

**NPG CO. TRANSELECTRICA SA**  
**REPORT**  
**OF THE SUPERVISORY BOARD**  
**ON MANAGEMENT ACTIVITY**



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The Supervisory Board is based on the principles of corporate governance, which require a responsible, professional and objective attitude of the Company towards its stakeholders. The Board reviews the Company's strategy and the prerequisites of the environment in which operates in order to plan its development and performance, ensuring a rigorous formulation of objectives.

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

The stand-alone interim simplified financial statements as at and for the six months ended on 30 June 2023 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and have been reviewed by the Audit Committee of the Supervisory Board within its meeting on 10 August 2023.

*Yours sincerely,*

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



## Corporate structure

### SUPERVISORY BOARD

The National Power Grid Company "Transelectrica SA" ("NPG CO. "Transelectrica SA", "Transelectrica" or the "Company") is a joint stock company, which is organized and operates in accordance with the laws of Romania, being managed under two-tier system, pursuant to the resolution of the Extraordinary General Meeting of Shareholders of 18 July 2012, by a Directorate (consisting of 5 members) under the supervision of a Supervisory Board (consisting of 7 members).

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

- **Cătălin-Andrei DASCĂL - Chairman of the Supervisory Board**

As of 22 April 2022, Mr. Cătălin Andrei Dascăl was appointed member of the Supervisory Board of NPG CO. Transelectrica SA.

Mr. Dascăl joined Transelectrica's non-executive management team with extensive legal experience.

Cătălin Andrei Dascăl's career includes managerial and executive positions in acquiring complex legal expertise in both public administration and private practice.

Thus, among the positions he held, he was legal advisor at IPCMG - REFAL SPRL, executor and legal expert at the Authority for the Administration of State Assets.

Since 2006 to date, Mr. Dascăl is a lawyer and insolvency practitioner - Member of Insol Europe, founder and partner lawyer at "Dascăl Ciotea and Associates SPARL", founder and coordinating partner at "Dascăl Insolvency SPRL".

Also, from 2016 to date, he is President of the National Union of Insolvency Practitioners of Romania (UNPIR) - Bucharest Branch, and from 2021 he is a member of the National Board of Directors of UNPIR and coordinator of working groups within this structure.

Cătălin Andrei Dascăl graduated from the Faculty of Law of Nicolae Titulescu University, Bucharest and holds a degree in legal studies from the Faculty of Law of the University of Bucharest. At the same time, he completed postgraduate studies in European Community Law (Faculty of Law, University of Bucharest) and Commercial Law (Academy of Economic Studies, Bucharest).

- **Teodor ATANASIU - Member of the Supervisory Board**

Mr. Teodor ATANASIU, as of 22 August 2022, has joined the Supervisory Board of NPG CO. Transelectrica SA, with a long experience in central public administration.

From 2017 to 2022, Mr. Teodor ATANASIU was a member of the Regulatory Board of the National Energy Regulatory Authority.

Mr. Teodor ATANASIU attended the courses of the Polytechnic Institute of Cluj Napoca and graduated from the Faculty of Mechanics.

Mr. ATANASIU also holds a degree from the Open University Business School in Financial Management, Competitiveness Management, Customer Relationship Management.

- **Costin-Mihai PĂUN - Member of the Supervisory Board**

As of 22 April 2022, Mr Costin Mihai PĂUN has been appointed member of the Supervisory Board of NPG CO. Transelectrica SA, taking this position with over 30 years of experience in the European and national energy industry.

Throughout his career he has held several managerial and executive positions, working both nationally and internationally in the transmission, distribution and generation of electricity.

Mr. Păun joins Transelectrica's non-executive management team with an outstanding career in the energy sector.

Thus, Mr. PĂUN has significant experience in coordination with European Transmission and System Operators (ENTSO-E and MED-TSO), Electricity



Distribution Operators, National Regulatory Authorities, Agency for the Cooperation of Energy Regulators (ACER), European Institutions (European Commission, DG ENER, DG Conect, etc.) and International Financial Institutions (IFI - European Investment Bank, KfW, etc.).

Mr. PĂUN has designed, led and implemented European and international projects funded by the European Commission and the IFI, carried out European consortia, studies and plans for the development of electricity grids, contributed to new solutions in innovation initiatives and scientific research, and is responsible for system operation, regulation, implementation of high voltage projects.

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

Mr. Păun was also a member of the Board of Directors of the Electricity Distribution System Operator "Electrica Distribuție Muntenia Nord" SA (2012-2016), Responsible for the preparation of the 10-year European Electricity Network Development Plan within ENTSO-E in Brussels (2010-2016), the Regional Investment Plans in 4/6 ENTSO-E Regions: North Sea, Baltic Sea, Continental South-West Europe, Continental Central-East Europe, Network Codes, Regulatory Advisor, Energy Policy, Electricity Networks at EURELECTRIC, Union of the Electricity Industry, Brussels (2002-2010), Member of the European Economic and Social Committee - Transport, Energy, Infrastructure and Information Society Section (2003-2006) and Coordinator of Regulatory Training and Energy Strategy (1993-1998).

Mr. Costin Mihai PĂUN graduated from the Polytechnic University of Bucharest, Faculty of Energetics, with a degree in Electrical Engineering, a field in which he also holds a PhD degree from the Technical University of Timisoara.

He also consolidated his expertise in the field of management through the Master's degree program "Financial-Banking Management", acquiring the title of Master in Business Administration - Financial-Banking Management at the Romanian-American University of Bucharest.

#### • **Alexandru-Cristian VASILESCU - Member of the Supervisory Board**

As of 22 April 2022, Mr. Alexandru Vasilescu has been appointed member of the Supervisory Board of NPG CO. Transelectrica SA, taking up this position with

expertise in public administration advisory and management.

Mr. Alexandru Vasilescu is currently Secretary of State in the General Secretariat of the Government, a position he has held since February 2022.

Mr. Vasilescu joined Transelectrica's non-executive management team, having a professional portfolio shaped by the following experiences: Commercial Director of SC Orhideea SRL; Advisor in several institutions of the state administrative apparatus: Romanian Parliament - Chamber of Deputies, Department for SMEs, Business Environment and Tourism, Ministry for Information Society, General Secretariat of the Government. Mr. Alexandru Vasilescu graduated from the Technical University of Constructions in Bucharest with a degree in construction engineering.

Following his undergraduate studies, he completed a master's program at the Technical University of Construction in Bucharest, obtaining a degree in Construction Project Management.

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

#### • **Gheorghe STERP VINGĂRZAN- Member of the Supervisory Board**

Mr. Gheorghe Sterp - Vingărzan has joined the Supervisory Board of NPG CO. Transelectrica SA, as of August 22, 2022, with a rich expertise in management and administration through his work in management positions, both in public administration and in the private sector.

Between 2009-2011, Mr. Gheorghe Sterp - Vingărzan was Deputy Coordinating Director in the economic department of the Sibiu Students' Culture House (structure belonging to the Ministry of Youth and Sport), and between 2011-2012 he was Director of the Sibiu Municipal Sports Club.

From 2012 to the present, Mr. Vingărzan has been General Manager of SC Stevi - TransTaxi SRL.

Mr. Gheorghe Sterp - Vingărzan holds a degree in economics from the "Lucian Blaga" University of Sibiu, in the Faculty of Economic Sciences, where he developed his skills in business administration. In addition, following his studies in the field of business administration, Mr. Vingărzan attended a master's programme at the University "Lucian Blaga", specialising in "Management and marketing strategies and policies of the company".

### • **Luminița ZEZEANU- Member of the Supervisory Board**

Ms. Luminița ZEZEANU, joined the Supervisory Board of NPG CO. Transelectrica SA, as of 22 August 2022, as a member, with a solid expertise in the development and financing of projects from European funds, as well as experience in public administration.

Over the years, Ms. Luminița ZEZEANU has worked in various areas of public administration, focusing on regional development.

Between 2006 and 2014, she held the position of Director of the Project Authorisation Directorate, Managing Authority for the Operational Programme - Ministry of Regional Development and Public Administration.

She resumed this leadership position in 2015-2016, and in 2017 took up the position of Secretary of State in the Ministry of Regional Development, Public Administration and European Funds.

Ms. Luminița ZEZEANU continued her activity in this field, and between 2017- 2019 she was Director General at the Management Authority for the Regional Operational Programme - Ministry of Regional Development and Public Administration.

From 2020 to August 2022, she was Director of the Managing Authority "Regional Operational Programme South - Muntenia 2021 - 2027" - South Muntenia Regional Development Agency.

From August 2022 to date, she is Director of the European Funds Department at SNTGN Transgaz.

Ms. Luminița ZEZEANU graduated from the Faculty of Accounting and Management Informatics of the Bucharest Academy of Economic Studies and continued her postgraduate studies in the UK at London Metropolitan University, where she studied international trade.

### **Virgil Dumitru ORLANDEA - Member of the Supervisory Board**

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

Since 2011, he has been active in the energy sector, holding relevant positions in the energy industry.

Between 2010 and 2012, Mr. Orlandea was a member of the Board of Directors and Supervisory Board of some important companies in the Romanian energy sector, such as Electrica SA, Electrica Serv SA, Hidroelectrica, Transelectrica and Oil Terminal.

From 2013 to 2016, Mr. Orlandea worked for NPG CO. Transelectrica SA as Director of the Support Services Department.

Subsequently, until 2021, he continued his activity within the Company as coordinator of the project Centre of Excellence in Energy Sibiu, respectively the Centre for Research and Development of Technologies for Working under Voltage and Rapid Intervention in the National Energy System.

Mr. Virgil Dumitru ORLANDEA graduated from the National Defence University "Carol I" Bucharest, College of Resources and Procurement Management, "Lucian Blaga" University of Sibiu, Faculty of Economic Sciences - Master in "Integration of Tourism and Services" and Faculty of Economic Sciences - Master in "Management and Marketing Strategies and Policies of the Company", Police Academy "Alexandru I. Cuza" Bucharest - Master in "Human Resources Management in the Public Order Authorities System".

## ADVISORY COMMITTEES OF THE SUPERVISORY BOARD

At the date of this report, the Advisory Committees of the Supervisory Board have the following duties and members:

### Audit Committee

The members of this committee are: Luminița ZEZEANU (chairwoman), Teodor ATANASIU, Gheorghe STERP VINGĂRZAN, Cătălin-Andrei DASCĂL, Costin-Mihai PĂUN

The Audit Committee assists the SB in fulfilling its responsibilities in the areas of financial reporting, internal control and risk management.

Audit Committee duties related to financial reporting and statutory audit:

- monitors the financial reporting process at Company level,
- monitors the statutory audit of the annual financial statements and the annual consolidated financial statements,
- regularly reviews the effectiveness of financial reporting,
- verifies and monitors the independence of the statutory auditor or audit firm and in particular, the provision of additional services to the audited entity,
- makes recommendations to the Board on the appointment of the external auditor (statutory auditor or audit firm) of the Company on the selection, appointment, re-appointment and replacement of the external auditor and the terms and conditions of the external auditor's remuneration,
- monitors the independence and objectivity of the external auditor, in particular by monitoring the rotation of partners in the audit firm,
- receives and considers the external auditor's report on the key issues arising from the statutory audit and, in particular, on significant deficiencies in internal control over financial reporting,
- assists the Board in monitoring the credibility and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company (including consolidation criteria).

Audit Committee's duties in the area of managerial internal control:

- monitors the effectiveness of the Company's internal control, internal audit, where applicable, and risk management systems,

- regularly reviews the effectiveness of the internal control and risk management system adopted by the Company,
- ensures that the audit reviews carried out and the audit reports produced as a result thereof are in accordance with the audit plan approved at Company level,
- proposes to the Board the control, verification and reporting procedures necessary for the exercise of its essential powers of control over the manner in which the Directorate manages the Company, as well as for the verification of the activity carried out in the name and on behalf of the Company,
- verifies compliance with non-financial reporting obligations at Company level,
- performs the duties provided for in Article 65 of the Law no.162/2017 on statutory audit of annual financial statements and consolidated annual financial statements and amending some normative acts.

### Nomination and Remuneration Committee

The members of this committee are Alexandru-Cristian VASILESCU (chairman), Gheorghe STERP VINGĂRZAN, Costin-Mihai PĂUN, Dumitru-Virgil ORLANDEA, Cătălin-Andrei DASCĂL, having the following activities:

- makes proposals for the position of member of the Supervisory Board and member of the Directorate,
- prepares and makes proposals to the Supervisory Board regarding the selection procedure for members of the Supervisory Board, members of the Company's Directorate and for other management positions,
- makes proposals for the remuneration of the members of the Company's Directorate and other management positions, subject to the general remuneration limits approved by the General Meeting of Shareholders,
- coordinates the appointment process of the members of the Directorate,
- presents in the Annual Report the total amount of direct and indirect remuneration of the members of the Directorate and the Supervisory Board.

## **Investment and Energy Security Committee**

The members of this committee are Costin-Mihai PĂUN (chairman), Alexandru-Cristian VASILESCU, Luminița ZEZEANU, Teodor ATANASIU, Dumitru Virgil ORLANDEA

The Investment and Energy Security Committee carries out the following activities:

- consulting and monitoring the implementation of the Company's Medium, Short and Long Term Strategy and Investment Plan;
- advises and consults with the members of the Supervisory Board, the members of the Directorate and the executive management of the Company, within the framework of and in relation to the Company's Strategy and the ROF, without prejudice to the responsibility of the members of the Supervisory Board, the members of the Directorate and other persons who under Applicable Law have responsibility for the management and supervision of the Company;
- consulting and monitoring the implementation of actions on maintaining and increasing energy security related to the Company's activities.





## Supervisory Board Activity

### SUPERVISORY BOARD ACTIVITY

During the first half of 2023, the members of the Supervisory Board met in 12 meetings, of which we present below a selection of the discussion items on the agenda.

The following topics have been given priority:

- the agreement to carry out the procurement operation for the award of the sectoral works contract "Ostrovu Mare 220kV Station", on the procurement operation for the award of the sectoral works contract "R.C. 400Kv Mintia-Arad OHL" and on the reorganisation of the organisational and functional structure of the Company with regard to the modification of the organisational structure and the modification of the organisational and operational regulation of the Company;

- the Company's investment programme for 2023 and estimated investment expenses for 2024 and 2025;

- the revenue and expenses budget for the year 2023 as well as estimates for the years 2024 and 2025;

- the preliminary stand-alone financial statements as of and for the financial year ended on 31 December 2022, the preliminary report for the fourth quarter and January-December 2022 on the economic and financial activity of the Company prepared in accordance with the requirements of the capital market, the activity report of the Directorate for the fourth quarter and January-December 2022, prepared in accordance with the provisions of GEO no.109/2011;

- the stand-alone and consolidated financial statements as at and for the year ended on 31 December 2022, the Annual Report on the stand-alone and consolidated financial statements for the year ended on 31 December 2022, the 2022 Activity Report of the Supervisory Board prepared in accordance with the provisions of Article 55 of GEO no.109/2011 on corporate governance of public companies;

- agreement on the procurement operation for the award of the sectoral works contract "Upgrade to 400kV of the Portile de Fier-Resita-Timisoara-Sascalaz-Arad axis, stage II: 400kV line d.c. Resita-Timisoara-Sascalaz"

- the agreement on the procurement operation for the award of the sectoral supply contract "Upgrading of the 110kV Timisoara substation and the transition to

400kV voltage of the Portile de Fier-Resita-Timisoara-Sascalaz-Arad axis, stage II: Timisoara 400kV Timisoara substation

In the first half of 2023, 4 (four) **Audit Committee** meetings were held, during which the Interim Financial Statements for the financial year 2022 were reviewed, the Revenues and Expenses Budget for 2023 and the estimates for 2024-2025 were reviewed. The Report of the Audit Committee of the Supervisory Board of NPG CO. Transelectrica SA for the year 2022 on the Company's internal control and significant risk management systems was prepared and the stand-alone/consolidated financial statements of the Company for the year 2021 were verified, accompanied by the Report of the Financial Auditor.

During the same period, 4 (four) meetings of the **Nomination and Remuneration Committee** were held in which the members of this committee prepared the Nomination and Remuneration Committee Report for 2022.

Proposals and recommendations were also made to fill the position of provisional member of the Company's Directorate.

The following is a detailed presentation of the topics discussed in the SB meetings during the first semester:

- During its meeting on **25.01.2023**, the Supervisory Board reviewed the Company's Investment Programme for 2023 and the estimated investment expenses for 2024 and 2025,

- checked the Revenue and Expense Budget for the year 2023 as well as the estimates for the years 2024-2025.

- requested the initiation of an external audit mission concerning the establishment of the bonus fund, the method/criteria for granting bonuses, along with the transmission of relevant documents and information to the external auditor, including addresses of Mr Cătălin Sava, shareholder of the Company, integrity whistleblower and director within the Integrated

Commercial Procurement Management Unit of the Company, as well as any relevant documents and information to be requested by the external auditor in order to carry out the audit mission,

- approved the initiation of the procurement of the 49.60% stake held by the Smart SA subsidiary in the building of the Training Centre Paltiniș,

- agreed to the modification of the organizational structure of the Company by adding the name "Department of Excellence in Energy" with the name of Dr.Eng.Stelian Alexandru Gal, respectively "Dr.Eng.Stelian Alexandru Gal Department of Excellence in Energy",

- requested analyses on:

- last five years of economic and financial indicators,
- detailing funding sources for the next three years,
- measures envisaged to cover the deficit in the BVC chapter - revenues from non-profit activities.

• During the meeting of **24.02.2023** the Supervisory Board, in accordance with the provisions of Article 18 paragraph (4) of the Company's Articles of Association, elected Mr. DASCĂL Cătălin-Andrei as Chairman of the Supervisory Board,

- the Audit Committee was established and members of the Audit Committee were appointed:

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

• During the meeting held on **28.02.2023**, in accordance with the provisions of Article XX paragraph (4) of the Rules of Organization and Functioning of the Supervisory Board, the Nomination and Remuneration Committee was established and the following were appointed as members:

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

the Audit Committee was established and the following were appointed as members:

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

the Investment and Energy Security Committee was established and the following were appointed as members:

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

• The stand-alone and consolidated financial statements as at and for the year ended on 31 December 2022 were audited during the meeting held on **22.03.2023**,

- the independent auditor's report on the stand-alone and consolidated financial statements for the year ended on 31 December 2022 was noted,

- reviewed the Annual Report on the stand-alone and consolidated financial statements for the year ended on 31 December 2022,

- approved the final form of the 2022 Activity Report of the Supervisory Board prepared in accordance with Article 55 of GEO no.109/2011 on corporate governance of public companies,

- the Report for the year 2022 of the Audit Committee of the SB on the internal control and significant risk management systems of the Company, prepared in accordance with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange, was noted

- The Report of the Nomination and Remuneration Committee for 2022, the Remuneration Policy for the Company's Executive and Non-Executive Management and the Report on the activities of the Directorate for the period January to December 2022 were noted.

During the same meeting, the Supervisory Board expressed its agreement regarding the procurement operation for the award of the sectoral supply contract "Power Quality Monitoring System PQMS".

• During the meeting of **28.03.2023**, the Supervisory Board agreed on the reorganization of the organizational and functional structure of the Company, i.e. on the modification of the organizational structure (organizational chart) and the modification of the organizational and functional regulations of the Company. Thus, the Supervisory Board agreed to the closure of the following sub-offices of the Company:

- Bacau Territorial Transport Unit,
- Bucharest Territorial Transport Unit,
- Cluj Territorial Transport Unit,
- Craiova Territorial Transport Unit,
- Timisoara Territorial Transport Unit,

- Constanta Territorial Transport Unit,
- Pitesti Territorial Transport Unit,
- Sibiu Territorial Transport Unit.

During the same meeting, SB agreed to the establishment of the following sub-offices of the Company:

- Bacau Territorial Transport Branch,
- Bucharest Territorial Transport Branch,
- Cluj Territorial Transport Branch,
- Craiova Territorial Transport Branch,
- Timisoara Territorial Transport Branch,
- Constanta Territorial Transport Branch,
- Pirești Territorial Transport Branch,
- Sibiu Territorial Transport Branch.

- During the meeting of **19.04.2023** the Supervisory Board agreed on the procurement operation for the award of the 220kV Ostrovu Mare 220kV sector works contract.

- During the meeting of **24.04.2023** the Supervisory Board took note of the resignation of Mr. Gabriel Andronache from the mandate of provisional member of the Company's Directorate, the Company represented by the Supervisory Board, waived the benefit of the notice period provided for in the contract.

During the same meeting, the Supervisory Board elected Mr. Ștefăniță Munteanu as Chairman of the Directorate, alternatively called Chief Executive Officer – CEO of the Company.

- During the meeting held on **15.05.2023**, the stand-alone interim simplified financial statements for the financial year ended on 31 March 2023 were audited, the Report for the first quarter of 2023 on the economic and financial activity of the Company prepared in accordance with the requirements of the capital market and the Activity Report of the Directorate on the results for the first quarter of 2023 prepared in accordance with the provisions of GEO no.109/2011 on corporate governance of public companies were noted."

During the same meeting, the Supervisory Board agreed to the procurement operation for the award of the sectoral works contract *"Upgrading to 400 kV of the Portile de Fier-Reșița-Timișoara-Săscălaz-Arad axis, stage II: 400 kV line d.c. Reșița-Timișoara-Săscălaz"* and on the procurement operation for the award of the sectoral supply contract *"Refurbishment of the 110kV Timișoara substation and the transition to 400kV*

*voltage of the Portile de Fier-Reșița-Timișoara-Săscălaz-Arad axis, stage II: 400kV Timișoara substation.*

- During the meeting held on **24.05.2023**, the members of the Supervisory Board agreed to the acquisition of a credit agreement to grant a ceiling for issuing bank letters of guarantee for payment with a validity of 12 months.

During the same meeting, they agreed to carry out the procurement operation for the award of the sectoral supply contract *"Upgrade of the Electronic Messaging System within TEL"* and has agreed to the procurement operation for the award of the sectoral works contract *"R.C. 400kV Mintia-Arad OHL"*

- During the meeting of **20.06.2023**, the Supervisory Board approved the acquisition of the 49.60% stake held by SMART SA in the building of the Training Centre Paltiniș at the market value except VAT, resulting from the valuation report.

During the same meeting, they elected Mr. DASCĂL Cătălin-Andrei as Chairman of the Supervisory Board and the Nomination and Remuneration Committee was established and the following were appointed as members:

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

the Audit Committee was established and the following were appointed as members:

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

the Investment and Energy Security Committee was established and the following were appointed as members:

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



## Financial data

The summary of financial results as of June 30, 2023 is presented in the tables below. Financial results in H1 2023 are not audited, and their extended version for the same period is presented in the appendices to this report:

Stand-alone profit or loss statement				
[mil RON]	H1 2023	H1 2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	24.97	26.90	(1.93)	(7%)
<b>ALLOWED PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>993</b>	<b>858</b>	<b>135</b>	<b>16%</b>
Transmission and other revenues on the electricity market, of which:	963	833	130	16%
<i>Regulated tariff</i>	748	694	54	8%
<i>Other revenues on the electricity market</i>	34	12	22	n/a
<i>Interconnection</i>	181	127	54	43%
Other revenues	30	25	5	21%
<b>Operating expenses</b>	<b>608</b>	<b>714</b>	<b>(107)</b>	<b>(15%)</b>
System operating expenses	307	466	(159)	(34%)
Repairs and maintenance expenses	44	41	3	7%
Staff expenses	158	132	26	20%
Other expenses	98	75	23	31%
<b>EBITDA</b>	<b>385</b>	<b>143</b>	<b>242</b>	<b>n/a</b>
Depreciation	167	128	39	30%
<b>EBIT</b>	<b>218</b>	<b>15</b>	<b>203</b>	<b>n/a</b>
<b>ZERO PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>1,207</b>	<b>1,747</b>	<b>(540)</b>	<b>(31%)</b>
System services revenues	189	252	(62)	(25%)
Balancing market revenues	1,018	1,495	(477)	(32%)
<b>Operating expenses</b>	<b>1,248</b>	<b>1,726</b>	<b>(478)</b>	<b>(28%)</b>
System services expenses	231	231	-	n/a
Balancing market expenses	1,017	1,495	(478)	(32%)
<b>EBIT</b>	<b>(41)</b>	<b>21</b>	<b>(62)</b>	<b>n/a</b>
<b>ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)</b>				
Operating revenues	2,200	2,604	(404)	(16%)
Operating expenses	1,855	2,440	(585)	(24%)
<b>EBITDA</b>	<b>344</b>	<b>164</b>	<b>180</b>	<b>n/a</b>
Depreciation	167	128	39	30%
<b>EBIT</b>	<b>177</b>	<b>36</b>	<b>141</b>	<b>n/a</b>
Net finance result	2	(3)	5	n/a
<b>EBT - Profit before income tax</b>	<b>179</b>	<b>33</b>	<b>146</b>	<b>n/a</b>
Income tax	18	5	13	n/a
<b>Net profit</b>	<b>162</b>	<b>28</b>	<b>134</b>	<b>n/a</b>

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

## OPERATIONAL RESULTS

### I. Charged volume of electricity

In the period January-June 2023, the total amount of electricity charged for electricity market services (24.97 TWh) decreased by 7% compared to the same period in 2022 (the difference between the two periods was - 1.93 TWh).

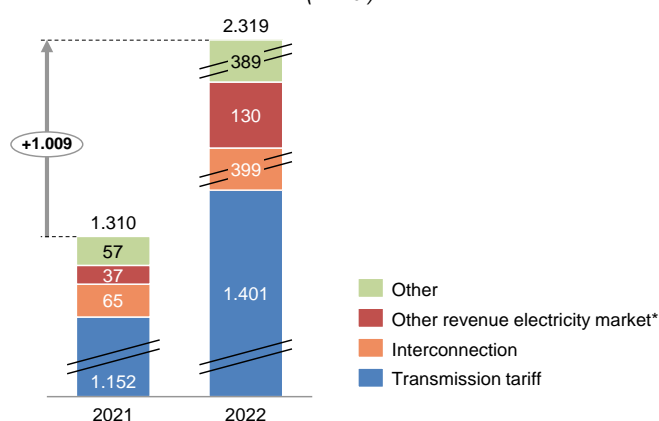
#### Profit segment allowed

##### Operational revenues



The segment of **activities with allowed profit** recorded a 16% increase in revenues (993 million lei in H1 2023 compared to 858 million lei in H1 2022) determined mainly by the increase in interconnection revenues and transmission revenues.

Operational revenues from allowed profit activities  
(mil lei)



\* ITC, reactive energy, OTC transactions, energy exchanges

The increase in transmission and other revenues on the energy market (963 million lei in H1 2023 compared to 833 million lei in H1 2022) is mainly influenced by the evolution of interconnection revenues. Revenues from the application of the transmission tariff increased by 54 million lei (+8%) compared to the same period of the previous year.

In the period January-June 2023, **revenues from interconnection capacity allocation** increased significantly, from 127 million lei in H1 2022 to 181 million lei in H1 2023 due to the following:

- The unit price of electricity has increased across the European Union, leading to a large price difference between the coupled markets. *Implicit allocations, where capacity and energy are allocated simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.*
- the European energy deficit,

- the impact of the extension of market coupling which has the effect of levelling out energy prices in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing guidelines for capacity allocation and congestion management".

The allocation mechanism of interconnection capacities consists of annual, monthly, daily and intra-day bids. The annual, monthly and intra-day (*borders with Serbia, Ukraine*) bids are explicit - only transmission capacity is bided, while the 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 8 June 2022 the Core FB MC (Core Flow-Based Market Coupling) project went live, thus initiating day-ahead flow-based market coupling in the Core capacity calculation region. The flow-based market coupling mechanism optimises the European electricity market for 13 countries (Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia).

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

#### Inter TSO Compensation (ITC) revenues

These revenues were higher in H1 2023 (+1.75 million lei) compared to the same period in 2022 (0.24 million lei) and come mainly from scheduled electricity exchanges with the perimeter countries (countries not part of the ITC mechanism), namely Ukraine and Moldova.

Starting from 01.09.2022, the tariff for trade with perimeter countries has changed from 0.6 EUR/MWh to 1.2 EUR/MWh, resulting in an increase in revenue compared to the same period of the previous year. This was compounded by the fact that in February and March 2022, trade with Ukraine was severely reduced due to the onset of armed conflict in the region, and trade with Moldova only started in October 2022.

**Energy trading revenues 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 OTC on the Balancing Market.

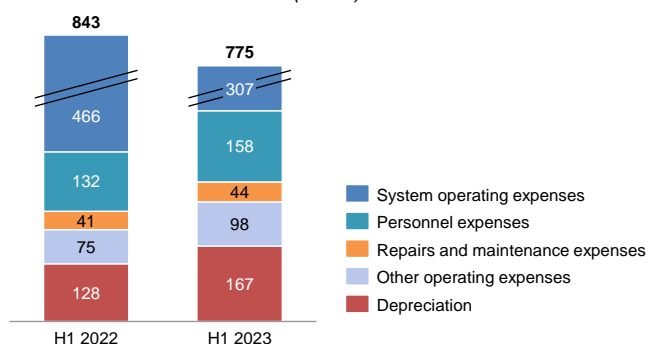
For H1 2023, the Company registered an increase compared to the same period of the previous year in **revenues from energy trading for own technological consumption (OTC)** in the amount of +10 million lei.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required OTC was acquired on the long-term markets through the Central Electricity Acquisition Mechanism (CEPA) mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, while transactions on the Balancing Market were higher than in the previous year, mainly due to the fact that there were several intervals with negative balancing prices.

### Operational expenses

On the segment of **profit allowed activities**, expenses (including depreciation) decreased by 8% (775 million lei in H1 2023 compared to 843 million lei in H1 2022).

**Profit allowed activities operational costs**  
(mil lei)



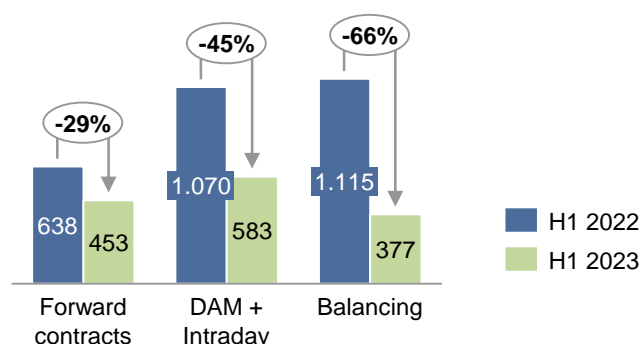
**OTC:** In the period January-June 2023 the costs for energy acquisition to cover own technological consumption are in the amount of 261 mil lei, 40% lower (-173 mil lei) compared to January-June 2022, motivated by the following:

- Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (RET) is strongly dependent on meteorological 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;

- following the provisions of GEO 153/2022, Transelectrica acquired electricity to cover 75% of the quantity of the OTC forecast validated by the Centralised Electricity Acquisition Mechanism (MACEE), at a regulated acquiring price;
- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a drop in consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets.

*Thus, the average price of energy acquired from the DAM in the first half of the year was about 50% lower than in the same period of 2022, while remaining higher than in previous years.*

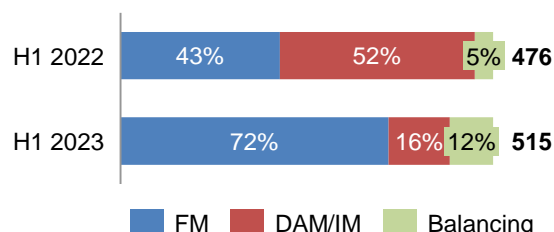
**Average acquisition prices\***  
(lei/MWh)



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

Average prices in all markets were lower than in the first half of 2022, and the acquisition mix (net quantity) shows the following components in the two periods analysed:

**OTC's acquisition mix**  
(net quantities, GWh)



**Expenses on electricity consumption in RET stations** in the amount of 25.4 million lei increased by 23.4% compared to the first half of 2022 when it was 20.6 million lei.

In order to carry out the electricity transmission activity in the substations and to operate the National Electricity System in safe conditions, Transelectrica must acquire electricity to cover the consumption related to internal

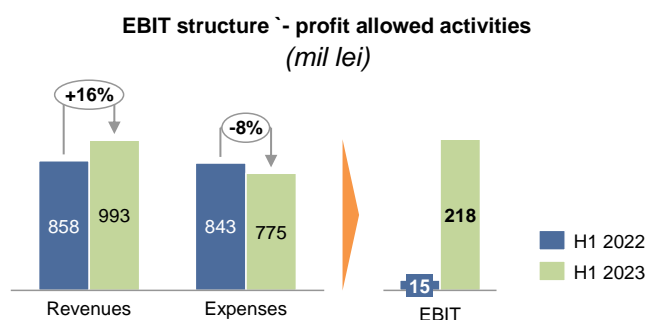
services in the high-voltage substations under the management of the Company.

### Expenses on Inter TSO Compensation (ITC)

In H1 2023 these expenses were higher by 9.3 million lei compared to the same period of the previous year and represent the monthly payment liabilities/collection rights for each transmission system operator (TSO) that are established under the mechanism of compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between the TSOs that have joined this mechanism within ENTSO-E.

### Allowed profit-operational result

The **allowed profit activities** recorded a positive result of 218 million lei, an increase of +203 million lei compared to the same period last year, the increase being mainly due to interconnection revenues and transmission revenues in the context of reduced operating costs (including depreciation) mainly due to the favourable environment, which led to lower operating costs on the electricity market.



### Zero profit segment

**Revenues from zero-profit activities** decreased by 31% (-540 million lei) compared to the same period of the previous year, from 1,747 million lei as at 30 June 2022 to 1,207 million lei as at 30 June 2023, mainly due to the -477 million lei decrease in revenues on the balancing market.

The segment of **zero-profit activities** also recorded a decrease in costs by 28% (-478 million lei) compared to the same period in 2022, from 1,726 million lei at 30 June 2022 to 1,248 million lei at 30 June 2023, mainly due to lower expenses on the balancing market.

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

- regulatory
- national regulations on the electricity market, namely GEO No 153 of 11 November 2022 for the modification and completion of GEO No 27/2022 on measures applicable to final customers in the

electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the modification and completion of certain regulatory acts in the field of energy and the modification of GEO No 119/2022 for the modification and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023 updated, as well as for the modification and completion of certain regulatory acts in the field of energy;

- european legislative regulations on the energy market.
  - on the operation of the market
- energy market developments at European and regional level;
- contracting method carried out in the pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of the average price recorded on the balancing market;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of electricity production and consumption.

**Revenues on the balancing market** in H1 2023 were - 477 million lei lower than in H1 2022.

The **balancing market expenses** in H1 2023 were - 478 million lei lower than in H1 2022. These expenses result from notifications/realisations of participants in this market.

For the year 2023, it is estimated that the evolution of electricity production and consumption at national level and the European context of the evolution of the electricity market, the method by which contracting is carried out on the markets prior to the balancing market, will have a significant impact on the evolution of revenues/costs on the balancing market.

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

The contracting of these services is carried out:

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

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

In H1 2023, the contracting of system services under the regulated regime was carried out only for Reactive Energy. Transelectrica contracted Reactive Energy from Hidroelectrica SA, according to ANRE Decision no.1078/2020.

During January-June 2023, **revenues from system services** decreased by 25% compared to January-June 2022 (189 million lei as at 30 June 2023 compared to 252 million lei as at 30 June 2022), due to the decrease in the tariff approved by ANRE for these services, as the quantity of electricity delivered to consumers decreased by 7%.

The amount of **expenses on system services** in H1 2023 was similar compared to the same period in 2022, the difference between the two periods being only 0.1 million lei.

The amount of STS acquisition costs for H1 2023 was mainly driven by the following factors:

- system service acquisition prices in the competitive market have remained around values:
  - ✓ the average acquisition price of the secondary regulation reserve at 79,30 lei/hMW;
  - ✓ average acquisition price of fast tertiary reserve, power increase to 37,95 lei/hMW;
  - ✓ average acquisition price of fast tertiary regulation reserve, power reduction to the value of 13,67 lei/hMW.
- the manifestation during the first half of 2023 of a high level of system service market concentration for secondary reserve (SR) system services.

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

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

For the period from 2023 onwards, it is estimated that a significant impact on the evolution of costs for the acquisition of system services through daily and one-way bids, at Transelectrica SA level, will be the evolution of ANRE's regulatory framework on the

electricity market, as well as the European context of evolution of the electricity market.

### Operational result-zero profit

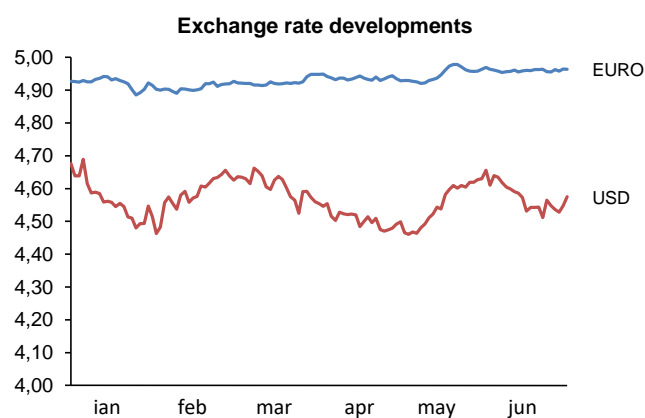
**EBIT** generated by **zero-profit activities** recorded a negative result of 41 million lei, down from a positive 21 million lei in H1 2022.

The regulatory framework specific to non-profit activities contains regularisation mechanisms that ensure that the excess or shortfall of revenue is offset against the level of expenses required to carry out the specific activities.

## II. Financial Result

The net financial result for the period January-June 2023 is positive in the amount of 2 million lei, mainly influenced by the interest rates applied during the period under review but also by the evolution of the exchange rate (RON/EURO). The increased level of expenses/revenue from exchange rate differences was significantly influenced by the high volume of transactions related to the market coupling business segment.

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



## III. Company's gross profit (EBT)

### Total operational revenue

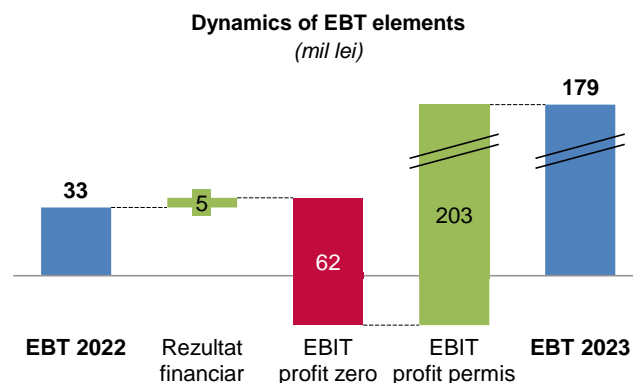
Total operating revenues in H1 2023 decreased by 16% compared to the same period of the previous year (2,200 million lei in H1 2023 compared to 2,604 million lei in H1 2022), in the context of the significant decrease in revenues from zero-profit activities, a decrease not offset by the increase in revenues from the interconnection capacities allocation and transmission revenues, as the amount of electricity delivered to consumers decreased.

### Total operational expenses

Total operational expenses (including depreciation) in H1 2023 decreased by 21% compared to the same period last year, 2,023 million lei in H1 2023 compared to 2,568 million lei in H1 2022.

The gross result increased during the period under review, from 33 million lei in H1 2022 to 179 million lei in H1 2023.

The dynamics between the result recorded in H1 2023 compared to H1 2022, divided by the constituent components of the result, are shown in the following graph:



### IV. Net result

The net result at the end of the first half of 2023, amounting to 162 million lei, recorded an increase of 133.5 million lei compared to the same period of the previous year, the appreciation being mainly due to the profit allowed activity in conditions of cost reduction on the electricity market.

## FINANCIAL POSITION

The separate statement of financial position as of June 30, 2023 versus December 31, 2022 is presented in the table below:

Stand-alone statement of financial position				
[mil RON]	H1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>Non-current assets</b>				
Tangible assets	4,073	4,002	72	2%
Assets representing rights of use under a lease - buildings	18	22	(4)	(18%)
Intangible assets	303	338	(35)	(10%)
Financial assets	86	86	-	-
<b>Total non-current assets</b>	<b>4,480</b>	<b>4,447</b>	<b>32</b>	<b>1%</b>
<b>Current assets</b>				
Inventories	52	42	10	24%
Trade and other receivables	1,578	3,340	(1,763)	(53%)
Profit tax recoverable	1	4	(3)	(77%)
Cash and cash equivalents	484	315	169	54%
<b>Total current assets</b>	<b>2,115</b>	<b>3,702</b>	<b>(1,586)</b>	<b>(43%)</b>
<b>Total assets</b>	<b>6,595</b>	<b>8,149</b>	<b>(1,554)</b>	<b>(19%)</b>
<b>Shareholders' Equity</b>	<b>4,039</b>	<b>3,869</b>	<b>170</b>	<b>4%</b>
<b>Non-current liabilities</b>				
Long term deferred revenues	456	439	17	4%
Long term borrowings	44	56	(12)	(21%)
Other loans and assimilated debts - Non-current building lease liabilities	11	15	(4)	(28%)
Other non-current liabilities	172	178	(6)	(4%)
<b>Total non-current liabilities</b>	<b>682</b>	<b>687</b>	<b>(5)</b>	<b>(1%)</b>
<b>Current liabilities</b>				
Trade and other liabilities	1,706	3,372	(1,666)	(49%)
Short-term borrowings	25	92	(68)	(73%)
Other loans and assimilated debts - Current building lease liabilities	9	8	-	1%

Stand-alone statement of financial position				
[mil RON]	H1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Other current liabilities	135	120	15	12%
<b>Total current liabilities</b>	<b>1,874</b>	<b>3,593</b>	<b>(1,719)</b>	<b>(48%)</b>
<b>Total liabilities</b>	<b>2,556</b>	<b>4,281</b>	<b>(1,724)</b>	<b>(40%)</b>
<b>Total shareholder's equity and liabilities</b>	<b>6,595</b>	<b>8,149</b>	<b>(1,554)</b>	<b>(19%)</b>

## I. Non-current assets

Non-current assets recorded in H1 2023 compared to December 2022 a slight increase of 1% (+32 million lei), mainly due to the increase in the balance of tangible assets.

### Assets of the usage rights for leased assets-buildings

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

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

As of 30 June 2023, the accounting value of the usage right of the premises leased by the Company in the Platinum office building is in the amount of 17.89 million lei.

### Intangible assets

The evolution of intangible assets was mainly influenced by:

- an outflow of intangible assets in progress through recognition in costs of 5.5 million lei,
- the fact that for H1 2023, the Company did not record any additional costs with the acquisition of electricity to cover its own technological consumption compared to the cost recognized in the tariff, instead, depreciation expense was recorded in the total amount of 47.84 million lei for the additional OTC previously recognized.

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

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

## II. Current assets

Current assets decreased by 43% as at 30 June 2023 (2,115 million lei) compared to the amount recorded as at 31 December 2022 (3,702 million lei), mainly due to the reduction in trade receivables and advances to suppliers.

**Trade receivables** decreased by 1,082 million lei (1,312 million lei at 30 June 2023 compared to 2,394 million lei at 31 December 2022). The most significant developments were:

- clients from operational activity which, due to the decrease in transactions resulting from energy market coupling mechanisms, generated a lower balance of receivables from operational activity (882 million lei as at 30 June 2023 compared to 1,696 million lei as at 31 December 2022).

The main outstanding clients on the electricity market are MAVIR, IBEX, Ciga Energy SA, Hidroelectrica, Cinta Energy SA, RAAN, Electrica Furnizare SA, JAO, OPCOM, Enel Energie SA. Their share is 67.73% of total trade receivables.

- clients - balancing market which, due to the decrease in the volume of transactions in the balancing market in the first half of 2023, compared to the second half of 2022, also led to a decrease in the balance of clients in contracts concluded for this type of activity (324 million lei as of 30 June 2023 compared to 564 million lei as of 31 December 2022).
- clients - support scheme, which recorded a 22% decrease mainly due to a decrease in the amount invoiced for the collection of the monthly contribution.

As at 30 June 2023, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration at approximately 8% compared to 5% as at 31 December 2022 of total trade receivables.

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



payment of the bonuses".

As at 30 June 2023, the Company records receivables in the amount of 103 million lei, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which mainly:

- overcompensation for the period 2011-2013 in the amount of 76.70 million lei, respectively from RAAN - 63.46 million lei and CET Govora SA - 13.23 million lei;
- Undue bonus for 2014 in the amount of 3.91 million lei, respectively from RAAN - 1.98 million lei, and CET Govora - 1.93 million lei;
- uncollected contribution for cogeneration from electricity consumer suppliers in the amount of 20.9 million lei, respectively from: Transenergo Com - 5.88 million lei, PetProd - 4.39 million lei, Romenergy Industry - 2.68 million lei, RAAN - 2.38 million lei UGM Energy - 1.50 million lei, etc.

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

**Other receivables** as at 30 June 2023 in the amount of 140 million lei mainly include:

- sundry debtors (104 million lei), of which:
  - payment delay penalties calculated for defaulting clients in the amount of 83.2 million lei (of which 35.35 million lei are penalties related to the support scheme). The highest late payment penalties were recorded by clients: RAAN (16.90 million lei), Romelectro (13.42 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) Total Electric Oltenia (3.29 million lei), OPCOM (2.95 million lei), Electromontaj SA (2.74 million lei), ICPE Electrocond (1 million lei).
  - compensation owed by suppliers for non-delivery of electricity in the amount of 11.9 million lei: Next Energy Partners (8.39 million lei), Enol Grup (2.54 million lei) and Arelco Power (0.99 million lei).
  - 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.
- expenses recorded in advance in the amount of 10 million lei are mainly represented by international

dues (3.5 million lei), ANRE annual contribution for 2023 (2.4 million lei), taxes and duties for 2023 (1.8 million lei), insurance policies (0.9 million lei) and others.

- other social claims in the amount of 1.39 million lei representing sick leave paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

**Advances to suppliers** paid as at 30 June 2023 are represented by suppliers debtors for the provision of services in the amount of 80 million lei have decreased significantly compared to December 2022 when they amounted to 697 million lei.

The balance mainly represents amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling*, SDAC - *Single Day-ahead Coupling*) amounting to 52.8 million lei - for ICP and SDAC and 25.4 million lei - for SIDC.

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

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

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

**VAT to be recovered** in the amount of 255.1 million lei relating to the statements for the period March - June 2023 and October 2020, of which 55 million lei have been collected up to the date of this report.

The largest impairment allowances existing in the balance at 30 June 2023, 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), Total Electric Oltenia SA (14.2 million lei), Romenergy Industry (13.5

million lei), Romelectro SA (13.4 million lei), Elsaco Energy (9.3 million lei), RAAN (8.5 million lei), Next Energy Partners SRL (8.4 million lei).

### III. Liabilities

**Non-current liabilities** in the amount of 682 million lei as of 30 June 2023 decreased by 1% compared to the amount of 687 million lei as of 31 December 2022.

#### Interest-bearing liabilities

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

At the same time, **current liabilities** decreased by 48%, from 3,593 million lei as at 31 December 2022 to 1,874 million lei as at 30 June 2023, mainly due to the decrease in trade and other liabilities.

The impact on the evolution of commercial debt has had:

- **suppliers on the energy market**, which decreased by 1,252 million lei and recorded a balance of 703 million lei in June 2023 compared to 1,956 million lei in December 2022.

This development was mainly influenced by:

- decrease in the balance of liabilities related to operational activities by 963 million lei, which was mainly determined by the payment in the first half of 2023 of the payment liabilities outstanding as at 31 December 2022, mainly resulting from the coupling of electricity markets.

The suppliers on the electricity market are mainly represented by OPCOM, IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, OMV Petrom SA. On 30 June 2023, their share of total energy suppliers is about 95.80%.

- the decrease in the balance of "balancing market liabilities" by 281 million lei was due to the decrease in the volume of transactions recorded on the balancing market in the first half of 2023 compared to the second half of 2022.

- the decrease of the liabilities related to the support scheme to suppliers (producers) by only 8 million lei was due to the decrease of the monthly bonus for high

efficiency cogeneration from June 2023 to December 2022.

- **suppliers of assets** decreased by 17 million lei due to payments falling due,
- **"Other liabilities"** decreased significantly by 415 million lei, from a balance of 1,235.9 million lei as at 31 December 2022 to 820 million lei as at 30 June 2023, due to the evolution of creditor clients.

The structure of "other liabilities" is as follows:

- *sundry creditors* in the amount of 412.9 million lei (increased by 23 million lei compared to 31 December 2022) are mainly represented by the net position of the support scheme for high efficiency cogeneration, liability position in the amount of 398 million lei and contracts for solution studies for connection to RET (12 million lei),
- *client creditors* as of 30 June 2023 in the amount of 282 million lei (decreased by 489 million lei compared to 31 December 2022) and represent amounts received in advance from OPCOM (9.47 million lei), MAVIR (173.73 million lei), IBEX (97.89 million lei) and JAO (0.02 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 usage rights of leased assets - buildings*, according to IFRS 16 - Leases, is in the amount of 8.5 million lei (short-term liability).
- *other liabilities* in the amount of 54.6 million lei are mainly represented by guarantees of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 35.2 million lei and VAT not due during the reporting period in the amount of 19.2 million lei.

**Provisions** decreased slightly, - 4.2 million lei at 30 June 2023 (64 million lei) compared to 31 December 2022 (68 million lei).

### IV. Shareholders' equity

The equity recorded an increase mainly due to the recording in the retained earnings of the net profit in the amount of 162 million lei, on 30 June 2023. Thus, the shareholders' equity as at 30 June 2023 was 4,039 million lei compared to 3,869 million lei as at 31 December 2022.

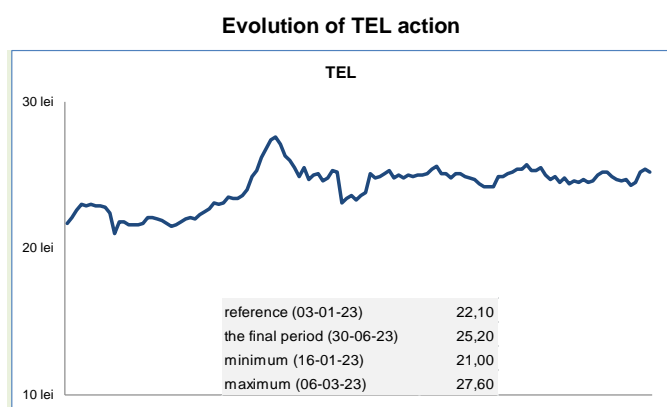
## SHARE PERFORMANCE

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

The first half of 2023 started with a trading price of 22.10 lei/share, opening the way to the period's maximum price of 27.60 lei/share on 06.03.2023.

At the end of the period the price of one TEL share was 25.20 lei, bringing a market capitalization of 1,847 million lei, recovering in value from the minimum price of 21.00 lei recorded on 16.01.2023.

The company has the ability to adapt to the economic context, trading TEL shares in the first six months of 2023 on the Romanian stock market recorded 10,928 transactions with an average number of 89 transactions/day and 1,842,641 shares traded, with a total value of 44,229 thousand lei.

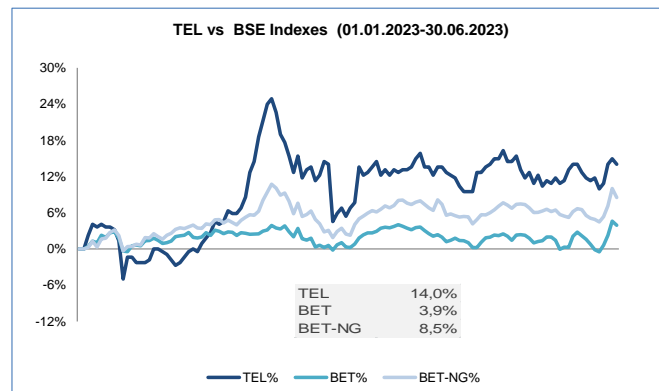


Transelectrica shares are part of the structure of the following stock market indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, BET-XT-TRN. Of these the most representative for the Company are:

- BET index (Bucharest Exchange Trading - the benchmark index of the capital market reflecting the evolution of the 20 most liquid companies listed on the regulated market of the BVB),
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index reflecting the evolution of energy and related utilities companies listed on the BVB regulated market).

According to the latest periodic adjustment date recorded on 07.07.2023, TEL shares hold a weight of 1.13% in the BET index and 2.49% in the BET-NG index, weights adjusted due to the inclusion of Hidroelectrica in these indices.

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



## MAIN RISKS AND UNCERTAINTIES

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

At the Company level, the risks related to the performance of its activities are periodically and systematically analysed and the *Register of Identified Risks*, *Risk Tracking Sheets*, *Risk Alert Forms (for new risks)* and the *Plan for the implementation of control measures* are drawn up annually, in order to limit the

possible consequences of these risks, in accordance with legal provisions.

Items that may affect the Company's liquidity include:

### ➤ interest rate fluctuation

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

National money market interest rates experienced a downward trend in the first half of the year amid excess

liquidity in the banking system, coupled with lower demand for credit and tighter credit supply conditions.

➤ **exchange rate variation**

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

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

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

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

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

In the context of increasing relative attractiveness of domestic currency investments, Romanian leu has shown a strengthening trend compared to the euro since mid-January 2023. At the same time, the national currency experienced periods of appreciation in the first half of the year as a result of developments on international financial markets.

➤ **the provisions of the grant agreements**

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

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

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

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

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

➤ **credit risk**: The company could incur 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, cash and cash equivalents. During the first half of 2023, there were no dysfunctions in the relationship with customers and invoices were received on time;

➤ **cash-flow risk** - this is the risk that Transelectrica will not be able to meet its payment liabilities when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of cash inflows expected from the collection of trade receivables as well as the level of cash outflows expected for the payment of trade and other payables.

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

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

During the first half of 2023, thanks to the solutions found and the timely measures taken, the Company met its financial liabilities.

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

➤ **the risk of credit rating impairment due to** deterioration of financial indicators, macroeconomic and political climate and/or deterioration of 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 8 December 2022, Moody's Transelectrica's rating is Baa3, stable outlook.

The Company's rating is strongly dependent on Romania's sovereign rating.

The Fitch rating agency reconfirmed on 24 March 2023 Romania's government debt rating at BBB-/F3 for current and non-current foreign currency debt and revised the country outlook from negative to stable.

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

The company attaches due importance to analysing the risk environment and identifying possible risks early on

by adopting a reactive management style whereby it implements preventive measures in advance to mitigate the occurrence of risks.

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



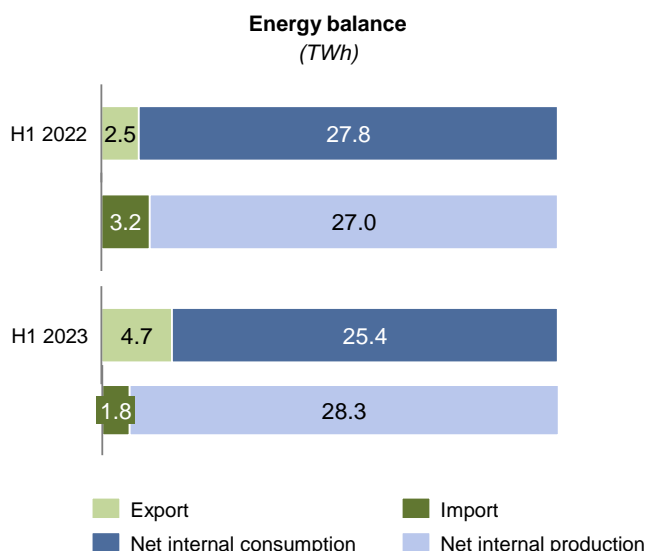


## Operational data

### ENERGY BALANCE WITHIN SEN

Analysing the evolution of the components of the energy balance, in the period January-June 2023 compared to the same period in 2022, there is a decrease of 8% in net domestic consumption<sup>1</sup> and an increase of 5% in net energy production.

Cross-border physical export trade is up 88% in H1 2023 compared to H1 2022, while cross-border import flows are down 44%.



In the first half of 2023, electricity consumption at the SEN level recorded monthly decreases ranging from 5.68% in February to 11.61% in January.

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

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

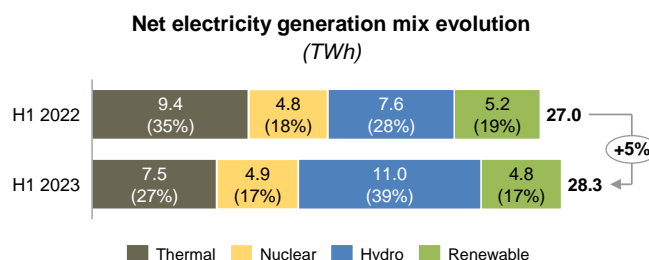
<sup>1</sup> the values do not include consumption related to own services in electricity generation plants; the net consumption value includes losses in transmission and distribution networks as well as pump consumption in pumped storage hydro stations

*monthly electricity consumption in the corresponding months of the reference period<sup>2</sup>*

The decline in consumption in the second quarter was largely influenced by the European context, characterised by a slowdown in economic activity<sup>3</sup>, with GDP growth forecast for Romania for spring 2023 at 3.2%, compared to 4.7% in the same period last year.

### PRODUCTION MIX

In terms of generation mix, in the period January - June 2023 compared to the same period in 2022, there was an increase in the Hydro component by 44% and in the Nuclear component by 3%, respectively a decrease in the Thermal component by 20% and in the Renewable component by 7% (mainly based on the decrease in PV -56% and wind -44%).



An analysis of the weights of the components of the net generation mix for the period January - June 2023 shows that the largest share, 39%, is represented by the Hydro component, followed by the Thermo component 27%, and energy produced from renewable and nuclear sources have a similar share of about 17%.

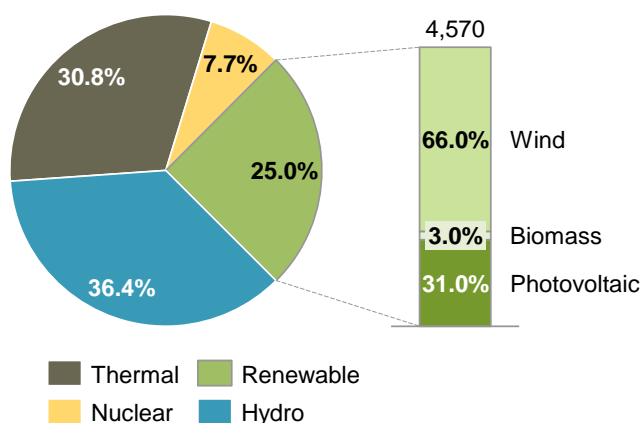
### NATIONAL GENERATION FLEET

Installed capacity in thermal power plants decreased in H1 2023 by about 1%, from 5,708 MW installed on 30 June 2022 to 5,630 MW installed on 30 June 2023. The installed capacity for the period January - June 2023 versus January - June 2022 is shown in the graphs below:

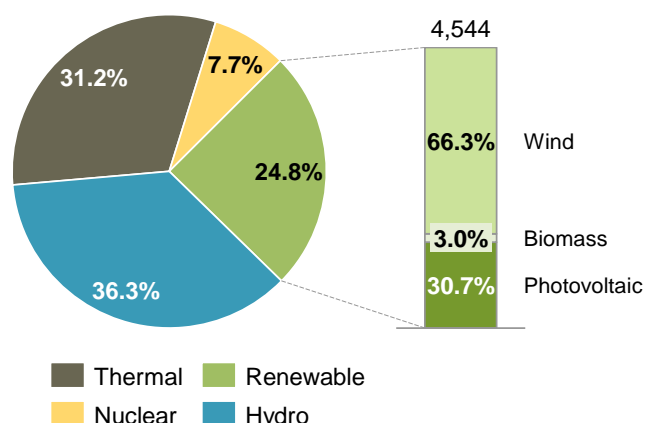
<sup>2</sup> Art. 4(1): Each Member State shall identify the peak hours corresponding in total to a minimum of 10% of the total number of hours in the period from 1 December 2022 to 31 March 2023.

<sup>3</sup> [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en)

Installed power H1 2023 (18,255 MW. gross value)



Installed power S1 2022 (18,308 MW. gross value)



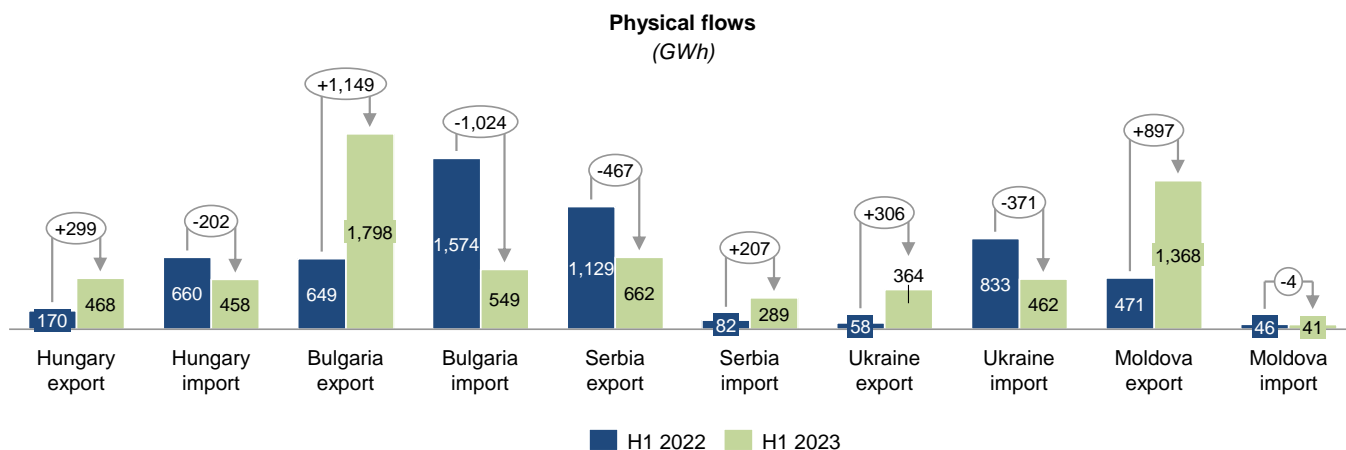
## CROSS-BORDER FLOWS

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

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

Specifically, compared to the period January - June 2022, physical export flows increased with Bulgaria (+1,149GWh), with Hungary (+299GWh), Ukraine (+306GWh) and with Moldova (+897GWh) and decreased on the border with Serbia (-41% -467GWh), while physical import flows on the interconnection lines with Serbia increased (+207GWh) and decreased with Bulgaria (-65% -1,024GWh), Hungary (-31% -202GWh) Ukraine (-45% -371GWh) and with Moldova (-10%, -4GWh)

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



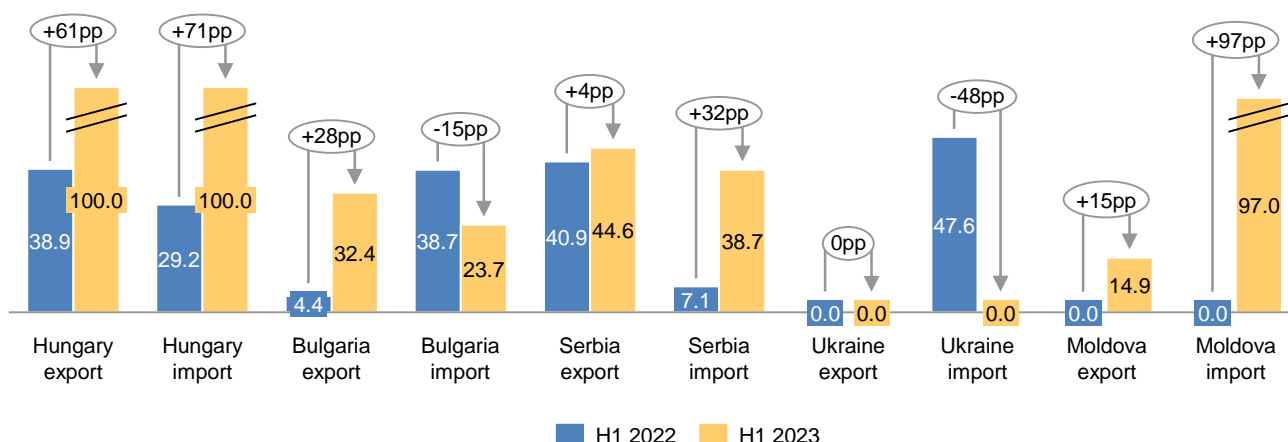
Compared to the first half of 2022, there has been an overall increase in export capacity usage, i.e. an increase in export trade and transit energy, against the background of higher hydroelectricity compared to last year at this time of year and lower domestic electricity consumption compared to the same period in 2022.

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

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

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

Usage rate of total allocated capacity (%)



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

Trade includes the amount of electricity imported and exported as a result of Transelectrica's participation as an operational member in the European Imbalance Netting Platform (IGCC) from 17 December 2021.

On the implications for the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the Continental European system through Romania, Hungary and Slovakia:

- from 16.03.2022 the emergency synchronization of the power systems of Ukraine and the Republic of Moldova with the power system of Continental Europe was achieved. This acceleration of the synchronization project, which started in 2017, was made possible as a result of previously conducted studies and the adaptation of measures to reduce risks in the operation of power systems;
- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the European electricity system has led to a reduction of the own technological consumption in the Romanian electricity transmission network, mainly due to a more favourable distribution of flows on the interconnection power lines;
- The synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the electricity system of Romania has contributed to the expansion of the electricity market, providing the opportunity for regional electricity trade between Romania, Ukraine and the Republic of Moldova in the current context of the single European electricity market;

- In the current geopolitical context, the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the Continental European system will put pressure on the neighbouring power systems (Romania, Hungary and Slovakia) in terms of ensuring interconnected operation, i.e. regional adequacy, given the difficulties experienced by the Republic of Moldova and Ukraine in securing their electricity needs;
- on the border with Ukraine, capacity allocation auctions are currently suspended as of 16.01.2023, until coordinated allocation rules are agreed, and on the border with the Republic of Moldova, long-term capacity allocation auctions (annual and monthly) are currently suspended, with only daily bilateral coordinated capacity allocation being organised for 100% of total capacity (auctions organised by Romanian TSOs).

In the current context of the conflict between Russia and Ukraine, it can be mentioned that data on the functioning of the energy systems in Ukraine and the Republic of Moldova are not publicly available, as the energy system in Ukraine is the target of many attacks.

## OWN TECHNOLOGICAL CONSUMPTION

Compared to January-June 2022, in the same period in 2023 the OTC in the RET increased by ca. 8% and the percentage OTC increased from 2.23% to 2.54%.

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

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

### **OTC FACTORS EVOLUTION**

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

The percentage of losses relative to energy entering the RET increased from 2.42% in 2022 to 2.62% in 2023. Energy entering the meter decreased by 4.2% in January 2023 (171.9 GWh) compared to the same period in 2022, due to a 41.9% (212.7 GWh) decrease in energy received from imports and a 0.9% (28.8 GWh) decrease in energy received from generators connected to the RET, as energy received from the RED increased by 21.9% (69.5 GWh).

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

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

The percentage of losses in relation to energy entering the RET increased from 2.36% in 2022 to 2.57% in 2023. Energy entering the grid decreased by 11.7% (432.3 GWh) in March 2023 compared to the same period in 2022, due to the decrease of energy received from generators directly connected to the RET by 0.9% (24.6 GWh), energy received from imports by 54.4% (441 GWh), while energy received from the RED increased by 12.9% (33.3 GWh).

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

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

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

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

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

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

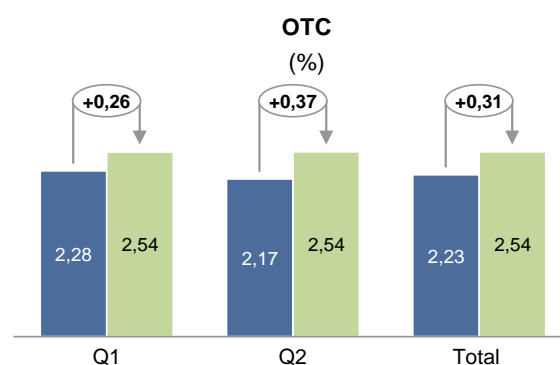
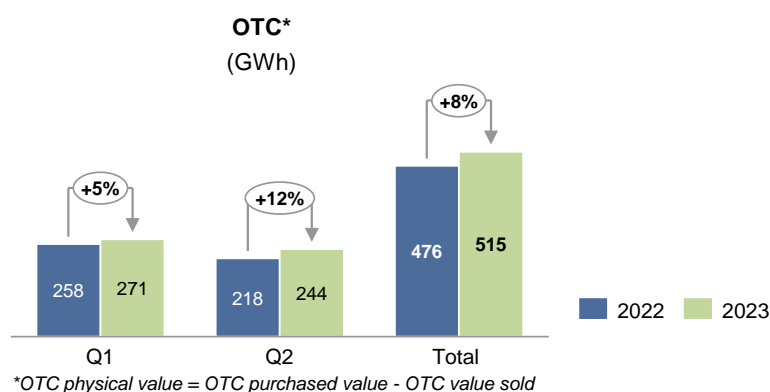
The percentage of losses relative to energy entering the RET increased from 2.11% in 2022 to 2.69% in 2023. Energy entering the grid decreased by 2.7% (89.9 GWh) in June 2023 compared to the same period in 2022, due to a decrease of 6.3% (164.4 GWh) in energy received from generators directly connected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

the RET, a decrease of 25.9% (138.6 GWh) in energy received from imports and an increase of 101.7% (213.1 GWh) in energy received from the RED.

**During the first quarter of 2023**, OTC in the RET increased by 5.1% compared to the same period in 2022, mainly as a result of unfavourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia and more unfavourable weather conditions with higher rainfall, which increased corona losses. Relative to energy entering the contour, losses increased from 2.28% to 2.54%.

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

**In summary, over the whole of H1 2023** OTC in RET increased by 8% compared to the same period in 2022, and as a proportion of energy input the losses increased from 2.23% to 2.54%.







## RET development

### NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

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

The value of fixed assets recorded in the accounts in the first half of 2023 is 532.4 million lei (215.7 million lei in the same period of 2022), an increase of 316.7 million lei.

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

- 400 kV d.c. Cernavodă-Stâlpul OHL and connection in Gura Ialomiței Station – 353.7 million lei;

- Upgrading of 400/220/110/20 kV Munteni Station – 47.5 million lei;
- Upgrading of 220/110/20 kV Arefu Station – 39.7 million lei;
- Refurbishment of 220/110/20 kV Ungheni Station – 31.8 million lei;
- Upgrading of 220/110 kV Dumbrava Station – 20.9 million lei;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines – 12.5 million lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: OLH 400 kV Cernavodă 2 and 3 – 6.8 million lei;
- 220 kV double circuit Ostrovu Mare - RET (H.CA no. 17/2007) – 4.2 million lei.

### TANGIBLE AND INTANGIBLE ASSETS

Acquisitions of tangible and intangible fixed assets in the period January-June 2023 amount to 186.4 million lei, an increase compared to the same period of 2022 when acquisitions amounted to 174.7 million lei.

At the same time, the balance of tangible assets in progress according to the financial position as at 30 June 2023, in the amount of 714 million lei, is represented by the projects in progress, the most significant being listed below:

- 400 kV d.c. Gutinaș - Smârdan – 174.1 million 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 – 130.1 million lei;
- Connection to the TSO of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 through the new (400)/220/110 kV Banca Station – 46.9 million lei;
- Refurbishment of 400/110/20 kV Smârdan Station - 32.1 million lei;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 31.9 million lei;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL - 30.5 million lei;

- Upgrading of 220/110/20 kV Baru Mare Station – 27.4 million lei;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections to South Medgidia Station – 24.5 million lei;
- Upgrading of 220/110/20 kV Arefu Station – 20.4 million lei;
- Refurbishment of 220/110 kV Filești Station -20.3 million lei;
- Refurbishment of 110 kV Medgidia South Station – 13.8 million lei;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 – 12.5 million lei;
- Metering and data management system for electricity metering on the wholesale market – 9.5 million lei;
- 400 kV Stâlpul station - 9.4 million lei;
- 110 kV, 220 kV and 400 kV mobile cells - 9.3 million lei;
- Refurbishment of the 110 kV Timisoara Station and the transition to 400 kV voltage of the Porțile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis, stage II: 400 kV Timisoara Station - 8.9 million lei.

## ANNUAL INVESTMENT PROGRAMME

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

The performance degree of the investment programme at 30 June 2023 is 41.6%.

No.	Categories of expenses	IPA 2023 Programme*	Performance (thousand lei)	
		(thousand lei)	H1 2023	H1 2022
	<b>Grand total (A+B)</b>	<b>488.986</b>	<b>203.443</b>	<b>158.620</b>
<b>A</b>	<b>Company's own expenses</b>	456.325	184.862	149.015
<b>B</b>	<b>Investments financed from the connection fee</b>	32.661	18.581	9.605

\*IPA 2023 revision A5

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

## EUROPEAN FUNDS

### **Collaboration between Transelectrica and Polytechnic University of Bucharest**

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

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

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

As regards RET's capacity to integrate new renewable generation units, the wind and solar potential of the Dobrogea (south-east of the country) and Banat (south-west of the country) regions should be mentioned. These regions, already congested, do not allow the integration of new capacities, but taking into account the investments currently underway as well as those planned for these two regions alone, by 2027, there will be around 5,000 additional MW available.

## CONTRACTUAL ASPECTS

The most important investment contracts signed in H1 2023 are:

- Maintenance services in the field of telecommunications, information technology, process IT and cyber security at Transelectrica level – 139.2 million lei
- Increasing the operational reliability of the Arges-Vâlcea network area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV HV - 71.9 million lei;
- OHL 220 kV double circuit Ostrovu Mare - RET - Stage 1 – 41.4 million lei;
- Specialized services for guarding, monitoring, intervention and intervention in exceptional situations at the facilities of STT Pitesti - 10.4 million lei.

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

- **Train future energy professionals** by developing programmes and disciplines tailored to the needs of SEN / RET, organising training and skills development courses and identifying young talent;
- **Research and innovation** in UPB doctoral schools, fairs, conferences, workshops, TEL- UPB exchanges of experience as well as advanced research in the field of electrical network and complex studies and tests in UPB laboratories;
- **Support student performance** by:
  - continuation of the Transelectrica Scholarship Project, a programme aimed at students in their third and fourth years;
  - Organizing internships in Transelectrica for UPB graduates: the company supports the training of future energy engineers, offering year after year

the opportunity to students from the relevant faculties to intern in the Company;

- **Investing in digitisation.** The start of digitization was given by the conclusion of a Collaboration Protocol No. C994/20.12.2019 between Transelectrica and UPB, which aims to set up and equip a SCADA TEL laboratory in the Faculty of Energetics for testing and validating digital technologies associated with energy systems.

At the same time, Transelectrica participated in the selection process initiated by the Politehnica University of Bucharest for the establishment and operationalization of a Consortium for the creation of a complete professional route for technical education, where, together with UPB, a funding application was submitted for the implementation of the "**Campus Dual Politehnica București**" project.

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

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

*In this regard, the project is to be financed from the NRRP and contracting is expected to be carried out between 13-31.07.2023.*

### **Upgrading Fund**

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

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

*In the second semester of 2023, applications for reimbursement and requests for pre-financing will be submitted according to the submission schedules for each project.*

### **Project "400 kV d.c. Gutinaș Smârdan LEA"**

Between January and June 2023, for the project " 400 kV d.c. Gutinaș Smârdan OHL", financed by the Large-Scale Infrastructure Operational Programme 2014-2020, Priority Axis 8 - *Intelligent and sustainable electricity and gas transmission systems, Specific Objective 8.1 - Increasing the capacity of the National Energy System to take up energy produced from renewable resources*, **three requests for reimbursement were submitted**, with a total amount reimbursed by the Managing Authority - POIM - of 45,809,283.93 lei.

### **REPowerEU Plan**

At the same time, as regards the **RePowerEU Plan**, clarifications have been sent for the project sheets related to the projects submitted by Transelectrica for financing through *RePowerEU - Investment I6 - digitization, efficiency and modernization of the national power transmission network (allocation 71,488,000 euros)*, within the deadline requested by the Ministry of European Investment and Projects as follows:

- *Investment 6.a - Installation of photovoltaic power plants (PPS) and electricity storage facilities to supply internal services installed in NPG CO. Transelectrica S.A. stations (allocation 32.170.000 euro);*
- *Investment 6.b - Upgrading of SMART SA - NPG CO. Transelectrica S.A. subsidiary (allocation 29,940,000 euro);*
- *Investment 6.c - Optimisation of the communication network and creation of a data centre -Teletrans SA, subsidiary of NPG CO. Transelectrica S.A. (allocation 9.378.000 euro).*

The REPowerEU plan sets out a series of measures aimed at rapidly reducing Russia's dependence on fossil fuels and accelerating the green transition, while increasing the resilience of the EU's energy system.

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

Also, in June 2023, the REPowerEU Chapter was submitted to the European Commission by the Ministry of European Investment and Projects, currently the REPowerEU Chapter is under evaluation by the European Commission.

### ***TwinEU and SmarTWin***

Also in March 2023 through participation in the ***Consortia formed for the development of TwinEU and SmarTWin projects, applications for funding through the European Research Programme - Horizon Europe*** were submitted.

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

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

Applications for funding were submitted under the HORIZON-CL5-2023-D3-01-10 call "Supporting the development of a digital twin to improve management, operations, and resilience of the EU Electricity System in support to REPowerEU".

The expected benefits for the Company in terms of participation in the above-mentioned Consortia consist

of training and familiarizing staff with the technical solutions for developing the transmission network using smart technologies and the benefits they can bring to the system, given the need to find solutions for integrating energy from renewable sources at the rates set in the National Integrated Energy and Climate Change Plan (PNIESC) for 2030 and to meet the obligations imposed by ANRE.

### ***European Sustainable Energy Week (EUSEW)***

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

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

The Company's participation in the event aimed, from the point of view of the Company's image, to increase its visibility and notoriety at the level of European bodies.

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

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

## **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.

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

- TSCNET
- JAO

### ***TSCNET (TSCNET Services GmbH)***

It was established to serve the Transmission System Operators (TSOs) in the eastern-central-western

European region (CORE region) for the coordinated implementation of the European network codes. Membership is achieved by participation in the shareholding of TSCNET through a share acquisition transaction in the company.

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

### ***JAO (Joint Allocation Office)***

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





## Other aspects

### SHAREHOLDER STRUCTURE

The shareholding structure of the Company as of 30.06.2023 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%
NN Private Managed Pension Fund	4,007,688	5.5%
Other shareholders - legal entities	16,045,987	21.9%
Other shareholders - individuals	5,475,591	7.5%
<b>Total</b>	<b>73,303,142</b>	<b>100%</b>

### TARIFFS

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

### COMPOSITION OF THE BOARD

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

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

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

#### Transport tariff (transport service + system functional service) applied in the first quarter

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

In accordance with the provisions of Article 14, paragraph (1) of GEO no. 27/2022, on 1 April 2022 ANRE included in the transmission tariff the amount of additional expenses for the acquisition of electricity necessary to cover its own technological consumption in 2021 which were generated by the significant increase in prices on the wholesale electricity market and which were not initially provided for in the tariff.

The application of these provisions has brought forward the time of adjustment of the costs of own technological consumption from 2021<sup>4</sup> compared to the standard

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

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

<sup>4</sup> For the year 2021, compared to the value of 288.76 lei/MWh of the average electricity price for OTC coverage taken into account ex-ante

when calculating the tariff, the actual value of the average electricity price for OTC coverage recognized by ANRE was 455.28 lei/MWh.



**Transport tariff applied in the second quarter** (in force at the date of this report):

ANRE Order no.28/29.03.2023 approved the average tariff for the transmission service and the components of the transmission tariff for feeding electricity into the grid (TG) and for extracting electricity from the grid (TL), charged by NPG CO.Transelectrica SA, applicable from 1 April 2023:

	Tariff from 01 April 2022 (lei/MWh), according to ANRE Order no. 33/2022, of which:	Tariff from 01 April 2023 (lei/MWh), according to ANRE Order no. 28/2023, of which:			Difference (%)
		Main component (lei/MWh)	Component related to additional costs with OTC (lei/MWh)	Applicable tariff	
(1)	(2)	(3)	(4)	(5)=(3)+(4)	(6)=(5)/(2)
Average tariff for electricity transmission service	<b>28.10</b>	28.61	2.59	<b>31.20</b>	11.03%
Transmission Tariff - the feed-in component	<b>2.53</b>	3.35	0.69	<b>4.04</b>	59.68%
Transmission Tariff - the component of electricity extracted from the grid	<b>25.57</b>	25.50	1.94	<b>27.44</b>	7.31%

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

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

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

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

**Events occurring after the reporting period concerning the tariff for the transport service:**

In accordance with the provisions of Article 105 of the *Methodology for setting tariffs for the electricity transmission service*, approved by ANRE Order no.171/2019, with subsequent amendments and additions, Transelectrica submitted to ANRE on 1 July 2023, the proposed values for regulated tariffs for electricity transmission activity for the tariff year 2024, as shown in the table below:

Electricity transmission	u.m.	Proposed tariff from 1 January 2024	Main component - proposed from 01 January 2024	Additional cost component with OTC - proposed from 01 January 2024	Tariff in force	Main component - in force	Additional cost component with OTC - in force	Difference (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(3)/(6)
Average tariff	Lei/MWh	33.49	31.81	1.69	31.20	28.61	2.59	7.34%
TG(network injection component)	Lei/MWh	3.76	3.35	0.41	4.04	3.35	0.69	-6.93%
TL(network extraction component)	Lei/MWh	29.60	28.33	1.27	27.44	25.50	1.94	7.87%

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

**Important:**

At this stage, the calculation of the proposed tariff did not include a correction for the revenue from the allocation of interconnection capacities, a possibility provided for in the *European Regulation 1854/2022* on emergency intervention to mitigate the effects of extremely high electricity prices.

**The tariff for system service (formerly system technology services), applied from January to May 2023,** is shown in the table below:

Tariff	u.m	Applied tariff 1 Jan - 31 Dec 2022	Applied tariff 1 Jan - 31 May 2023	Difference (%)
System service	lei/MWh	9.32	7.73	-17.06%

The main elements leading to the reduction of the tariff applied in the period January - May 2023 compared to the tariff period 2022 are:

- application by ANRE of the (partial) negative correction for the first half of 2022;
- non-recognition by ANRE of the full quantities of the secondary regulation reserve requested by NPG CO. Transelectrica SA for 2023.

**The tariff for the system service (formerly system technology services), effective from 1 June 2023,** is shown in the table below:

Tariff	u.m	Applied tariff 1 Jan - 31 May 2023	Applied tariff 1 Jun - 31 Dec 2023	Difference (%)
System service	lei/MWh	7.73	6.64	-14.10%

The negative adjustment of the tariff as of 1 June 2023 was made on the basis of the fulfilment of the provisions of art.22 and art.23 of the *Methodology for establishing the tariff for the acquisition of system services*, approved by ANRE Order no.116/2022. The aforementioned articles provide as follows:

- *Art.22 In order to avoid the subsequent recording of a significant level of corrections due to changes in acquisition prices and/or quantities of acquired system services referred to in Article 2, the TSO is required to calculate, for the first quarter and for the first semester of a tariff period t-1 respectively, the*

*difference between realized and forecasted revenues and costs, plus the amount of corrections not made for the previous period(s), and to submit the calculation to ANRE on 1 May and 1 August of year t-1 respectively;*

- *Art.23 If the TSO finds that the value determined in accordance with the provisions of Article 22 shows a variation of more than 5% of the forecast revenue for the same period, it has the obligation to submit to ANRE the request for revision of the tariff for the acquisition of system services, which will include the value determined in accordance with the provisions of Article 22, valid until the end of the tariff period.*

Thus, following the interim verification at the end of the first quarter of 2023 of the situation of costs and revenues related to the system services activity, ANRE has adjusted accordingly the amount of the tariff starting from 1 June 2023.

**Events after the reporting period relating to the tariff for the system service:**

Also based on the provisions of the above articles, on 1 August 2023, NPG CO. Transelectrica SA has the obligation to submit to ANRE the interim verification for the first half of 2023 of significant deviations from the forecast values of the costs and revenues situation.

This analysis found that there was a very small deviation from the approved forecast of the financial result for this period (difference between revenue and expenses) in the first half of 2023, resulting in a calculated (hypothetical) applied tariff value from 1 September 2023 which is very close to the actual applied tariff value from 1 June 2023.

Accordingly, Transelectrica's proposal is that the tariff should be maintained at the value approved and in force on 1 June 2023.



## Annexes

## Annex 1: Separate statement of financial position

[RON mn]	S1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	4.073	4.002	72	2%
Assets of the usage rights for leased assets - buildings	18	22	(4)	(18%)
Intangible assets	303	338	(35)	(10%)
Financial assets	86	86	-	-
<b>Total non-current assets</b>	<b>4.480</b>	<b>4.447</b>	<b>32</b>	<b>1%</b>
<b>Current assets</b>				
Inventories	52	42	10	24%
Trade and other receivables	1.578	3.340	(1.763)	(53%)
Cash and cash equivalents	484	315	169	54%
Income tax to be recovered	1	4	(3)	(77%)
<b>Total current assets</b>	<b>2.115</b>	<b>3.702</b>	<b>(1.586)</b>	<b>(43%)</b>
<b>Total assets</b>	<b>6.595</b>	<b>8.149</b>	<b>(1.554)</b>	<b>(19%)</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share capital, of which:	733	733	-	-
<i>Subscribed share capital</i>	733	733	-	-
Share premium	50	50	-	-
Legal reserves	147	147	-	-
Revaluation reserves	671	703	(33)	(5%)
Other reserves	100	39	61	155%
Retained earnings	2.339	2.196	142	6%
<b>Total shareholders' equity</b>	<b>4.039</b>	<b>3.869</b>	<b>170</b>	<b>4%</b>
<b>Non-current liabilities</b>				
Long term deferred revenues	456	439	17	4%
Long term borrowings	44	56	(12)	(21%)
Other loans and assimilated debts - Non-current building lease liabilities	11	15	(4)	(28%)
Deferred tax liability	101	107	(6)	(6%)
Employee benefits liabilities	71	71	-	-
<b>Total non-current liabilities</b>	<b>682</b>	<b>687</b>	<b>(5)</b>	<b>(1%)</b>
<b>Current liabilities</b>				
Trade and other liabilities	1.706	3.372	(1.666)	(49%)
Other loans and assimilated debts - Current building lease liabilities	9	8	0,1	1%
Other tax and social security liabilities	12	13	(1)	(4%)
Short-term borrowings	25	92	(68)	(73%)
Provisions	64	68	(4)	(6%)
Short-term deferred revenues	59	39	19	49%
<b>Total current liabilities</b>	<b>1.874</b>	<b>3.593</b>	<b>(1.719)</b>	<b>(48%)</b>
<b>Total liabilities</b>	<b>2.556</b>	<b>4.281</b>	<b>(1.724)</b>	<b>(40%)</b>
<b>Total shareholders' equity and liabilities</b>	<b>6.595</b>	<b>8.149</b>	<b>(1.554)</b>	<b>(19%)</b>

## Annex 2: Separate profit and loss account

[RON mn]									
Indicator	2021	H1 2022	2022	H1 2023	Budgeted H1 2023	Achieved H1 2023 vs H1 2022	Achieved H1 2023 vs H1 2022 (%)	Achieved vs Budgeted H1 2023	Achieved vs Budgeted 2023 (%)
0	1	2	3	4	5	6=4-2	7=4/2	8=4-5	9=4/5
Operating revenues									
Transmission revenues	1,252	833	1,885	959	936	127	15%	23	2%
System services revenues	624	252	534	193	206	(59)	(23%)	(13)	(7%)
Balancing market revenues	1,823	1,495	3,479	1,018	2,955	(477)	(32%)	(1,937)	(66%)
Other revenues	57	25	389	30	142	5	21%	(111)	(79%)
<b>Total operating revenues</b>	<b>3,756</b>	<b>2,604</b>	<b>6,286</b>	<b>2,200</b>	<b>4,239</b>	<b>(404)</b>	<b>(16%)</b>	<b>(2,039)</b>	<b>(48%)</b>
Operating expenses									
System operating expenses	576	466	902	307	421	(159)	(34%)	(114)	(27%)
Balancing market expenses	1,810	1,495	3,480	1,017	2,955	(478)	(32%)	(1,938)	(66%)
System services expenses	610	231	467	231	268	-	-	(38)	(14%)
Depreciation and Amortisation	274	128	272	167	169	39	30%	(2)	(1%)
Personnel expenses	244	132	306	158	175	26	20%	(17)	(10%)
Repairs and maintenance expenses	97	41	108	44	59	3	7%	(15)	(26%)
Materials and consumables	10	6	13	4	6	(2)	(40%)	(3)	(44%)
Other operating expenses	123	69	145	95	111	25	37%	(16)	(14%)
<b>Total operating expenses</b>	<b>3,745</b>	<b>2,568</b>	<b>5,692</b>	<b>2,023</b>	<b>4,165</b>	<b>(546)</b>	<b>(21%)</b>	<b>(2,143)</b>	<b>(51%)</b>
<b>Operating profit</b>	<b>11</b>	<b>36</b>	<b>594</b>	<b>177</b>	<b>74</b>	<b>141</b>	<b>n/a</b>	<b>103</b>	<b>n/a</b>
Financial income	6	7	65	26	40	20	n/a	(13)	(34%)
Financial expenses	15	9	72	24	41	15	n/a	(17)	(41%)
<b>Net finance result</b>	<b>(9)</b>	<b>(3)</b>	<b>(7)</b>	<b>2</b>	<b>(1)</b>	<b>5</b>	<b>n/a</b>	<b>3</b>	<b>n/a</b>
<b>Profit before income tax</b>	<b>2</b>	<b>33</b>	<b>587</b>	<b>179</b>	<b>72</b>	<b>146</b>	<b>n/a</b>	<b>107</b>	<b>n/a</b>
Income tax	1	5	73	18	9	13	n/a	8	88%
<b>Net profit</b>	<b>0.45</b>	<b>28</b>	<b>515</b>	<b>162</b>	<b>63</b>	<b>134</b>	<b>n/a</b>	<b>99</b>	<b>n/a</b>



### Annex 3: Separate statement of treasury flows

[RON mn]	H1 2022	H1 2023	Δ
<b>Cash flows from operational activities</b>			
Profit of the period	28.06	161.59	(133.5)
Income tax expense	5.12	17.67	(12.5)
Operating expenses regarding depreciation of fixed assets (including additional OTC	128.12	167.08	(39.0)
Expenses with adjustments for trade receivables impairment	1.00	0.95	0.1
Revenues from reversal of adjustments for trade receivables impairment	(0.79)	(0.94)	0.1
Net expenses/income with adjustments for various debtors impairment	9.95	(0.09)	10.0
Net expenditures with adjustments for inventories impairment	0.10	(0.83)	0.9
Net profit/ loss on sale of tangible assets	0.05	(0.96)	1.0
Net expenditures on adjustments of value regarding tangible assets	-	(1.63)	1.6
Net Expenses/Income regarding provisions for risks and expenses	(13.28)	(4.17)	(9.1)
Interest expense, interest revenue and unrealised exchange rate gains	2.85	(1.28)	4.1
<b>Cash flows before changes to working capital</b>	<b>161.20</b>	<b>337.39</b>	<b>(176.2)</b>
<b>Changes in:</b>			
Clients and assimilated accounts - energy and other activities	77.43	1,494.49	(1,417.1)
Clients – balancing	(29.81)	239.86	(269.7)
Clients – cogeneration	23.83	28.47	(4.6)
Inventories	(1.00)	(9.43)	8.4
Trade and other liabilities - energy and other activities	(184.58)	(1,439.65)	1,255.1
Liabilities - balancing	40.37	(281.96)	322.3
Liabilities - cogeneration	(167.26)	(8.47)	(158.8)
Other taxes and social insurance liabilities	(3.54)	(0.51)	(3.0)
Deferred revenues	1.87	41.59	(39.7)
<b>Cash flows from operational activities</b>	<b>(81.50)</b>	<b>401.80</b>	<b>(483.3)</b>
Interests paid	(4.49)	(1.85)	(2.6)
Income tax paid	-	(20.96)	21.0
<b>Net cash generated from operational activities</b>	<b>(85.98)</b>	<b>378.99</b>	<b>(465.0)</b>
<b>Cash flows from the investment activity</b>			
Acquisition of tangible and intangible assets	(174.67)	(186.35)	11.7
Participation titles held in SELENE CC Societe Anonyme	-	0.24	(0.2)
Proceeds from EC non-reimbursable financing	2.00	55.75	(53.8)
Proceeds from sale of tangible assets	0.00	1.77	(1.8)
Received Interests	0.48	2.41	(1.9)
Dividends cashed	1.53	1.20	0.3
<b>Net cash used in the investment activity</b>	<b>(170.65)</b>	<b>(124.97)</b>	<b>(45.7)</b>
<b>Cash flows used in financing activities</b>			
Repayments of non-current borrowings	(11.93)	(11.90)	(0.03)
Use of working capital credit line	132.31	-	132.3
Building lease payments	(5.30)	(5.28)	(0.0)
Reimbursement of the credit line for cogeneration	-	(67.62)	67.6
Dividends paid	(0.06)	(0.01)	(0.0)
<b>Net cash used in financing activities</b>	<b>115.03</b>	<b>(84.80)</b>	<b>199.8</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(141.60)</b>	<b>169.21</b>	<b>(310.8)</b>
<b>Cash and cash equivalents as at January 1<sup>st</sup></b>	<b>252.23</b>	<b>315.15</b>	<b>(62.9)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>110.63</b>	<b>484.36</b>	<b>(373.7)</b>

#### Annex 4: Economic-financial indicators of the reporting period

Indicators	Formula	H1 2023	2022
<b>Current liquidity ratio (x)</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.13	1.03
<b>Indebtness indicators (x):</b>			
(1) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Shareholder's equity}} \times 100$	2.2%	4.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	2.1%	4.3%
<b>Clients' turnover (zile)</b>	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	68.4	57.9
<b>Non-current assets turnover (x)</b>	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.48	1.33

\* Within the debt level indicators, the borrowed capital includes short-term loans, long-term loans and other short-term and long-term assimilated loans/debts related to building leasing according to IFRS 16.

\*\*When calculating the average balance, customers who contribute to the turnover (energy, balancing, other customers, invoice customers) were taken into account. Values corresponding to customers: uncertain, from the market coupling mechanism, cogeneration scheme and overcompensation, were not included in the average balance.

**Annex 5 REPORT (according to EGMSD No 4/29.04.2015) on contracts signed in the first semester of 2023 for the acquisition of goods, services and works, the value of which exceeds 500,000 Euro/acquisition (for the acquisition of goods and works) and 100,000 Euro/acquisition (for services) respectively**

No.	Contract Number	Object of the Contract	Duration Months	Value		Contract Type	Legal Basis	Acquisition Procedure
				Mii Lei	Thousands Euro			
0	1	2	3	4	5	6	7	8
1	BC 13/2023	Specialized security, monitoring and intervention services for STT Bucharest objectives	36	16,574.42	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
2	PT 27/5871/2023	Specialized security, monitoring and intervention services in extraordinary situations at STT Pitesti facilities	36	10,371.31	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
3	C 507/2023	Upgrading to reduce the effects of galloping on the 400kV Bucharest South - Gura Ialomiței line	12	2,633.17	0.00	Works	Law 99/2016 + GD 394/2016	Open tender
4	C 531/2023	Technical support services associated with oracle licences	36	1,892.84	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
5	C 584/2023	Disinfection services through dry fogging, insect extermination, and pest control at the headquarters and territorial transport stations belonging to NPG CO. Transelectrica SA - lot 8 - STT Timisoara	36	1,058.78	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
6	TC 09C10/2023	Maintenance services for OHL crossing lanes passing through areas with tree vegetation (STT Constanta)	36	992.20	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
7	C 398/2023	Services to assess the influence of electricity transmission network installations on air quality by monitoring emissions of air pollutants	36	645.31	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
8	C 587/2023	Disinfection services through dry fogging, insect extermination, and pest control at the headquarters and territorial transport stations belonging to NPG CO. Transelectrica SA - lot 3 - STT Constanta	36	590.96	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
9	C 586/2023	Disinfection services through dry fogging, insect extermination, and pest control at the headquarters and territorial transport stations belonging to NPG CO. Eransselectrica SA - lot 2 - STT Bacău	36	575.38	0.00	Services	Law 99/2016 + GD 394/2016	Open tender
10	C 585/2023	Disinfection services through dry fogging, insect extermination, and pest control at the headquarters and territorial transport stations belonging to NPG CO. Transelectrica SA - lot 7 - STT Sibiu	36	507.73	0.00	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 CO. ". "TEL"	National Power Transmission Company Transelectrica SA
"CPT"	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
"SS"	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

