Power Grid Company Transelectrica SA.

Mrs. Balacciu is a career civil servant and currently works within the General Secretariat of the Government.

Since April 2020, Mrs. Balacciu has been the Director of the Investment, Procurement and Contract Performance Division within GSG.

When taking over the mandate for Supervisory Board member of NPG Co. Transelectrica SA, Mrs. Balacciu was already familiar with this company's activity as the General Secretariat of the Government, on behalf of the Romanian state, manages the majority stake of Transelectrica.

At the same time, through the activity carried out in public institutions such as the General Secretariat of the Government, the Prime Minister's Control Body, the National Agency for Fiscal Administration and the Authority for Management of State Assets, Mrs. Balacciu acquired solid knowledge in central public administration, law and economics.

Mrs. Balacciu's constant development also contributed to her technocratic profile.

Mrs. Balacciu has a degree in both law and management, a master's degree in "Business Communication" and specialisation courses in internal audit and public procurement. Currently, Mrs. Balacciu continues her postgraduate studies in the field of "Information Management".

• Costin-Mihai PAUN – Supervisory Board Member

Beginning with 22 April 2022 Mr. Costin Mihai PAUN was appointed member in the Supervisory Board of NPG Transelectrica SA, acquiring this position with over 30 years' experience in the European and national energy industry.

Throughout his career he held several managerial and executive positions, performing both on the national and on the international market in electricity transmission, distribution and generation.

Mr. Paun joined the non-executive governance team of Transelectrica, having a remarkable career acquired by the positions exercised in the energy domain.

Thus, Mr. PAUN has got significant experience in the coordination with European Transmission System Operators (ENTSO-E and MED-TSO), electricity Distribution Operators, National Regulatory Authorities, the Agency for the Cooperation of Energy Regulators (ACER), European Institutions (European Commission, DG ENER, DG Conect, etc.) and with International Financial Institutions (IFI - European Investment Bank, KfW, etc.).

Mr. PAUN has devised, managed and implemented European and international projects financed by the European Commission and IFI, has established European consortiums, studies and development plans for electricity networks; he has contributed to new solutions under innovation initiatives and scientific research, being responsible for system operations, regulations, and to implementing high voltage projects.

He is co-Founder (2011), was Secretary General (2011-2016) and Vice-President (2016-2021) of the Professional Association Romanian Energy Centre (CRE).

Also, Mr. Paun was member in the Board of Administration of the Distribution Operator Electrica Distributie Muntenia Nord SA (2012-2016), Responsible to prepare the European Ten Years' Development Plan for Electricity Networks within ENTSO-E in Brussels (2010-2016), the Regional Investment Plans in 4/6 ENTSO-E Regions: North Sea, Baltic Sea, South-West Continental Europe, Central-Eastern Continental Europe, network codes, regulation Counsellor, energy policy, electricity networks in EURELECTRIC, the Union of Electricity Industry, Brussels (2002-2010); Member in the European Economic and Social Committee, section of Transport, Energy, Infrastructure and Information Society (2003-2006) as well as Coordinator of training sessions for regulations and energy strategy (1993-1998).

Mr. Costin Mihai PAUN graduated the Polytechnic University of Bucharest, Energy Faculty, being bachelor of power engineering, a domain where he also acquired the doctor degree from the Technical University of Timisoara.

He has also consolidated his expertise in management under the master's university programme Financial-banking management, acquiring the title of Master of Business Administration, Financial-banking management from the Romanian American University, Bucharest.

• Alexandru-Cristian VASILESCU – Supervisory Board Member

Starting with April 22, 2022, Mr. Alexandru Vasilescu was appointed Supervisory Board member of NPG Co. Transelectrica SA, having experience in counselling and management within the public administration.

Currently, Mr. Alexandru Vasilescu holds the position of Secretary of State within the General Secretariat of the Government, occupying this position since February 2022.

Mr. Vasilescu joined the non-executive management team of Transelectrica, having a professional portfolio well-defined by the experience gained in the following positions: Commercial Director of SC Orhideea SRL; Adviser in several bodies of the state administrative apparatus: Romanian Parliament - Chamber of Deputies, Department for SMEs, Business Environment and Tourism, Ministry for the Information Society, General Secretariat of the Government. Mr. Alexandru Vasilescu graduated from the Technical University of Civil Engineering of Bucharest, holding a bachelor's degree in civil engineering.

Following his undergraduate studies, he graduated with a master's degree also from the Technical University of Civil Engineering of Bucharest, obtaining a degree in Construction Project Management.

Currently, Mr. Vasilescu is a PhD student at the Polytechnic University of Bucharest.

• Victor Florin DUMITRIU – Supervisory Board Member

Mr. Victor Florin DUMITRIU has acquired important expertise in economy, both in the public and in the private sector.

For thirty years he has accumulated sound experience by means of analysis and consultancy about economic, financial, managerial issues, risk analysis and investments.

All along his career Mr. Victor Florin DUMITRIU has developed significant professional activities in the governmental sector.

Thus, in 1994-1997 he was state secretary in the Ministry of Tourism; in 2000-2001 he was state secretary in the Department of Foreign Investments, coordinating activities such as: drawing foreign investments, implementing investment strategies in the public and private sectors.

At the same time in 2002-2004 he was Vice-president of the Authority Capitalising State Assets (APAS/AVAB). From 2009 to 2020 he developed his economic expertise, being economic and financial consultant with DA EASY WAY SRL, financial consultant in Extent International SRL Bucharest, economic counsellor in a senatorial parliamentary cabinet, as well as personal counsellor of the Minister of Public Finance.

Mr. Victor Florin DUMITRIU is bachelor of economic studies, having graduated the Academy of Economic Studies Bucharest, Finance-Accounting Faculty.

- **Adrian Nicolae BLAJAN, Supervisory Board Member**

With professional experience in the legal field both in the private and the public sector, Mr. Blajan has gained substantial expertise in regards to the law.

Mr. Blajan worked for 13 years in the private sector, as a legal advisor, a period during which he provided legal advice, representation before the competent institutions, as well as the elaboration of contracts.

Between 2019-2021, Mr. Blajan worked as a lawyer of Vâlcea Bar Association, in an Individual Law Firm.

Since 2021, he holds the position of personal advisor within the General Secretariat of the Government.

Mr. Adrian Nicolae Blajan has a bachelor's degree in legal sciences, graduating from Spiru Haret University,

Bucharest (2006). In 2008, he obtained a Master's degree in Business Law, at Lucian Blaga University, Sibiu.

- **Virgil Dumitru ORLANDEA, Supervisory Board Member**

Mr. Virgil Dumitru ORLANDEA has been member in the Supervisory Board of Transelectrica since 21 October 2021, with consistent management experience.

Beginning with 2011 he was active in the energy sector, holding relevant positions in the energy industry.

Thus, in 2010-2012 Mr. Orlandea was member in the Administration and Supervision Board of important companies from Romania's energy sector such as: Electrica SA, Electrica Serv SA, Hidroelectrica, Transelectrica and Oil Terminal.

From 2013 to 2016 Mr. Orlandea performed in NPG Transelectrica SA, being director of the Support Service Division.

Then he continued in the Company until 2021, being coordinator of the Energy Excellency Centre Sibiu, namely the Research & Development Centre for Live Work Technologies and Fast Intervention in the National Power System.

Mr. Virgil Dumitru ORLANDEA graduated the National Defence University Carol I Bucharest, Management College of Resources and Procurements; University Lucian Blaga Sibiu, Economic Science Faculty, getting a Master in the Integration of Tourism and Services and the same Economic Science Faculty, with a Master in Management and marketing strategies and policies of the company; Police Academy Alexandru I. Cuza Bucharest, with a Master in Human resource management within public order authorities.

SUPERVISORY BOARD ADVISORY COMMITTEES

At the date of this report, the consultative committees of the Supervisory Board have the following duties and composition:

Audit Committee

Members of this committee are Oana-Cristina BALACCIU (chairman), Adrian-Nicolae BLAJAN, Victor-Florin DUMITRIU, Catalin-Andrei DASCAL, Costin-Mihai PAUN.

The Audit Committee has as attributions, among others, to monitor the efficiency of internal control, internal audit and risk management systems within Transelectrica, to check and monitor the external auditors' independence, in particular the provision of additional services to the audited entity, to ensure that the audit analyses carried out as well as the audit reports prepared are in accordance with the audit plan approved at Company level.

The audit committee monitors the Company's financial reporting process, the statutory audit of the annual financial statements and the consolidated annual financial statements, regularly examines the efficiency of financial reporting. Proposes to the Board the necessary methods of control, verification and reporting for the exercise of the essential powers of control over the way in which the Directorate runs the Company, as well as the verification of the activity carried out in the name and on behalf of the Company.

The audit committee has an important role in supporting the Supervisory Board in monitoring the credibility and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by it (including consolidation criteria).

At the same time, it verifies the fulfillment of obligations regarding non-financial reporting at Company level.

Nomination and Remuneration Committee

Members of this committee are Alexandru-Cristian VASILESCU (chairman), Oana-Cristina BALACCIU, Costin-Mihai PAUN, Dumitru-Virgil ORLANDEA, Catalin-Andrei DASCAL.

Regarding the nomination area, the Nomination and Remuneration Committee makes proposals for the position of Supervisory Board member and Directorate member, elaborates and makes proposals to the Supervisory Board regarding the selection procedure of Supervisory Board members, Directorate members and other management positions.

It also makes proposals regarding the remuneration of the Company's Directorate members and other management positions, in compliance with the general

remuneration limits approved by the Shareholders' General Assembly.

Energy Security Committee

Members of this committee are Costin-Mihai PAUN (chairman), Alexandru-Cristian VASILESCU, Victor-Florin DUMITRIU, Adrian-Nicolae BLAJAN, Dumitru Virgil ORLANDEA

The committee for investments and energy security has responsibilities in consulting and monitoring the implementation of the Company's medium, short and long-term Strategy and Investment Plan, in advising and consulting with the Supervisory Board members, Directorate members and the Company's executive management, within and in correlation with the Company's strategy and Rules of Organization and Operation, without prejudice to the duty of the Supervisory Board members, Directorate members and other persons who, according to the Applicable Law, are responsible for the Company's management and supervision.

Another attribution consists in consulting and monitoring the implementation of actions regarding the maintenance and enhancement of energy security related to the Company's activities.

Mainly, its objectives are to monitor the establishment and achievement of targets and strategic directions for the development of the Company's high-voltage electrical networks, monitoring the establishment and fulfillment of strategic criteria for setting the Annual Investment Plan, the 2022-2031 PTG Development Plan, regularly monitoring and examining energy security and actions leading to an increase of Energy Security.

At the same time, the committee for investments and energy security makes recommendations to the Supervisory Board for improving the internal vision and transparency of the strategy and development of networks and investments in high-voltage electrical networks, for establishing the priority directions of investments and development of assets in accordance with the requirements imposed by ANRE, in order to obtain the relevant synthetic reports that facilitate immediate decisions with a major impact in reaching the indicators specific to the electricity transmission activity.

It provides support to the Supervisory Board regarding the maintenance and increase of energy security, which facilitates immediate decisions with a major impact in achieving the specific indicators of energy security in the electricity transmission activity.



Activity of the Supervisory Board

SUPERVISORY BOARD ACTIVITY

During the first semester of 2022, Supervisory Board members met in 12 meetings, from which we present below a selection of the discussion points on the agenda.

The following topics were addressed with priority:

- The Company's 2022 investment programme and the estimated investment expenses for 2023 and 2024;
- the Company's 2022 revenue and expenditure budget as well as for 2023 and 2024;
- preliminary stand-alone financial statements as of and for the financial year ended December 31, 2021 (unaudited);
- the preliminary Q4 report and the January-December 2021 report regarding the Company's economic and financial activity, prepared according to the capital market's requirements and the Directorate's activity report regarding the preliminary results for Q4 and January-December 2021 prepared according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises;
- the stand-alone financial statements, and the consolidated financial statements together with the related Reports on the date and for the financial year ended on December 31, 2021 drawn up in accordance with MPF Order 2844/2016 with later amendments and additions for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards;
- carrying out the procurement for awarding the sectoral works contract "220kV double circuit OHL Ostrovu Mare PTG - Stage I";
- carrying out the procurement for awarding the sectoral works contract "220kV Ostrovu Mare substation";
- conclusion of the electricity sale-purchase agreement with S.N. NUCLEARELECTRICA S.A. to cover own technological consumption in electric transmission networks (OTC), for a power of 35 MW band and 35 MW peak;
- initiating the purchase of electricity through the transfer of balancing responsibility, in order to conclude the contract "Electricity purchase through the transfer of balancing responsibility to a Balancing Responsible Party to cover imbalances from notifications of technological electricity losses in the electricity transmission networks – PTG"

In the first semester of 2022, 2 (two) meetings of the **Nomination and Remuneration Committee** were held in which this committee's members drew up the 2021 Nomination and Remuneration Committee Report.

Proposals and recommendations were also made for the position of provisional Directorate member.

In the same period, 4 (four) meetings of the **Audit Committee** were held, during which the Interim Financial Statements related to the financial year 2021 were assessed, as well as the 2022 Revenue and Expenditure Budget and the estimates for 2023-2024. The 2021 Audit Committee Report on the internal control and significant risk management systems of the Company was drawn up and the Company's 2021 stand-alone/consolidated financial statements were verified, as well as the Financial auditor's report.

The Committee for Investments and Energy Security held a meeting in the first semester of 2022 regarding the OTC post-calculation and the effective optimization of loss; the presentation of energy balance in the PTG and the forecast of the purchase of electricity in several scenarios for 2022; analysis of expenses and measures to reduce them in order to make a profit at the end of the year;

- analysis of the subsidiaries' business options;
 - performance management of human resources;
- the stage and way of carrying out the professional training program within the "Stelian Gal" Sibiu Energy Excellence Center, which fundamentally changes the way in which the professional training of the Company's employees is carried out today.

The topics discussed in the SB meetings in the first semester are presented in detail below:

- In the meeting of **03.01.2022**, the Supervisory Board approved Directorate Decision no. 175/29.12.2021 which established the coordination of organizational entities.
- In the meeting of **19.01.2022**, the Supervisory Board:

- verified the Company's 2022 Investment Programme together with the estimated investment expenses for 2023 and 2024,
- verified Transelectrica's Revenue and Expenditure Budget as well as the estimates for 2023 and 2024,
- agreed to the conclusion of Addendum no. 1 to the Credit Agreement with UniCredit Bank, on the extension of the credit line's scope and to cover the temporary needs of working capital for the timely payment of the Company's due payments,
- agreed to start the procedure regarding the contracting of a revolving bank loan to finance the working capital of the Company, in the amount of RON 200,000,000,
- agreed to start the procedure for contracting a revolving bank loan for the administration of the support scheme for high-efficiency cogeneration in the amount of RON 175,000,000 and for the establishment of guarantees related to the loan agreement.

• In the meeting of **11.02.2022**, the Supervisory Board:

- verified the Preliminary Stand-alone Financial Statements as of and for the financial year ending on December 31, 2021, took note of the preliminary report for Q4 and January-December 2021 regarding the economic-financial activity of NPG Co. Transelectrica S.A. prepared according to the provisions of the capital market requirements, together with the Directorate's activity report regarding the preliminary results for Q4 and January-December 2021 drawn up according to the provisions of GEO 109/2011 on the corporate governance of public enterprises,
- agreed to the procurement on the awarding of the sectoral works contract "220kV double circuit OHL Ostrovu Mare PTG - Stage I",
- agreed to the procurement on the awarding of the sectoral works contract "220kV Ostrovu Mare substation",
- agreed to purchasing electricity by transferring the balancing responsibility, in order to conclude contract "Electricity purchase through the transfer of balancing responsibility to a Balancing Responsible Party to cover imbalances from notifications of technological electricity losses in the electricity transmission networks – PTG", with an estimated value of RON 120,000,000 (VAT free) and a duration of 48 months.

• In the meeting of **15.03.2022**, the Supervisory Board agreed to the conclusion of the electricity sale-purchase agreement with NOVA POWER & GAS SRL, to cover its own technological consumption in the electrical transmission networks (OTC), for a power of 10MW band, at the price of RON 750/MWh, estimated

value of RON 65,700,000 (VAT free), duration of 1 year.

• In the meeting of **23.03.2022**, the Supervisory Board:

- verified the stand-alone and consolidated financial statements as of and for the financial year ended on December 31, 2021,
- took note of the independent auditor's Report on the stand-alone and consolidated financial statements for the financial year ended on December 31, 2021,
- verified the Annual Report on the Company's stand-alone and consolidated financial statements for the financial year ended on December 31, 2021,
- took note of the Note regarding the distribution of net profit on December 31, 2021,
- took note of the Note regarding the establishment of reserves related to the revenues obtained from the allocation of the transmission capacity on the interconnection lines in 2021, from the surplus obtained from the taxable and non-taxable revaluation reserves upon change of destination,
- approved the final form of the SB 2021 Activity Report drawn up according to the provisions of art. 55 of GEO no. 109/2011 on the corporate governance of public enterprises,
- took note of the 2021 Sustainability Report,
- took note of the 2021 consolidated Non-financial Report,
- took note of the 2021 Audit Committee Report on the internal control and significant risk management systems within the Company, drawn up according to the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange,
- took note of the 2021 Nomination and Remuneration Committee Report.

On the same date, the Supervisory Board took note of the fact that on April 24, 2022, the terms of office of the provisional Directorate members expired: Gabriel ANDRONACHE, Stefanita MUNTEANU, Catalin-Constantin NADOLU, Marius-Viorel STANCIU and Florin Cristian TATARU .

Pursuant to art. 64² para. (1) of GEO no. 109/2011 on the corporate governance of public enterprises, the Supervisory Board members unanimously decided to extend for a period of 2 months, starting on April 25, 2022 and until June 24, 2022, the mandates of provisional Directorate members: Gabriel ANDRONACHE, Stefanita MUNTEANU, Catalin Constantin NADOLU and Florin Cristian TATARU.

Pursuant to art. 64² para. (1) of GEO no. 109/2011 on the corporate governance of enterprises, the SB members appointed Mr. Bogdan TONCESCU as a provisional Directorate member, the appointment becoming effective on the date of signing before the notary public the declaration of acceptance of the mandate of provisional Directorate member.

During the same meeting, the Supervisory Board appointed Mr. Gabriel ANDRONACHE for the period between April 20 to June 24, 2022, as the Company's Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – “CEO” of the Company.

In the meeting of **06.04.2022**, the Supervisory Board agreed to the conclusion of the electricity sale-purchase agreement with S.N. NUCLEARELECTRICA S.A. to cover own technological consumption in electric transmission networks (OTC), for a power of 35 MW band, at the price of RON 450/MWh, and 35 MW peak, at the price of RON 600/MWh with the estimated value of RON 153,525,750 (VAT free).

In the meeting of **03.05.2022**, the Supervisory Board, in accordance with the provisions of art. 18 para. (4) of the Company's Article of Association, elected Mr. DASCAL Catalin-Andrei as Supervisory Board Chairman.

In the same meeting, in accordance with the Supervisory Board's Rules of organization and functioning, the Nomination and Remuneration Committee was established by appointing the following persons as members:

- VASILESCU Alexandru-Cristian – chairman
- BALACCIU Oana-Cristina
- PAUN Costin-Mihai
- ORLANDEA Dumitru Virgil
- DASCAL Catalin-Andrei

the Audit Committee was established by appointing the following persons as members:

- BALACCIU Oana-Cristina - chairman
- BLAJAN Adrian-Nicolae
- DUMITRU Victor-Florin
- DASCAL Catalin-Andrei
- PAUN Costin-Mihai

the Energy Security Committee was established by appointing the following persons as members:

- PAUN Costin-Mihai – chairman
- VASILESCU Alexandru-Cristian
- DUMITRU Victor-Florin
- BLAJAN Adrian-Nicolae
- ORLANDEA Dumitru Virgil.

On the same date, the Supervisory Board agreed to conclude an addendum to the credit agreement with Banca Transilvania to extend the validity of the use of the credit line in the amount of RON 175,000,000 to 24 months.

The SB agreed to conclude an addendum to the credit agreement with the Romanian Commercial Bank on expanding the scope of the credit line and covering temporary working capital needs.

In the meeting of **31.05.2022**, the Supervisory Board agreed to the conclusion of an addendum to the credit agreement with Banca Transilvania, on supplementing the cap for issuing bank guarantee letters by RON 15,000,000 (from RON 25,000,000 to RON 40,000,000), within the contract's value.

In the meeting of **21.06.2022**, pursuant to art. 64² para. (1) of GEO no. 109/2011, the Supervisory Board extended the mandates of provisional Directorate members for a period of 4 months starting from 25.06.2022 with the possibility of extension, for good reasons, for another two months, but the duration of the mandate will not exceed the completion date of the selection procedure for the Directorate members, under the conditions of GEO no. 109/2011.

At the same time, they approved the remuneration of the provisional Directorate members together with the form of the mandate contract.



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.

OPERATIONAL RESULTS

The separate profit and loss account as at 30 June 2022 versus 30 June 2021 is shown in the table below:

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:	833	616	217	35%
Regulated tariff	694	579	114	20%
Other revenues on the electricity market	12	15	(3)	(21%)
Interconnection	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%)

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)

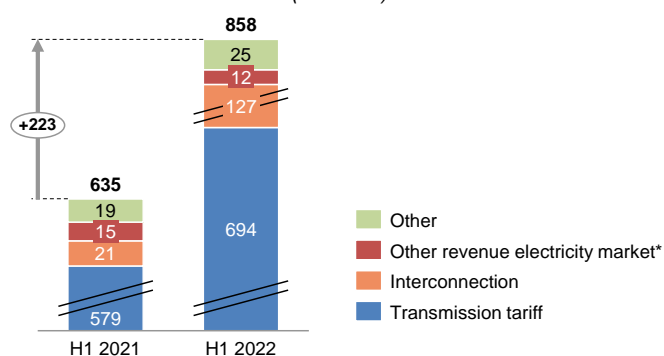
These revenues were lower in the first semester of 2022 compared to the first semester of 2021, the reduction being caused by the international political situation that led to a drastic decrease in scheduled energy exchanges with Ukraine.

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)

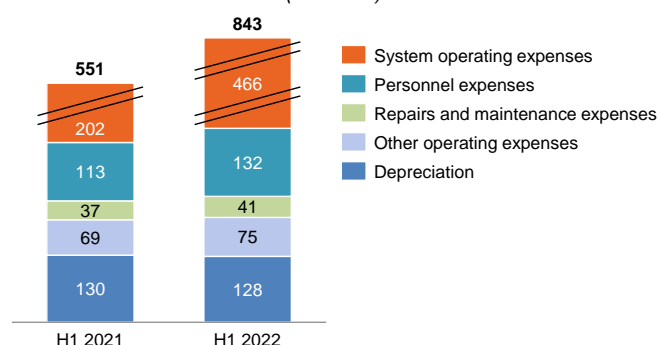


* ITC, reactive energy, OTC transactions, energy exchanges

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)

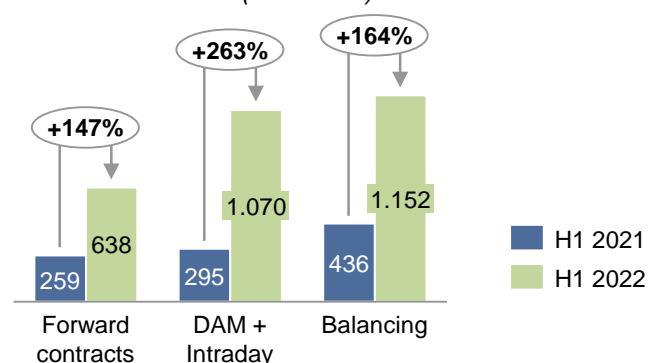


OTC: In H1 2022, the net costs of purchasing energy to cover own technological consumption are in the amount of RON 422.9 mn, higher by 156% (+RON 258 mn) compared to H1 2021, considering the following aspects:

- due to its characteristics, the Own Technological Consumption (OTC) in the Power Transmission Grid (PTG) 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.

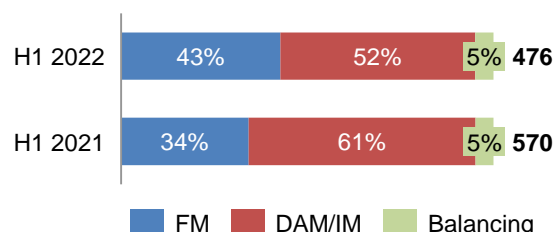
Average acquisition prices*
(ron/ MWh)



* 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 PTG 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.

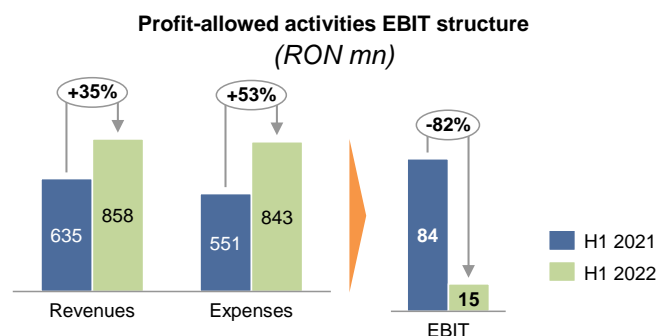
Inter TSO Compensation (ITC) expenses

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 (PTG) 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 kΔf, 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).

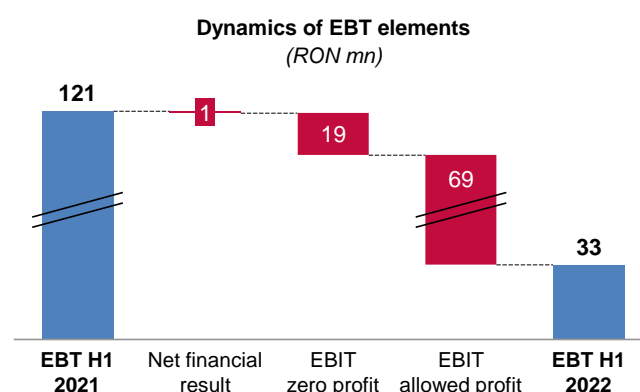
The gross result registered a decrease in the analyzed period, from RON 121 mn in S1 2021 to RON 33 mn in S1 2022.

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:

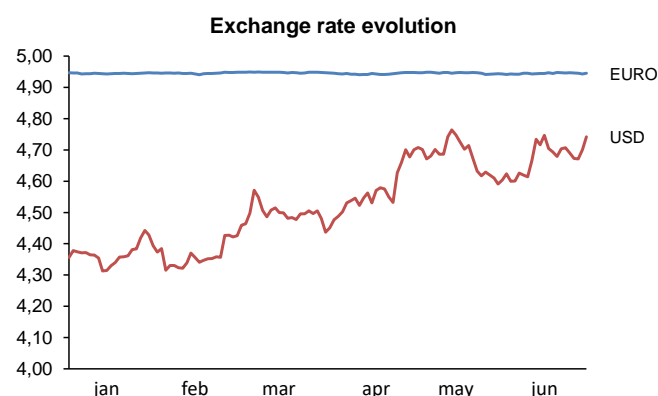


IV. Financial result

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

The separate statement of financial position as of June 30, 2022 versus December 31, 2021 is presented in the table below:

Separate 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	532%
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%)

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, Electroutilaj 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 PTG (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)

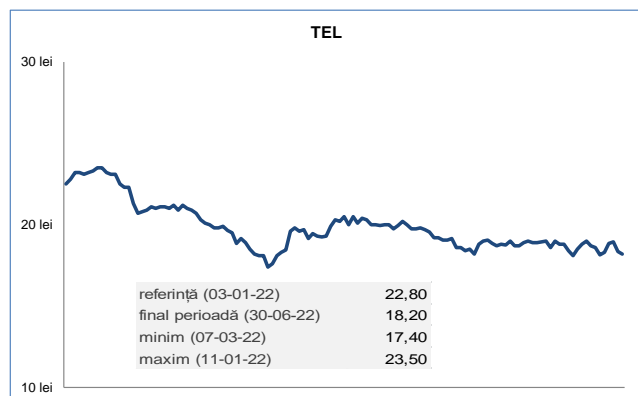
Symbol:	TEL
ISIN:	ROTSSELACNOR9
Type:	Shares
Segment:	Main
Category:	Premium
Status:	Tradeable

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



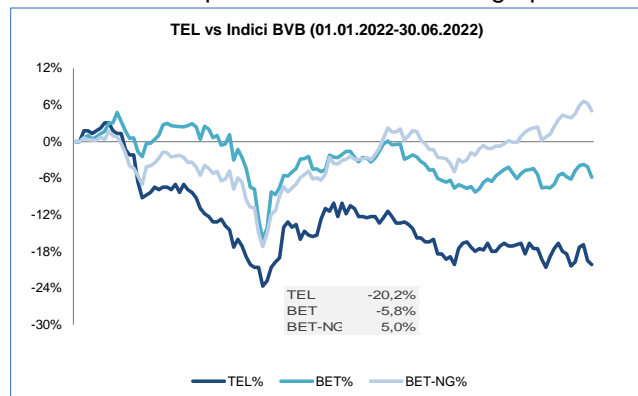
During the first semester of 2022, the trading of TEL shares on the capital market in Romania recorded 8,129 transactions with an average number of 66 transactions/day and 1,080,092 traded shares, with a total value of 21,459 thousand RON.

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.

Uncertainty 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 PTG 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.

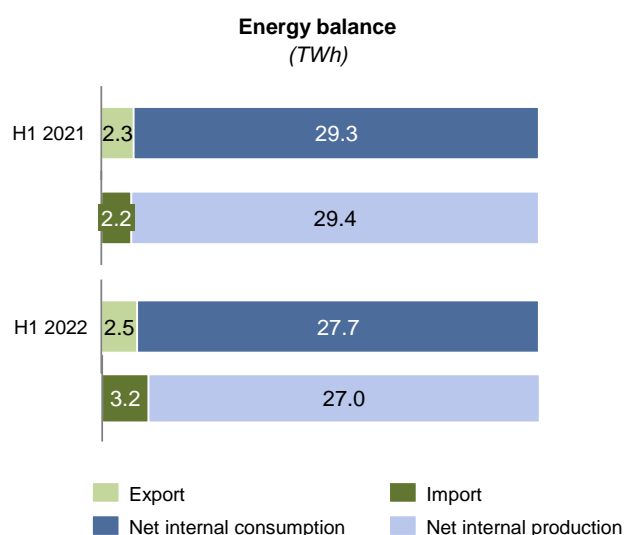


Operational data

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%.



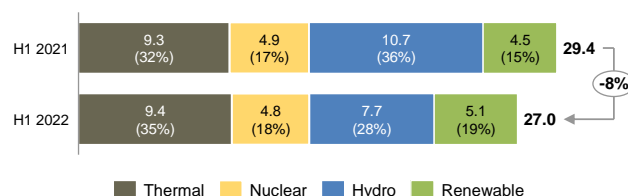
GENERATION MIX

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)

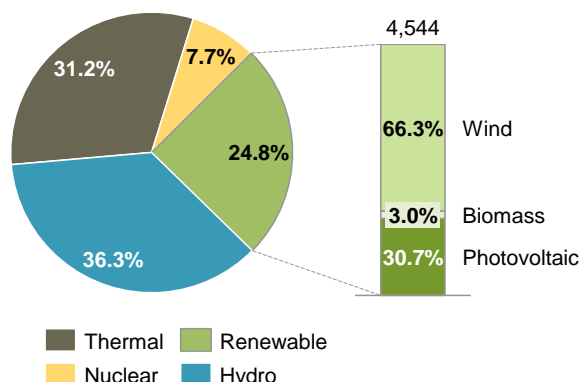


NATIONAL GENERATION FLEET

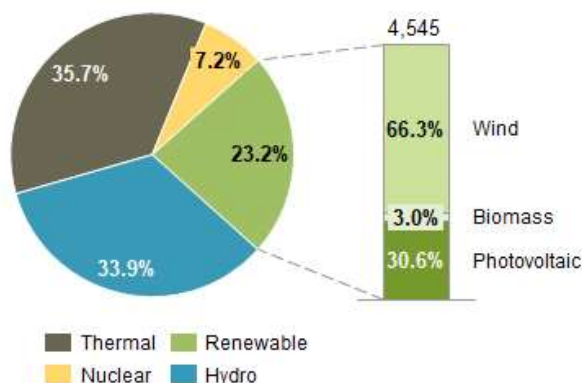
The power installed in thermal power plants decreased by approximately 18%, from 6,982 MW installed on June 30, 2021, to 5,708 MW installed on June 30, 2022.

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.

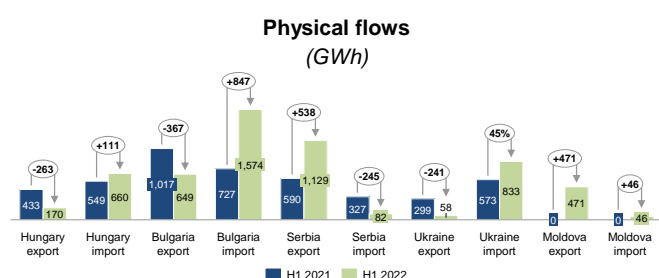
CROSS-BORDER FLOWS

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).

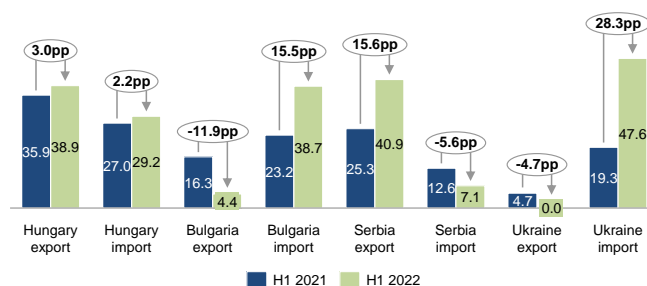
The physical flows of both imports and exports at each border are shown below:



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 PTG 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 PTG 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 PTG 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 PTG 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 PTG 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 PTG 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 PTG 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 PTG 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 PTG. 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 PTG 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 PTG 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 PTG 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

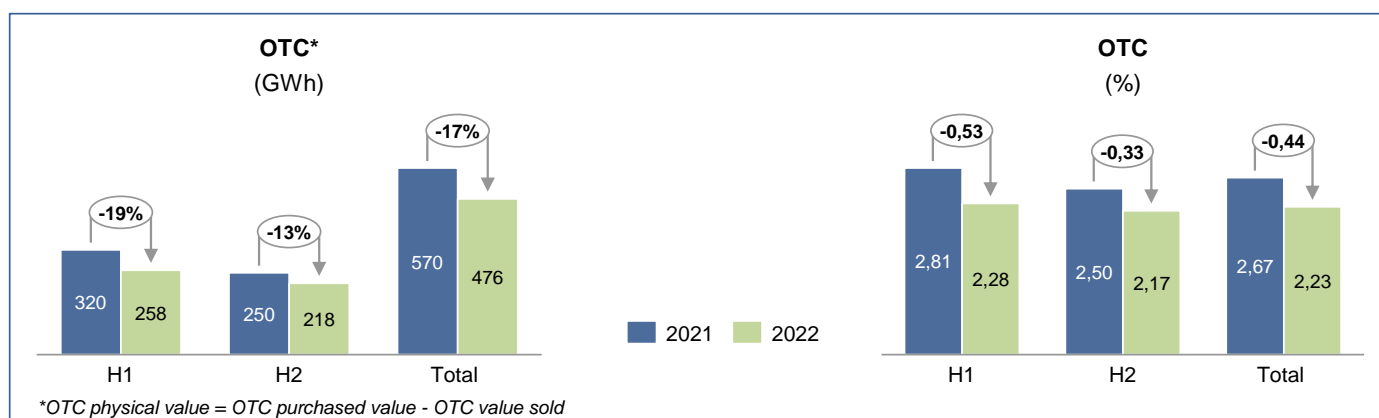
losses. The percentage of losses relative to the energy entered into the PTG decreased from 2.35% in 2021 to 2.11% in 2022.

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 PTG 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 PTG 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 PTG 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.





PTG 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 PTG 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-Dobrudja 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 prevalently 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).



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 Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,139,600	22.1%
Other shareholders – natural persons	5,381,978	7.3%
Total	73,303,142	100%

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: $262.71 \times 1.0206 \times 1.077 = 288.76$, 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

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 PTG, 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 PTG 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 PTG 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 PTG development projects and the scheduling of their realization in time and the mandate of the Company's Directorate to approve the changes to the "PTG 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 Auditors 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. DASCAL Catalin-Andrei,
3. ORLANDEA Dumitru Virgil,
4. PAUN Costin-Mihai,
5. STERP VINGARZAN Gheorghe,
6. VASILESCU Alexandru-Cristian,
7. ZEZEANU Luminita.



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	$\frac{\text{Debt capital}}{\text{Shareholder's equity}} \times 100$	6.6%	3.1%
(2) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	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 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

