


The image features a large, lattice-structured power transmission tower in the foreground, with several high-voltage power lines extending across the frame. To the right, a modern three-bladed wind turbine stands tall. The background is a vast, open landscape under a sky filled with soft, white and grey clouds, illuminated by the warm, golden light of a low sun, creating a silhouette effect on the structures.

NPG TRANSELECTRICA SA

Quaterly report
January – September 2022

	Key figures	3
	Financial data	4
	Operational data	18
	RET Development	23
	Significant events	26
	Other issues	33
	Annexes	39

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

**in accordance with the provisions of article 67 from law 24/2017 on the capital market and
Regulation 5/2018 issued by the Financial Supervisory Authority (ASF)
for the time period ended on 30 September 2022**

Date of the report:	14 November 2022
Name of trading company:	NPG TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest, Str. Olteni nr. 2 - 4, sector 3, postal code 030786
Phone/fax number:	021 303 5611/ 021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ ORG 627
Share capital:	733,031,420 lei, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of RON 10/share nominal value each, in dematerialised nominative ordinary indivisible freely marketable form as of 29.08.2006, TEL symbol
Market value:	1,242,488,257 lei (16.95 lei/share on 30.09.2022)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The quarterly financial statements elaborated on 30.09.2022 have not been audited. The amounts corresponding to 31 December 2021 are audited by the external financial auditor.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the 9 months' period ended on 30 September 2022 have been elaborated in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and they provide accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Co. Transelectrica SA..

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

Bucharest, 14 November 2022

**Gabriel
ANDRONACHE**

**Directorate
Chairman**

**Ștefăniță
MUNTEANU**

**Directorate
Member**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

**Florin-Cristian
TĂTARU**

**Directorate
Member**



Key figures of 9M 2022 vs 9M 2021

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON	4.884	mn	▲	114%	Revenues
				y/y	
RON	690	mn	▲	133%	EBITDA
				y/y	
RON	418	mn	▲	418%	Net profit
				y/y	
TWh	39,50		▼	-6%	Charged energy volume**
				y/y	

OPERATIONAL

2,20%	*	▼	-0,28	pp	OTC
			y/y		
32,17		▼	-1%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	294	mn	▼	-18%	Acquisition of tangible and intangible assets
				y/y	
RON	240,41	mn	▲	136%	Fixed assets recorded in the accounts (commissioning)
				y/y	

OTC - one's own Technological Consumption (grid losses)

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

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

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

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



Financial data

The financial results at 9M 2022 have not been audited. A summary of the financial results as of 30 September 2022 in the extended variant of the same period is shown in the Annexes to this Report.

Stand-alone profit or loss statement – unaudited results				
[RON mn]	9M 2022	9M 2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	39.50	41.93	(2.4)	(5.8%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	1,740	952	789	83%
Transmission and other revenues on the electricity market, of wich:	1,426	922	503	55%
<i>Regulated tariff</i>	1,045	858	187	22%
<i>Other revenues on the electricity market</i>	66	32	34	107%
<i>Interconnection</i>	315	33	282	n/a
Other revenues	35	29	6	20%
<i>Revenues from OTC capitalisation</i>	279	0	279	n/a
Operating expenses	1,081	687	394	57%
System operating expenses	681	325	356	109%
Repairs and maintenance expenses	78	65	13	20%
Personnel expenses	204	178	26	14%
Other expenses	117	118	(1)	(1%)
EBITDA	659	264	395	149%
Depreciation	193	196	(3)	(2%)
EBIT	466	68	398	n/a
ZERO PROFIT ACTIVITIES				
Operating revenues	3,144	1,330	1,814	136%
Technological system services revenues	369	467	(98)	(21%)
Balancing market revenues	2,774	863	1,911	221%
Operating expenses	3,114	1,299	1,815	140%
Technological system services expenses	339	448	(109)	(24%)
Balancing market expenses	2,775	851	1,924	226%
EBIT	30	32	(1)	(4%)
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	4,884	2,282	2,602	114%
Operating expenses	4,195	1,986	2,209	111%
EBITDA	690	296	394	133%
Depreciation	193	196	(3)	(2%)
EBIT	496	100	397	n/a
Net finance result	(1)	(3)	2	61%
EBT - Profit before income tax	495	97	398	n/a
Income tax	77	16	61	n/a
Net profit	418	81	337	n/a

Stand-alone statement of financial position				
[RON mn]	9M 2022 - unaudited-	2021 -audited-	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,890	3,815	75	2%
Assets of the usage rights for leased assets - buildings	24	30	(6)	(20%)
Intangible assets	9	7	2	28%
Intangible assets-Supplementary OTC	279	-	279	n/a
Financial assets	86	82	4	5%
Total assets	4,288	3,933	355	9%
Current assets				
Inventories	41	40	1	2%
Receivables	3,650	2,996	655	22%
Profit tax recoverable	-	21	(21)	n/a
Cash and cash equivalents	382	252	130	51%
Total current assets	4,073	3,309	764	23%
Total assets	8,361	7,242	1,118	15%
Shareholders' Equity	3,781	3,355	426	13%
Non-current liabilities				
Long term deferred revenues	440	443	(3)	(1%)
Long-term borrowings	62	79	(18)	(22%)
Other borrowings and similar liabilities - Leasing of building	17	23	(6)	(26%)
Other non-current liabilities	171	177	(6)	(3%)
Total non-current liabilities	690	723	(33)	(5%)
Current liabilities				
Trade and other liabilities	3,639	3,034	606	20%
Short-term borrowings	101	25	76	n/a
Other borrowings and similar liabilities - Building leasing	8	8	0	2%
Other short-term liabilities	141	98	43	44%
Total current liabilities	3,889	3,164	725	23%
Total liabilities	4,579	3,887	692	18%
Total shareholder's equity and liabilities	8,361	7,242	1,118	15%

Stand-alone statement of cash flows – unaudited results				
[RON mn]	9M 2022	9M 2021	Δ	Δ (%)
Cash flows before changes to working capital	409	291	118	40%
Cash flows from operating activities	367	222	145	65%
Net cash from operating activities	362	197	165	84%
Net cash used in investing activities	(282)	(263)	(19)	(7%)
Net cash used in financing activities	50	(89)	139	n/a
Net increase/decrease in cash and cash equivalents	130	(155)	285	n/a
Cash and cash equivalents as at January 1st	252	554	(302)	(54%)
Cash and cash equivalents at the end of the period	382	399	(17)	(4%)

OPERATIONAL RESULTS

I. Charged volume of electricity

In January-September 2022, the total amount of electricity charged for electricity market services (39.50 TWh) decreased by 5.8% compared to the same period in 2021 (the difference between the two periods was - 2.4 TWh).

Profit segment allowed



Operational revenues

The segment of **profit allowed activities** registered an 83% increase in revenues (1,740 million lei in 9M 2022 compared to 952 million lei in 9M 2021) determined by the increase in interconnection revenues and the recording of revenues from OTC capitalization.

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

For the first nine months of 2022, the Company registered revenues in the amount of 279.2 million lei, representing additional OTC calculated as the difference between the net expense of OTC acquisition and the OTC expense included in the regulatory tariff.

Thus, capitalised expenses are amortised over a period of 5 years from the date of capitalisation and are remunerated at 50% of the regulated rate of return approved by ANRE, applicable over the amortisation period of such expenses and are recognised as separate component.

The increase in transmission and other revenues on the energy market (1,045 million lei in 9M 2022 compared to 858 million lei in 9M 2021) is mainly influenced by the increase in the average transmission tariff (for regulated transmission tariff revenues), given the decrease in the amount of electricity delivered to clients, and by the evolution of interconnection revenues.

In January-September 2022, **revenues from the allocation of interconnection capacity** increased significantly by 281.8 million lei compared to the same period last year, determined by the following:

- the unit price of electricity has increased across the European Union, leading to a large price differential between coupled markets increasing

the interest of participants for buying interconnection capacity,

- the European energy deficit.

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

The allocation mechanism of interconnection capacities consists of organising annual, monthly, daily and intraday bids. Annual, monthly and intra-day (*borders with Serbia, Ukraine*) bids are explicit - only transmission capacity is bided, while daily and intra-day (*borders with Hungary and Bulgaria*) bids are implicit - they are allocated simultaneously with energy and capacity through the coupling mechanism.

On 17 June 2021, the Next Day Market in Romania switched to European-wide coupled mechanism operation with the implementation of the DE-AT-PL-4M MC project, also known as Interim Coupling, with the Romania-Hungary border being integrated into the Single Day-Ahead Market Coupling (SDAC).

As of 27 October 2021, the Romania-Bulgaria border has been integrated into the Single Day-Ahead Market Coupling (SDAC), with cross-border capacity between Romania and Bulgaria allocated by default.

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

The net revenues from the allocation of interconnection capacities are used in accordance with the provisions of ANRE Order 171/2019, updated, and EU Regulation 943 of 05 June 2019 regarding the internal electricity market as financing source of investments made in order to upgrade and develop interconnection capacities with neighbouring systems.

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

Inter TSO Compensation (ITC) revenues

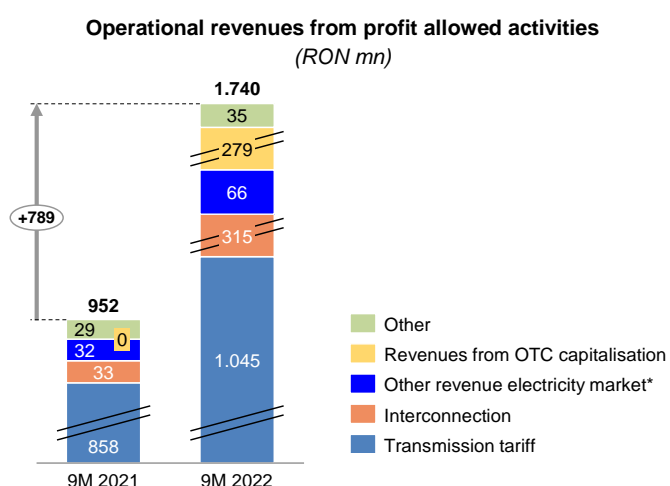
These revenues were lower in January-September 2022 compared to the same period in 2021, the decrease being caused by the international political situation that led to a drastic decrease in scheduled energy exchanges with Ukraine.

Revenues from electricity transacted for OTC were mainly derived from the sale of surplus energy resulting from the difference between the long and medium term forecast and the short term forecast on the Intraday Market administered by OPCOM and from the difference between the forecast OTC and the actual made OTC on the Balancing Market.

In the January-September 2022 timeframe (as well as during 2021), the main factor that has a significant impact on energy transaction revenues/expenses for OTC hedging is the context of rising prices across the entire energy market over all time horizons.

The first nine months of 2022 increased compared to the same period in 2021 based on the current wholesale electricity price situation which is significantly different from the situation in previous years, being strongly influenced by the conflict in Ukraine and the international energy crisis.

As of 30 September 2022, **revenues from contingency aid** amounting to 9.6 million lei were registered, relating to the granting of contingency aid (exported energy) to Ukraine in August and September 2022 following the request of the neighbouring TSO, in accordance with the provisions of the Contract concluded with UKRENERGO.

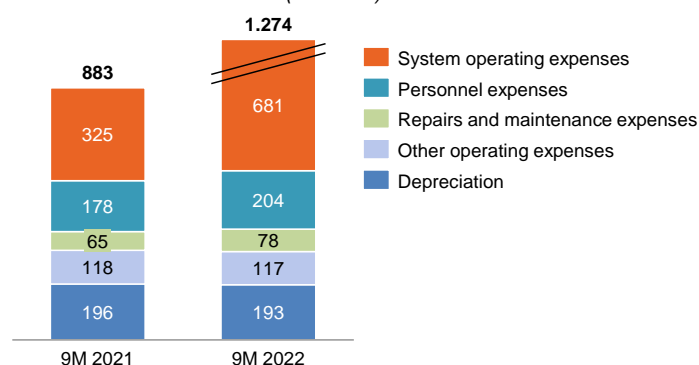


Operational expenses

On the segment of **profit allowed activities**, expenses (including depreciation) increased by 44% (1,274 million lei in 9M 2022 compared to 883 million lei in 9M 2021).

Operational expenses from profit allowed activities

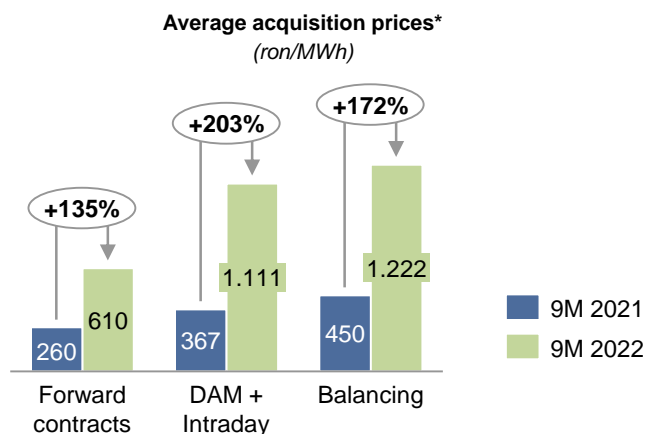
(RON mn)



OTC: In January-September 2022 the costs for energy acquisition to cover one's technological consumption are in the amount of 636 million lei, higher by 121% (+354 million lei) compared to January-September 2021, because of the following:

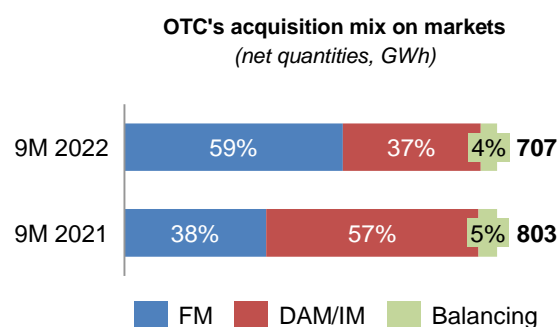
- Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (ETN) is strongly dependent on weather conditions, the structure of electricity generation and consumption nation-wide, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, its value being very little if at all controllable in an interconnected and coupled regional power market;
- the average price of energy procured from the DAM, which in 9M 2022 was more than 3 times higher than in the same period of 2021, significantly exceeding the values registered in recent years, the same trend is also observed at European level, which had a significant impact on the costs registered for OTC coverage;
- Market unpredictability has manifested itself in steep and rapid price increases in the context of rising carbon emission certificate prices, insufficient electricity generation capacity to replace fossil fuel-based generation, especially coal and gas, in the context of market liberalisation and the armed conflict in Ukraine, lack of competition from generators and competition from suppliers to buy power in order to fulfil their contracts;
- Given that day-ahead markets are coupled under the CORE FB MC mechanism from June 2022 onwards, the increase in prices across Europe, driven by low hydropower, amid prolonged drought and very high temperatures across Europe, and the reduced availability of nuclear power plants in France has had a significant impact in increasing the electricity deficit and the expenses of covering OTC;

- the price increase in the previous markets, the application of the single settlement price in the balancing market as of 01.02.2021, and the implementation of settlement at the 15-minute granularity interval, led to more than twice as high OTC costs in the balancing market as in the same period last year.



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

Average prices in all markets are considerably higher than in 9M 2021, and the acquisition mix (net quantity) shows the following components in the two studied periods:



Expenses on electricity consumption in RET substations increased by 102% in the period January-September 2022 compared to January-September 2021 (29.5 million lei in 9M 2022 compared to 14.6 million lei in 9M 2021) determined by the increase in electricity acquisition prices but also to the legislative changes applicable from 1 July 2021, namely the provisions of ANRE Order no. 82/2021.

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

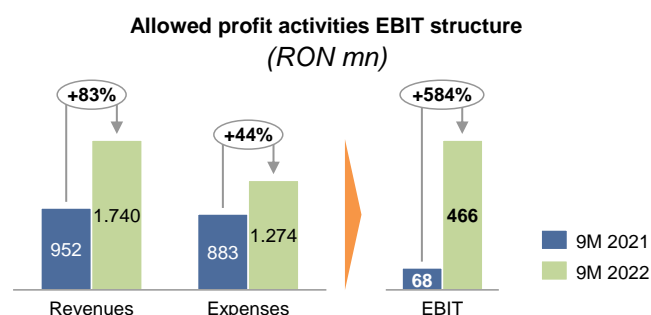
Inter TSO Compensation (ITC) expenses

In the period January-September 2022 such expenses were higher by 20% and represent the monthly payment

liabilities/receivables for each transmission system operator (TSO) that are established under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs that have joined this mechanism within ENTSO-E.

Operational result

Profit allowed activities registered an increase of 398 million lei compared to the same period last year, the increase being mainly determined by the revenues from interconnection and the revenues from the OTC capitalization as of September 30, 2022, the date from which the Company applies the provisions of GEO no. 119/2022.



The wholesale electricity market is fundamentally different from the situation in 2021, strongly influenced by the increase in electricity market prices, which has led to increased costs for the Company in the segment of allowed profit activities.

The difference is marked and is evident across the entire European continent, not just Romania.

In this respect, the evolution of energy prices on the European spot market can be observed. The situation at European level has deteriorated rapidly since the second half of 2021, with unprecedented energy stress especially for electricity and natural gas, which are fuel for electricity generation.

Zero profit segment

Revenues from zero-profit activities registered a significant increase of 136% (+ 1,814 million lei), from 1,330 million lei as at 30 September 2021 to 3,144 million lei as at 30 September 2022, mainly determined by the 1,911 million lei increase in revenues on the balancing market.

The segment of **zero-profit activities** registered an increase in expenses by 140% (3,114 million lei as at 30 September 2022 compared to 1,299 million lei as at 30 September 2021), mainly due to increased expenses on the balancing market.

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

- regulatory
- the application, as of 1 June 2021, of the new set of common rules for the settlement of intentional energy exchanges and unintentional energy exchanges (FSKAR calculation methodology - Financial Settlement of $k\Delta f$, ACE and Ramping Period) which provides for a financial settlement between Transmission System Operators and System Operators, thus eliminating in-kind compensation determined according to the ENTSO-E methodology by the Settlement Centres in Brauweiler (Germany) and Laufenburg (Switzerland),
- amendments and additions to the Regulation on the calculation and settlement of imbalances of balancing parties - single imbalance price, approved by ANRE Order No 213/2020;
- the application, from 01.01.2022, of the rules for imbalance netting between all TSOs according to the IN (Imbalance Netting) Platform. In this respect, from 01.01.2022 the European platform, International Grid Control Cooperation (IGCC)/IN (Imbalance Netting) Platform for the process of imbalance netting between all TSOs, which carries out the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, became operational.
- on the functioning of the market
- the sharp increase in prices on the European electricity market in the context of the resource crisis, with an impact on the way contracting is carried out on the pre-balancing markets at local and regional level;
- the increase in prices registered on the balancing market;
- the evolution of electricity production and consumption;
- hydraulicity evolution, much lower in 2022 than in 2021;
- the upward trend in CO2 certificates.

Revenues on the balancing market in 9M 2022 were 1,911 million lei higher than in 9M 2021.

The balancing market expenses in 9M 2022 were 1,924 million lei higher than in 9M 2021. Such expenses result from notifications/achievements of participants in this market.

For the balancing market management activity, according to ANRE regulations, the monthly non-zero 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 balances were registered.

Technological system services are procured by the Company from producers in order to ensure the maintenance of the safety level in the operation of the NES and the quality of the electricity transmitted at the parameters required by the applicable technical standards.

Such services are contracted as follows:

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

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

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

During January-September 2022, **revenues from technological system services** decreased by 21% compared to January-September 2021 (RON 369 million as at 30 September 2022 compared to RON 467 million as at 30 September 2021), determined by the decrease in the tariff approved by ANRE for these services, as the quantity of electricity delivered to consumers decreased by 5.8%.

The amount of **expenses for technological system services** in the first nine months of 2022, decreased by 24% compared to the same period in 2021 (339 million lei in 9M 2022 compared to 448 million lei in 9M 2021).

The amount of STS procurement costs for 9M 2022 was mainly determined by the following factors:

- system service procurement prices in the competitive market:
 - ✓ the average procurement price of the secondary regulation reserve at the value of 77,81 lei/hMW;
 - ✓ average procurement price of fast tertiary regulation reserve, power increase to 39,52 lei/hMW;
 - ✓ average procurement price of fast tertiary regulation reserve, power reduction to the value of 9,41 lei/hMW.

- the manifestation during January-September 2022 of a high level of concentration of the system technology services market for secondary reserve (SR) system technology services.

The company passes on the value of the technological system services procured from producers to the electricity suppliers licensed by ANRE, who ultimately benefit from these services.

It is also estimated that for the year 2022 the procurement of system technology services through daily and one-way bids carried out 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 for the electricity market, will have a significant impact on the evolution of system service procurement expenses at Company level.

For the technological system services activity, according to ANRE regulations, the revenue surplus/deficit compared to the recognized expenses resulting from the performance of this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the surplus/deficit was registered. The surplus/deficit of revenue over the expenses resulting from this activity is calculated per tariff scheduling period.

Operational result

EBIT generated by **zero-profit activities** registered a positive result of 30 million lei, down by 1.1 million lei compared to the same period last year.

The regulatory framework specific to non-profit activities contains regularisation mechanisms that ensure that the excess or shortfall of revenue is compensated for in relation to the level of costs required to carry out the activities in question.

II. Company gross profit (EBT)

Total operating revenue

Total operating revenues for the period January-September 2022 increased by 114% compared to the same period of the previous year (4,884 million lei in 9M 2022 compared to 2,282 million lei in 9M 2021), mainly due to transmission and other energy market revenues in the context of the decrease in the amount of electricity delivered to consumers, as well as the significant increase in revenues from the balancing market.

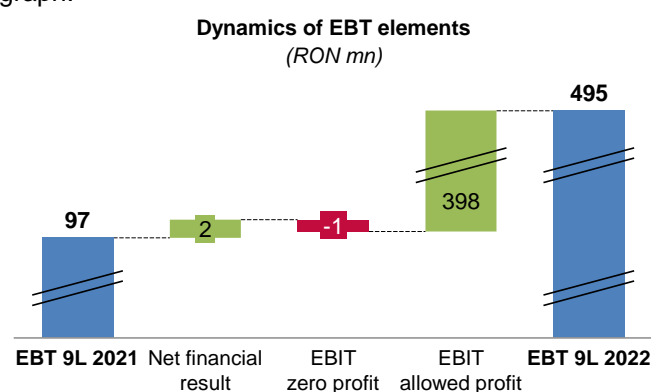
Total operational expenses

Total operational expenses (including depreciation) in January-September 2022 increased by 101% compared to the same period of the previous year 4,388 million lei in 9M 2022 compared to 2,182 million lei in 9M 2021).

No significant price decreases are expected in the energy market in the coming period.

The gross result increased during the studied period, from 97 million lei in 9M 2021 to 495 million lei in 9M 2022.

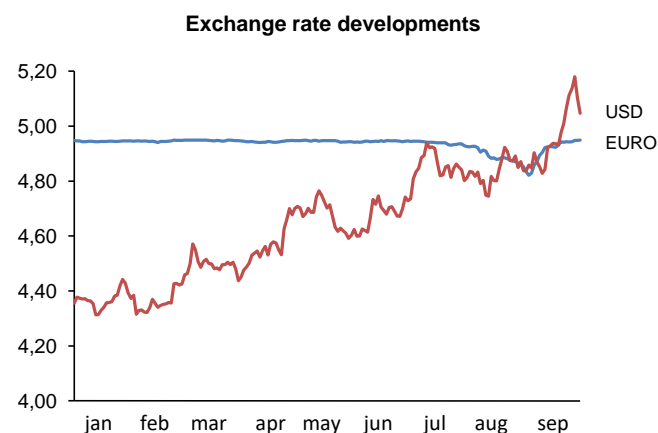
The dynamics between the result registered in 9M 2022 compared to 9M 2021, broken down by the constituent components of the result, are shown in the following graph:



III. Financial Result

The net financial result for the period January-September 2022 is negative in the amount of 1.1 million lei, determined by the evolution of interest expenses and the execution of GBE for part of the investment contracts.

The evolution of the RON/EUR and RON/USD exchange rate in the first 9 months of 2022 is shown in the following graph:





IV. Net result

The net result increased during the studied period, reaching 418 million lei in 9M 2022, compared to 81 million lei in 9M 2021.

FINANCIAL POSITION

I. Non-current assets

Non-current assets registered in the first nine months of 2022 compared to the same period in 2021 an increase of 9% (355 million lei), mainly determined by the OTC capitalization.

Assets of the usage rights for leased assets-buildings

Assets related to usage rights of leased assets - buildings represent the utilisation right for the spaces the Company rented in Platinum Office Building, according to the provisions of IFRS 16, Leasing Contracts.

Beginning with 01.10.2020 a new lease contract came in force (contract C232/2020 concluded with Dagesh Rom SRL), valid for 5 years.

On 30 September 2021 the accounting value of the utilisation right for spaces the Company rented in Platinum Office Building was in the amount of 23.8 million lei.

Intangible assets - Additional OTC

Starting from 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022, whereby the additional costs for the procurement of electricity made between 1 January 2022 and 31 August 2023, in order to cover one's technological consumption compared to the costs recognised in the regulated tariffs, shall be capitalised on a quarterly basis.

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

For the first nine months of 2022, the Company capitalized the amount of 279.2 million lei representing additional OTC calculated as the difference between the net cost of OTC acquisition and the cost of OTC included in the regulatory tariff, for the period 01 January-30 September 2022, in accordance with GEO no.27/2022.

Financial assets

Financial assets as at 30 September 2022 increased by 4 million lei (5%) compared to 31 December 2021, the value as at 30 September 2022 was 86 million lei.

II. Current assets

Current assets increased by 23% as at 30 September 2022 (4,073 million lei) compared to the amount registered as at 31 December 2021 (3,309 million lei), mainly determined by the increase in trade and other receivables and cash and cash equivalents.

Trade receivables increased by 374 million lei (2,568 million lei at 30 September 2022 compared to 2,194 million lei at 31 December 2021). The most significant developments were:

-clients from operational activity which, due to the increase in transactions resulting from energy market coupling mechanisms, generated a higher balance of receivables from operational activity (1,947 million lei as at 30 September 2022 compared to 1,408 million lei as at 31 December 2021).

-clients on the balancing market, which due to the decrease in the volume of transactions registered a lower balance of clients from contracts concluded for this type of activity on 30 September 2022 (449 million lei) compared to 31 December 2021 (567 million lei). The main clients in balance on the electricity market are MAVIR, OPCOM, IBEX, Joint Allocation Office SA (JAO), Electrica Furnizare SA, RAAN, Cinta Energy SA, Hidroelectrica SA, Enel Energie SA.

The share of the above-mentioned clients is about 80% of total trade receivables.

As of September 30, 2022, the Company registers receivables from the bonus type support scheme for the promotion of high efficiency cogeneration at approximately 7% compared to 9% as of December 31, 2021 of total trade receivables. The 18% decrease in the balances for the studied period was mainly determined by the decrease in the amount invoiced for the collection of the monthly contribution, closely related to the

decrease in the amount of the cogeneration contribution set by ANRE.

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

As of September 30, 2022, the Company registers receivables in the amount of 170 million lei, represented by invoices issued related to the bonus type support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76.70 million lei, respectively from RAAN - 63.46 million lei and CET Govora SA - 13.23 million lei;
- Undue bonus for 2014 in the amount of 3.91 million lei, respectively from RAAN - 1.98 million lei, and CET Govora - 1.93 million lei;
- undue bonus for 2015 in the amount of 0.56 million lei, respectively from CET Govora - 0.53 million lei, Interagro - 0.03 million lei;
- Undue bonus for 2020 in the amount of 0.52 million lei from Donau Chem;
- uncollected contribution for cogeneration from electricity consumers suppliers in the amount of 21.2 million lei, respectively from: Transenergo Com - 5.88 million lei, PetProd - 4.39 million lei, Romenergy Industry - 2.68 million lei, RAAN - 2.38 million lei, UGM Energy - 1.50 million lei, CET Govora - 0.90 million lei, KDF Energy - 0.88 million lei and others.

Up to the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for 2021 (amount of 22.89 million lei): CET Govora (15.04 million lei), BEPCO (4.26 million lei) and Electrocentrale București (3.59 million lei), as well as the amount of 32.63 million lei from the undue bonus established by ANRE Decisions for 2022.

In order to settle the claims arising from overcompensation and undue bonus, the Company has requested the producers qualified in the support scheme to make reciprocal compensations. For the producers (RAAN, CET Govora) who did not agree with this way of extinguishing reciprocal claims and debts, the Company applied and still applies the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high-efficiency cogeneration and payment of the bonus for

electricity produced in high-efficiency cogeneration and withheld from payment the amounts related to the due support scheme.

Other receivables as at 30 September 2022 in the amount of 164 million lei mainly include:

- sundry debtors (RON 105 million), of which:
 - payment delay penalties calculated for defaulting clients in the amount of 96.29 million lei (of which 35.35 million lei are penalties related to the support scheme). The highest payment delay penalties were registered by the following clients: RAAN (16.90 million lei), Romelectro (14.37 million lei), CET Govora (9.61 million lei), Electrocentrale București (9.41 million lei), Eco Energy SRL (8.91 million lei), Petprod SRL (8.89 million lei), Next Energy Partners (8.39 million lei).
 - compensation owed by suppliers for non-delivery of electricity: Arelco Power (RON 0.99 million) and Enol Grup (RON 2.54 million).
 - the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of 4.52 million lei.
- Pre-booked expenses amounting to 15 million lei are mainly represented by: expenses related to the procurement of OTC (10.2 million lei), membership fees (1.5 million lei), ANRE annual contribution for 2022 (0.9 million lei), taxes and duties for 2022 (1 million lei),
- other social claims in the amount of 3.4 million lei representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Advances to suppliers paid as at 30 September 2022 are represented by suppliers debtors for services rendered in the amount of 823 million lei down by 17% compared to December 2021 when they amounted to 701 million lei. The balance mainly represents amounts from transactions related to the price coupling mechanism (*ICP - Interim Coupling Project, SIDC - Single Intraday Coupling, SDAC - Single Day-ahead Coupling and FBMC - Flow Based Market Coupling*) in the amount of 753 million lei - for ICP, FBMC and SDAC and 70 million lei - for SIDC.

The start of the new successful SDAC Single Day-ahead Coupling took place on 28 October 2021 and is the result of the cooperation between the Designated Electricity Market Operators (DEMO) and the Transmission System Operators (TSO) of Bulgaria and

Romania, namely IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

The launch of Flow Based Market Coupling in the Core region on 08 June 2022 represented the transition from the ICP - Interim Coupling Project coupling mechanism to FBMC - Flow Based Market Coupling, optimising the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered represents the amount of 316.8 million lei related to the statements for the period July-September and October 2020, of which on 6 October, the amount of 91 million lei VAT to be recovered for June and July 2022 was collected.

Transelectrica's policy is to register impairment allowances for loss of value in the amount of 100% for clients in litigation, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more than 180 days, excluding outstanding receivables arising from the support scheme.

The largest impairment allowances existing in the balance as at 30 September 2022, represent trade receivables and related penalties for CET Govora (25.1 million lei), Eco Energy SRL (24.7 million lei), Petprod SRL (23,5 million lei), Arelco Power (14.8 million lei), Romelectro SA (14.4 million lei) Total Electric Oltenia SA (14.2 million lei), Romenergy Industry (13.5 million lei), GETICA 95 (12.5 million lei), Elsaco Energy (9.3 million lei), RAAN (8.5 million lei).

III. Liabilities

Non-current liabilities in the amount of 690 million lei as of 30 September 2022 decreased by 5% compared to the amount of 723 million lei as of 31 December 2021.

Interest-bearing liabilities

As at 30 September 2022 the amount of long-term borrowings has decreased compared to 31 December 2021 mainly due to repayments under existing loan agreements. On the other hand, the value of short-term loans increased from a balance of 25 million lei in December 2021 to 101 million lei as at 30 September 2022 through the use of amounts from short-term bank loans contracted for current activity.

At the same time, **current liabilities** increased by 23%, from 3,164 million lei as at 31 December 2021 to 3,889 million lei as at 30 September 2022, mainly due to an

increase in trade and other liabilities. The impact in the evolution of trade liabilities had:

- **suppliers on the energy market**, which increased by 217 million lei and registered a balance of 2,110 million lei in 9M 2022 compared to 1,893 million lei in 2021.

This development was mainly influenced by:

- increase in the balance of liabilities related to operating activity by 408 million lei, which was mainly due to the decrease in the third quarter of 2022 in the volume of transactions resulting from the coupling of electricity markets.

The suppliers on the electricity market are mainly represented by IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, OPCOM, S Complexul energetic Oltenia SA, Electrica Furnizare SA, CIGA Energy SA, Engie Romania SA. As of 30 September 2022, their share of the total energy suppliers is 89.95%.

- the significant decrease in the liabilities related to the support scheme to suppliers (producers) by 161 million lei was due to the reduction of the monthly bonus for high-efficiency cogeneration in September 2022 compared to December 2021.

As of September 30, 2022, there are liabilities to pay to suppliers (producers) in the amount of 35.5 million lei (RAAN - 32.2 million lei and CET Govora SA - 3.4 million lei), representing the monthly cogeneration bonus, pre-overcompensation for 2014 and 2015, the bonus not granted for 2015.

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

- **suppliers of assets** decreased by 54.8 million due to payments falling due,
- **"Other liabilities"** instead **increased** by 424.8 million lei, from a balance of 965.5 million lei in 2021 to 1,390 million lei in 9M 2022.

The structure of "other liabilities" is as follows:

- *sundry creditors* in the amount of 300 million lei (increased by 153.9 million compared to 31 December 2021) are mainly represented by the net position of the support scheme on high efficiency cogeneration, liability position in the amount of 292 million lei and contracts for solution studies for connection to RET (5.3 million lei),
- *Client creditors* as at 30 September 2022 amount to

1,015 million lei (increased by 263 million lei compared to 31 December 2021) and represent amounts received in advance from OPCOM (360 million lei), MAVIR (616 million lei), IBEX (31.6 million lei) 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 liability for assets related to the rights of use of leased assets - buildings*, according to IFRS 16 - Leases, is in the amount of 25 million lei (long-term liability 17 million lei, short-term liability 8 million lei).
- *other liabilities* in the amount of 50.6 million lei are mainly represented by securities of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 29.8 million lei and VAT not due during the reporting period in the amount of 20.5 million lei.

Provisions decreased in value during the studied period compared to 2021, from 51.7 million lei as at 31 December 2021 to 37.9 million lei as at 30 September 2022, mainly due to:

- a decrease in the value of provisions for disputes, which at 30 September 2022 amounted to 19.9 million lei compared to 31.2 million lei at the end of 2021,

- provisions for mandate contracts which as at 30 September 2022 show a balance of 17.9 million lei (20.4 million lei as at 31 December 2021) and which mainly represent the remuneration of executive and non-executive directors representing the variable component related to the OAVT packages allocated and not used during the mandates executed in the period 2013-2017, the remuneration of the variable component of the non-compete compensation and that related to the remaining gross monthly fixed indemnities until the end of the mandate, i.e. 2024 for which the Company is in dispute.

IV. Shareholders' equity

The equity registered an increase mainly due to the recording in the retained earnings of the net profit in the amount of 418 million lei, realized on 30 September 2022. Thus, shareholders' equity as at 30 September 2022 amounted to RON 3,781 million compared to RON 3,355 million as at 31 December 2021.

SHARE PERFORMANCE

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



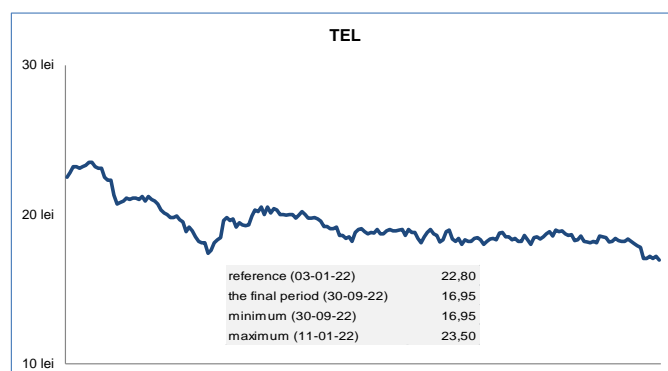
The year 2022 started with a trading price of 22.80 lei/share. At the end of the period, the market capitalization was 1,242 million lei, finding the share at a period low of 16.95 lei/share. The maximum price of the period of 23.50 lei/share was registered on 11.01.2022

The company has the ability to adapt to the economic context generated by the energy crisis aggravated by the war between Russia and Ukraine, the repercussions being observed even in the share price which at the end of the period fell by 26% compared to the reference value at the beginning of the year, implicitly the market value registering a decrease of 429 million lei.

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

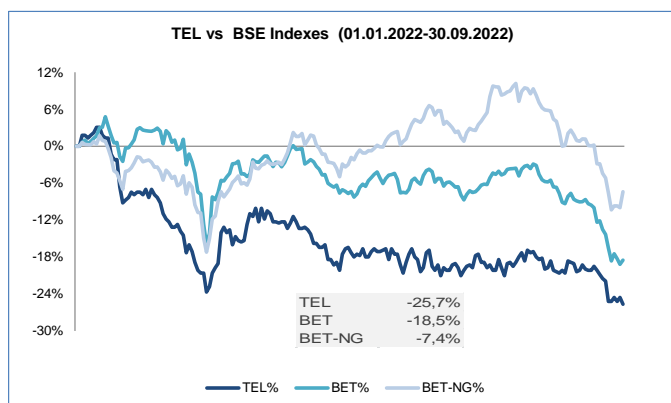
- BET index (Bucharest Exchange Trading - reference index of the capital market showing the most liquid 17 companies listed on the BSE regulated market),
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index showing the development of energy companies and of associated utilities listed on the BSE regulated market).

Evolution of TEL share



According to the latest adjustment date registered on 09.09.2022, TEL shares have a weighting of 1.07% in the BET index and 3.43% in the BET-NG index.

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



Internationally, Transelectrica's shares make up 0.22% of the MSCI 100 Frontier Markets Index, which tracks the performance of the 100 largest and most liquid companies in the frontier equity markets under the criteria of the American company MSCI.

MAIN RISKS AND UNCERTAINTIES

Risk is an objective concept, which means that it is measurable and can be minimised through preventive measures. Exposure to risk occurs when an action gives rise to a possible gain or loss that cannot be anticipated with certainty.

Uncertainty refers to a situation where there are several alternatives that lead to a specific outcome, but the probability of the outcome is not certain. This is due to insufficient information or knowledge about the current state. It is therefore difficult to define or predict the outcome or future events.

It is clear that knowledge of threats allows them to be ranked according to the likelihood of their occurrence, the extent of their impact on objectives and the costs of measures to reduce the chances of their occurrence or to limit undesirable effects.

Transelectrica regularly and systematically analyzes the risks related to the performance of its own activities, drawing up the Register of identified risks and the Plan of appropriate measures to limit the possible consequences of these risks, in accordance with legal provisions.

Among the items that could have affected the Company's liquidity are:

- interest rate fluctuations;

The company took out long-term loans with fixed interest rates and negotiated the best interest rates;

The increase in electricity prices generated by the current economic context led to a significant increase in the Company's working capital financing needs, which was addressed by taking out a short-term credit line with an interest rate of Robor 1M+0.05%.

- exchange rate movements;

The Company has foreign currency accounts with various banks to meet its foreign currency liabilities. In addition, Transelectrica negotiates the best exchange rates.

- provisions in the grant agreements : in the grant agreements, there are clauses on compliance with financial indicators (covenants), changes of control over the Company, pari passu clauses.

Breach of these clauses may, subject to prior notice and a reasonable period of time, result in early repayment of the credit, with some loans having penalty clauses for early repayment.

To date, the Company has not received any notices of early repayment for default (there have been no instances of default under the Company's financing agreements).

- credit risk: a financial loss due to the inability or unwillingness of a contractual partner to meet its contractual obligations. This risk arises mainly from trade receivables. In the first 9M of 2022, no problems were encountered in the relationship with clients and invoices were collected on time.
- the risk of non-collection of securities in investment projects: the main cause of this type of risk is the existence of banking companies or insurance companies offering security services without having the financial capacity to honour their obligations under the security instruments issued. During the first 9M of 2022 this risk did not materialise at Company level.
- risk of non-compliance with legal conditions: the liquidity of the Company could be affected by fines due to non-compliance reported during regular control activities by the competent institutions (ANAF, CCR, MFP, etc.). At the level of the first 9M of 2022, this risk has not materialised,

- the level of taxation, including the introduction of new taxes and charges. This risk has not materialised in the first 9M of 2022.

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

- the risk of credit rating deterioration as a result of worsening macroeconomic and political indicators and climate and/or worsening financial performance of the Company. This risk reflects a complex of factors, with a potential effect on increasing funding costs in the credit market, which may significantly affect the Company given the substantial amount of capital required to be attracted to finance the investment plan for the coming years.

As of the date of this report, Moody's rating agency has not issued another rating, the Company is rated Baa3 (rating granted in October 2021).

However, there is a risk that the rating agencies could downgrade Romania (the Company's rating is heavily dependent on the sovereign rating) due to accelerated inflation, which has exceeded 15%, and the uncertain situation at the country's borders.

- investment risk due to financial difficulties at the level of subsidiaries mainly due to the competitive environment,
- process hampered by the procurement of the works in the RET Maintenance Programme, which may lead to incomplete implementation;
- the process of procuring the works in the Annual Investment Programme is hampered, which may lead to the works being carried out below the planned quantitative or qualitative levels.

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

- The volatility of the construction and energy materials market, as well as the current geopolitical context, have led to a spectacular increase in prices and therefore in the budgets and estimates of investment projects financed by 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 of contracts in the framework of projects financed by non-reimbursable European funds, in order to rebalance the contracts, has generated uncertainties related to the application of the adjustment formulas and different interpretations for the different types of contracts concluded or to be concluded, which has led to delays in the implementation of the projects and in the respect of

the work execution plans, with an effect on the implementation deadlines.

The current price situation on the wholesale electricity market continues to maintain the same trend started in 2021, significantly exceeding the values recorded in recent years.

In this context, the Company has been faced in certain periods with a cash shortage caused by:

- European context of electricity market developments, with significant impact on the Company's costs.
- accelerated price increases in both the Day-Ahead and Intraday Markets, and the increased volume of transactions undertaken by the Company to achieve OTC hedging as close to delivery as possible.
- revenue/expense developments in the balancing market.

In order to remedy the temporary lack of liquidity, Transelectrica has resorted to short-term financing by taking out a revolving credit facility.

Transelectrica attaches due importance to the analysis of the risk environment and identifies in advance possible risks that may arise in the future and whose approach must be prepared in advance, it does not limit itself to dealing with the consequences of events that may occur, but adopts a reactive management style, implementing a preventive component through measures taken in advance, aimed at mitigating the risks occurrence.

At the same time, the periodic review of risks, as foreseen in the standards, leads to reallocations of resources in line with changing hierarchies and, therefore, priorities.

The company pays close attention to treasury management through efficient cash flow management and optimization of surplus liquidity to be able to meet financial obligations as they fall due as well as opening up the financing side of active credit facilities when needed.

During the first 9M of 2022, thanks to the solutions found and measures taken in time, the Company met its financial obligations.

The energy transmission companies together with ENTSOE have recently published a preliminary report on the outlook for winter 2022-2023 taking into account the critical situation compared to previous winters.

The baseline scenario assumes: careful monitoring of the hydrological situation, low nuclear availability (which

can add stress to energy systems) and electricity supply that is highly dependent on gas in all winter scenarios.

Additional risks identified for country systems may be:

- Greater than expected nuclear unavailability will have a local but strong impact (e.g. France and the Nordic system),
- Additional constraints in fuel supply increase the adequacy risks of the systems (e.g. Germany or Poland),
- Switching from gas heating to direct electric heating may put pressure on some energy systems and indirectly create additional demand for gas for electricity supply.

As a preparedness and risk mitigation measure, the major impact can be achieved by reducing electricity demand by 10%, so that adequacy risks can become negligible and gas dependency can be reduced by 30%.

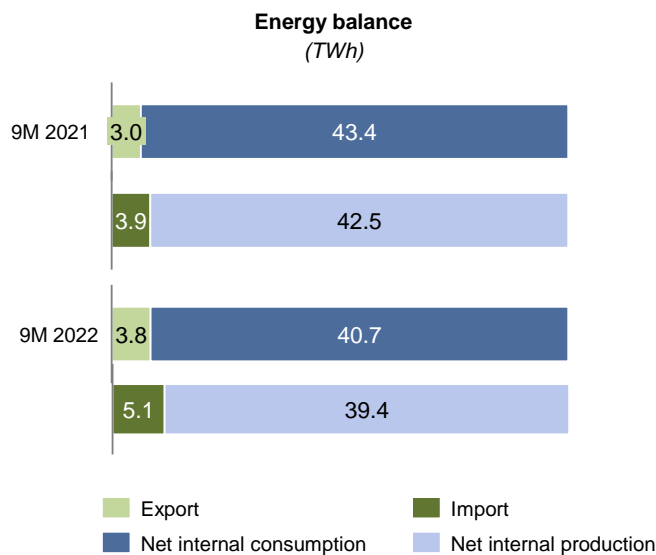


Operational data

ENERGY BALANCE WITHIN SEN

Analysing the evolution of the components of the energy balance, in the period January - September 2022, net domestic consumption¹ and net energy production decreased by 6% and 7% respectively compared to the same period of the previous year.

Cross-border physical export trade is up 28% in 9M 2022 compared to 9M 2021 and cross-border import flows are up 30%.



In the period January-September 2022, electricity consumption at the SEN level decreased in all nine calendar months.

The decrease in consumption was influenced on the one hand by the increase in primary fuel prices, which was reflected in the final price of electricity, and on the other hand by the average monthly temperatures, which systematically registered positive anomalies and were generally above climatological norms.

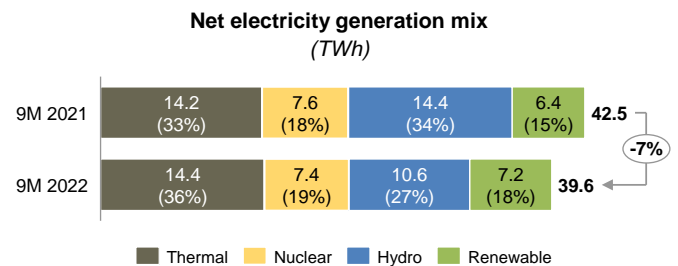
PRODUCTION MIX

In terms of production mix, in the period January - September 2022 compared to the same period in 2021, there was a decrease in the Nuclear component by 2%,

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

and in the Hydro component by 26%. Increases were registered from the Thermo component by 2% and from Renewable sources by 13%.

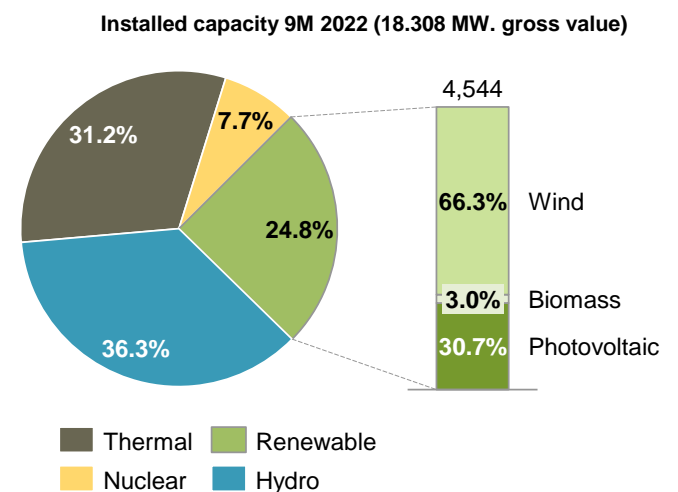
An analysis of the weights of the components of the net generation mix for the period January - September 2022 shows that the largest share, 36%, is represented by the Thermo component followed by the Hydro component 27%, and the share of energy produced from renewable and nuclear sources are about 18% and 19% respectively.



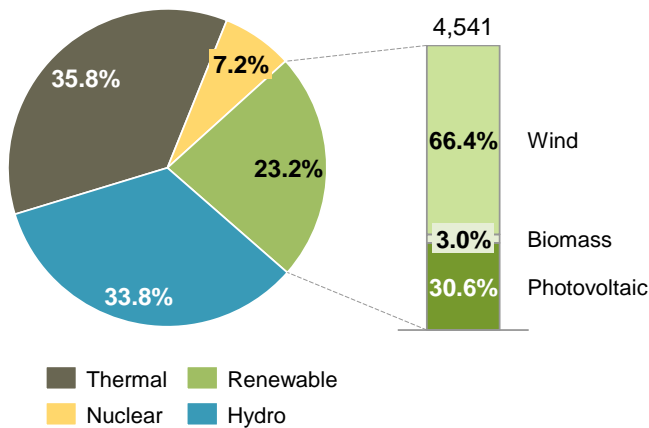
NATIONAL GENERATION FLEET

Installed capacity in thermal power plants decreased by about 18%, from 7,016 MW installed on 30 September 2021 to 5,708 MW installed on 30 September 2022.

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



Installed capacity 9M 2021 (19,599 MW. gross value)



It should be noted that the new geopolitical and energy market reality generated by the crisis in Ukraine, which has amplified the existing energy crisis in the European Union, has highlighted the fact that the continued use of coal in electricity generation should be seen as a necessary temporary solution to help reduce the EU's dependence on an unreliable source of natural gas, as a step in the implementation of the European Green Pact.

CROSS-BORDER FLOWS

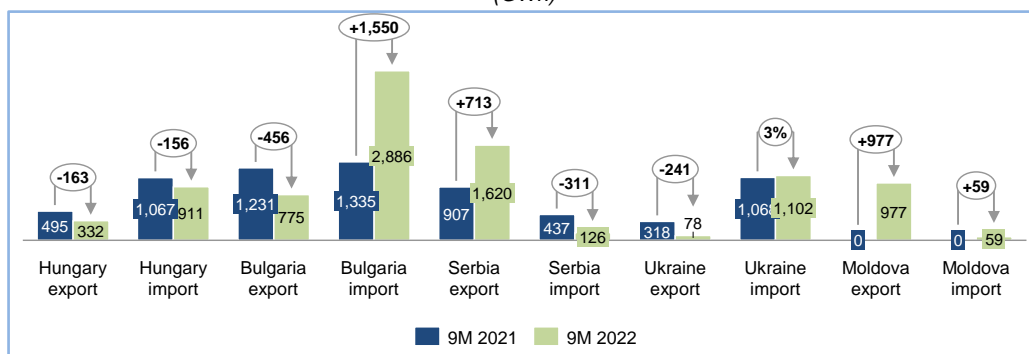
The distribution of physical import/export flows on interconnection lines in the period January - September 2022 compared to January - September 2021 is as follows:

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

Specifically, compared to the period January - September 2021, physical export flows decreased with Bulgaria (-37% -456 GWh), Hungary (-33% -163 GWh) and Ukraine (-76% -241 GWh) and increased on the border with Serbia (+79% +713 GWh) and Moldova (+977 GWh), while physical import flows on the interconnection lines with Bulgaria increased (+1.550 GWh), with Ukraine (+3% +34GWh) and with Moldova (+46 GWh) and decreases on Serbia (-71% -311GWh) and Hungary (-15%, -156GWh).

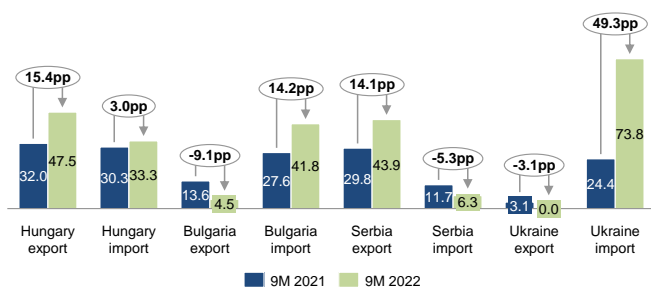
The physical flows of both imports and exports at each border are shown below:

Physical flows
(GWh)



In the period January - September 2022 the utilisation of the total allocated capacity on the interconnection lines increased for export on the border with Hungary and significantly increased on the import direction on the border with Ukraine.

Degree of utilisation of total allocated capacity (%)



The degree of utilisation of total capacity rights on a border and direction is the ratio, expressed as a percentage, of the energy corresponding to trade carried

out (notified) in a month to the energy corresponding to total capacity rights.

Compared to the third quarter of 2021, there was an overall increase in the degree of capacity utilisation allocated to both imports and exports, i.e. a 19% increase in import trade, an increase of about 89% in export trade and 93% in energy transited, against the background of much lower hydroelectricity compared to last year and lower domestic electricity consumption compared to the same period in 2021.

The increase in the use of allocated capacity is also due to the inclusion of imported and exported quantities of electricity as a result of C.N.TE.E. Transelectrica S.A.'s participation as an operational member in the European Imbalance Netting Platform (IGCC).

From 01 January 2022 the European platform, International Grid Control Cooperation (IGCC)/In Imbalance Netting (IN) platform for the imbalance netting process between all TSOs, which performs the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, became operational.

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 imbalance compensation process, as defined in Commission Regulation (EU) 2017/1485 of 2 August 2017 laying down guidelines for the operation of the electricity transmission system (Article 22).

The IGCC initiative was started in 2010 by operators in Germany and subsequently extended to the central European systems, as a way of optimising secondary frequency regulation - exchange power by reducing the counter-actions of member operators' regulators, resulting in an optimised use of the system reserve "Frequency Restoration Reserve with automatic activation" of the RRF at the overall level.

In August and September 2022, following the request of the neighbouring TSO, it was decided to grant emergency aid (exported energy) to Ukraine.

The reason for the granting of the damage aid to Ukraine was that in the interconnection Continental Europe interzonal voltage swings were detected in the east-west direction with very weak damping and the OTS in Spain requested Ukraine, according to the procedures for emergency interconnection of the energy systems of Ukraine and the Republic of Moldova, to reduce the export balance to 0 MW.

• ONE'S OWN TECHNOLOGICAL CONSUMPTION

Compared to January-September 2021, in the same period in 2022 the OTC in the RET decreased by ca. 12% and the percentage OTC decreased from 2.48% to 2.20%.

Factors that significantly influenced the OTC in the period January - September 2022, such as precipitation and the distribution of cross-border physical flows, are not under Transelectrica's control.

OTC DEVELOPMENT FACTORS

In January 2022 OTC decreased compared to January 2021 by 14.6%, mainly due to more advantageous distribution of physical flows on interconnection lines, which led to reduced transmission of energy away from sources, but also due to favourable weather conditions

with less precipitation, which resulted in lower corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.94% in January 2021 to 2.42% in January 2022. Energy entering the meter increased by 3.6% in January 2022 (141 GWh) compared to the same period in 2021, due to an increase of 3.2% (100.3 GWh) in energy received from generators connected to the RET and an increase of 10.1% (46.6 GWh) in energy received from imports, against a decrease of 1.8% (5.9 GWh) in energy received from the RED.

In February 2022 OTC decreased compared to February 2021 by 32.4% mainly due to more favourable distribution of physical flows on interconnection lines and favourable generation dispatching, which led to reduced transmission away from sources, but also due to favourable weather conditions with lower precipitation, which reduced corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.93% in February 2021 to 2.04% in February 2022. Energy input to the meter decreased by 2.8% (100.8 GWh) in February 2022 compared to the same period in 2021, on the back of a 7.4% (220.3 GWh) decrease in energy received from generators directly connected to the RET and a 7.3% (17.1 GWh) decrease in energy received from the RED, as energy received from imports increased by 33.3% (106.7 GWh).

In March 2022 OTC increased compared to March 2021, by 11%, mainly due to the more disadvantageous distribution of physical flows on the interconnection lines in the south of the country, which led to an increase in transmission away from sources.

The percentage of losses relative to energy entering the RET decreased from 2.57% in March 2021 to 2.36% in March 2022. Energy entering the meter decreased by 2.8% (106 GWh) in March 2022 compared to the same period in 2021, on the back of a decrease of 13.4% (406.1 GWh) in energy received from generators directly connected to the RET and a decrease of 21.1% (69.5 GWh) in energy received from the RED, as energy received from imports increased by 83.8% (369.7 GWh). Precipitation amounts were lower, resulting in lower corona losses.

In April 2022 OTC decreased compared to April 2021 by 2.4%, mainly as a result of favourable generation dispatch, which led to a reduction in remote transmission to sources. The percentage of losses relative to energy entering the RET decreased from 2.58% in 2021 to 2.49% in 2022. Energy entering the grid increased by 1.1% in April 2022 (38.0 GWh) compared to the same period in 2021, due to an

increase of 8.6% (35.5 GWh) in energy received from imports and 1.3% (4.4 GWh) in energy received from DER, amid a decrease of 0.1% (1.9 GWh) in energy received from generators connected to the RET. Precipitation amounts were higher, leading to increased corona losses.

In May 2022 OTC decreased compared to May 2021 by 24.8% mainly as a result of more favourable distribution of physical flows on interconnection lines and favourable generation dispatching, which led to reduced transmission away from sources, and favourable weather conditions with lower precipitation, which reduced corona losses. The percentage of losses as a proportion of energy entering the RET decreased from 2.59% in 2021 to 1.9% in 2022. Energy entering the grid increased by 2.5% (79.2 GWh) in May 2022 compared to the same period in 2021, as a result of an increase of 6.3% (159.9 GWh) in energy received from generators directly connected to the RET and an increase of 49.4% (113.5 GWh) in energy imported from imports, while energy received from the RED decreased by 41.4% (194.2 GWh).

In June 2022 OTC decreased compared to June 2021 by 11.6%, as a result of lower energy entering the RET contour, favourable generation dispatching in the territory leading to reduced transmission away from sources, and favourable weather conditions characterised by lower precipitation leading to reduced corona losses. The percentage of losses as a proportion of energy entering the RET decreased from 2.35% in 2021 to 2.11% in 2022. Energy entering the meter decreased by 1.6% (55.1 GWh) in June 2022 compared to the same period in 2021, on the back of a 3.8% (104.5 GWh) decrease in energy received from generators directly connected to the RET and a 55.9% (266.2 GWh) decrease in energy received from the RED, as energy received from imports increased by 143.7% (315.6 GWh).

In July 2022 OTC increased compared to July 2021 by 1%, due to the increase in energy entering the RET contour. The percentage of losses relative to energy entering the RET decreased from 2.05% in 2021 to 2.0% in 2022. Energy entering the contour increased by 3.4% in July 2022 (124.3 GWh) compared to the same period in 2021, due to a 40.5% (198.9 GWh) increase in energy received from imports, amid a 25.2% (54 GWh) decrease in energy received from DER and a 0.7% (20.6 GWh) decrease in energy received from generators connected to the RET. Precipitation amounts were lower, resulting in lower corona losses.

In August 2022 OTC increased compared to August 2021 by 9.1% mainly as a result of the more

disadvantageous distribution of physical flows on interconnection lines, which led to increased transmission of energy away from sources, but also due to unfavourable weather conditions, characterised by higher precipitation, which increased corona losses. The percentage of losses to energy entering the RET increased from 1.92% in 2021 to 2.16% in 2022. Energy entering the grid decreased by 3% (110.8 GWh) in August 2022 compared to the same period in 2021, due to a 15.2% (99.2 GWh) increase in energy received from imports, on the back of an 8.5% (12 GWh) decrease in energy received from DER and a 6.8% (198 GWh) decrease in energy received from generators connected to the RET.

In September 2022 OTC decreased compared to September 2021 by 10.3%, as a result of the decrease in energy entering the RET contour and as a result of the advantageous distribution of physical flows on the interconnection lines, which led to a reduction in the transmission of energy away from sources. The percentage of losses relative to energy entering the RET decreased from 2.41% in 2021 to 2.28% in 2022. Energy entering the grid decreased by 5.2% (187.5 GWh) in September 2022 compared to the same period in 2021, on the back of a decrease in energy received from generators directly connected to the RET by 3% (84.1 GWh) and energy received from imports by 23.7% (139.1 GWh), while energy received from the RED increased by 20.2% (35.7 GWh). Precipitation amounts were higher, which increased corona losses.

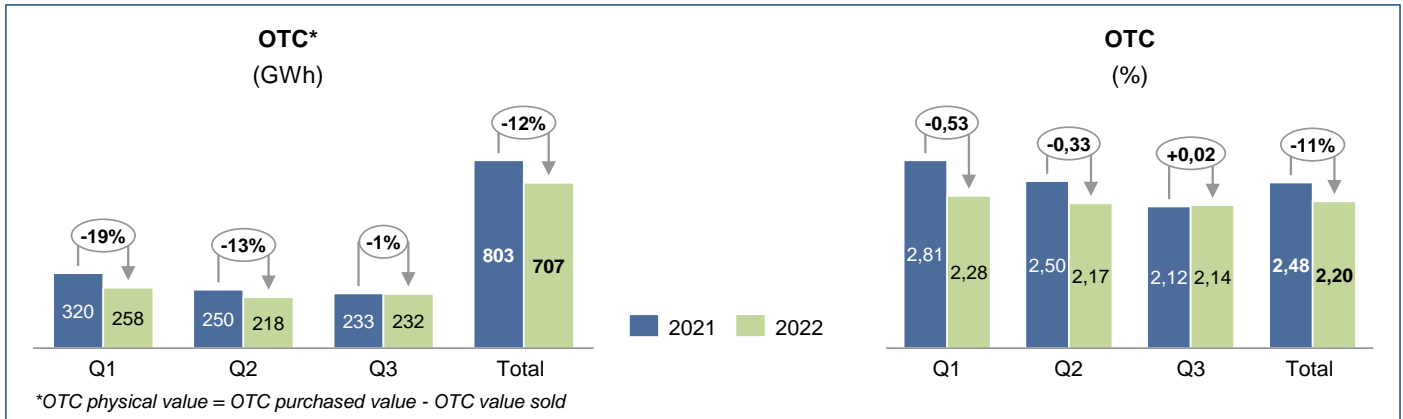
In conclusion overall in the first quarter of 2022, OTC in the RET decreased by approximately 19.4% compared to the same period in the first quarter of 2021, as a result of the more favourable distribution of physical flows on the interconnection lines in the first two months and favourable weather conditions throughout the period, factors which led to a reduction in corona losses. Relative to energy entering the contour losses decreased from 2.81% to 2.28%.

The overall second quarter of 2022 the OTC in the RET decreased by approx. 12.8% compared to the same period in 2021, as a result of favourable generation dispatching in April and June and advantageous physical flow distribution on interconnection lines in May, which led to a reduction in transmission away from sources, but also due to favourable weather conditions in May and June, which reduced corona losses. Relative to energy entering the contour losses decreased from 2.5% to 2.17%.

The overall second quarter of 2022 the OTC in the RET decreased by approx. 12.8% compared to the

same period in 2021, as a result of favourable generation dispatching in April and June and advantageous physical flow distribution on interconnection lines in May, which led to a reduction in transmission away from sources, but also due to favourable weather conditions in May and June, which reduced corona losses. Relative to energy entering the contour losses decreased from 2.5% to 2.17%.

The overall third quarter of 2022, RET OTC decreased by 0.7% compared to the same period in 2021, due to a 1.6% reduction in energy entering the RET contour and due to favourable weather conditions in July, which reduced corona losses during the period. Relative to energy entering the contour losses increased from 2.12% to 2.14%. It should be noted that *the values for September 2022 are preliminary*.





RET development

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on 30 September 2022 compared to 30 December 2021 was determined by the increase in the value of tangible assets in progress concurrent with the registration of depreciation of tangible assets.

The value of fixed assets registered in the accounting books in the first nine months of 2022 is 240.4 million lei (102 million lei in the same period of 2021), an increase of 138 million lei.

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

- Connection of Isaccea-Varna 400 kV LEA and Isaccea-Dobrudja 400 kV LEA in Medgidia South 400 kV Station, Phase I - Extension of Medgidia South 400 kV Station - 58.6 million lei;
- Upgrading of the 220/110 kV Hashdat Station - 54.3 mil lei;
- Upgrading of 220/110/20 kV Răureni Station - 25,4 mil lei;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut Station and modernization of the control system of 400/220/110/6 kV Iernut Station - 19,9 mil lei;
- Replacement of HV and Trafo in electric stations - stage 2, phase 2 - LOT 1 - LOT 2 - 10,1 mil lei.

TANGIBLE AND INTANGIBLE ASSETS

Procurement of tangible and intangible assets in January-September 2022 amount to 294.2 million lei, down compared to the same period of 2021 when procurements amounted to 358 million lei.

At the same time, the balance of tangible assets in progress according to the financial position as at 30 September 2022, in the amount of 920.7 million lei, is represented by the projects in progress, the most significant of which are listed below:

- 400 kV d.c. Cernavodă - Stâlpu and connection in Gura Ialomiței - 308,8 mil lei;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița - 107,9 mil lei;
- 400 kV d.c. Gutinaș - Smârdan LEA - 67 million lei;
- Connection to the TSO of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV Banca Station - 46,9 mil lei;
- Upgrading of 400 (220)/110/20 kV Munteni Station - 44,9 million lei;
- Refurbishment of 220/110 kV Iaz Station - 35,3 mil lei;
- Upgrading of 220/110/20 kV Arefu Station - 29 mil lei;
- Refurbishment of 400/110/20 kV Smârdan Station - 27,3 mil lei;

- Upgrading of 220/110/20 kV Ungheni Station - 26,8 mil lei;
- Refurbishment of 220/110/20 kV Baru Mare Station - 20,6 mil lei;
- Switching to 400 kV voltage of the Portes de Fier - Resita - Timisoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 19 mil lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: LEA 400 kV Cernavodă 2 and 3 - 18,5 mil lei;
- Upgrading of 220/110 kV Dumbrava Station - 17,4 mil lei;
- Refurbishment of 110 kV Medgidia South Station - 13,7 mil lei;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 12,2 mil lei;
- 110 kV, 220 kV and 400 kV mobile switchgear - 11.3 mil lei.



INVESTMENT ACTIVITY AT 30.09.2022

The breakdown of capital expenses as at 30 September 2022 by the main chapters of the annual investment programme correlated with the main chapters of the Company's Development Plan is as follows:

The achievement degree of the investment programme at 30 September 2022 is 60.6%. Compared to the achievement at 9M 2021, the realised investment expenditure decreased by 25.1%.

No.	Types of expenditures	2022 Investment Programme* (RON thou.)	Achieved (RON thou.)	
			9M 2022	9M 2021
	Grand total (A+B)	469,256	284,197	379,481
A	Company's own expenses	447,239	267,248	363,201
	Investments financed from the connection fee			
B		22,017	16,948	16,280

*2022 Annual Investment Program revision A8

EUROPEAN FUNDS

In January-September 2022, 8 project files have been prepared and submitted to the Ministry of Energy in order to access non-reimbursable financing through the Modernisation Fund in the amount of 401,412,513 euros.

In the fourth quarter of 2022 it is expected that the contracting process for the grant funding from the Modernisation Fund will be completed.

At the same time, in January-September 2022, the implementation of 2 investment projects financed by non-reimbursable European funds was carried out, as follows:

- 400 kV d.c. Gutinaş Smârdan LEA (445 poles 21 m high, equipped with cables, insulation and protective conductors, including an end cell in Gutinaş station), as well as
- Cernavodă-Stâlpu internal line (financed by European funds under the Connecting Europe Facility (CEF) mechanism).

At the same time, on 31.08.2022, Transelectrica in partnership with Delgaz Grid submitted to the European Climate Infrastructure and Environment Executive Agency (CINEA) - European Commission the application

COMPANY FINANCIAL INVESTMENTS

At European level, the energy sector is undergoing a transformation process, with a focus on the transition from a predominantly national model of energy sector evolution and development, to a model of integrated and coordinated development at European level, ensuring a unified development at continental level but also allowing for adaptation to national specifications while pursuing the legitimate interests of European states.

for grant funding through the Connecting Europe Facility for the project of common interest Carpathian Modernization of Energy Network (CARMEN).

The amount requested for funding for the CARMEN project amounts to approximately 120 million euros, of which 45 million euros reflects Transelectrica's investment (EU contribution - 50% - 22.5 million euros) represented by the installation of FACTS equipment in the Gutinaş and Roşiori stations, as well as the development of the data sharing platform for operational data.

Applications to be approved for funding under the Connecting Europe Facility are due to be published by the end of February 2023, in line with the European Commission's timetable. At the same time, in order to continue the partnership and common interest in the implementation of the CARMEN Project, Delgaz Grid and Transelectrica have started the steps for the reconfirmation of the CARMEN project in the EU CIP List VI. In this regard, new project stages and investments are being defined, which will provide socio-economic benefits to the entire Eastern European region.

In this context the Company is 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 25 February 2022, the Extraordinary General Meeting of Shareholders approved the exit of the Company from the shareholding of Selene CC, with full recovery of the capital invested by the Company in this company to date (50,000 euro).



Significant events

JANUARY - SEPTEMBER 2022

- **Common integration tests and new launch date for the Core Flow-Based Market Coupling project**

The project parties involved in the Core Flow-Based Market Coupling project reported that the first phase of the joint regional testing (Full Integration Testing -FIT) was successfully completed on 13 January 2022.

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

- **Enforcement of Civil Ruling no. 3982/08.10.2018 of the Bucharest Court of Appeal**

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

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

➤ 01.07.2015 - 30.06.2016 in the amount of 676,67 lei/group hour and

➤ 01.07.2016 - 30.06.2017 in the amount of 713,42 lei/hour-group.

The resulting price difference between the prices approved by ANRE by Decisions 1377/25.06.2015 and 1035/22.06.2016 in relation to Decision 167/16.02.2022 is in the amount of 21,340,716 lei, according to ANRE's clarifications, detailed below:

Item name	M.U	ANRE Decision nr.1377/2015	ANRE Decision nr.1035/2015
Recalculated STS-ER regulated supply price	lei/hour-group	686,67	713,42
Regulated price for STS-ER supply approved in previous decision	lei/hour-group	86,85	101,91
Regulated supply price STS-ER difference to be recovered	lei/hour-group	589,82	611,51
Number of hours of STS-ER provision	hour-group	17.074	18.430
Difference to be recovered	lei	10.070.587	11.270.129
Total difference to be recovered (Decision No 1377/2015 and Decision No 1035/2015)		21,340,716 lei	

Transelectrica will pay Hidroelectrica the total amount mentioned until 31.12.2022, and will recover the full

amount of 21,340,716 lei through the regulated tariff for system services in the following tariff period.

- **Agreement for EIB advisory services**

In order to improve the management processes of investment projects by removing existing blockages and streamlining some activities, the Company has signed a pro-bono support services agreement with the European Investment Bank (EIB) for an in-depth analysis of the Company's internal processes.

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

- **Convening of ordinary and extraordinary general meetings of shareholders**

The Company's Board of Directors has convened an Ordinary and Extraordinary General Meeting of Shareholders on 25 February 2022 with the main items on the agenda:

➤ Establishment of the investment programme for the financial year 2022 and estimates for 2023 and 2024

➤ Approval of the revenue and expenses budget for 2022 and the estimates for 2023 and 2024

➤ Approval of the exit of the Company from the shareholding of the regional centre for the coordination of safety in the operation of electricity systems in South-East Europe - Selene CC.

- **Continental European TSOs are fully engaged in synchronisation with the energy systems of Ukraine and Moldova**

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

The Continental European TSOs are focused on identifying the key conditions necessary to support Ukraine's electricity supply as a matter of priority and have committed to respond positively to the request and have analysed the conditions for an emergency synchronisation, while ensuring the security of the power system in Continental Europe. (www.entsoe.eu).

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

On 11 March, the OTS of Continental Europe concluded that the conditions for emergency synchronisation of the Moldovan-Ukrainian electricity systems with that of Continental Europe have been met and finalised the technical procedures for connecting the networks on 16 March 2022.

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

• **Extension of mandates and changes in the composition of the governing bodies**

In accordance with its statutory and legal powers, the Supervisory Board decided at its meeting of 23 March 2022, with reference to the expiry on 24.04.2022 of the terms of office as provisional members of the Directorate Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Marius-Viorel STANCIU and Florin Cristian TĂTARU, as follows:

➤ the extension, under the terms and conditions of Article 64² of GEO no. 109/2011 on the corporate governance of public companies with subsequent amendments and additions, for 2 months from 25.04.2022, of the terms of office of the following provisional members of the Directorate:

- Gabriel ANDRONACHE,
- Ștefăniță MUNTEANU,
- Cătălin-Constantin NADOLU and
- Florin-Cristian TĂTARU.

➤ the appointment as a member of the Directorate, pursuant to the terms and conditions of Article 64² of GEO no. 109/2011 on corporate governance of public companies as amended and supplemented, for a term of 2 months starting on 25.04.2022, of Mr. Bogdan TONCESCU, this appointment becoming effective subject to the express acceptance of the mandate as a member of the Directorate of NPG "Transelectrica" SA.

➤ for the period 25 April - 24 June 2022, Chairman of the Directorate, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" SA, was appointed Mr. Gabriel ANDRONACHE, in accordance with the provisions of Article 23 para. (1) of the Constitution of the National Power Transmission Company "Transelectrica"-SA.

• **Presentation of annual financial results 2021**

On 25 March 2022 the presentation of the financial results for 2021 was organised. The format of the

presentation was teleconference, starting at 12 p.m (Romanian time).

• **Regulated tariffs applicable from 1 April 2022**

On 28.03.2022 was published in the Official Gazette no.299/28.03.2022 the ANRE Order no. 33/23.03.2022 on the modification of the average tariff for the transmission service, the components of the transmission tariff for the introduction of electricity into the network (T_G) and for the extraction of electricity from the network (T_L), charged by the Company. Therefore, the regulated tariffs for the electricity transmission service, applicable from 01 April 2022, are:

Service	Tariff applicable from 01 January 2022	Tariff applicable from 01 April 2022	Variation
	lei/MWh	lei/MWh	%
The average tariff for the transmission service, of which	23.96	28.10	+17.3%
Transmission Tariff - feed-in component - (T_G)	1.49	2.53	+69.8%
Transmission Tariff - off-grid component - (T_L)	22.47	25.57	+13.8%

• **Major indirect holdings of NN Group N.V. (more than 5% of TEL's share capital)**

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

• **Resolution No. 3 of the Ordinary General Meeting of Shareholders of 18 April 2022**

On 18 April 2022, the Ordinary General Meeting of Shareholders approved the appointment of the following members of the Company's Supervisory Board with a four-month term of office, starting on 22 April 2022 and ending on 21 August 2022:

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

At the same time, it established the remuneration of the members of the Supervisory Board as being calculated in accordance with Article 8 of GEO no. 109/2011, approved with amendments and additions by LG no. 111/2016 and approved the form of the mandate contract to be concluded with the members of the Supervisory Board and the power of attorney of the person who will sign on behalf of the Company the mandate contracts of the members of the Supervisory Board.

• Resolution No. 4 of the Ordinary General Meeting of Shareholders of 28 April 2022

On 28 April 2022 the Ordinary General Meeting of Shareholders approved:

- Separate financial statements of NPG "Transelectrica"-SA for the financial year 2021;
- Consolidated financial statements of NPG "Transelectrica"-SA for the financial year 2021;
- Allocation of accounting profit remaining after deduction of income tax as at 31.12.2021;
- Establishment of reserves related to the revenues from the allocation of transmission capacity on interconnection lines in 2021, from the surplus realised from taxable and non-taxable revaluation reserves on the change of use;
- Discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2021.

• Appointment of the Chairman and Advisory Committees to the Supervisory Board

On 3 May 2022, the Supervisory Board elected Mr Cătălin-Andrei DASCĂL as Chairman of the SC and appointed the members of the Advisory Committees of the Supervisory Board as follows:

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

• CARMEN Smart Grid Project officially became a Project of Common Interest of the European Union

The Smart Grid Carpathian Modernized Energy Network (CARMEN) project, developed by Delgaz Grid SA and NPG Transelectrica SA in partnership with the Hungarian transmission operator, MAVIR Magyar

Villamosenergia-ipari Átviteli Rendszerirányító ZRt, has received final approval from the European Union and has been included in the fifth list of Projects of Common Interest (PCI).

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

The current CIP List includes 98 projects: 67 electricity transmission and storage projects, 20 gas projects, 6 CO2 grid projects and 5 smart grid projects.

The CARMEN project is worth around 150 million euro, with the application for funding due in the second half of 2022.

Implementation will run for 6 years, from 2023 to 2028.

• Resolution No. 5 of the Extraordinary General Meeting of Shareholders of 16 May 2022

The Extraordinary General Meeting of Shareholders on 16 May 2022 decided:

- to add to the Company's object of activity the activities coded according to CAEN: 3511 Electricity generation and to amend the Articles of Association accordingly by adding in Art. 6 lit. B by adding the following wording: "*Production of electricity (exclusively for the Company's own consumption) - activity of electricity generating installations; including thermal, nuclear, hydroelectric, gas turbine, diesel and recoverable energy plants - CAEN code 3511*".
- relocation of the Company's headquarters from Bucharest, Bdul. General Gheorghe Magheru no. 33, sector 1 to the Municipality of Bucharest, Olteni str. no.2-4, sector 3, "Platinum Center" building and the corresponding amendment of art.3 paragraph (1) of the Articles of Association, the new wording being as follows:

"(1) "Transelectrica" has its head office in Romania, Bucharest, Olteni str. 2-4, sector 3, building "Platinum Center" and secondary office in Bdul. Hristo Botev nr. 16 - 18, sector 3."

• Refurbishment of the Hășdat Power Station

On 31 May 2022, the company marked the completion of the refurbishment of the 220/110 kV Hășdat Transformer Station (Hunedoara county), an investment of over 60 million lei, made with its own funds, during an inauguration ceremony.

The upgrading of the 220/110 kV Hășdat station, commissioned in 1970, aimed at bringing the installations to a level of safety and reliability corresponding to the area in terms of energy, using modern technologies used worldwide.

The investment will help to improve the quality of energy transmission service and increase the security of supply to consumers connected to the electricity transmission network.

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

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

In accordance with the Resolution of the General Meeting of Shareholders no. 5/2022, the amendments provided for in the Articles of Association of the National Power Transmission Company "Transelectrica" SA approved by the shareholders at the extraordinary meeting held on 16 May 2022 have been registered at the National Trade Register Office (ONRC).

Therefore, the new head office of NPG "Transelectrica" S.A. is in Bucharest, Olteni str. 2-4, sector 3, building "Platinum Center".

- **Appointment of provisional members of the Executive Board**

At its meeting of 21 June 2022, in view of the expiry on 24 June 2022 of the terms of office of Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU as provisional members of the Directorate, pursuant to Article 64² para. (1) of GEO no. 109/2011 on the corporate governance of public companies with subsequent amendments and additions, have been appointed as provisional members of the Directorate:

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

The term of office of the members of the Directorate shall be 4 months starting from 25 June 2022 with the possibility of extension, for good cause, for another two months, but the term of office shall not exceed the date of completion of the selection procedure of the members of the Directorate of the National Electricity Transmission Company "Transelectrica"-SA under the terms of GEO no. 109/2011, if the procedure is completed within this period.

- **Electricity trade with Ukraine/ Republic of Moldova**

On 28 June 2022 the Transmission System Operators (TSOs) of Continental Europe confirmed that the

technical preconditions to allow electricity trade between Ukraine and neighbouring countries have been met.

This follows the successful synchronisation of the power systems on 16 March 2022 and the acceptance of UkrenergO as an observer member of ENTSO-E on 26 April 2022.

These achievements have been the result of intensive efforts by all European TSOs, in particular UkrenergO and operators in neighbouring countries.

Electricity trade with Ukraine/Republic of Moldova is planned to start on 30 June 2022 on the interconnection between Ukraine and Romania.

The trading of electricity on the other interconnectors (Ukraine-Slovakia, Ukraine-Hungary and Moldova-Romania) will follow later, after finalisation of the tendering rules.

Total marketed capacity will be limited to 100 MW in the first phase, and after this initial phase, it is expected that marketed values will gradually increase, following a monthly assessment of the impact of the changed volumes on the stability and security of the power system.

- **Transelectrica and Moldelectrica signed the contract that makes possible the electricity trade between Romania and Moldova**

On 11 August 2022, the Transmission and System Operators (TSOs), Transelectrica and Moldelectrica (the Transmission and System Operator of the Republic of Moldova), signed the contract that will allow the allocation of capacity for commercial exchanges of electricity on the interconnection line between Romania and the Republic of Moldova.

Electricity trade with the Republic of Moldova will start immediately after the completion of the whole process involving the harmonisation of technical details and commercial aspects. Thus, the first electricity transactions between Romania and the Republic of Moldova are expected in October this year.

- **Resolution No. 6 of the Ordinary General Meeting of Shareholders of 18 August 2022**

The Ordinary General Meeting of Shareholders on 18 August 2022 approved: the appointment of the provisional members of the Supervisory Board of the Company:

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

➤ ZEZEANU Luminița.

by four months from 22.08.2022 until 21.12.2022, the approval of the fixed indemnity of the members of the Supervisory Board, the approval of the form of the mandate contract to be concluded with provisional members of the Supervisory Board and the empowerment of the representative of the majority shareholder of the General Secretariat of the Government at the AGOA to sign on behalf of the Company the mandate contracts with the persons appointed as provisional members of the Supervisory Board, concomitantly with the approval of the formulation and filing of the claims against the former members of the Supervisory Board mentioned in the Decision of the Court of Accounts of Romania no. 15/2020.

• **Resolution No. 7 of the Extraordinary General Meeting of Shareholders of 18 August 2022**

The Extraordinary General Meeting of Shareholders on 18 August 2022 approved:

- amendment of Article 20(2) of the Articles of Association, the new wording being as follows: "(2) Meetings of the Supervisory Board shall be convened by a notice sent at least 5 (five) calendar days before the proposed date of the meeting. The period of notice shall not include the day of transmission and the day on which the meeting is to be held,
- amendment of Article 21(3) of the Articles of Association by adding the following wording to point (g): "(g) amendments to the organisational structure (organisation chart) of the Company and to the rules of organisation and functioning",
- amendment of Article 25(b) of the Articles of Association and shall read as follows: "b) approves, with the consent of the Supervisory Board, the organisational structure (organigram) of the Company and the rules of organisation and functioning".

The updated form of the Articles of Association can be found in full on the Company's website.

- "Electricity Transmission Network Development Plan for the period 2022 - 2031 - main coordinates", which contains the presentation of the necessary RET development projects and the programming of their implementation over time, while mandating the Company's Directorate to approve the amendments to the "RET Development Plan for the period 2022-2031" that will arise from the public consultation launched by the National Energy Regulatory Authority, in compliance with the main coordinates approved by the General Meeting of Shareholders.

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

The provisional members of the Supervisory Board, appointed by the Decision of the Ordinary General Meeting of Shareholders no. 6 of 18 August 2022, namely: ATANASIU Teodor, DASCĂL Cătălin - Andrei, ORLANDEA Virgil Dumitru, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian and ZEZEANU Luminița, have signed before the notary public the declaration of acceptance of their mandates.

The terms of office of all provisional members of the Supervisory Board appointed on 18 August 2022 are therefore effective.

• **Submission of application for funding through the Connecting Europe Facility programme**

The CARMEN Smart Grid project partners submitted their application for grant funding under the open call for projects of the programme on 30 August 2022.

The Smart Grid Carpathian Modernized Energy Network (CARMEN) project is being developed by Delgaz Grid SA and NPG Transelectrica SA in partnership with the Hungarian transmission operator, MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt.

The CARMEN project has a value of approximately 120 million euros and the investment covers works to be carried out over 4 years, from 2023 to 2026, in order to transition the infrastructure in the concession area of Delgaz Grid S.A. and NPG Transelectrica S.A. to the Smart Grid concept.

• **Transelectrica - a key presence at the most important global event in the field of energy systems - CIGRE Paris 2022 Conference**

Transelectrica was represented from 28 August to 2 September 2022 at both expert and leadership level at one of the most significant international events in the field of high-voltage grids - the CIGRE Paris Conference, now in its 49th session. The event brought together leading representatives from the international community of energy specialists, with more than 3,800 delegates from around 100 countries.

The company was represented at management level by Mr. Florin Cristian TĂTARU, member of the Directorate, respectively by the members of the Supervisory Board, Mr. Cătălin-Andrei DASCĂL - President, Mr. Costin Mihai PĂUN and Mr. Virgil ORLANDEA.

In the margins of the Conference, Transelectrica's management team had an official meeting with the ENTSO-E delegation led by the President of the Association, Mr Hervé LAFFAYE, as well as a meeting

with representatives of RTE International on issues related to the implementation of new technologies in the context of the transformation of the European energy sector.

- **Appointment of the Chairperson and approval of the composition of advisory committees within the Supervisory Board**

In accordance with its statutory and legal powers, the Supervisory Board of Transelectrica, meeting on 6 September 2022, elected Mr. Cătălin-Andrei DASCĂL as Chairman of the Supervisory Board and appointed the members of the advisory committees of the Supervisory Board as follows:

- Nomination and Remuneration Committee:
 - Alexandru-Cristian VASILESCU - Chairman
 - Gheorghe STERP VINGĂRZAN
 - Costin-Mihai PĂUN
 - Dumitru Virgil ORLANDEA
 - Cătălin-Andrei DASCĂL
- Audit Committee:
 - Luminița ZEZEANU - Chairman
 - Teodor ATANASIU
 - Gheorghe STERP VINGĂRZAN
 - Cătălin-Andrei DASCĂL
 - Costin-Mihai PĂUN
- Energy Security Committee:
 - Costin-Mihai PĂUN - Chairman
 - Alexandru-Cristian VASILESCU
 - Luminița ZEZEANU
 - Teodor ATANASIU
 - Dumitru Virgil ORLANDEA.

- **The "Energetician's Trophy" - 2022 Edition**

Between 19-23 September 2022, in Buzău, more than 100 Transelectrica energy experts from all the territorial units competed in the most important professional competition in the field: the "Trofeul Energeticianului" - 2022 Edition, which brought together the best experts in specialist areas essential to the Company's core business.

At the end of four days of theoretical and practical tests, in which Transelectrica specialists from all over the country competed, the best 31 of them took 1st, 2nd and 3rd places in the 10 categories of expertise (operational management, CTSI operational management staff, refurbished substation service staff, non-refurbished substation service staff, protection, SCADA system, acceptance staff for work on overhead power lines, OMEPA staff, budget-finance-accounting staff and investment staff).

The Transelectrica Energy Engineer Trophy - 2022 Edition rewarded excellence, professionalism, good training and highlighted the exceptional professional strengths of young engineers and mentors within the Company who work both to maintain the security of the National Energy System and to develop an electricity transmission infrastructure based on digitalization and modern technologies.

- **Resolution No. 8 of the Ordinary General Meeting of Shareholders of 29 September 2022**

On 29 September 2022, the Ordinary General Meeting of Shareholders approved the adjustment of the Company's Income and Expenses Budget for 2022, while setting 21 October 2022 as the date of registration of the shareholders on whom the effects of the Ordinary General Meeting of Shareholders' Decision will be reflected.

LATER EVENTS

- **Signing of grant contracts from the Modernisation Fund**

On 10 October 2022, Transelectrica's management signed in an official framework, at the Romanian Government, nine non-reimbursable financing contracts from the Modernisation Fund worth 424 million euros for the realisation of 9 national energy infrastructure development projects.

The high level of this grant funding will have a positive effect on the long-term profitability of the Company. At the same time, the financing of investment objectives through non-reimbursable funds ensures an increase in the Company's liquidity indicators.

The major benefits of these investments will materialize relevant indicators such as: increasing the transmission capacity of RET by about 1700 MW, construction of about 480 km of new overhead power lines, extension of 5 power stations with 400 kV voltage level, digital concept retrofitting

- for the first time in Romania - of Alba Iulia Station, increasing the interconnection capacity by 600 MW (cumulated on the borders with Serbia and Hungary), implementing power quality monitoring systems in 15 stations, as well as optimizing and monitoring overhead power lines through digital systems.

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

At the meeting held on 14 October 2022, the Supervisory Board of the Company, with reference to the expiry on 24.10.2022 of the terms of office of the provisional members of the Directorate, decided to extend, pursuant to the terms and conditions of Article

64² of GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented, for 2 months starting on 25.10.2022, the terms of office of the provisional members of the Directorate for:

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

but no later than the completion of the selection procedure in accordance with the provisions of GEO 109/2011 on corporate governance of public companies, as amended.

At the same time, Mr. Gabriel ANDRONACHE has been appointed Chairman of the Directorate, alternatively called Chief Executive Officer of the Company, for the period from 25 October to 24 December 2022.

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

The Company's Directorate has convened, in accordance with the legal provisions, the Extraordinary General Meeting of Shareholders on 21 November 2022, with the main items on the agenda:

- Approval of the minimum amount insured and the maximum insurance premium for the professional liability insurance of the members of the Supervisory Board and the Directorate,
- Information on acquisitions of products, services and works, commitments involving significant obligations of the Company with a value of more than 5,000,000 euro, as well as loans and guarantees for loans with a value of less than 50,000,000 euro.

- **400 kV Cernavodă-Stâlpu line, historic crossing of the Danube:**

On 21 October 2021, the most difficult and challenging technical stage of the project to build the 400kV Cernavodă-Stâlpu Overhead Power Line was marked, namely the crossing of the Danube over a distance of 2.6 kilometres, of which 1.13 kilometres are above water.

The event was attended by Transelectrica's Management, the General Director of Electromontaj SA, Ionuț Tănăsoaica, the Deputy Secretary General of the Government and member of Transelectrica's Supervisory Board, Alexandru-Cristian Vasilescu, the Secretary of State in the Ministry of Energy George Niculescu, Chairman of the Committee on Industry and Services of the Chamber of Deputies, Bende Sándor, and the official representative of the European Climate,

Infrastructure and Environment Executive Agency (CINEA), Ona Kostinaite-Grinkeviciene - Head of Sector CEF.



The Danube river crossing stage took about three weeks, including the preparatory phases.

Its complexity and uniqueness involved special efforts from Transelectrica's contractors and teams of experts, being the first such large-scale electrical engineering work carried out in the Romanian Transmission Grid in the last 35 years.

The double-circuit overhead power line is supported on both sides of the Danube by the tallest high-voltage pylons - 150 metres - in the entire national energy infrastructure.

The 400 kV Cernavodă-Stâlpu Overhead Power Line infrastructure objective, an investment worth a total of around 75 million euro, benefits from 27 million euro in non-reimbursable co-financing through the Connecting Europe Facility (CEF).

The project is part of the North-South Interconnection East Electricity (North-South Interconnection East Electricity) corridor and aims to strengthen the cross-section between the western Black Sea coast and the rest of the European system, while contributing to the strengthening of the electricity transmission grid in Romania, increasing the interconnection capacity between Romania and Bulgaria and integrating wind energy produced in the Dobrogea area.

The route of the projected line is 160 kilometres long and crosses the territory of three counties: Constanța county (6 kilometres with double circuit), Ialomița county (94 kilometres with double circuit and 5 kilometres with single circuit) and Buzău county (54 kilometres with double circuit).



Other issues

SHAREHOLDER STRUCTURE

The shareholding structure of the Company as of 30.09.2022 is as follows:

Shareholder name	No. of shares	Share in total
The Romanian State through the SGG	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	16.081.363	21,9%
Other shareholders – natural persons	5.440.215	7,4%
Total	73.303.142	100%

TARIFFS

Transport tariff (transport service + system functional service)

Tariff	u.m	Applied tariff 1 Jan - 31 Mar 2022	Tariff applied 1 Apr - 31 Dec 2022	Difference(9%)
Average tariff for electricity transmission service	lei/MWh	23,96	28,10	17,28%
Transmission Tariff - the feed-in component	lei/MWh	1,49	2,53	69,8%
Transmission Tariff - the electricity taken out of the grid component	lei/MWh	22,47	25,57	13,8%

In accordance with the provisions of Article 14, paragraph (1) of Government Emergency Ordinance no.27/2022 on measures applicable to end clients in the electricity and natural gas market for the period 1 April 2022 - 31 March 2023, and for amending and supplementing certain regulatory acts in the field of energy, ANRE has established the amount of additional expenses for the procurement of electricity necessary to cover its own technological consumption generated by the increase in wholesale market prices.

Thus, compared to the value of the average price of electricity for regulated OTC coverage taken into account ex-ante in the calculation of tariffs for 2021 of 288.76² lei/MWh, the new average price of electricity

² Price resulting from the calculation: $262.71 * 1.0206 * 1.077 = 288.76$, where: 262.71 lei/MWh - the forecast CPT price for 2021 in real terms of 2019 1.0206 - inflation in 2020 1.077 - the estimated inflation to be achieved in 2021, according to the autumn forecast issued by the National Forecast Commission

COMPOSITION OF THE BOARD

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

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

for regulated OTC coverage recognized by ANRE was set at 455.28 lei/MWh.

In view of the above, the table below shows:

- the average charge for electricity transmission service, with the related component:
 - grid feed-in (T_G);
 - electricity extraction from the grid (T_L),

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

The tariff for the system service (formerly technological system services), applicable from 1 January 2022, according to ANRE Order no.124/24.11.2021, did not change 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	lei/MWh	10,82	9,32	-13,86%

DISPUTES

The most important litigations impacting the Company are presented below:

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

• ROMENERGY INDUSTRY

File 2088/107/2016 pertained to “Bankruptcy & request to be admitted in the creditors’ list”.

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

A hearing term has been set on **12.12.2022** for the continuation of the bankruptcy proceedings.

• RAAN

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

Comments: Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator communicates that only the amount of 11,264,777.30 lei has been entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei has been rejected, an objection to the additional table of claims has been filed within the legal term.

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

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

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

At the term of 06.10.2022, a term was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the

completion of the other liquidation operations, and the next term was set for **09.02.2023**.

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

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

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

Case No 26024/3/2015 - Casefile: order the defendant to pay the sum of RON 10 048 628,86. ICCJ decision of 01.03.2022: Admit the appeal filed by RAAN and refer the case back to the CAB. Final. term for ruling at the CAB: 14.11.2022.

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

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

• CET Govora

Case no. 2428/2/2014 - by the appeal which is the subject of the request, the claimant CET Govora requested the annulment of the Decision of the President of ANRE no. 738/28.03.2014, and by the Precizare filed on 29.10.2014 requested that, if the appeal is upheld, the sums of money withheld by the administrator of the support scheme, NPG Transelectrica SA, in the execution of the

overcompensation decision, for the recovery of the amount of 53,742,755 lei, be ordered to be refunded.

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

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

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

• MUNICIPALITY OF REȘIȚA

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

File: By the request, the claimant, Municipiul Reșița, requests that the defendant Transelectrica SA be ordered to pay the following amounts: RON 2 129 765,86, representing the rent for the area of land temporarily occupied from the forestry fund for 2015; RON 2 129 765,86, representing the rent for the land for 2016; RON 2 129 765,86, representing the rent for the land for 2018; statutory penalty interest from the due date until actual payment.

The Court of First Instance (CS): suspends the proceedings on the request brought by the claimant, the Municipality of Reșița, through the Mayor, against the defendant Transelectrica, concerning claims under Article 413(1)(1) of the Civil Procedure Code. With an appeal to the superior court while the proceedings are suspended. Document: Order - Suspension 22.03.2021.

The case has been deferred until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin.

• ANAF

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

Settlement in brief: It admitted the judgment suspension request filed by the contestor. In accordance with article

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

Case No 1802/2/2018 - At the hearing on 20.10.2020 - in brief judgment: the requests were upheld in part.

Annulled in part Decision No 122/13.03.2018 on the resolution of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by ANAF - General Directorate for Dispute Resolution and on 12.07.2017 by ANAF - General Directorate for the Administration of Large Taxpayers, as well as the Tax Inspection Report No F-MC 222 concluded on 30.06.2017, which was the basis for the issuance of the tax decision, to the effect that:

- ✓ cancels the obligation to pay income tax in the amount of 18,522,280 lei, VAT in the amount of 5,694,636 lei and the related tax accessories in the amount of 48,436,653 lei, tax liabilities established for the 349 special tax invoices found to be missing from the claimant's management.
- ✓ removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount.
- ✓ removes the non-deductibility of the amount of 343,629.91 lei representing 'weed removal services' from the calculation of taxable profit and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible character for the calculation of taxable profit of the amount of 230,685.491 lei, representing the expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims related to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 46,417.1 lei, relating to the amount of 343,629.91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the amount of 230,685.49 lei, representing expenditure on promotional and protocol products and the obligation

to pay the principal and accessory tax claims in relation to that amount.

- ✓ removes the mention regarding the obligation of the Sibiu Transmission Branch of NPG Transelectrica S.A. to record the amount of 576,846.80 lei as taxable income no later than 30.06.2010, the date on which the audited unit was accepted as a creditor with this amount, the mention regarding the character of taxable income for the calculation of profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d of GD 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, the chapter on income tax, respectively Chapter VII on the function of accounts of Order no. 3055 of 29 October 2009 approving the Accounting Regulations in accordance with European directives and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes from the minutes the finding made in respect of "the determination of deductible value added tax lower than that recorded by the claimant, thus resulting in a difference in the amount of 13,141 lei" (Annex No 15) and the obligation to pay the principal and accessory tax claims in respect of that amount.
- ✓ eliminates the obligation to pay penalties for late payment which have a penalty legal status, calculated for a period of more than 6 months from the date of commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as determined by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF - DGAMC, Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision No. 122/13.03.2018, on the settlement of the appeal filed against Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - Directorate General for Dispute Resolution.

The other provisions of Decision No 122/13.03.2018 on the settlement of the appeal against Tax Decision No F-MC 439/30.06.2017 are maintained. The remainder of the claims are rejected as groundless.

Dismisses as groundless the request for costs in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the claimant's costs in the sum of 4 000 lei, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the request.

Transelectrica and ANAF filed an appeal in March 2022. **Decision of 24.05.2022:** Dismissed as groundless the

request for clarification and supplementing of the operative part. Admit the request for rectification of the material error in that the amounts of money by way of principal and accessory tax liabilities in respect of the 349 tax invoices, as set out in the contested tax decision, are to be mentioned as correct. Orders that the material error be corrected by removing the incorrect name of the claimant from the contested judgment.

The parties appealed. The case is in the filter procedure at the ICCJ.

• **CONAID COMPANY SRL**

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

The case is deferred to 28.09.2022 for lack of reply to the objections. The new hearing date is **07.12.2022**.

• **OPCOM**

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

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

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

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

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

3021/ 03.12.2021, the Company will be able to file an appeal against this judgment. Transelectrica has filed an appeal.

Decision of the CAB according to Decision No 532/12.10.2022: Dismiss the appeal as groundless. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days of communication.

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

Hearing term: **22.11.2022** for taking evidence.

- **GRAND VOLTAGE**

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

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

- **ANRE**

File no. **4921/2/2014** requesting either the amendment of Order no. 51/26.26.2014 or the issuance of a new order, recalculating the RRR value at the level of 9.87% (recalculated with a coefficient (β) of 1.0359, according to Transelectrica's internal analyses) or, if this request is rejected, using the same percentage of 8.52% set by ANRE for 2013 and the first half of 2014.

On 06.10.2020, the request was rejected with the following summary: the plea of inadmissibility was rejected as groundless. The action was dismissed as groundless. With appeal within 15 days from the communication. The decision is made available to the parties through the court registry. Judgment 362/2020.

At the hearing of 11.01.2021, the request to complete the device is admitted. It is ordered to complete the operative part of the civil judgment no. 362/06.10.2020 with the decision given on the request for ancillary intervention, in the sense that: the request for ancillary

intervention, made by the intervener ALRO SA in support of the defendant ANRE, is admitted. With the right to appeal within 15 days of communication, the appeal request to be filed with the Bucharest Court of Appeal.

Transelectrica filed an appeal, which was heard on 25.05.2022 and dismissed as groundless, final judgment. The dispute did not affect the relationship with ANRE.

- **COURT OF AUDITORS**

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

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

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

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

New case no. **2985/1/2021** hearing at ICCJ: **24.11.2022**.

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

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed a number of 8 appeals against the measures ordered by the Court of Accounts of Romania (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the

Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals are pending before the Bucharest Court of Appeal (**2 files: file no.6576/2/2017** concerning the annulment of the findings under points 7.1, 7.2 and 8, as well as the measure ordered under point II.10, hearing 20.01.2021, solution: the objections of inadmissibility, raised in the statement of defence, are rejected, the request is rejected as groundless, TEL filed an appeal on 19.11.2021 and **file no.6581/2/2017** on the annulment of the findings in point 6 as well as the measure ordered in point II.9, hearing **18.11.2022**).

Five cases were definitively settled, with the dismissal of the request for annulment by the Bucharest Court of Appeal and the dismissal of the appeals by the High Court of Cassation and Justice (**case no. 6574/2/2017** concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, **case no. 6577/2/2017** concerning the annulment of the findings in point 13 and the measure ordered in point II.13, now **case no. 1614/1/2020**, **case no. 6578/2/2017** on the annulment of the findings in paragraph 9 and the measure ordered in paragraph II.11, **case No 6580/2/2017** on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, **case No 6582/2/2017** on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and **case No 6583/2/2017** on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

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

At the hearing on 10.12.2021, the CAB rejects the Company's request for summons.

At the same time, the Company is also involved in litigation with former members of the Executive Board and Supervisory Board, and for these disputes the Company has updated the provisions representing the value of the OAVTs (virtual stock options), as well as in lawsuits concerning claims for contract price adjustment under GEO no.114/2018.



Anexe

ANNEX 1: Stand-alone statement of financial position

[RON mn]	9M 2022 -unaudited-	2021	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,890	3,815	75	2%
Assets of the usage rights for leased assets -buildings	24	30	(6)	(20%)
Intangible assets	9	7	2	28%
Intangible assets-Supplementary OTC	279	0	279	n/a
Financial assets	86	82	4	5%
Total non-current assets	4,288	3,933	355	9%
Current assets				
Inventories	41	40	1	2%
Receivables	3,650	2,996	655	22%
Cash and cash equivalents	382	252	130	51%
Profit tax recoverable	0	21	(21)	n/a
Total current assets	4,073	3,309	764	23%
Total assets	8,361	7,242	1,118	15%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which	733	733	-	0%
<i>Subscribed share capital</i>	733	733	-	0%
Share premium	50	50	-	0%
Legal reserves	138	138	-	0%
Revaluation reserves	719	769	(50)	(6%)
Other reserves	39	31	8	26%
Retained earnings	2,102	1,634	468	29%
Total shareholders' equity	3,781	3,355	426	13%
Non-current liabilities				
Long term deferred revenues	440	443	(3)	(1%)
Long term borrowings	62	79	(18)	(22%)
Other loans and assimilated liabilities - Long-term building leasing	17	23	(6)	(26%)
Deferred tax liabilities	112	117	(6)	(5%)
Employee benefit liabilities	60	60	-	0%
Total non-current liabilities	690	723	(33)	(5%)
Current liabilities				
Trade and other liabilities	3,639	3,034	606	20%
Other loans and assimilated liabilities - Building leasing	8	8	0,1	2%
Other taxes and social security liabilities	10	14	(4)	(28%)
Short-term borrowings	101	25	76	n/a
Provisions	38	52	(14)	(27%)
Short-term deferred revenues	34	32	2	7%
Income tax payable	59	-	59	n/a
Total current liabilities	3,889	3,164	725	23%
Total liabilities	4,579	3,887	692	18%
Total shareholders' equity and liabilities	8,361	7,242	1,118	15%

ANNEX 2: Stand-alone profit or loss statement

[RON mn]										
Indicator	9M 2022 -unaudited-	9M 2021 -unaudited-	2021	2020	Budgeted 9M 2022	Achieved 9M 2022 vs 9M 2021	Achieved 9M 2022 vs 9M 2021 (%)	Achieved vs Budgeted 9M 2022	Achieved vs Budgeted 9M 2022 (%)	
0	1	2	3	4	5	6=1-2	7=1/2	8=1-5	9=1/5	
Operating income										
Transmission revenues	1,416	910	1,252	1,035	1,242	506	56%	174	14%	
System services revenues	379	479	624	795	395	(100)	(21%)	(15)	(4%)	
Balancing market revenues	2,774	863	1,823	495	1,500	1,911	221%	1,275	85%	
Other revenues	35	29	57	42	31	6	20%	4	13%	
Revenues from OTC capitalisation	279	-	-	-	-	279	n/a	279	n/a	
Total operating revenues	4,884	2,282	3,756	2,367	3,167	2,602	114%	1,717	54%	
Operating expenses										
System operating expenses	681	325	576	310	626	356	109%	55	9%	
Balancing market expenses	2,775	851	1,810	495	1,506	1,924	226%	1,269	84%	
Technological system services expenses	339	448	610	566	431	(109)	(13%)	(92)	(21%)	
Depreciation and Amortisation	193	196	274	268	198	(3)	(2%)	(5)	(2%)	
Personnel expenses	204	178	244	273	204	26	14%	0,3	0%	
Repairs and maintenance expenses	78	65	97	98	87	13	20%	(8)	(10%)	
Materials and consumables	10	6	10	8	11	4	68%	(2)	(15%)	
Other operating expenses	107	113	123	170	131	(5)	(5%)	(23)	(18%)	
Total operating expenses	4,388	2,182	3,745	2,188	3,194	2,206	101%	1,194	37%	
Operating profit	496	100	11	180	(26)	397	n/a	523	n/a	
Financial income	45	6	6	10	6	39	n/a	39	n/a	
Financial expenses	46	9	15	15	9	37	n/a	37	n/a	
Net finance result	(1)	(3)	(9)	(5)	(3)	2	61%	2	64%	
Profit before income tax	495	97	2	175	(29)	398	n/a	525	n/a	
Income tax	77	16	1	30	0.5	61	n/a	77	n/a	
Profit for the year	418	81	0.45	145	(30)	337	n/a	448	n/a	

ANNEX 3: Stand-alone cash flow statement - unaudited

[Mil RON]	9M 2022	9M 2021	Δ
Cash flows from operational activities			
Profit/loss for the period	418.19	80.80	337.4
Income tax expense	77.13	16.04	61.1
Amortisement expense	193.14	196.13	(3.0)
Revenues from the production of intangible assets - Additional OTC	(279.24)	-	(279.2)
Expenses with adjustments for trade receivables impairment	1.47	14.35	(12.9)
Revenues from reversal of adjustments for trade receivables impairment	(1.35)	(2.38)	1.0
Losses from various debtors	-	0.04	(0.04)
Net expenses/income with adjustments for various debtors impairment	10.18	2.23	7.9
Net expenditures with adjustments for inventories impairment	0.05	1.29	(1.2)
Net profit/loss on sale of tangible assets	0.05	0.43	(0.4)
Net expenses on value adjustments in respect of tangible assets	-	0.30	(0.3)
Net expenses /revenue on provisions for risks and expenses	(13.78)	(21.58)	7.8
Interest expense. interest revenue and unrealised exchange rate gains	2.75	3.19	(0.4)
Cash flows before changes to working capital	408.61	290.85	117.8
Changes in:			
Clients and assimilated accounts - energy and other activities	(819.79)	(285.21)	(534.6)
Clients - balancing	117.81	(4.73)	122.5
Clients - cogeneration	37.09	19.09	18.0
Inventories	(0.76)	(2.82)	2.1
Trade and other liabilities - energy and other activities	820.40	311.42	509.0
Liabilities - balancing	(30.25)	(17.79)	(12.5)
Liabilities - cogeneration	(160.60)	(85.68)	(74.9)
Debts paid Tax decision NAFA	-	(2.14)	2.1
Other loans and assimilated debts - Building lease	-	(6.57)	6.6
Other taxes and social insurance liabilities	(4.00)	(7.55)	3.5
Deferred revenues	(1.30)	13.64	(14.9)
Cash flows from operating activities	367.23	222.50	144.7
Interest paid	(5.55)	(3.26)	(2.3)
Income tax paid	-	(22.27)	22.3
Net cash generated from operational activities	361.68	196.97	164.7
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(294.18)	(358.03)	63.9
Proceeds from EC non-reimbursable financing	8.68	93.15	(84.5)
Interest received	1.94	2.05	(0.1)
Dividends received	1.53	0.02	1.5
Net cash used in investment activity	(282.01)	(262.80)	(19.2)
Cash flows used in financing activity			
Repayments of non-current borrowings	(17.78)	(17.75)	(0.02)
Use of working capital credit line	75.78	-	75.8
Building leasing payments	(7.93)	(7.88)	(0.1)
Dividends paid	(0.08)	(63.60)	63.5
Net cash used in financing activity	49.98	(89.23)	139.2
Net increase/(decrease) in cash and cash equivalents	129.65	(155.06)	284.7
Cash and cash equivalents at 1 January	252.23	554.00	(301.8)
Cash and cash equivalents at end of period	381.88	398.94	(17.1)

ANNEX 4: Economic and financial indicators for the reporting period

Indicators	Calculation formula	9M 2022 - unaudited-	2021
Current liquidity indicator (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.05	1.05
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Shareholder's equity}} \times 100$	4.3%	3.1%
(2) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	4.1%	3.0%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	50.1	67.8
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	1.07	0.94

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

ANNEX 5: Articles of association amended between January and September 2022

- Addition to the Company's object of activity of activities coded according to CAEN: 3511 Electricity generation and corresponding amendment of the Articles of Association by adding in Art. 6 lit. B with the following wording: "Production of electricity (exclusively for the Company's own consumption) - activity of electricity generating installations; including thermal, nuclear, hydroelectric, gas turbine, diesel and recoverable energy plants - CAEN code 3511",
- Relocation of the Company's headquarters from Bucharest, Bdul. G-ral Gheorghe Magheru nr. 33, sector 1 to Bucharest, Olteni str. nr.2-4, sector 3, "Platinum Center" building and the corresponding modification of art.3 paragraph (1) of the Memorandum of Association, the new wording being as follows: "(1) "Transelectrica" has its main office in Romania, Bucharest, Olteni str. nr.2-4, sector 3, "Platinum Center" building and its secondary office in Bdul. Hristo Botev nr. 16 - 18, sector 3".
- Amendment of Article 20(2) of the Articles of Association, the new wording being as follows: "(2) Meetings of the Supervisory Board shall be convened by a notice sent at least 5 (five) calendar days before the proposed date of the meeting. The period of notice shall not include the day of transmission and the day on which the meeting is to be held. The notice shall be sent to all members of the Supervisory Board as provided for in the Constitution."
- Amendment of Article 21(3) of the Memorandum of Association by adding the following wording to point (g): "(g) amendments to the organisational structure (organisation chart) of the Company and to the rules of organisation and functioning".
- Amend Article 25(b) of the Constitution to read as follows: "b) approves, with the consent of the Supervisory Board, the organisational structure (organisation chart) of the Company and the rules of organisation and functioning".

All these changes were approved in Resolution No. 5 of the AGEA dated 16 May 2022 and Resolution No. 7 of the AGEA dated 18 August 2022, both registered with the National Trade Registry Office.

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

Directorate

- At the meeting held on 23.03.2022, the members of the Supervisory Board unanimously decided to extend the terms of office of the provisional members of the Directorate for two months, starting on 25 April 2022 and ending on 24 June 2022, for Gabriel ANDRONACHE, Ștefănița MUNTEANU, Cătălin-Constantin NADOLU, and Florin-Cristian TĂTARU.

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

- At the meeting of 21.06.2022 the members of the Supervisory Board took note that on 24 June 2022 the mandates of the provisional members of the Directorate Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Bogdan TONCESCU and Florin Cristian TĂTARU expired and decided to extend their mandates for a period of 4 months starting from 25 June 2022.06.2022 with the possibility of extension for two more months for good cause, but the term of office will not exceed the date of completion of the selection procedure for the members of the Company's Directorate, under the terms of GEO no. 109/2011.
- At the meeting of 14.10.2022, the members of the Supervisory Board unanimously decided to extend for a period of two months, starting on 25.10.2022 and until 24.12.2022, the terms of office of the following members of the Directorate: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU but not later than the completion of the selection procedure according to the provisions of GEO 109./20211 on corporate governance of public enterprises, as subsequently amended and supplemented.

Supervisory Board

- According to the AGOA Decision no. 3/18.04.2022, the appointment of the following members of the Supervisory Board of the Company was approved for a four-month term of office, starting from 22 April 2022 until 21 August 2022: Oana-Cristina BALACCIU, Adrian-Nicolae BLĂJAN, Cătălin-Andrei DASCĂL, Victor-Florin DUMITRIU, Dumitru Virgil ORLANDEA, Costin-Mihai PĂUN, Alexandru-Cristian VASILESCU.
- 6/18.08.2022, the following members of the Supervisory Board of the Company were appointed for a four-month term of office, starting from 22 August until 21 December 2022: ATANASIU Teodor, DASCĂL Cătălin-Andrei, ORLANDEA Virgil Dumitru, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminița.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q3 2021 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 Basis	Procurement Procedure
				RON Thou.	EUR Thou.			
0	1	2	3	4	5	6	7	8
1	C 838/2022	Connection of 400 kV Isaccea-Varna and 400 kV Isaccea-Dobrudja LEA to 400 kV Medgidia South station - stage II - 400 kV D. C. LEA connections to Medgidia South station	18	76.556,86	-	Works	Law 99/2016 + GD 394/2016	Open tender
2	TM 52/2022	Specialized security, monitoring and intervention services at UTT Timisoara objectives	36	12.803,54	-	Services	Law 99/2016 + GD 394/2016	Open tender
3	TC 9C40/2022	Specialized security, monitoring and intervention services for the objectives of UTT Constanta	9	3.053,84	-	Services	Law 99/2016 + GD 394/2016	Own procedure
4	C 896/2022	VRF/VRV type air conditioning installations for office spaces and hallways within UNO DEN, located at 16-18 Hristo Botev Boulevard, sector 3, Bucharest	7	2.500	-	Supply	Law 99/2016 + GD 394/2016	Open tender
5	EN 58/6110/2022	Mowing and vegetation removal services to prevent fires in power stations managed by UTT Pitesti	36	531,20	-	Services	Law 99/2016 + GD 394/2016	Open tender

Annex 6 - Glossary of terms

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

