

NPG TRANSELECTRICA SA
REPORT
OF THE SUPERVISORY BOARD
ON MANAGEMENT ACTIVITY



	Corporate structure	4
	Activity of the Supervisory Board	9
	Financial data	13
	Operational data	27
	ETG development	31
	Other aspects	37
	Annexes	40

Verification of the Stand-alone Financial Statements by the Supervisory Board

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 analyses the Company's strategy and the premises of the environment in which it 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 internal control system, the audit process and the organisational process for monitoring compliance with laws, regulations and the code of conduct.

The simplified separate interim financial statements as at and for the six-month period ended June 30, 2024 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 at its meeting on August 12, 2024.

Yours sincerely,

Cătălin-Andrei DASCĂL	Teodor ATANASIU	Costin-Mihai PĂUN	Alexandru-Cristian VASILESCU	Luminița ZEZEANU	Dumitru-Virgil ORLANDEA	Rareș-Stelian RUSU
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" ("THE NATIONAL POWER GRID COMPANY" "Transelectrica SA", "Transelectrica" or the "Company") is a joint-stock company, which is organised and operates in accordance with the laws of Romania, being managed in a dual system, pursuant to the decision of the Extraordinary General Meeting of Shareholders of July 18, 2012, by a Management Board (consisting of 5 members) under the supervision of a Supervisory Board (consisting of 7 members).

According to AGOA Decision no. 1/28.02.2024, the appointment of the following members of the Company's Supervisory Board was approved, with a term of office of four years, with dates from March 1, 2024 and until February 29, 2028:

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

Starting April 22, 2022, Mr Cătălin Andrei Dascăl was appointed member of the Supervisory Board of CNTEE Transelectrica SA.

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

Mr Cătălin Andrei Dascăl's career includes managerial and executive positions exercised in acquiring a complex legal expertise, both in the public administration and in the private sector.

Thus, among the positions he held, he was legal counsellor 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 - Insol Europe Member, founder and partner lawyer at "Dascăl Ciotea și Asociații SPARL", founder and coordinating partner at "Dascăl Insolvency SPRL".

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

Mr Cătălin Andrei Dascăl graduated from the Faculty of Law of Nicolae Titulescu University, Bucharest and holds a bachelor's 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 August 22, 2022, joined the Supervisory Board of CNTEE Transelectrica SA, with a long experience in central public administration.

Between 2017-2022, Mr Teodor ATANASIU was a member of the Regulatory Council of the National Energy Regulatory Authority.

Mr Teodor ATANASIU studied at the Polytechnic Institute Cluj Napoca, having graduated from the Faculty of Mechanics.

Mr ATANASIU is also a graduate of Open University Business School courses in Financial Management, Competitiveness Management, Customer Relationship Management.

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

As of April 22, 2022, Mr Costin Mihai PĂUN was appointed member of the Supervisory Board of CNTEE Transelectrica SA, taking up 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 field of electricity transmission, distribution and generation.

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

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

Mr PĂUN has designed, managed and implemented European and international projects financed by the European Commission and International Financial Institutions, carried out European consortia, studies and plans for the development of electricity grids, contributed to new solutions in innovation and scientific research initiatives, being responsible for systems operation, regulations, implementation of high voltage projects.

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

Also, Mr Păun was 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 European Ten-Year Network Development Plan within ENTSO-E in Brussels (2010-2016), of the Regional Investment Plans in 4/6 ENTSO-E Regions: North Sea, Baltic Sea, South-West Continental Europe, Central-East Continental Europe, Grid Codes, Regulatory Adviser, 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, in which field he also holds a PhD from the Technical University of Timisoara.

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

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

As of April 22, 2022, Mr Alexandru Vasilescu was appointed member of the Supervisory Board of CNTEE Transelectrica SA, taking up this position with expertise in public administration advisory and management.

Mr Alexandru Vasilescu currently holds the position of Secretary of State in the General Secretariat of the Government, and will occupy this position from February 2022.

Mr Vasilescu has joined Transelectrica's non-executive management team, with a professional portfolio shaped by the experiences in the following positions: Commercial Director of SC Orhideea SRL; Counsellor 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, holding a bachelor's degree in construction engineering.

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

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

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

Mrs Luminița ZEZEANU, joined the Supervisory Board of CNTEE Transelectrica SA, as of August 22, 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, Mrs Luminița ZEZEANU has worked in different areas of public administration, focused on regional development.

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

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

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

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

From August 2022 until August 2023 she was a Director of the European Funds Department at SNTGN Transgaz. She is currently State Secretary at the Ministry of European Investment and Projects.

Mrs 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.

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

Mr Virgil Dumitru Orlandea has been appointed member of the Supervisory Board of the National Electricity Transmission Company Transelectrica SA as of 1 March 2024 for a 4-year term of office in the non-executive management of the Company. Mr Orlandea also held the position of member of the Supervisory Board from October 2021 to October 2023.

Since 2011, he has worked 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 Boards of 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 at CNTEE Transelectrica SA as Director of the Support Services Department. Subsequently, until 2021, he continued his activity within the Company in the position of coordinator of the project Centre of Excellence in Energetics Sibiu, respectively 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 Resource Management and Procurement, "Lucian Blaga" University of Sibiu, Faculty of Economics - Master in "Integration of Tourism and Services" and Faculty of Economics - Master in "Management and Marketing Strategies and Policies of the Firm", "Alexandru I. Cuza" Police Academy Bucharest - Master in "Human Resources Management in the Public Order Authorities System".

• **Rareș-Stelian RUSU - Member of the Supervisory Board**

As of 1 March 2024, Mr Rareș Stelian Rusu has joined the Supervisory Board of the National Electricity Transmission Company Transelectrica SA, with a 4-year mandate in the non-executive management of the Company. Mr Rusu has extensive management experience gained throughout his career, both in the private sector and in public administration.

With an extensive expertise within the Company, Mr Rusu held the position of director of the Cluj-Napoca Territorial Transport Branch in 2009-2012, followed by that of project manager in 2012-2013. He has also been an advisor to the Transelectrica Board of Directors, manager of the Integrated Management Unit, Commercial-Acquisitions and manager of the Territorial Transport Unit Cluj, from 2020-2021. Between 2021-2022 he was non-executive director of OPCOM SA, a subsidiary of CNTEE Transelectrica SA.

Mr Rareș Stelian Rusu has over 25 years of experience in the central and local public administration, both in the executive and non-executive areas within the Romanian Government, the Chamber of Deputies, as well as in the private sector, holding managerial positions and legal advisory positions.

As of 2021, Mr Rusu is Vice-President of the National Civil Servants Agency.

Mr Rareș Stelian Rusu holds a degree in political science from the "Faculty of Political Science and Public Administration" of the "Babeș-Bolyai" University of Cluj-Napoca, as well as a degree in law from the Faculty of Law of the "Dimitrie Cantemir" University of Cluj-Napoca. He also completed a master's degree in energy engineering at the Faculty of Electrical Engineering of the Technical University of Cluj-Napoca.

ADVISORY COMMITTEES OF THE SUPERVISORY BOARD

At the date of this report, the Advisory Committees of the Supervisory Board have the following tasks and composition

Audit Committee

The members of this committee are: Luminița ZEZEANU (Chair), Teodor ATANASIU, Rareș Stelian RUSU, Costin-Mihai PĂUN, Alexandru-Cristian VASILESCU.

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

Audit Committee tasks 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 consolidated annual financial statements,
- regularly reviews the effectiveness of financial reporting,
- verify and monitor the independence of the statutory auditor or audit firm and in particular, the provision of additional services to the audited entity,
- make recommendations to the Council 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, as well as the terms and conditions of its remuneration,
- monitor the independence and objectivity of the external auditor, in particular by monitoring the rotation of partners in the audit firm,
- receive and analyse the external auditor's report on significant matters arising from the statutory audit and, in particular, on material weaknesses in internal control relevant to the financial reporting process,
- 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 the consolidation criteria).

Tasks of the Audit Committee in the field of managerial internal control:

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

- regularly reviews the effectiveness of the internal control and risk management system adopted by the Company,
- ensure that the audit analyses carried out and the audit reports produced as a result thereof are in accordance with the audit plan approved at Company level,
- to propose to the Board the control, verification and reporting procedures necessary for the exercise of the essential powers of control over the manner in which the Board of Directors conducts the Company, as well as the verification of the activity carried out in the name and on behalf of the Company,
- verifies the fulfilment of non-financial reporting obligations at Company level.

Nomination and Remuneration Committee

The members of this committee are: Alexandru-Cristian VASILESCU (Chair), Cătălin-Andrei DASCĂL, Rareș Stelian RUSU, Dumitru Virgil ORLANDEA, Luminița ZEZEANU, with the following tasks:

- makes proposals for members of the Supervisory Board and the Board of Directors,
- elaborates and makes proposals to the Supervisory Board regarding the selection procedure for the members of the Supervisory Board, the members of the Company's Management Board and for other management positions,
- formulates proposals on the remuneration of the members of the Company's Board of Directors and other management positions, in compliance with the general remuneration limits approved by the General Meeting of Shareholders,

Committee on Investment and Energy Security

The members of this committee are: Costin-Mihai PĂUN (Chair), Cătălin-Andrei DASCĂL, Luminița ZEZEANU, Teodor ATANASIU, Dumitru-Virgil ORLANDEA

The responsibilities of the Investment and Energy Security Committee consist of:

- consulting and monitoring the implementation of the Company's medium, short and long term Strategy and Investment Plan;

- counseling and consultation with the members of the Supervisory Board, with the members of the Directorate and with the executive management of the Company, within and in correlation with the Company Strategy and ROF, without prejudice to the responsibility of the members of the Supervisory Board, members of the Directorate and other persons who according to the Applicable Law are responsible for the management and supervision of the Company;
- consulting and monitoring the implementation of actions regarding maintaining and increasing energy security relative to the Company's activities.

The Investment and Energy Security Committee has the following objectives:

- monitoring the establishment and achievement of targets and strategic directions for the development of the Company's high-voltage electrical networks,
- monitoring the establishment and fulfillment of strategic criteria for defining:
 - The Annual Investment Plan - AIP (including the investment prioritisation algorithm);
 - Ten-Year RET Development Plan 2022-2031;
 - The Company's vision for updating the RET Ten-Year Development Plan 2022-2031,
- post-investment monitoring and monitoring indicators within the investment project,
- regularly monitoring and examining energy security and actions that lead to increasing the degree of Energy Security.

The Investment and Energy Security Committee makes recommendations to the Supervisory Board for:

- improving the vision and internal transparency of network strategy and development activity and investment in high-voltage electricity networks,
- prioritisation of investment and asset development in line with ANRE requirements,
- obtaining summarised and relevant reports to facilitate immediate decisions with a major impact on the achievement of specific indicators for the electricity transmission activity,
- fulfilment of the obligations regarding the efficiency of the electricity transmission activity, electricity transmission service, operational efficiency (team coordination).

The Committee for Investments and Energy Security will provide support to the Supervisory Board regarding the maintenance and increase of energy security, which will facilitate immediate decisions with a major impact in achieving the specific indicators of energy security in the electricity transmission activity.

• Risk Management Committee

The members of this committee are: Teodor ATANASIU (Chair), Alexandru-Cristian VASILESCU, Cătălin-Andrei DASCĂL, Rareș Stelian RUSU, Dumitru Virgil ORLANDEA

It is a new committee set up following the amendment of Government Emergency Ordinance 109/2011.



Activity of the Supervisory Board

WORK OF THE SUPERVISORY BOARD

During the first half of 2024, the members of the Supervisory Board met in 16 meetings, of which we present below a selection of the items on the agenda.

The following topics were prioritised:

- agreement for the conclusion of additional acts to the credit agreements with Banca Comercială Română and Banca Transilvania, extending the validity of the credit lines by 12 months, until 30 March 2025 and 9 March 2025 respectively,
- to start the selection procedure for the members of the Company's Board of Directors with the application of the provisions of Article 35 of GEO 109/2011, approved by Law no.187/2023 with subsequent amendments and additions,
- adoption of the management component of the Company's management plan as drawn up in application of the provisions of Article 30 paragraph (1) of GEO 109/2011,
- the agreement to carry out the procurement operation for the award of the sectoral execution contract "400kV Stâlpu Power substation "and Upgrade of 110kV and medium voltage cells in Stâlpu Power substation",
- the simplified separate interim financial statements for the financial year ended 31 March 2024, the Activity Report of the Board of Directors on the results for the first quarter of 2024 prepared in accordance with the provisions of GEO 109/2011 on the co-corporate governance of public enterprises, the Report for the first quarter of 2024 on the economic and financial activity of the Company prepared in accordance with the requirements of the capital market,
- the separate and consolidated financial statements as of and for the financial year ended on December 31, 2022, the Annual Report on the individual and consolidated financial statements for the year ended on December 31, 2022, the 2022 activity report of the Supervisory Board prepared according to the provisions of art.55 from GEO no. 109/2011 on the corporate governance of public enterprises,

- the agreement on the performance of the procurement operation for the award of the sectoral works contract "400KV sc Gădălin-Suceava LEA",

In the first semester of 2024, 5 (five) meetings of the **Audit Committee** were held, during which the Interim Financial Statements related to the financial year 2023 were checked, the Budget of income and expenses for the year 2024 and the estimates for the years 2025-2026. The Report of the Audit Committee within the Supervisory Board of CNTEE Transelectrica SA relating to the year 2023 on the internal control and significant risk management systems of the Company was drawn up and the separate/consolidated financial statements of the Company for the year 2023 were verified, accompanied by Financial auditor's report.

In the same period, 9 (nine) meetings of the **Nomination and Remuneration Committee** were held in which the members of this committee drew up the Report of the Nomination and Remuneration Committee for the year 2023 and carried out the necessary procedures for the selection of the members of the Company's Board of Directors.

Proposals and recommendations were also formulated for the position of provisional member of the Company's Board of Directors.

The topics discussed at the meetings of the Supervisory Board in the first half of the year are detailed below:

- At its meeting on **23.01.2024**, the Supervisory Board reviewed the Company's Investment Programme for 2024 and the estimated investment expenditure for 2025 and 2026,
- scrutinised the Revenue and Expenditure Budget for the year 2024 as well as the estimates for the years 2025-2026.
- During the meeting of **05.02.2024**, the Supervisory Board expressed its agreement on the

conclusion of the additional agreement to the credit agreement with Banca Transilvania, with the purpose of extending the validity of the credit line until 09 March 2025 and expressed its agreement to the Company's commitment to ensure the flow for the implementation of the investment project "DigiTEL Green pilot project - Upgrading of the 220/110/20kv Mostiștea substation in the concept of a digital substation with reduced environmental impact" for which the financing contract will be signed with the Ministry of Energy through the Modernisation Fund and the coverage of the countervalue of expenses, other than those financed from non-reimbursable funds, including VAT related to the project,

- approved the Annual Public Internal Audit Plan for the year 2024 and the Report on the public internal audit activity for the year 2023 carried out at the level of the Company and in the Subsidiaries, for submission to the General Secretariat of the Government and endorsed the Public Internal Audit Reports.

- At the meeting of **21.02.2024** the preliminary financial statements as at and for the year ended December 31, 2023 were audited,

- took note of the Preliminary Report for the fourth quarter and January-December 2023 on Transelectrica's economic and financial activity, prepared in accordance with the capital market requirements,

- took note of the Activity Report of the Board of Directors for the fourth quarter and January-December 2023, prepared in accordance with the provisions of GEO 109/2011.

- In the meeting of **27.04.2024**, the Supervisory Board expressed its agreement on the conclusion of the additional act to the credit agreement with Banca Comercială Română, with the purpose of extending the validity of the credit line by 12 months, until 30 March 2025,

- has expressed its agreement to carry out the procurement operation with the object "*Services/works in the installations managed by CNTEE Transelectrica SA*".

- In the meeting held on **04.03.2024**, in accordance with the provisions of art.18 paragraph (4) of the Company's Articles of Association, they elected Mr Catalin-Andrei DASCĂL as Chairman of the Supervisory Board.

At the same meeting, the Nomination and Remuneration Committee was set up in accordance with the provisions of Article XX paragraph (4) of the Supervisory Board's Rules of Organisation and Functioning and appointed as members:

- VASILESCU Alexandru-Cristian - Chairman
- DASCĂL Cătălin-Andrei
- RUSU Rareș Stelian Rareș
- ORLANDEA Dumitru Virgil
- ZEZEANU Luminița

the Audit Committee was constituted and appointed as members:

- ZEZEANU Luminița - Chair
- ATANASIU Teodor
- RUSU Rareș Stelian Rareș
- PĂUN Costin-Mihai
- VASILESCU Alexandru-Cristian

the Investment and Energy Security Committee was set up and appointed as members:

- PĂUN Costin-Mihai - Chair
- DASCĂL Cătălin-Andrei
- ZEZEANU Luminița
- ATANASIU Teodor
- ORLANDEA Dumitru Virgil.

the Risk Management Committee was constituted and appointed as members:

- ATANASIU Teodor ATANASIU - Chair
- VASILESCU Alexandru-Cristian
- DASCĂL Cătălin-Andrei
- RUSU Rareș Stelian Rareș
- ORLANDEA Dumitru Virgil.

- In the meeting of **21.03.2024**, pursuant to art. III of Law no.187/2023 on the amendment and completion of GEO no.109/2011 with subsequent amendments and additions, it was decided to extend for a period of 2 months, starting from 25.03.2024 and until 24.05.2024 the terms of office of the provisional members of the Board of Directors for: Ștefăniță Munteanu, Cătălin Constantin Nadolu, Florin Cristian Tătaru and Bogdan Toncescu, but no later than the finalisation of the selection procedure according to the provisions of GEO 109/2011 if the procedure will be carried out within this timeframe.

At the same meeting, the Supervisory Board elected Mr Ștefăniță Munteanu as Chairman of the Management Board, alternatively called Chief Executive Officer - "CEO" of the Company.

- At the meeting of **26.03.2024**, the separate and consolidated financial statements as at and for the year ended December 31, 2023 were audited, the Independent Auditor's Report on the separate and consolidated financial statements for the year ended December 31, 2023 was noted, the Annual Report on the separate and consolidated financial statements of the Company was noted, took note of the Note on the appropriation of net profit as at December 31, 2023, the Note on the proposed gross dividend and the Note on the establishment of reserves related to the income realised from the allocation of transmission capacity on interconnection lines in 2023 from the surplus realised from taxable and non-taxable revaluation reserves upon change of use.

During the same meeting, the final form of the 2023 Activity Report of the Supervisory Board was approved, drawn up in accordance with the provisions of Article 55 of GEO 109/2011 on the corporate governance of public enterprises,

- approved the final form of the 2023 Report of the Audit Committee of the Supervisory Board on the internal control and significant risk management systems within Transelectrica, prepared in accordance with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange,
- approved the final form of the Remuneration Report for the year 2023 and the final form of the "Remuneration Policy for the Company's executive and non-executive management, revised to March 2024",
- took note of the Report on the work of the Executive Board from January to December 2023.

- In the meeting of **27.03.2024**, the members of the Supervisory Board expressed their agreement to start the selection procedure for the members of the Company's Board of Directors, with the application of the provisions of art.35 of GEO no. 109/2011, as approved by Law no. 187/2023, with subsequent amendments and additions.

During the same meeting, the *management component of the Company's management plan* was adopted, as drawn up in application of the provisions of Article 30 paragraph (1) of GEO 109/2011.

- At its meeting on **03.04.2024**, the Supervisory Board expressed its agreement to the Company's commitment to ensure the financial flow necessary for the implementation of Subinvestment 5.a - Installation

of photovoltaic power plants (PPPs) and electricity storage facilities intended to supply internal services installed in Transelectrica SA substations, for which the financing contract will be signed with the General Secretariat of the Government for financing through Component 16 - REPowerEU (National Recovery and Resilience Plan) and for covering the countervalue of expenses, other than those financed from non-reimbursable funds, including VAT related to the Subinvestment.

- The meeting of **09.04.2024** finalised the note on the ratification by the General Meeting of the Supervisory Board's Decisions on the appointment of provisional Members of the Management Board for the period 25.06.2021 - present and the establishment of the general limits of remuneration and other benefits to be granted by the Company to the provisional Members of the Management Board.

- At its meeting on **23.04.2024**, the Supervisory Board expressed its agreement to carry out the procurement operation for the award of the sector works contract "400kV Gădălin-Suceava 400kV overhead power line",

- has expressed its agreement to carry out the procurement operation "Upgrade of the command - control - protection - metering system 220kV, 110kV in the 220/110.20kV substation and upgrading of medium voltage and internal DC and AC services in the 220/110/20kV Ghizdaru substation,
- has expressed its agreement to carry out the procurement operation for the award of the sectoral contract for the design and execution of works "Upgrade to 400kV of the Teleajen substation and retrofitting of the 110kV Teleajen substation",
- expressed its agreement to carry out the procurement operation for the award of the sectoral execution contract "400kV Stâlpu power substation" and "Modernisation of 110kV and medium voltage cells in Stâlpu power substation".

- At the meeting of **13.05.2024**, the simplified separate interim financial statements for the financial year ended 31 March 2024 were audited, the Report for the first quarter of 2024 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 Management Board on the results for the first quarter of 2024 prepared in accordance with the provisions of GEO no.109/2011 on the corporate governance of public enterprises.

- At their meeting of **22.05.2024**, the members of the Supervisory Board took note that the terms of office of the provisional members of the Management Board will expire on 24 May 2024: Ștefăniță Munteanu, Cătălin Constantin Nadolu, Florin Cristian Tătaru and Bogdan Toncescu and appointed Ștefăniță Munteanu, Cătălin Constantin Nadolu, Florin Cristian Tătaru and Bogdan Toncescu as members of the Board of Directors.

The term of office of the appointed members of the Board of Directors shall have a duration of 5 months starting on 25.05.2024, but the term of office shall not exceed the date of completion of the selection procedure of the members of the Board of Directors of the Company in accordance with GEO no.109/2011 on the corporate governance of public enterprises, approved with amendments and additions, if the procedure is completed within this period.

During the same meeting, the form of the mandate contract to be concluded with the provisional members of the Board of Directors was approved, the remuneration of the provisional members was approved, and Mr Ștefăniță Munteanu was appointed as Chairman of the Board of Directors, alternatively called Chief Executive Officer - "CEO" of the Company.

At the same meeting, the Supervisory Board expressed its agreement to carry out the procurement operation for the award of the sector works contract "Purchase and installation of compensation coil in the 400kV Porțile de Fier substation"



Financial data

The financial results for H1 2024 are not audited. The summary of the financial results as of June 30, 2024 in the extended version is presented in the Annexes to this report.

The separate profit and loss account as at June 30, 2024 versus June 30, 2023 is presented in the table below:

Separate profit and loss account						
[mil RON]	H1 2024	H1 2023	2023	2022	Δ*	Δ* (%)
	1	2	3	4	5=1-2	4=1/2
Charged energy volume [TWh]	25.40	24.97	50,39	52,18	0,43	1,71%
ALLOWED PROFIT ACTIVITIES						
Operating revenues	1,205	993	2.090	2.319	212	21%
Transmission and other revenues on the electricity market, of wich:	1,046	963	1.988	1.930	83	9%
<i>Regulated tariff</i>	801	748	1.545	1.401	53	7%
<i>Other revenues on the electricity market</i>	143	34	100	130	109	n/a
<i>Interconnection</i>	102	181	343	399	(79)	(44%)
Other revenues	159	30	102	389	129	n/a
Operating expenses	(716)	(608)	1.382	1.474	(109)	(18%)
System operating expenses	(355)	(307)	(640)	(902)	(48)	(16%)
Repairs and maintenance expenses	(52)	(44)	(115)	(108)	(8)	(18%)
Personnel expenses	(187)	(158)	(348)	(306)	(29)	(19%)
Other expenses	(122)	(98)	2.485	2.791	(23)	(23%)
EBITDA	489	385	708	845	103	27%
Depreciation	(172)	(167)	334	272	(5)	(3%)
EBIT	317	218	374	573	99	45%
ZERO PROFIT ACTIVITIES						
Operating revenues	3,480	1,207	2.628	3.967	2.274	188%
System services revenues	251	189	359	488	62	33%
Balancing market revenues	3,229	1,018	2.269	3.479	2.211	n/a
Operating expenses	(3,530)	(1,248)	2.768	3.946	(2.282)	(183%)
System services expenses	(301)	(231)	499	467	(70)	(30%)
Balancing market expenses	(3,229)	(1,017)	2.269	3.480	(2.212)	n/a
EBIT	(50)	(41)	(140)	21	(9)	(21%)
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)						
Operating revenues	4,685	2,200	4.718	6.286	2.485	113%
Operating expenses	(4,246)	(1,855)	4.150	5.421	(2.391)	(129%)
EBITDA	439	344	568	866	95	27%
Depreciation	(172)	(167)	334	272	(5)	(3%)
EBIT	267	177	234	594	90	51%
Net finance result	16.2	2	0	(7)	14	n/a
EBT - Profit before income tax	283	179	234	587	104	58%
Income tax	(20)	(18)	21	73	(2)	(12%)
Net profit	264	162	214	515	102	63%

* (+)Income positive impact, (+)Expenditure negative impact

**Energy market (ITC, reactive energy, OTC sales, energy exchanges, disaster aid)

Note: For ease of reading and understanding the results, some figures presented in the graphs and/or tables use thousand RON as the unit of measurement and are rounded to this unit. This presentation convention may, in some cases, lead to minor differences between the totalising figures, the totals obtained by summing the components and the percentages calculated.

OPERATIONAL RESULTS

I. Volume of charged energy

In H1 2024, the total amount of electricity priced for electricity market services (25.40 TWh) increased by 1.7% compared to the same period in 2023 (the difference between the two periods was 0.43 TWh).

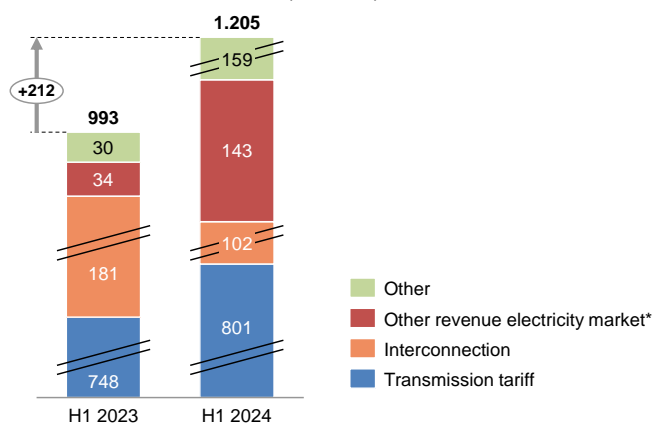
Allowed profit segment

Operating revenue



The segment of **permitted profit activities** recorded a 21% increase in revenues (RON 1,205 million in H1 2024 compared to RON 993 million in H1 2023) mainly on the back of an increase in regulated tariff revenues, as well as OTC transaction revenues, revenues from blackout relief and OTC capitalisation revenues.

Operating income from operating activities with profit allowed
(mil RON)



* ITC, reactive energy, OTC transactions, energy exchanges

The increase in transmission and other energy market revenues (RON 1,046 million in H1 2024 compared to RON 963 million in H1 2023) was mainly influenced by increase in the quantity of electricity by 1.7% in the context of the increase the average tariff approved by ANRE, which led an increase in revenues from regulated tariff by RON 53 million (+7%) compared to the same period of the previous year.

In the period January-June 2024, **revenues from the allocation of interconnection capacity** decreased from 181 million RON in H1 2023 to 102 million RON in H1 2024, due to the following reasons:

- The level of utilisation of available interconnection capacity by electricity market traders,
- The market for the allocation of interconnection capacity is fluctuating, with prices evolving according to demand and the need of electricity market participants to purchase interconnection capacity, thus the decrease in the analysed period was influenced by the supply and demand price formation pattern,

- The implicit allocations, where capacity and energy are allocated simultaneously, are strongly influenced by changes in the price of electricity on European exchanges,
- The impact of expanding market coupling, which has the effect of making energy prices uniform across Europe, this is also one of the main objectives of Regulation (EU) 2015/1222 "establishing guidelines on capacity allocation and congestion management".

The mechanism for allocating interconnection capacity consists of annual, monthly, daily and intra-day auctions. Auctions on the Romania-Serbia border, long-term auctions on the borders with Hungary and Bulgaria and daily auctions on the border with Moldova are explicit - only transmission capacity is auctioned, while daily (borders with Hungary and Bulgaria) and intra-daily (borders with Hungary and Bulgaria) auctions are implicit - they are allocated simultaneously with energy and capacity, through the coupling mechanism.

On June 8, 2022, the Core FB MC (Core Flow-Based Market Coupling) was commissioned, thus initiating the 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, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia, Slovenia, the Czech Republic, the Netherlands, Belgium, Croatia, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia).

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

Income from Inter TSO Compensation (ITC)

These revenues were higher (RON +9.6 million) in H1 2024, i.e. RON 11.6 million compared to the same period in 2023 when they were RON 2 million, and mostly originate from the scheduled electricity exchanges with the countries considered perimeter of the mechanism, i.e. Ukraine and Republic of Moldova.

The increase in these revenues is driven by:

- *Change in the tariff for trade with perimeter countries* from June 15, 2023 from EUR 1.2/MWh to EUR 3/MWh, which led to an increase in revenues

compared to the same period last year.

- Energy exchanges recorded in H1 2024 with both perimeter countries (Ukraine and the Republic of Moldova), in contrast to the similar period in 2023, when exchanges were only with the Republic of Moldova.

Revenues from trading of energy for own technological consumption (OTC) were mainly obtained from the sale of surplus energy resulting from the difference between the long and medium term forecast and the short term forecast on the Intra-day Market managed by OPCOM and from the difference between the forecast OTC and the OTC actually realised on the Balancing Market.

In H1 2024, the Company recorded higher energy trading revenues for OTC compared to the same period of 2023, i.e. + RON +48.7 mln.

In the structure of these revenues, transactions on the Intra-day Market were lower than in the previous year, as a large part of the required OTC was purchased on the long-term markets through the mechanism of MACEE (Mechanism for Centralised Electricity Procurement), and prices on the short-term markets decreased compared to the previous year, with some negative price intervals.

The revenues from transactions on the Balancing Market were significantly higher than those realised in the same period of the previous year, given that the energy system was predominantly in surplus during the period analysed, which led to significant negative prices on the Balancing Market.

Starting with 01.04.2024, the mechanism of centralised purchase of electricity MACEE was amended by GEO no. 32/2024, in the following sense:

- *reducing the regulated purchase price to 400 RON/MWh*
- *removing the obligation for producers to participate in the scheme*
- *changing the period of application of the Facility from March 31, 2025 to December 31, 2024*
- *allowing other producers with production capacities below 10MW to participate in the scheme.*

The changes introduced by GEO 32/2024, which amends and complements GEO 27/2022, lead to a gradual phasing out of the support scheme and a return to competitive market mechanisms.

Income from disaster aid

In H1 2024, income from disaster aid in the amount of 60 million RON was recorded, compared to 3.6 million RON in H1 2023. Thus, in H1 2024, emergency aid was granted to Ukraine due to the damage to its energy

infrastructure as a result of armed conflicts and to Serbia due to the accidental shutdown of groups in this country.

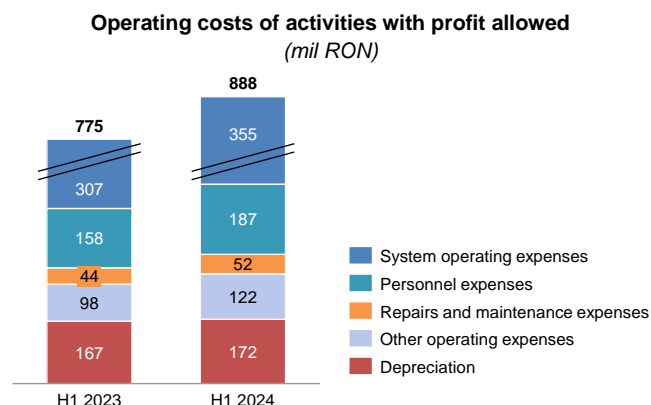
Income from capitalisation of own technological consumption (OTC)

As from September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of electricity purchase incurred between January 1, 2022 and March 31, 2025 to cover its own technological consumption, compared to the costs recognised in the regulated tariffs, are capitalised on a quarterly basis.

Thus, the Company recorded in H1 2024 revenues from OTC capitalisation in the amount of RON 23.9 million, representing additional OTC calculated as the difference between the net cost of OTC acquisition and the cost of OTC included in the regulatory tariff, for the period January 1, - June 30, 2024.

Operational expenditure

In the segment of **activities with profit allowed**, expenses (including depreciation and amortisation) increased by 15% (RON 888 million in H1 2024 compared to RON 775 million in H1 2023), mainly influenced by the increase in expenses related to system operation, personnel expenses and other expenses.

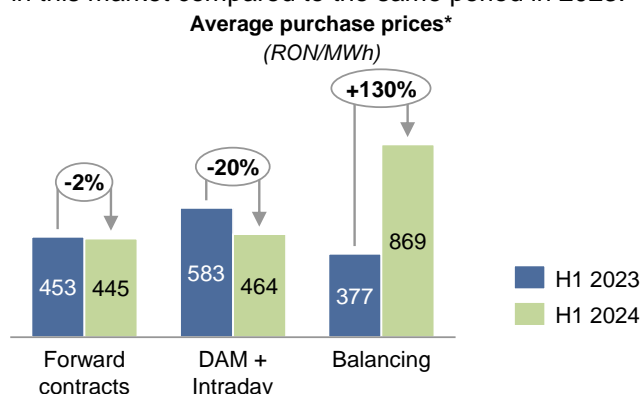


OTC: In the period January-June 2024, the costs of energy purchase to cover own technological consumption totalled 296 million RON, 13% higher (+35 million RON) compared to H1 2023, mainly due to a number of factors:

- due to its characteristics, the OTC in the Electricity Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of national electricity production and consumption, the distribution of electricity flows in the internal transmission grid and on interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022

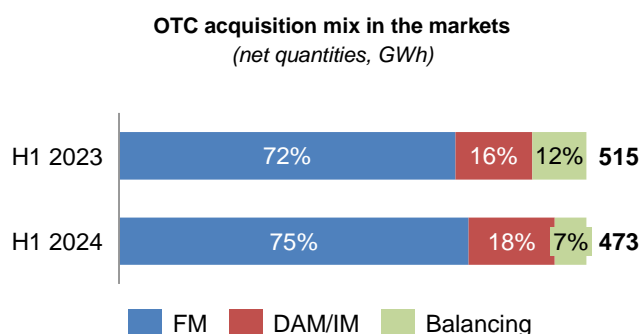
amending and supplementing GEO no. 27/2022, NPG Transelectrica SA purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 RON/MWh for the first three months of the year, then the value was reduced to 400 RON/MWh for the energy contracted as of April 1, 2024 (according to GEO no. 32/2024);

- the accelerated growth of installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1500 MW at the beginning of 2024), together with the increasing share of wind and solar energy, have led to a decrease in consumption as well as in energy prices on short-term markets. Thus, the average price of energy purchased from the PZU in the period from January to June 2024 was significantly lower than the price in the similar period of 2023);
- the average imbalance price set on the PE was much higher, which led to a significant increase in spending in this market compared to the same period in 2023.



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

The acquisition mix (net quantitative) shows the following components in the two periods analysed:



The average net price of energy purchased in all markets in H1 2024 was 2% higher than in the same period in 2023.

OTC expenses transit RED (as per ANRE decision)

In the composition of system operating expenses in S1 2024, OTC-related expenses related to additional transits of electricity from the networks of concessionaire

distribution operators at the voltage level of 110kV (for the quota assigned to the TSO) were recorded in the amount of 12.8 million lei. For the year 2024, by ANRE Decisions no. 2642/14.11.2023 and no. 2643/14.11.2023, the forecast OTC quantities and the corresponding costs for additional transits of electricity from the 110 kV electricity grids for the year 2024 were approved for Distribuție Energie Oltenia S.A. and E-Distribuție Dobrogea S.A.

Inter TSO Compensation (ITC) expenses

In the period January-June 2024 these expenses were higher by 0.28 million RON compared to the same period of the previous year. They are set within the framework of the mechanism for the compensation/dispensation of the effects of the use of the electricity transmission network (RET) for transits of electricity between TSOs that have joined this mechanism within ENTSO-E.

The factors influencing the cost/revenue values of the ITC mechanism are the electricity exchanges - import, export, transit on the interconnection lines of the SEN, correlated with the electricity flows transited at the level of all countries participating in the mechanism.

From the category "Other costs" (an increase of 23 million RON in the analysed periods) those that had an impact in the analysed period are:

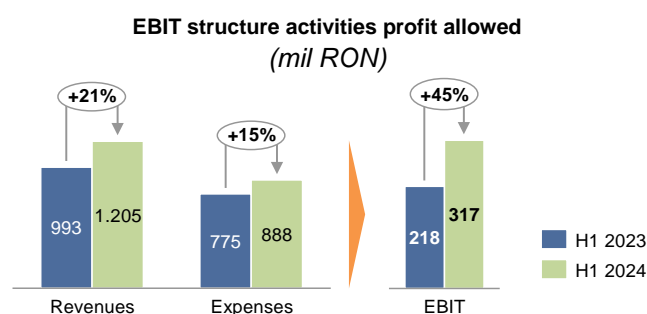
- other expenditure on services performed by third parties increased by +11 million RON, of which the most important was the most significant increase is the expenditure for civil protection and security +4,5 million RON,
- increase of the category "other expenses" by +10.8 million RON, mainly:
 - losses from receivables and sundry debtors +2.9 million RON,
 - expenses related to goods +5,4 million RON,
 - expenditure on electricity consumption administrative consumption an increase of +2,2 million RON,
 - expenditure on fines and penalties +3,6 million RON,
- the reduction of certain items of expenditure, such as: expenses relating to taxes, duties and similar charges, other operating expenses not deductible for tax purposes.

Depreciation expenses show an increase of RON 5 million, mainly influenced by the recording of depreciation expenses on tangible and intangible fixed assets (+ RON 2.8 million), calculated at the revalued value of the assets as at December 31, 2023, correlated with the commissioning of investment works and the acceptance of assets.

At the same time in H1 2024 the expenses with amortisation of intangible assets - additional intangible assets - OTC amounted to 35,6 million RON and showed an increase compared to H1 2023 (+1,7 million RON). The additional electricity purchase costs incurred in the period from January 1, 2022 to 31 March 2025 in order to cover own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Operating result-profit allowed

Activities with profit allowed recorded a positive result in the amount of RON 317 million in H1 2024 up from the result in the amount of RON 218 million realised in H1 2023, as operating revenues increased by RON 212 million, correlated with an increase in expenses (including depreciation and amortisation) by RON 113 million.



Zero profit segment

Revenues from zero-profit activities recorded a significant increase (+ RON +2,274 million) from RON 1,207 million in H1 2023 to RON 3,480 million in H1 2024, mainly driven by the increase in revenues on the balancing market (+ RON +2,211 million) due to the prices recorded at the balancing market level, concomitant with the slight appreciation of revenues from technological system services (+ RON +62 million), driven by the increase in the tariff approved by ANRE as of June 1, 2024, in the context of the 1.7% increase in the quantity.

The **zero-profit activities** segment also recorded a significant increase in costs (+ RON +2,282 million) due to the increased amount of expenses on the balancing market.

Balancing market revenues/Balancing market expenses were more than 3 times higher in H1 2024 compared to H1 2023.

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

- the accelerated increase in installed capacity at

prosumers, from around 420 MW at the beginning of 2023 to around 1500 MW at the beginning of 2024, which, in terms of impact on the system, corresponds to a reduction in consumption;

- lack of control/monitoring at the level of the funder for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the prosumers' production forecasts in relation to the contractual position;
- the low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers beneficiaries of green certificates, based on the provisions of Law 220/2008);
- a sharp increase in supply prices in the balancing market (positive upwards and negative downwards respectively), with an impact on the marginal prices recorded in particular for energy activated for secondary regulation, and for energy activated on the tertiary market, which falls rapidly in situations of strong excess production;
- in a predominantly surplus system, the balancing market is characterised by a high volume of selections at derating, i.e. significant negative prices in the Balancing Market, which determines, on the one hand, significant revenues for producers that have offered negative prices at derating, and on the other hand, considerable costs for PREs that have recorded positive imbalances;
- the evolution of contractual imbalances recorded at the level of electricity suppliers on the balancing market;
- hydraulic evolution.

For the period after 2024 we estimate that:

- how contracting is realised on markets prior to the balancing market;
- ANRE's regulatory framework to adjust the functioning of the balancing market;
- behaviour of market participants;
- the evolution of electricity production and consumption at national level and the European context of electricity market evolution;
- the regional and European context of electricity market developments.

will have a significant impact on the evolution of the balancing market.

Also as of July 1, 2024, the ANRE Order on the approval of balancing terms and conditions, ANRE Order no.127/08.12.2021 for the approval of the Regulation on terms and conditions for balancing service providers and for frequency stabilisation reserve providers and the Regulation on terms and conditions for balancing parties and for the amendment and repeal of some orders of the

President of the National Energy Regulatory Authority published in the Official Gazette no. 1196 of December 17, 2021, with subsequent amendments and additions, entered into force.

System services are purchased by the Company from producers in order to ensure that the level of operational safety of the SEN and the quality of the electricity transported is maintained at the parameters required by the technical standards in force.

These services are contracted out:

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

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

In H1 2024, the contracting of system services under the regulated regime was carried out only for reactive energy, in accordance with ANRE Decision no. 1078/2020, being provided by Societatea de Producere a Energia Electrica în Hidrocentrale "Hidroelectrica" SA.

Revenues from system services recorded a 33% increase compared to the same period last year (251 million RON in H1 2024 compared to 189 million RON in H1 2023), driven by the increase in the quantity of electricity delivered to consumers (+1.7%) in the context of the increase from June 1, 2024 of the tariff approved by ANRE for these services.

The amount of **expenditure on system services** in H1 2024, showed an increase (+30%) compared to the same period in 2023.

The amount of STS acquisition costs was mainly determined by the following factors:

- in accordance with the provisions of Article II of ANRE Order no.18/30.05.2024, for a period of 3 months, in accordance with Regulation 2019/943 of the European Parliament and of the Council of June 5, 2019, in the period 01.06.2024-31.08.2024, the purchase of balancing capacity services for frequency stability contracted by the Company is carried out as follows:
 - at a maximum price of 82.30 RON/hMW for the secondary regulation reserve/frequency restoration reserve with automatic increase activation and for the automatic decrease activation;
 - at a maximum price of 37.94 RON/hMW for the fast tertiary regulation reserve on boost/reset reserve with manual activation on boost;
 - at a maximum price of 16.38 RON/hMW for the fast tertiary regulation reserve/reset frequency reserve

with manual activation on dimming.

- in line with the trend observed on the balancing market, there was a steep increase in the purchase price of the Fast Tertiary Reserve - power curtailment, starting from April 2024. Thus, the purchase price of the reserve increased from 9.82 RON/hMW to values of up to 250 RON/hMW (purchase price for the Tertiary Fast Reserve - power reduction registered on 20.04.2024). We note that the same trend was observed at the Secondary Reserve, where on 20.04.2024 prices of 100 RON/hMW were recorded.

Starting with 01.06.2024, with the applicability of the provisions of the Order of the President of ANRE no.18/30.05.2024, the price trend has been contracting, with prices below the maximum limit imposed by the authority.

Also, in accordance with art. I item 3 of the ANRE President Order 18/30.05.2024 starting with 01.09.2024 the maximum prices are no longer applicable and the auction procedure will be organised at Transelectrica level based on the offer price.

Operating result-zero profit

EBIT generated by zero-profit activities recorded a negative result in H1 2024 in the amount of RON 50 million, up by + RON 9 million compared to the negative result realised in H1 2023.

In H1 2024, revenues from system services were lower by RON 50 mil compared to the realised system services procurement expenses.

For the system services activity, according to ANRE's regulations, the surplus/deficit of income compared to the recognised costs resulting from the performance of this activity shall 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 respective surplus/deficit was recorded.

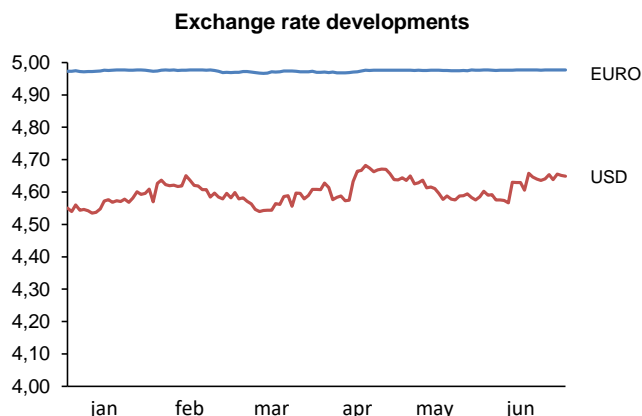
The surplus/deficit of income over the costs of carrying out this activity shall be calculated by tariff programme periods.

I. Financial Result

The net financial result recorded in H1 2024 in the amount of RON 16 million, compared to a profit of RON 2 million in the same period last year, was mainly influenced by the recording of income from shares held in subsidiaries based on dividends received, i.e. RON 14.6 million.

The share of foreign exchange income/expenses in total financial income/expenses is high and is 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 rates in H1 2024 is shown in the following chart:



II. Company gross profit (EBT)

Total operating revenue

Total operating revenues realised in H1 2024 appreciated by 113% compared to the same period of the previous year (RON 4,685 million in H1 2024 compared to RON 2,200 million in H1 2023), in the context of the significant impact of revenues from zero-profit activities.

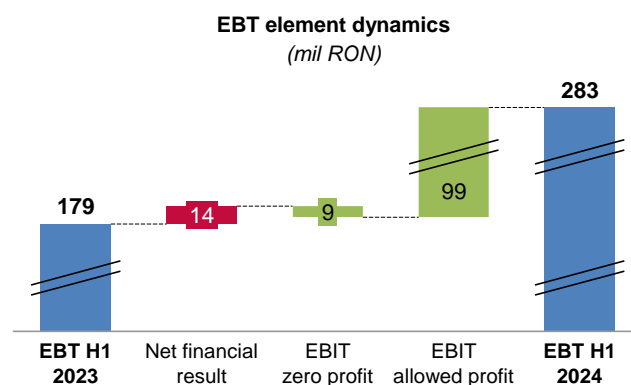
Total operating expenditure

The total operating expenses (including depreciation and amortisation) realised in H1 2024 increased by 118% compared to the same period last year by 4,418 million RON in H1 2024 compared to 2,023 million RON in H1 2023 in the context of the significant impact of the increase in expenses from zero-profit activities.

The gross result recorded a higher value in the period under review, from 179 million RON in H1 2023 to 283 million RON in H1 2024, mainly due to the increase in the tariffed volume of energy at the tariffs approved by ANRE, revenues from OTC transactions, revenues from the capitalization of OTC (non-monetary), of the income

from accident aid, as well as from the registration of some short-term income from other operating income that registered an increase in the first semester of 2024 compared to the first semester of 2023 with the amount of 105 million lei, determined in mainly, the registration of income from compensations, fines and penalties as a result of legal recovery, according to Civil Decision no. 6169/2023, pronounced on December 20, 2023, by the ICCJ - Administrative and Fiscal Litigation Section and communicated to the Company on May 15, 2024, of certain amounts (additional payment obligations established by Taxation Decision no. F-MC 439/30.06.2017) executed in 2017 by ANAF, based on executive title no. 13540/22.08.2017.

The dynamics between the result recorded in H1 2024 compared to H1 2023, broken down by the constituent components of the result, are shown in the following graph:



III. Net result

The gross result influenced by the corporate income tax of RON 20 million resulted in a net result at the end of H1 2024 of RON 264 million, up from RON 162 million in H1 2023, mainly due to the profit activities allowed.

FINANCIAL POSITION

The separate statement of the financial position on June 30, 2024 versus December 31, 2023 is presented in the following table:

Separate statement of financial position				
[mil RON]	H1 2024	2023	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	5,490	5,416	75	1%
Assets representing rights of use under a lease - buildings	10	14	(4)	(29%)
Intangible assets	288	282	6	2%
Financial assets	86	86	0	n/a
Total	5,874	5,798	76	1%
Current assets				
Inventories	54	51	3	6%
Trade and other receivables	3,390	2,116	1,274	60%
Profit tax recoverable	4	-	4	n/a
Cash and cash equivalents	527	519	8	1%
Total	3,975	2,686	1,289	48%
Total assets	9,849	8,484	1,366	16%
Shareholders' Equity	5,476	5,190	286	6%
Non-current liabilities				
Long term deferred revenues	525	519	6	1%
Long term borrowings	20	32	(12)	(38%)
Other loans and assimilated debts - Non-current building lease liabilities	2	6	(4)	(66%)
Other non-current liabilities	363	360	3	1%
Total	910	918	(7)	(1%)
Current liabilities				
Trade and other liabilities	3,331	2,242	1,089	49%
Short-term borrowings	24	25	(0)	n/a
Other loans and assimilated debts - Current building lease liabilities	9	9	0	1%
Other current liabilities	98	100	(2)	(2%)
Tax on profit to be paid	-	0.4	(0.4)	n/a
Total	3,463	2,376	1,087	46%
Total liabilities	4,373	3,294	1,079	33%
Total shareholder's equity and liabilities	9,849	8,484	1,366	16%

Separate cash flow statement				
[mil RON]	H1 2024	H1 2023	Δ	Δ (%)
Net cash from operating activities	281	379	(98)	(26%)
Net cash used in investing activities	(235)	(125)	(110)	(88%)
Net cash used in financing activities	(38)	(85)	47	56%
Net increase/decrease in cash and cash equivalents	8	169	(161)	(95%)
Cash and cash equivalents as at January 1st	519	315	204	65%
Cash and cash equivalents at the end of the period	527	484	43	9%

I. Fixed assets

Fixed assets recorded an increase in the first half of 2024 compared to December 2023 in the amount of RON 76 million, mainly due to the increase in the value of tangible fixed assets.

Fixed assets related to the right of use of leased assets - buildings

Fixed assets related to the rights of use of leased assets - buildings represent the right of use of the premises leased by the Company in the Platinum office building, in accordance with IFRS 16 - Leases. As of 01.10.2020 the lease contract valid for a period of 5 years entered into force.

As at June 30, 2024, the net book value of the right of use of the premises leased by the Company in the Platinum office building amounts to RON 9.9 million.

Intangible fixed assets

Intangible assets in progress at June 30, 2024 show a balance of RON 27.5 million represented by projects in progress, of which the most significant are:

- Metering and data management system for electricity metering on the wholesale market - 16.3 million RON;
- Replacement of hardware components, update and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration and upgrade services for specific applications of the Balancing Market - 7,6 million RON;
- MARI platform development - 2 mil RON

In H1 2024, additional OTC capitalisation income in the amount of 23.9 million RON was recorded, representing additional costs of electricity purchase to cover own technological consumption compared to the cost recognised in the tariff.

As at June 30, 2024, the carrying amount of intangible assets resulting from the capitalisation of the additional OTC amounts to RON 259 million.

As from September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of electricity purchases made to cover its own technological consumption, compared to the costs recognised in the regulated tariffs, are 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 during the amortisation period of the respective costs and are recognised as a separate component.

II. Current assets

Current assets as at June 30, 2024 (RON 3,975 million) increased by 48% compared to December 31, 2023 (RON 2,686 million), mainly due to the increase in receivables.

Trade receivables show an increase of 54% compared to December 31, 2024 (RON 2,682 million at June 30, 2024 compared to RON 1,746 million at December 31, 2023). The most important developments were from:

- customers from operational activity which, due to the increase in energy consumption, generated a higher balance of receivables from operational activity (RON 1,138 million as at 31 March 2024 compared to RON 1,005 million as at December 31, 2023).

The main outstanding customers on the electricity market are: Ciga Energy SA, Cinta Energy SA, Electrica Furnizare SA, IBEX, OPCOM, Hidroelectrica, MAVIR, RAAN, Engie Romania SA, Complexul Energetic Oltenia SA. Their share is 74.16% of total trade receivables.

- customers - balancing market, which, due to the increase in the balance of customers' customers from contracts concluded on the balancing market in the first half of 2024 compared to the second half of 2023, also led to an increase in the balance for this type of activity (RON 1,381 million as at June 30, 2024 compared to RON 594 million as at December 31, 2023).
- customers - support scheme, which increased by 11% (+16 million RON), mainly due to the increase in the invoiced amount for the collection of the monthly contribution.

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 HGR no. 1215/2009, "the main tasks being monthly collection of the cogeneration contribution and monthly payment of bonuses".

As at 30 June 2024, the Company has receivables receivable amounting to RON 160 million, 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 RON, respectively from RAAN - 63.46 million RON and CET Govora SA - 13.23 million RON;
- undue bonus for 2014 in the amount of 3.91 million RON, respectively from RAAN - 1.98 million RON, and CET Govora - 1.93 million RON;

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

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

- uncollected contribution for cogeneration from suppliers of electricity consumers in the amount of 20.7 million RON, respectively from: Transenergo Com - 5.9 million RON, Petprod - 4.4 million RON, Romenergy Industry - 2.7 million RON, RAAN - 2.4 million RON, UGM Energy - 1.5 million RON, CET Govora - 0.9 million RON, KDF Energy - 0.6 million RON, etc.

Until the date of this report, the Company has collected all the receivables related to overcompensation of the activity related to the support scheme for 2023 (amount of RON 5.5 million) from Bepco (RON 2.9 million) and Termoficare Oradea (RON 2.6 million), as well as the amount of RON 14.2 million from the undue bonus established by ANRE Decisions for 2023, from the following producers: Bepco SRL, CET Grivița, Electro Energy Sud, Electrocentrale București, Electrocentrale Craiova, Electroulaj SA, Municipiul Iași, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

Other receivables as at June 30, 2024, amounting to 389, recorded an increase of 83% million RON and mainly include:

- sundry debtors (198.8 million RON), of which:
 - late payment penalties calculated for defaulting customers in the amount of 96 million RON (of which 35.15 million RON are penalties related to support scheme).

The highest late payment penalties were recorded by customers: Romelectro (39.8 million RON), RAAN (17 million RON), CET Govora (9.6 million RON), Electrocentrale București (9.4 million RON), OPCOM (3.6 million RON), Total Electric Oltenia (3.3 million RON), Pet Communications SRL (3.1 million RON), Multiservice G&G SRL (2.2 million RON), Petprod (1.9 million RON), ISPE Proiectare și Consultanță (1 million RON).

- compensation due by suppliers for non-delivery of electricity: Arelco Power (RON 0.99 million), Enol Grup (RON 2.54 million) and Next Energy Partners (RON 8.39 million).
- the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of RON 4.52 million.
- deferred expenses in the amount of 8.5 million RON, mainly represented by domestic and international

membership fees (3.8 million RON), taxes and fees (1.8 million RON), ANRE contribution (1.2 million RON), rent and maintenance of office building (0.7 million RON), insurance policies (0.6 million RON), miscellaneous services and others;

- other social receivables in the amount of 1.4 million RON representing sick leave paid by the employer to employees, amounts to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Advances to suppliers paid as at 30 June 2024 represented by debtor suppliers for services rendered in the amount of RON 325 million increased significantly compared to December 2023 when they amounted to RON 152 million.

The balance represents mainly amounts from the transactions related to the price coupling mechanism (for SIDC the amount of 277.6 million RON, and for ICP - Interim Coupling Project and SDAC - Single Day-ahead Coupling the amount of 45.6 million RON).

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

As the transfer agent for Romania's bidding zone, NPG Transelectrica SA has the role of settling the energy traded between OPCOM SA and IBEX

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

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

VAT to be recovered in the amount of RON 203 million related to the VAT returns for the period March - June 2024, of which up to the date of this report, the amount of RON 59 million has been collected, representing the value added tax claimed for refund for March 2024.

The largest existing impairment adjustments in the balance at June 30, 2024, calculated for trade receivables and related penalties, are for Romelectro (RON 39.8 million), JAO (RON 30 million), CET Govora (RON 24, RON 6 million), Arelco Power (RON 14.8 million), Total Electric Oltenia SA (RON 14.2 million), Romenergy Industry (RON 13.5 million), Elsaco Energy (RON 9.3 million), RAAN (RON 8.5 million), OPCOM (RON 8.5 million), Next Energy Partners (RON 8.4 million).

Payables

Long-term liabilities in the amount of RON 910 million as at June 30, 2024 decreased by 1% compared to the amount of RON 918 million as at December 31, 2023.

Interest-bearing debts

At June 30, 2024 the amount of long-term borrowings decreased compared to December 31, 2023 mainly due to repayments under existing loan agreements. The amount of short-term borrowings also decreased slightly, from a balance of RON 24.5 million in December 2023 to RON 24.4 million on June 30, 2024. As at June 30, 2024 the credit line has not been drawn down.

Between January and June 2024, **short-term liabilities** increased by 46%, from RON 2,376 million at December 31, 2023 to RON 3,463 million at June 30, 2024, mainly due to an increase in trade and other payables.

Impact on the evolution of trade debts:

- **suppliers on the energy market**, which increased by RON 1,038 million and recorded a balance of RON 2,379 million as at June 30, 2024 compared to RON 1,341 million as at December 2023.

This development was mainly influenced by:

- the increase in the *balance of debts related to operational activity* by 170 million lei was influenced by the price formation model based on demand and supply for coupling the electricity market. Implied allocations, in which capacity and energy are provided simultaneously, were strongly influenced by variations in the price of electricity on exchanges in Europe.

Suppliers on the electricity market are mainly represented by: Hidroelectrica SA, OPCOM, MAVIR, IBEX, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Electrocentrale București SA, CINTA Energy SA, Electrica Furnizare SA. On June 30 2024, their share of total energy suppliers is about 87.2%.

- *increase in the balance "balancing market liabilities"* by 979.6 mil RON was mainly due to the increase in the volume of transactions recorded on the balancing market in the first half of 2024 compared to the second half of 2023.

- the *decrease in liabilities related to the support scheme to suppliers (producers)* by 111.5 million RON was determined both by the decrease in the value of the monthly bonus for high efficiency cogeneration in June 2024 compared to December 2023, and by the payments made to RAAN in May and June 2024 for the cogeneration bonus withheld from payment, according to enforceable civil decisions rendered by the Bucharest Court of Appeal.

- **suppliers of fixed assets** decreased by RON 38.2 million due to the realisation of overdue payments,
- **suppliers other activities** also fell by 35 RON 35 million, mainly represented by the category of payables related to services rendered by third parties not due.
- **"other liabilities"** increased by RON 119.5 million, from a balance of RON 636.7 million at 31 December 2023 to RON 756.2 million at June 30, 2024, on the back of developments in customer creditors.

The **"other liabilities"** structure is as follows:

- *sundry creditors* in the amount of RON 339.9 million (increased by RON 28 million compared to 31 December 2023) are mainly represented by the net position of the support scheme for high efficiency cogeneration, debt position (RON 327 million), contracts for solution studies for connection to RET (RON 13 million), royalty Q2 2024 (RON 1.5 million),
- *customer creditors* as at June 30, 2024 in the amount of RON 329.9 million (increased by RON 83 million compared to December 31, 2023) and represent amounts received in advance in transactions related to price coupling mechanisms in the amount of RON 328.7 million *RON (ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling), FBMC (Flow Based Market Coupling)*, but also from OPCOM (RON 174.2 million), IBEX (RON 145 million), MAVIR (RON 8.8 million), Bursa Romana de Mărfuri (RON 0.6 million) and JAO (RON 0.03 million)
- *the liability for fixed assets related to the rights of use of leased assets - buildings*, in accordance with IFRS 16 - Leases, amounts to 8.7 million RON (short-term debt),

- *other liabilities* in the amount of RON 75.2 million are mainly represented by guarantees of good payment of electricity market contracts concluded by Transelectrica in the amount of RON 47.9 million and VAT not chargeable during the reporting period in the amount of RON 27.1 million.

Provisions decreased by RON 4 million, from RON 65 million at December 31, 2023 to RON 61 million at 30 June 2024.

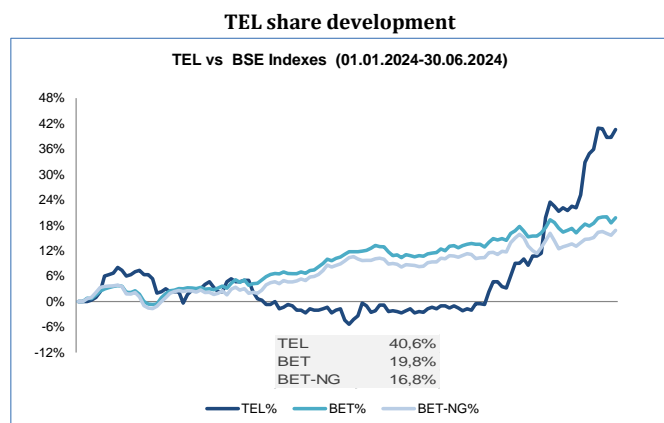
SHARE DEVELOPMENT

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

The year 2024 started with a trading price of 29.80 RON/share, opening the way towards the maximum price of the period of 42.00 RON/share recorded on 21.06.2024, which generated a return of approximately 41% for shareholders.

The final price of the period brought TEL shares market capitalisation of 3.071 million RON.

The trading of TEL shares during the first half of 2024 on the Romanian capital market recorded 12,545 transactions with an average number of 102 transactions/day and 1,408,035 shares traded, with a total value of RON 79,233 thousand.



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

- the BET index (Bucharest Exchange Trading - the benchmark index of the capital market

III. Equity capital

Shareholders' equity increased mainly due to the recognition in retained earnings of the net profit in the amount of RON 264 million realised on June 30 2024. Thus, the equity at June 30, 2024 is RON 5,476 million compared to RON 5,190 million at December 31, 2023.

which reflects the evolution of the 20 most liquid companies listed on the regulated market of the BVB),

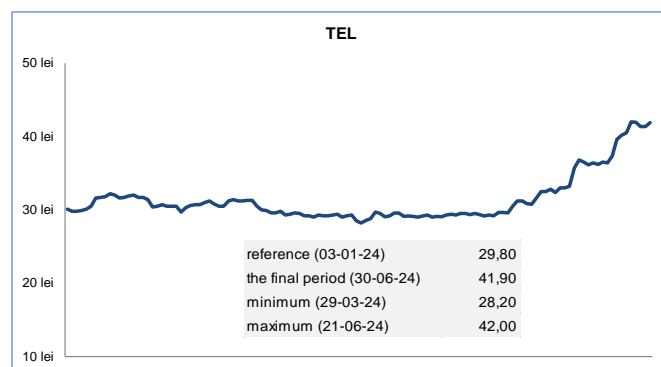
- the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index reflecting the evolution of energy and related utilities companies listed on the regulated BVB market).

On July 29, the Bucharest Stock Exchange launched a new index, Bucharest Exchange Trading Energy, Utilities and Financials (BET-EF), dedicated to the best-represented sectors of activity in the capital market, energy, utilities and financials (excluding investment funds), including Transelectrica, with a 2.39% share at the launch.

According to the latest periodic adjustment date recorded on 07.06.2024, TEL shares have a weight of 1.47% in the BET index and 2.75% in the BET-NG index.

Internationally, TEL shares are part of the MSCI Frontier and MSCI Romania indices.

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



MAIN RISKS AND UNCERTAINTIES

Analysing decision problems under risk involves an evaluation of decision alternatives and their consequences, considering that the effects of decisions

are not known with certainty. In these cases, the optimal rate is the one that maximises the expectation, i.e. reveals the likely or expected value of the outcome.

Having a thorough knowledge of the threats allows them to be prioritised according to the likelihood of their occurrence, the magnitude of the impact on the objectives and the cost of measures to reduce the likelihood of their occurrence or to limit undesirable effects.

The Company periodically and systematically analyses the risks related to the performance of its own activities, annually elaborating the *Register of identified risks*, *Risk Tracking Sheets*, *Risk Alert Forms* (for newly emerging risks), the *Plan for the implementation of control measures*, in order to limit the possible consequences of these risks, in accordance with the legal provisions.

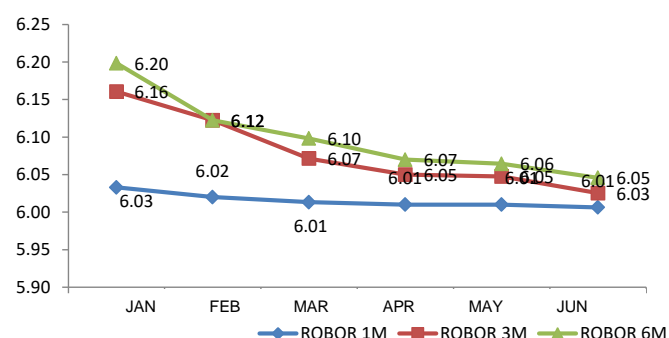
Elements that may affect the Company's liquidity include:

➤ interest rate fluctuation

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

In the short term, Transelectrica has contracted two credit lines for the financing of the bonus support scheme for high efficiency cogeneration, with a variable interest rate calculated on the basis of the 1M ROBOR reference rate, plus a margin of 0%, respectively a credit line for the financing of current activities, with an interest rate calculated on the basis of the 1M ROBOR reference rate, plus a margin of 0.05%.

Interest rates on the national money market have been on a downward trend over the past 6 months, amid excess liquidity in the banking system, coupled with lower demand for loans and tighter credit supply conditions.



➤ exchange rate movements

Currency risk expresses a probability of incurring losses on international commercial contracts or other economic relationships because of 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 or price revision clause in the contract. The application of various extra-contractual measures may relieve the Company from the presence of negative effects.

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

In order to honour its obligations in foreign currency, 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.

At the same time, while the national currency appreciated between January and March as a result of developments on the international financial markets, between March and June it depreciated, influenced by a series of economic, social and political factors.

We observe a strong correlation between interest rates, inflation and exchange rates, thus, the interest rate has declined in the analysed interval, leading to a depreciation of the national currency.

However, inflation differentials between Romania and the euro area, large current account and budget deficits in the country, the weak performance of the local economy, the fiscal consolidation measures recently adopted, are leading to a depreciation of the national currency.

➤ provisions in the grant agreements

In the grant contracts, there are clauses on the fulfilment of financial indicators (covenants), the breach of which may entail, subject to prior notice and a reasonable time, early payment of the financing facilities.

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 requirements

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

➤ operational risk

In order to comply with the principles of decision-making transparency, established by the provisions of Law no. 52/2003 on decision-making transparency in

public administration, republished, ANRE submits for public consultation a Draft Order on the establishment of the regulated rate of return on invested capital applied to the approval of tariffs for transmission and distribution of electricity and natural gas transmission and distribution services, for the fifth regulatory period. The draft was published on 12 March 2024, with a deadline for Transelectrica to submit comments and proposals of 30 days from the date of publication.

The ANRE Order proposed for approval includes measures to update the elements for calculating the weighted average cost of capital for the fifth regulatory period, for electricity and natural gas transmission and distribution activities, in accordance with the Methodologies for setting tariffs for electricity and natural gas network operators.

Currently, i.e. the fourth regulatory period, the regulated rate of return on invested capital, expressed in real terms, before tax, applied when setting tariffs for electricity and natural gas transmission and distribution services is 6.39%, with 2024 being the transition period for distribution tariffs from the fourth to the fifth regulatory period.

- **cash-flow risk** - this is the risk that Transelectrica may not be able to honour its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and availability of funds through appropriately contracted credit facilities. The company monitors the level of projected cash inflows from the collection of trade receivables as well as the level of projected cash outflows for the payment of trade and other payables.

The company pays particular attention to efficient treasury management, by effectively managing cash flows and optimising surplus liquidity to meet financial obligations as they fall due, as well as being ready, if necessary, to draw on appropriate credit facilities.

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

As of the date of this report, due to the solutions found and the timely actions taken, the Company has met its financial obligations.

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

- the **risk of a deterioration of the credit rating** as a result of worsening financial indicators, the macroeconomic and political climate and/or worsening financial performance of the Company.

This risk reflects a complex of factors, with a potential effect on the increase of financing costs on the credit market, which may significantly affect the Company in view of the possible need for capital to be attracted to finance the investment plan within the RET 2022-2031 Development Plan.

Moody's currently rates the Company at Baa3, stable outlook.

- **investment risk** arising from financial difficulties at the subsidiaries' level caused by historical debt, the competitive environment and their own management.

The company attaches due importance to analysing the risk environment and early identification of possible risks that may arise in the future, as well as the use of early warning systems, not only dealing with the consequences of events that may occur, but adopting a reactive management style, implementing preventive measures, taken in advance, aimed at mitigating the occurrence of possible risks.

At the same time, the periodic review of risks, as foreseen in the standards, entails the assessment of the risk management process and the alerting tools of the higher hierarchical levels on newly identified risks or changes to existing risks so that these changes can be effectively managed.



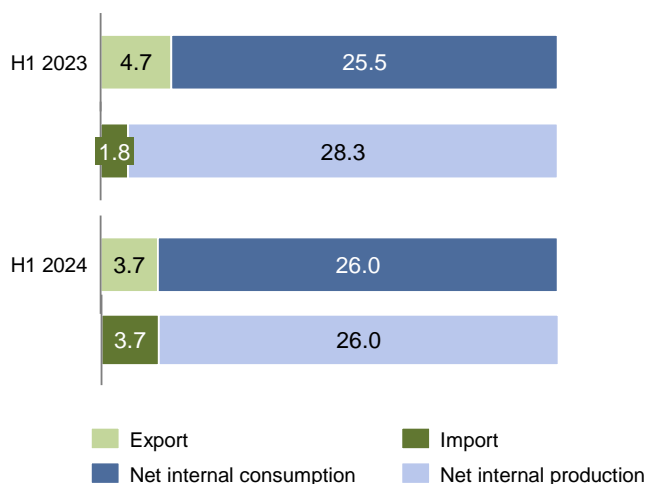
Operational data

SEN ENERGY BALANCE

Analysing the evolution of the components of the energy balance in the period January - June 2024 compared to the same period in 2023, there is an increase of 2% in net domestic consumption¹ and a decrease of 8% in net energy production.

Cross-border physical exports recorded a 20% decrease in H1 2024 compared to the same period in 2023, while imports recorded a 107%.

Energy balance (TWh)



The significant increase in consumption in January 2024, 5.4%, was largely influenced by the lower average monthly temperature of -0.19 °C in January 2024 compared to +3.2 °C in January 2023.

At the opposite pole, the 2.53% increase in June was also influenced by temperature, with the national average of 22°C recording a positive temperature anomaly compared to the monthly norm of 3.1°C (the 1991-2020 monthly norm is 18.9°C).

The months of April and May saw decreases, 1.7% in April and 3.88% in May 2024 respectively.

¹ the values do not include consumption related to own services in power generation plants; the net consumption value includes losses in transmission and distribution networks, consumption of pumped storage hydro stations pumps and storage consumption

PRODUCTION MIX

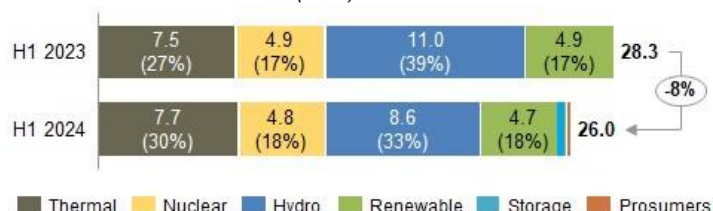
In terms of production mix, in the period January - June 2024 compared to the same period of 2023, there was an increase of 2% in the Thermo component, while the Nuclear, Hydro and Renewables components decreased by 3%, 22% and 4% respectively.

Since the third quarter of 2023, battery generation has been included in the generation mix, which at the end of June 2024 totalled 2.50 GWh.

The net energy produced in May does not include the value for consumers. Also, for June the values for storage, renewables and hydro are provisional and do not include the value for prosumers.

Analysing the weights of the components of the net generation mix for the period January - June 2024, it can be seen that the largest share, 33%, is represented by the Hydro component, followed by the Thermo component with 30%, while energy produced from renewable and nuclear sources have a share of 18%.

Net electricity generation mix (TWh)



NATIONAL PRODUCTION PARK

In H1 2024, installed capacity in thermal power plants decreased by about 3% from 5,630 MW installed on June 30, 2023 to 5,447 MW installed on June 30, 2024.

On July 1, 2024, the gross installed capacity in the SEN totalled 18,319 MW, with the following structure by primary energy sources: coal - 2,762 MW (1,909 MW net), hydrocarbons - 2,715 MW (2,275 MW net), nuclear - 1,413 MW (1,300 MW net), hydro - 6,639 MW (6,312 MW net), wind - 3,027 MW (2,966 MW net), photovoltaic - 1,626 MW (1,527 MW net), biomass - 137 MW (125 MW net).

The data presented reflect production capacities that have a commercial operating licence.

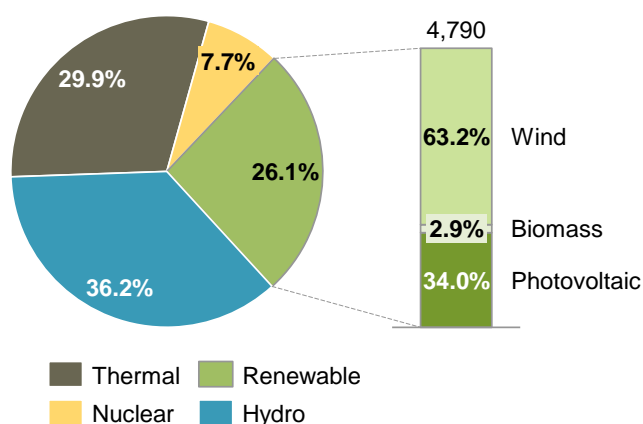
Production units on probation are not included in this report.

As for the installed capacity in storage facilities, as of 01.07.2024 it totalled 16.2 MW, of which 7 MW qualified for the provision of system services, the remaining 9.2 MW being in facilities (batteries) connected mainly to wind power plants, not qualified for participation in the Balancing Market.

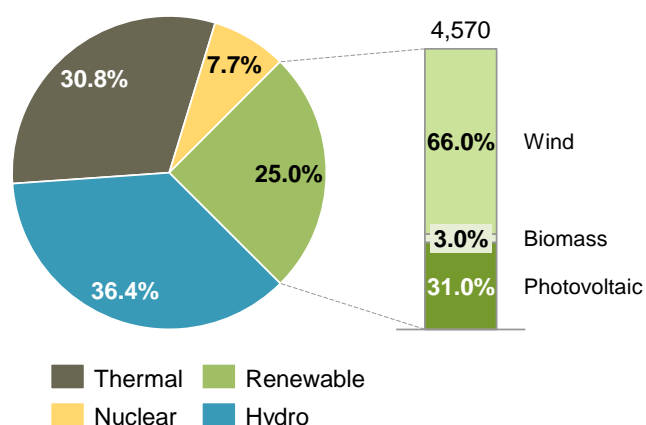
As regards the situation regarding the installed capacity of electricity capacity from renewable sources belonging to prosumers on 30.04.2024, it totalled 1,707.29 MW.

The installed power for the period January-June 2024 compared to January-June 2023 is shown in the following graphs:

Installed capacity H1 2024 (18.319 MW. gross value)



Installed capacity H1 2023 (18,255 MW gross)



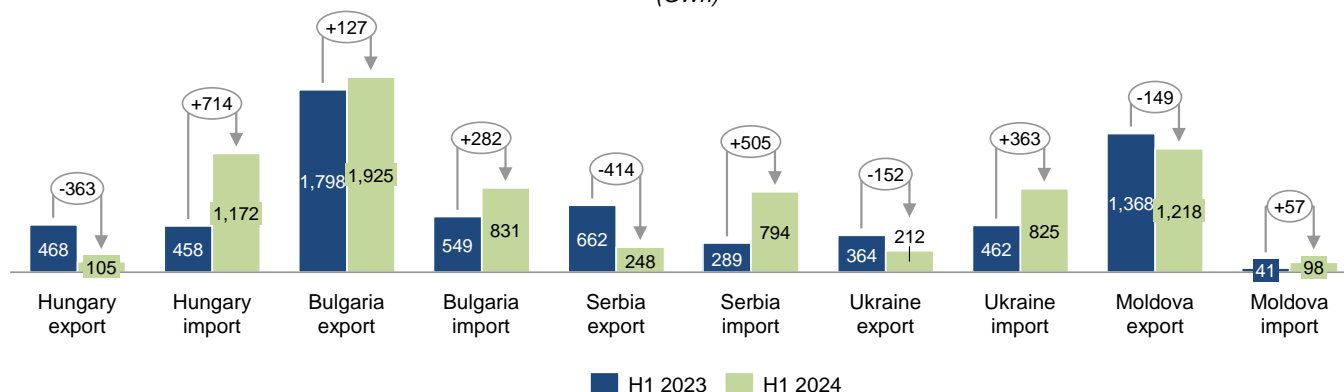
CROSS-BORDER FLOWS

The distribution of **the physical import/export flows** on the interconnection lines in the period January - June 2024 compared to January - June 2023 is as follows:

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

Specifically, compared to January - June 2023, physical export flows increased on the border with Bulgaria (+7% +127GWh), and decreased on the border with Serbia (-63% -414GWh), Hungary (-78% -363GWh) Ukraine (-42% -152GWh) and Moldova (-11% -149GWh). Physical import flows have increased on all borders. The physical flows of both imports and exports at each border are presented below:

Physical flows
(GWh)



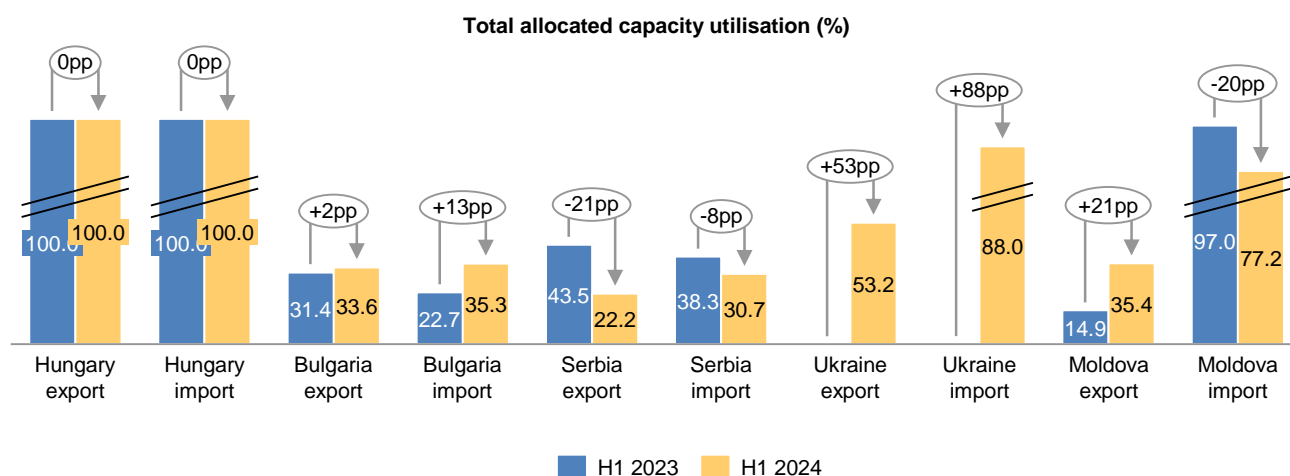
Compared to the first half of 2023, there was an increase of about 64% in import trade and a decrease of 13% in energy transited, against the background of lower hydroelectricity compared to last year at this time of year and domestic electricity consumption which, with the exception of April and May, increased compared to the same period in 2023. On the border

with Hungary, the utilisation rate is 100%, both import and export, as short-term auctions are implicit (capacity and energy are allocated simultaneously), and since January 2023, there has been a complete switch in long-term auctions from the Physical Capacity Rights allocation mechanism to the Financial Capacity Rights allocation mechanism (the capacity allocated in the

annual and monthly auctions is no longer a physical right that can be used by the participant, but only a financial right of the participant).

Trade includes the amount of electricity imported and exported as a result of Transelectrica S.A.'s

participation as an operational member in the European Imbalance Netting (IGCC) platform, starting December 17, 2021.



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

realised (notified) trade in a given month and the energy corresponding to total capacity rights.

OWN TECHNOLOGICAL CONSUMPTION

Due to its characteristics, the Technological Own Consumption (OTC) in the Electricity Transmission Grid (RET) is strongly dependent on weather conditions, on the structure of electricity production and consumption at national level, on the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional energy market.

The factors that significantly influenced the OTC in the period January - June 2024, such as precipitation and the distribution of cross-border physical flows, are not under Transelectrica's control.

OTC EVOLUTION FACTORS

In January 2024 OTC decreased compared to January 2023 by 10.1%, as a result of the favourable distribution of generation and more advantageous physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria that led to reduced transmission of energy away from sources, as well as weather conditions characterised by lower precipitation amounts, which led to lower corona losses. The percentage of losses relative to energy entering the RET decreased from 2.62% in 2023 to 2.25% in 2024.

The energy entered into the account increased by 4.6% in January 2024 (180.7 GWh) compared to the same period in 2023, as a result of a 3.35% (107.7 GWh) increase in energy received from producers connected

to the RET and a 76.6% (226 GWh) increase in energy received from imports, while energy received from the DER decreased by 39.5% (153 GWh).

In February 2024 the OTC decreased compared to February 2023 by 6.5% as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria which led to reduced transmission of energy away from sources, and favourable weather conditions characterised by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.42% in 2023 to 2.17% in 2024.

The energy entering the electricity meter increased by 4.4% (154.5 GWh) in February 2024 compared to the same period in 2023, as a result of a 2.36% (67.4 GWh) increase in energy received from RET connected generators and a 39.8% (126.2 GWh) increase in energy received from imports, as energy received from DERs decreased by 12.2% (39.1 GWh).

In March 2024 the OTC increased compared to March 2023 by 3.4%, mainly as a result of increased energy entering the RET contour, but also unfavourable weather conditions characterised by higher precipitation amounts, which increased the corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.57% in 2023 to 2.50% in 2024.

The energy entered into the electricity meter increased by 11.2% (367.1 GWh) in March 2024 compared to the same period in 2023, as a result of a 9% (235.4 GWh) increase in energy received from RET connected generators and a 43.6% (161.2 GWh) increase in energy received from imports, as energy received from DERs decreased by 10.1% (29.5 GWh).

In April 2024 OTC decreased compared to April 2023 by 9.9%, as a result of the favourable distribution of generation and more advantageous physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova, which led to reduced transmission of energy away from sources, and weather conditions characterised by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.63% in 2023 to 2.44% in 2024. The energy entering the electricity grid decreased by 2.7% in April 2024 (88.2 GWh) compared to the same period in 2023, as a result of a 17.2% (450.9 GWh) decrease in energy received from producers connected to the RET and a 36.6% (171.3 GWh) decrease in energy received from the DER, as energy received from imports increased by 379.8% (534 GWh).

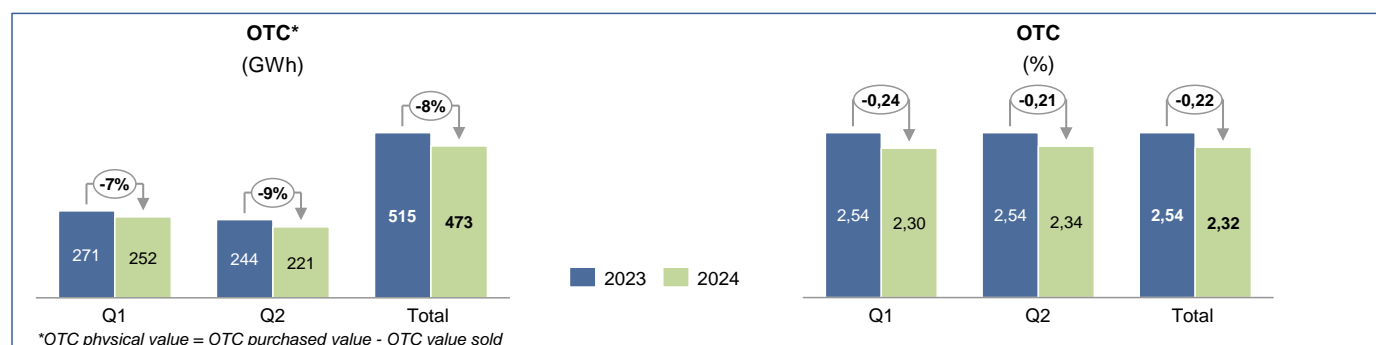
In May 2024 OTC decreased compared to May 2023 by 0.2% as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Moldova leading to reduced transmission of distant energy to sources, and slightly more favourable weather conditions in areas

with high density of transmission lines characterised by lower precipitation amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the RET increased from 2.29% in 2023 to 2.36% in 2024. Energy entered into the electricity meter decreased by 3.1% (94.4 GWh) in May 2024 compared to the same period in 2023, as a result of a 20.5% (504.4 GWh) decrease in energy received from RET connected generators and a 25.1% (85.8 GWh) decrease in energy received from DER, as energy received from imports increased by 176.8% (495.7 GWh).

In June 2024, OTC decreased compared to June 2023 by 16.1%, mainly as a result of the favourable distribution of generation and more advantageous physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria that led to reduced transmission of energy away from sources, and favourable weather conditions characterised by lower precipitation amounts, which led to reduced corona losses.

The percentage of losses relative to energy entering the RET decreased from 2.69% in 2023 to 2.21% in 2024. Energy coming into the electricity meter increased by 2% (64.4 GWh) in June 2024 compared to the same period in 2023, as a result of a 95.2% (377.6 GWh) increase in energy received from imports, while energy received from RET connected generators decreased by 4.4% (108 GWh) and energy received from DERs decreased by 48.5% (205.2 GWh).



Conclusions

For Q1 2024 as a whole, OTC in the RET decreased by 7% compared to the same period in 2023, mainly as a result of more favourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria and favourable weather conditions in the first two months, characterised by lower amounts of precipitation, which led to reduced corona losses. Relative to the energy entering the RET contour the losses decreased from 2.54% to 2.30%.

For Q2 2024 as a whole, OTC in RET decreased by 9% compared to the same period in 2023, mainly as a result of more favourable physical flows on the interconnection lines on the borders with Ukraine and Hungary, which led to reduced transmission of energy away from sources, and more favourable weather conditions characterised by lower amounts of precipitation, which led to reduced corona losses. Relative to the energy entering the contour the losses decreased from 2.54% to 2.34%.



ETG Development

FIXED ASSETS RECORDED IN THE ACCOUNTS

The increase in the total value of property, plant and equipment as at June 30, 2024 compared to December 31, 2023 was due to the increase in the value of property, plant and equipment in progress concurrent with the recognition of depreciation on property, plant and equipment.

The value of tangible fixed assets recorded in the accounts in January-June 2024 is 359.6 million RON (532.4 million RON in the same period of 2023), a decrease by 173 million RON.

The largest transfers from property, plant and equipment in progress to property, plant and equipment are mainly represented by the commissioning of investment objectives, the most significant of which are listed below:

- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) - Resita - 158 million RON;
- Baru Mare 220/110/20kV 220/110/20kV substation upgrade - 73.8 million RON;
- Arefu 220/110/20 kV substation upgrade - 31 million RON;
- Relocation of the 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu -

Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Road, section 4 - 16.9 million RON;

- Relocation of the 220 kV and 400kV networks for the construction of the Brăila- Galați express road - 10.1 million RON;
- Deviation of the 220 kV LEA in the Ampoi- Alba Iulia area - 7.7 million RON;
- Procurement and installation of 21 monitoring systems for transformer units in NPG Transelectrica SA substations - 7.5 million RON;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut substation and upgrade of the control command system of 400/220/110/6 kV Iernut substation - 6.1 million RON;
- Relocation/protection of high voltage networks Overhead Power Line 400 kV s.c. Mintia - Arad for the rehabilitation of the railway line CF Frontiera - Curtici - Simeria, part of the Pan European Corridor IV for the circulation of trains with maximum speed of 160 km/h – 5.7 million RON;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo - 5.2 million RON.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Purchases of tangible and intangible fixed assets in the first half of 2024 totalled 256.2 million RON, an increase compared to the same period of 2023 when purchases totalled 186.4 million RON.

At the same time, the balance of property, plant and equipment in progress according to the financial position as at June 30, 2024, in the amount of RON 846 million, is represented by the projects in progress, the most significant of which are listed below:

- Overhead Power Line 400 kV d.c. Gutinaș - Smârdan - 236.4 million RON;
- Transition to 400 kV of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Phase I - 400 kV substation s.c. Porțile de Fier - (Anina) - Resita - 117.6 million RON;
- Connection of Overhead Power Line 400 kV Isaccea - Varna and Overhead Power Line 400 kV Isaccea -

Dobruja to the 400 kV Medgidia Sud substation Stage II - Overhead Power Line 400 kV d.c. Connections to Medgidia South substation - 96.7 million RON;

- Refurbishment of 220/110 kV Filești substation - 49.7 million RON;
- Connection to the RET of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 through the new (400)/220/110 kV substation Banca – 46.9 million RON;
- Increasing the transmission capacity of the 220kV Stejaru - Gheorgheni - Fântânele - 42.7 million RON;
- Upgrading of the 400/110/20 kV Smârdan substation - 32.1 million RON;
- Isaccea 400 kV Isaccea substation - Phase II - 21.3 million RON;

- Metering and data management system for electricity metering on the wholesale market - 20.1 million RON;
- 110 kV Medgidia Sud 110 kV substation modernisation - 13.8 million RON;
- Extension of the 400 kV Gura Ialomiței substation with two cells: 400 kV Cernavodă 2 and 3 - 12.6 million RON;

- Upgrading of the 110 kV Timișoara 110 kV substation and upgrading to 400 kV of the Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis, phase II: 400 kV substation Timisoara - 8.9 million RON;
- 400 kV overhead power line Gădălin - Suceava, including interconnection to SEN (H.CA no. 7 / 08.07.2010) - 8.5 million RON.

ANNUAL INVESTMENT PROGRAMME

The breakdown of investment expenditure at June 30, 2024 by the main chapters of the annual investment programme is as follows:

It. no.	Categories of expenditure	Scheduled *	Realised (mil RON)	
		(mil RON)	H1 2024	H1 2023
	Grand total (A+B)	544.87	236.98	203.44
A	Company's own expenses	513.02	220.7	184.86
B	Investments financed from the connection fee	31.86	16.28	18.58

*PAI 2024 revision A5

Thus, the degree of realisation of the annual investment programme as at June 30, 2024 is 43.5% against Programme and 83.6% against budgeted H1+II at Grand Total.

Compared to the Annual Investment Programme, the degree of realisation of own expenditure is 43% and compared to the budgeted H1+2 is 84%.

The realised value of further investments is RON 213.86 million and represents 96.9% of the Company's own investment expenditure realised in 2024.

The realised value of the investments financed from the connection tariff is 16.28 million RON, corresponding to requests for the execution of network relocation works or connection to the network of some producers.

The investment programme for 2024 has been revised five times due to requests to introduce/remove

investment objectives, increase/decrease some expenditure amounts due to the pace of implementation of investment projects.

The Company's development 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 and increase interconnection capacity.

As regards the 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 already congested regions no longer allow for the integration of new capacity, but taking into account the investments under realisation as well as those planned for these two regions alone, by 2027, there will be around 5,000 MW of additional capacity available.

CONTRACTUAL ISSUES

The most important investment contracts signed in H1 2024 are:

- Power Quality Monitoring System - 37.82 million RON,
- 400 kV Stâlpu electric substation and upgrade of 110 kV and medium voltage cells in Stâlpu electric substation - equipment - 32.1 mil RON
- Replacement of TRANSFORMER 4-250 MVA, 400/110 kV in 400/110 kV substation Drăgănești Olt - 25.06 mil RON.

EUROPEAN FUNDS

The collaboration between Transelectrica and the Polytechnic University of Bucharest

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

Transelectrica participates in the selection process initiated by the Polytechnic University of Bucharest for the establishment and operationalisation of a Consortium for the creation of a complete professional

route for technical education, where, together with UPB, it has submitted the application for funding for the implementation of the project **"Campus Dual Politehnica Politehnica Bucharest"**.

After the submission in March 2023 of the funding application for the project "Campus Dual POLITEHNICA Bucharest", within 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 admissible.

On 07.07.2023 the final list with the results of the qualitative evaluation was published and the project remained on the first position. It should be noted that at the beginning of October 2023 the financing contract was signed and, therefore, the implementation of the project started.

The project runs for a period of 3 years (maximum implementation deadline: until June 30, 2026).

Starting with November 2023, Transelectrica is organising internships for 5 students enrolled in dual education at the "Gheorghe Airinei" Technical College of Post and Telecommunications.



On 19.03.2024, the first working meeting of the project took place at the National University of Science and Technology POLITEHNICA Bucharest with all partners involved and representatives of the Ministry of Education.

On 30.05.2024, the second working meeting of the project took place at the National University of Science and Technology POLITEHNICA Bucharest with all partners involved.

Upgrade Fund

As regards the implementation of the 9 projects related to the Upgrade Fund, in accordance with the provisions of the financing contracts, progress reports for the year 2023, as well as other categories of information requested by the Ministry (Notifications, communication plans, additional data sheets, etc.) were prepared and submitted to the Ministry of Energy.

In May 2024, a reimbursement request with a total reimbursed amount of 8,602,106.45 RON was submitted according to the schedule for the submission of reimbursement requests for the following project:

- *Digitisation of the RET by installing two online systems for metering and management of electricity metering data on the wholesale market, and for electricity quality monitoring.*

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

Regarding the project "LEA 400 kV d.c. Gutinaș Smârdan", financed by the Operational Programme Large Infrastructure 2014-2020, Priority Axis 8 - *Intelligent and sustainable electricity and natural gas transmission systems*, Specific Objective 8.1 - *Increasing the capacity of the National Energy System for the use of energy produced from renewable resources*, **during this period 2 (two) applications for reimbursement with a total reimbursed amount of 27.590.123,87 RON were submitted by the Managing Authority - POIM.**

Financing for this project was valid until December 31, 2023.

Given that the conditions applicable to operations subject to phased implementation have been met, the Project has been included in the List of projects that can be phased and continued for financing in the Sustainable Development Programme (SDP) 2021-2027,

On June 11, 2024, Transelectrica submitted the Financing Request for the continuation of the non-reimbursable financing of the Project through PDD 2021-2027, with a non-reimbursable financing amount of 100,339,057.89 RON.

The project is currently in the technical and financial evaluation phase

REPowerEU plan

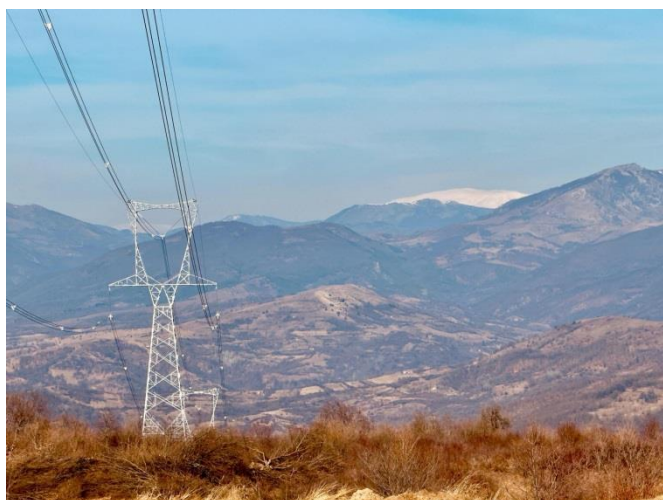
The REPowerEU plan sets out a series of measures designed to rapidly reduce Russia's dependence on fossil fuels and accelerate the green transition, while increasing the resilience of the EU's energy system.

The objective of the REPowerEU-funded investment is to increase flexibility and address bottlenecks in the electricity grid to accelerate the integration of additional renewable energy capacity and increase the resilience of the grid, while strengthening cyber security by improving the ability to respond to cyberattacks.

After signing the Financing Contract between the General Secretariat of the Government (Reform and/or Investment Coordinator) and C.N.T.E.E. Transelectrica S.A. (Beneficiary) as of 09.04.2024 the related activities for the implementation of Investment 5 have been realised. Digitisation, streamlining and modernisation of the national electricity transmission grid (allocation € 56,237,200), financed by the National Recovery and

Resilience Plan, under Component 16. REPowerEU, which comprises the following Subinvestments:

- Sub-investment 5a. - Installation of photovoltaic power plants (PPP) and electricity storage facilities to supply internal services installed in C.N.T.E.E. stations. Transelectrica S.A. (allocation 29,557,000 euro);
- Sub-investment 5b. - Refurbishment of SMART SA - C.N.T.E.E. branch Transelectrica S.A (allocation 18,240,000 euro);
- Sub-investment 5c. - Optimisation of the communication network and creation of a data centre -Teletrans SA, C.N.T.E.E. subsidiary. Transelectrica S.A. (allocation 8,440,200 euro).



Horizon Programme

Representatives of the Company participate in the Consortia formed to develop projects **development of TwinEU and SmarTWin projects** funded by the European Union Horizon Research - Innovation Programme.

The **TwinEU** (Digital Twin for Europe) **project**, funded through the Horizon Europe programme, started on 01.01.2024 and will run for 36 months.

- The Company is part of the consortium formed to develop this project, - which brings together 71 partners from across Europe, including transport and system operators, technology companies, universities and research institutes, European associations, solution developers.
- The objective of the project is to increase the efficiency and penetration of smart technologies in electricity grids leading to a truly smart grid. The results of the project are expected to contribute to the development of new smart grid architectures and their integration into the European digital infrastructure.
- In the first quarter of 2024, the Company received pre-financing in the amount of €65,625, representing

75% of the estimated budget amount at reimbursement.

The **ELECTRON** (rEsilient and seLf-healed EleCTRical pOwer Nanogrid) **project**, funded by the European Union's Horizon 2020 programme, continued its work during the first half of 2024.

- The budget allocated to the Company is €245,000, and the amount collected so far for its involvement in the project is €145,775. The ELECTRON project will end on 30.09.2024.

The **CyberSEAS** (Cyber Securing Energy data Services) **project**, funded by the European Union's Horizon 2020 programme, continued its work during the first quarter of 2024.

- The project is realised within a consortium of 26 partners, the budget allocated to Transelectrica is 217.235 euro.
- The amount collected so far by the Company for its involvement in the project is €129,254. The CyberSEAS project will end on 30.09.2024.

CARMEN project of common interest

The company has resumed the process of obtaining funding through the Connecting Europe Facility (CEF). In this regard, the joint financing application of the partners involved in the project (Delgaz Grid S.A., NPG Transelectrica SA and Elektroenergien Sistemen Operator EAD) is being prepared within the call for projects opened on 30.04.2024.

Within the CARMEN Project, the Company has included the following Investment Objectives:

- "Optimisation of voltage regulation and power quality parameters by installing FACTS equipment in Gutinaş and Roşiori substations;
- "Upgrading and increasing the transmission capacity of the 220 kV overhead power line: Fântânele - Ungheni, Dumbrava - Stejaru and Gutinaş - Dumbrava";
- "National Synchrophasor Platform, connected to the International Platform for Synchrophasor Data Exchange (IPDE);
- "Installations for the regulation of active power flows for the purpose of limiting congestion in the RET"; EMS SCADA Module - Automatic Voltage and Reactive Power Control System.

Project Fiches for financing under the Upgrade Fund

Project fiches have been submitted to the Ministry of Energy for financing through the Upgrade Fund, namely:

- *DigiTEL Green pilot project - Retrofitting of the 220/110/20 kV Mostiștea substation into a digital substation with reduced environmental impact;*
- *DigiTEL Power Lines of the Future Pilot Project - Optimising the LEA by installing innovative poles with low environmental impact;*

Signing of the Contract for the DigiTEL Green Pilot Project - Upgrading of the 220/110/20 kV Mostiștea substation

On 14.12.2023 was published the decision approving the grant from the Upgrade Fund - C(2023) 9054 - for the "DigiTEL Green Pilot Project - Upgrading of the 220/110/20 kV Mostiștea substation to a digital and low environmental impact substation" (**allocation 48,340,733.89 euro**). The financing contract between the Ministry of Energy and NPG Transelectrica SA was signed on 20.02.2024 (C101/20.02.2024).

Confirmation of the DigiTEL Power Lines of the Future Pilot Project - LEA Optimisation (allocation 64.068.257,62 euro) priority investment from the European Investment Bank:

- *In February 2024, the project fiche was submitted to the Ministry of Energy for financing from the Upgrade Fund for the above-mentioned project.*
- *In the first quarter of 2024, the European Investment Bank confirmed that this project is a priority investment, and on 12.06.2024, the Decision approving the grant of EUR 64,068,257.62 from the Upgrade Fund - C(2024) 4190 was published, and the Financing Contract between the Ministry of Energy and Transelectrica will be signed in the third quarter of 2024.*

Events

As regards the **elements, events or factors of uncertainty that have influenced the activity during H1 2024**, the following can be mentioned:

- The volatile construction and energy materials markets and the current geopolitical context have led to a dramatic increase in prices,
- Long delays in the approval by the authorised institutions of the draft normative acts regulating the transfer of the right of administration, on behalf of the Romanian state, of some land located in the corridor of the overhead power lines that Transelectrica is building.

Outlook 2024

The **outlook for the next period of 2024** is envisaged as initiatives:

- The approach to grant opportunities is two-pronged
 - *the monitoring process of grant funding opportunities launched by national and European funding authorities, which is ongoing,*
 - *identification of funding opportunities which is carried out in correlation with the company's development priorities, as well as with the identified needs to support their implementation.*
- To continue a good inter-institutional cooperation with the Ministry of Investments and European Projects, the Ministry of Energy, the Ministry of Economy, the General Secretariat of the Government and other governmental entities, in order to ensure the necessary legal framework for the implementation of projects of common interest and national importance that the company implements...
- Development of collaborative partnerships with EU TSOs by initiating innovative transnational projects in the company's fields of activity, aimed at strengthening human resources through exchange of experience and best practices.

THE COMPANY'S FINANCIAL INVESTMENTS

At the European level, the energy sector is in a process of transformation, emphasising the transition from a predominantly national model of evolution and development of the energy sector to a model of integrated and coordinated development at the European level, which ensures a unified development at continental level but also allows for adaptation to national specificities while pursuing the legitimate interests of the European states.

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

- **TSCNET**
- **JAO**

TSCNET (TSCNET Services GmbH)

It was set up to serve Transmission System Operators (TSOs) in the East-Central-West region of Europe (CORE region) for the coordinated implementation of the European network codes. The affiliation is made by

participating in the shareholding of TSCNET by carrying out a share purchase transaction in the company.

By Decision No. 9 of the AGEA of June 05, 2018, the affiliation of the Company to the CORE Regional Security Coordination Centre, TSCNET, was approved through participation in the share capital with a contribution of 470,500 EUR (1 share - 2,500 EUR).

JAO (Joint Allocation Office)

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

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

By Resolution No. 10 of the AGEA of August 20, 2018, it was approved the affiliation of the Company to the Joint Allocation Office (JAO) with a cash subscription in the amount of 259,325 euro, being allocated 50 shares.



Other Aspects

SHAREHOLDER STRUCTURE

The shareholding structure of the Company as at 30.06.2024 is as follows:

Shareholder name	No. Of shares	Weight 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	16,533,437	22.6%
Other shareholders - individuals	4,988,141	6.8%
Total	73,303,142	100%

COMPOSITION OF THE BOARD

At the date of this report the composition of the Board is as follows:

Stefan MUNTEANU	Chairman of the Board
Cătălin-Constantin NADOLU	Board Member
Bogdan TONCESCU	Board Member
Florin-Cristian TĂTARU	Board Member

TARIFFS

In accordance with the provisions of *the Methodology for setting the tariffs for the electricity transmission service*, approved by the Order of the President of ANRE no.171/2019, with subsequent amendments and additions, of the *Government Emergency Ordinance no.27/2022 on the measures applicable to end*

customers in the electricity and natural gas market in the period April 1, 2022 – March 31, 2023 and for amending and supplementing some normative acts in the energy sector, the transmission tariff applied in 2024 was set, starting with January 1.

Transport tariff applied in the first half of 2024

By ANRE President Order no.109/2023, the average transmission service tariff, the components of the transmission tariff for the introduction of electricity into the grid (T_{Gp}) and for the extraction of electricity from

the grid (T_L), the system service tariff and the regulated price for reactive electricity, applied by NPG Transelectrica S.A., valid from 01 January 2024, were approved, as shown in the table below:

Electricity transmission	MU	Tariff in force from January 1, 2024	Main component - in force from January 1, 2024	Additional OTC costs component - effective from January 1, 2024	Tariff applied from April 1, to December 31, 2023	Main Component - from April 1, to December 31, 2023	Additional OTC costs component - from April 1, to December 31, 2023	Difference (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(3)/(6)
Average tariff	RON/MWh	31.67	30.41	1.26	31.20	28.61	2.59	1.51%
TGp (main network injection subcomponent)	RON/MWh	3.82	3.35	0.47	4.04	3.35	0.69	-5.45%
TL (net extraction component)	RON/MWh	27.72	26.94	0.78	27.44	25.50	1.94	1.02%

The main elements leading to the increase in the tariff applied from January 1, 2024 are:

- Declining consumption trend and Inflation effect.

TGT sub-component on OTC for additional transits of electricity from 110 kV electricity grids

By ANRE President Order no.109/2023, the sub-component of the TSO regarding the OTC related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the quota assigned to electricity producers that own power

plants with installed capacity of more than 5 MW and that introduce electricity into the grid area of the concessionary distribution operator, valid from 01 January 2024, as per the table below:

Economic operator	Activity ¹⁾	Tariff from January 1, 2024 (RON/MWh), of which:
NPG "Transelectrica" – S.A	TGT sub-component for the OTC related to additional transits of electricity from the 110 kV electricity grids, corresponding to the quota assigned to electricity producers which own power plants with an installed capacity of more than 5MW and which introduce electricity into the grid area of the concessionary distribution operator Distribuție Energie Oltenia S.A	2.53
	Sub-component of the TSO for the OTC related to the additional transits of electricity from the 110 kV electricity grids, corresponding to the share attributed to electricity producers that own power plants with an installed capacity of more than 5MW and that introduce electricity into the grid area of the concessionary distribution operator Retele Electrice Dobrogea S.A. (previous name E - Distribuție Dobrogea S.A.)	3.95

i) In accordance with the applicable regulatory framework, the costs of OTC caused by additional transits of energy in the networks of distribution system operators at the 110 kV voltage level shall be recovered by the distribution system operators from the transmission system operator and from the electricity generators through the transmission system operator, in proportion to the quantities of electricity injected into the distribution networks by the transmission system operator and by the electricity generators owning and operating plants connected to the distribution networks concerned.

The transmission system operator pays to distribution system operators both its own share (considered as transmission cost) and the producers' share (for which the transmission system operator intermediates the cash flow between producers and distribution system operators). The transmission and system operator shall recover the amounts paid to the distribution operators corresponding to the producers' share, from the producers owning power plants with an installed capacity of more than 5MW connected to the respective distribution networks, by applying the newly introduced subcomponent in the structure of the injection transmission tariff, i.e. the TGT.

II) Tariff for the purchase of system services applied in the first half of 2024

By ANRE Order no.15/2024, the tariff for the purchase of system services charged by NPG Transelectrica SA

was approved, valid from June 01, 2024, as shown in the table below:

System Service	MU	Tariff in force from June 01, 2024	Tariff applied from January 1, to May 31, 2024 ANRE Ordin 116/2023	Difference (%)
(1)	(2)	(3)	(4)	(5)=(3)/(4)
Average tariff	RON/MWh	12.84	9.17	40.02%

The positive adjustment of the tariff as of June 1, 2024 was made on the basis of compliance with the provisions of Art.22 and Art.23 of the *Methodology for establishing the tariff for the purchase of system services*, approved by ANRE Order no.116/2022. The above-mentioned Articles provide the following:

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

between the realised and forecast revenues and costs, plus the amount of the unpaid corrections related to the previous period/periods, and shall submit the calculation to ANRE on May 1, and August 1, of the 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 forecasted revenues for the same period, it is obliged to submit to ANRE the request for revision of the tariff for the purchase of system services, which shall include the value determined in accordance with the provisions of Article 22, valid until the end of the tariff periods.*

Thus, following the interim verification at the end of the first quarter of 2024 of the situation of costs and

revenues related to the system services activity, ANRE has adjusted the tariff amount accordingly, starting June 1, 2024.

Events after the reporting period concerning the tariff for the purchase of system services:

Also based on the provisions of the above-mentioned articles, on August 1, 2024, NPG Transelectrica SA is obliged to submit to ANRE, the interim verification for the first half of 2024 of significant deviations from the forecast values of the situation of costs and revenues.

Following this analysis, if it is found that in the first half of 2024 the provisions of Art. 22 and Art.23 have been met again, ANRE will adjust the tariff accordingly, starting September 1, 2024.

SUBSEQUENT EVENTS

• Convening of the Extraordinary General Meeting of Shareholders

In accordance with the provisions of the Companies Law no. 31/1990, republished, with subsequent amendments and additions, of the Law no. 24/2017 on issuers of financial instruments and market operations, republished, with subsequent amendments and additions, of the A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations, with subsequent amendments and additions, as well as of the Company's Articles of Association in force, the Company's Management Board convened the Extraordinary General Meeting of Shareholders on August 12, 2024, with the following items on the agenda

- Approval of the participation of Compania Nationala de Transport al Energiei Electrice "Transelectrica" - S.A. in the share capital of a new Joint Venture company based in Romania in application of the Agreement between the Governments of the Republic of Azerbaijan, Georgia, Romania and Hungary on the Strategic Partnership in the field of Green Energy Development and Transport - "Green Energy Corridor" Project

- Approval of the procurement of legal services for the implementation of projects and transactions with a foreign element in which the National Electricity Transmission Company "Transelectrica" -S.A. is involved in the application of governmental decisions or, where appropriate, in the application of European regulations arising from its status as a transmission and system operator in the electricity sector.

• Request to complete the agenda of the General Meeting August 12/13, 2024

The Company has informed investors that the majority shareholder, the Romanian State, through the General Secretariat of the Government, pursuant to Article 105 paragraph (3) of Law no. 24/2017 on issuers of financial instruments and market operations, republished, in conjunction with the provisions of Art. 1171 of the Companies Law no. 31/1990, republished, with subsequent amendments and supplements, has requested to supplement the agenda of the Extraordinary General Meeting of Shareholders convened for 12/13.08.2024 with the **Approval of the RET Development Plan for the period 2024 - 2033.**



Annexes

ANNEX 1: Separate statement of financial position

[mil RON]	H1 2024	2023	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	5,490	5,416	75	1%
Assets of the usage rights for leased assets - buildings	10	14	(4)	(29%)
Intangible assets	288	282	6	2%
Financial assets	86	86	-	n/a
Total non-current assets	5,874	5,798	76	1%
Current assets				
Inventories	54	51	3	6%
Trade and other receivables	3,390	2,116	1,274	60%
Cash and cash equivalents	527	519	8	1%
Income tax to be recovered	4	-	4	n/a
Total current assets	3,975	2,686	1,289	48%
Total assets	9,849	8,484	1,366	16%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	-	n/a
<i>Subscribed share capital</i>	733	733	-	n/a
Share premium	50	50	-	n/a
Legal reserves	147	147	-	n/a
Revaluation reserves	1,573	1,635	(62)	(4%)
Other reserves	239	196	43	22%
Retained earnings	2,735	2,430	305	13%
Total shareholders' equity	5,476	5,190	286	6%
Non-current liabilities				
Long term deferred revenues	525	519	6	1%
Long term borrowings	20	32	(12)	n/a
Other loans and assimilated debts - Non-current building lease liabilities	2	6	(4)	(66%)
Deferred tax liability	288	285	3	1%
Employee benefits liabilities	75	75	-	n/a
Total non-current liabilities	910	918	(7)	(1%)
Current liabilities				
Trade and other liabilities	3,331	2,242	1,089	49%
Other loans and assimilated debts - Current building lease liabilities	9	9	0.1	1%
Other tax and social security liabilities	16	19	(2)	(12%)
Short-term borrowings	24	25	(0)	n/a
Provisions	61	65	(4)	(6%)
Short-term deferred revenues	21	16	4	28%
Tax on profit to be paid	-	0.4	(0.4)	n/a
Total current liabilities	3,463	2,376	1,087	46%
Total liabilities	4,373	3,294	1,079	33%
Total shareholders' equity and liabilities	9,849	8,484	1,366	16%

ANNEX 2: Separate profit and loss account

[mil RON]									
Indicator	2022	H1 2023	2023	H1 2024	Budget ed H1 2024	Realised H1 2024 vs H1 2023	Realised H1 2024 vs H1 2023 (%)	Realised vs Budgeted H1 2024	Realised vs Budgeted H1 2024 (%)
0	1	2	3	4	5	6=4-2	7=4/2	8=4-5	9=4/5
<i>Operating revenues</i>									
Transmission revenues	1,885	959	1,956	985	994	26	3%	(9)	(1%)
System services revenues	534	193	391	312	231	119	62%	81	35%
Balancing market revenues	3,479	1,018	2,269	3,229	1,416	2,211	217%	1,814	n/a
Other revenues	389	30	102	159	35	129	425%	124	n/a
Total operating revenues	6,286	2,200	4,718	4,685	2,676	2,485	113%	2,010	75%
<i>Operating expenses</i>									
System operating expenses	(902)	(307)	(640)	(355)	(346)	(48)	(16%)	(10)	(3%)
Balancing market expenses	(3,480)	(1,017)	(2,269)	(3,229)	(1,379)	(2,212)	(217%)	(1,850)	n/a
System services expenses	(467)	(231)	(499)	(301)	(288)	(70)	(30%)	(13)	(4%)
Depreciation and Amortisation	(272)	(167)	(334)	(172)	(173)	(5)	(3%)	1	1%
Personnel expenses	(306)	(158)	(348)	(187)	(189)	(29)	(19%)	1	1%
Repairs and maintenance expenses	(108)	(44)	(115)	(52)	(75)	(8)	(18%)	23	30%
Materials and consumables	(13)	(4)	(8)	(3)	(7)	-	12%	4	54%
Other operating expenses	(145)	(95)	(270)	(118)	(129)	(24)	(25%)	11	9%
Total operating expenses	(5,692)	(2,023)	(4,484)	(4,418)	(2,585)	(2,395)	(118%)	(1,833)	(71%)
Operating profit	594	177	234	267	90	90	51%	177	n/a
Financial revenues	65	26	36	20	21	(7)	(25%)	(1)	(6%)
Financial expenses	(72)	(24)	(36)	(4)	(17)	21	86%	14	79%
Net finance result	(7)	2	0.3	16.2	4	14	702%	12	n/a
Profit before income tax	587	179	234	283	94	104	58%	189	n/a
Income tax	(73)	(18)	(21)	(20)	(5)	(2)	(12%)	(15)	n/a
Net profit	515	162	214	264	89	102	63%	174	n/a

ANNEX 3: Separate cash flow statement

[mil RON]	H1 2024	H1 2023	Δ
Cash flows from operating activities			
Profit/loss for the period	263.66	161.59	102.1
Income tax expense	19.73	17.67	2.1
Amortisement expense (including additional OTC)	171.64	167.08	4.6
Income from the production of intangible assets (including additional OTC)	(23.87)	-	(23.9)
Expenses with adjustments for trade receivables impairment	0.02	0.95	(0.9)
Revenues from reversal of adjustments for trade receivables impairment	(2.06)	(0.94)	(1.1)
Losses from various debtors	2.92	-	2.91
Net expenses/income with adjustments for various debtors impairment	1.61	(0.09)	1.7
Net expenditures with adjustments for inventories impairment	0.78	(0.83)	1.6
Net profit/ loss on sale of tangible assets	4.38	(0.96)	5.3
Net expenditures on adjustments of value regarding tangible assets	-	(1.63)	1.6
Net Expenses/Income regarding provisions for risks and expenses	(4.26)	(4.17)	(0.1)
Interest expense, interest revenue and unrealised exchange rate gains	(16.71)	(1.28)	(15.4)
Cash flows before working capital changes	417.85	337.39	80.5
Changes in:			
Customers and similar accounts - energy and other activities	(473.83)	1,494.49	(1,968.3)
Customers - balancing	(786.61)	239.86	(1,026.5)
Customers - cogeneration	(16.32)	28.47	(44.8)
Inventories	(4.01)	(9.43)	5.4
Trade and other liabilities - energy and other activities	249.10	(1,439.65)	1,688.7
Liabilities - balancing	979.60	(281.96)	1,261.6
Liabilities - cogeneration	(111.54)	(8.47)	(103.1)
Other taxes and social insurance liabilities	(2.24)	(0.51)	(1.7)
Deferred revenues	51.09	41.59	9.5
Cash flows from operational activities	303.09	401.80	(98.7)
Interest paid	(1.23)	(1.85)	0.6
Income tax paid	(20.97)	(20.96)	(0.0)
Net cash generated from operational activities	280.89	378.99	(98.1)
Cash flows from investing activities			
Acquisition of tangible and intangible assets	(256.21)	(186.35)	(69.9)
Participation titles held in SELENE CC Societe Anonyme	-	0.24	(0.2)
Proceeds from EC non-reimbursable financing	2.71	55.75	(53.0)
Proceeds from sale of tangible assets	-	1.77	(1.8)
Received Interests	3.43	2.41	1.0
Dividends cashed	14.65	1.20	13.4
Net cash used in the investment activity	(235.42)	(124.97)	(110.4)
Cash flows used in financing activities			
Repayments of non-current borrowings	(11.98)	(11.90)	(0.08)
Building lease payments	(5.33)	(5.28)	(0.1)
Repayments of short-term borrowings	-	(67.62)	67.6
Dividends paid	(20.41)	(0.01)	(20.4)
Net cash used in financing activities	(37.72)	(84.80)	47.1
Net increase/(decrease) in cash and cash equivalents	7.75	169.21	(161.5)
Cash and cash equivalents at January 1,	519.36	315.15	204.2
Cash and cash equivalents at the end of the period	527.10	484.36	42.7

ANNEX 4: Economic and financial indicators for the reporting period

Indicators	Formula	H1 2024	2023
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.15	1,13
Indebtness indicators* (x):			
(1) Indebtness degree indicator	$\frac{\text{Debt capital}}{\text{Shareholder's equity}} \times 100$	1.01%	1,38%
(2) Indebtness degree indicator	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	1.00%	1,36%
Customer turnover speed (days)	$\frac{\text{Average client balance}^{**} \times \text{no.days}}{\text{Turnover}}$	58.3	79.37
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.77	0,80

* Within the indebtedness ratios, borrowed capital includes short-term borrowings, long-term borrowings and other similar short- and long-term borrowings/liabilities related to building leases under IFRS16.

**The calculation of the average balance has taken into account customers that contribute to the turnover (energy, balancing, other customers, customers with invoices to be written). The corresponding values for customers: doubtful, from the market coupling mechanism, the cogeneration scheme and overcompensation have not been included in the average balance.

ANNEX 5: Articles of association amended between January-June 2024

At the time of writing there are no amended articles of association in 2024.

ANNEX 6: Appointment/revocation acts issued in January-June 2024

Supervisory Board

According to the Decision of the Ordinary General Meeting of Shareholders 1/28.02.2024 approved the appointment of the following members of the Supervisory Board of the Company for a term of office of four years, starting on March 1, 2024 and until February 29, 2028: PĂUN Costin-Mihai, ATANASIU Teodor, VASILESCU Alexandru-Cristian, ZEZEANU Luminița, DASCĂL Cătălin-Andrei, ORLANDEA Dumitru Virgil, RUSU Rareș Stelian.

ANNEX 7 REPORT (according to Decision of the Extraordinary General Meeting of Shareholders no. 4/29.04.2015) on contracts signed in H1 2024 for the procurement of goods, services and works, the value of which exceeds € 500,000/purchase (for the procurement of goods and works) and € 100,000/purchase (for services) respectively

It. no.	Contract Number	Subject of the Agreement	Duration (months)	Value		Contract type	Legal Basis	Procurement procedure
				Thousand RON	Thousand Euro			
0	1	2	3	4	5	6	7	8
1	C 562/2024	Strategic services/works managed by NPG Transelectrica SA	36	338,107.83	0.00	Services	Law 99/2016+ HG 394/2016	Competitive negotiation
2	C 360/2024	Power Quality Monitoring System	132	37,820.29	0.00	Supply	Law 99/2016+ HG 394/2016	Open tender
3	PT 4/4083/2024	Replacement of TRANSFORMER 4-250 MVA, 400/110 kV in 400/110 kV substation Dragănești Olt	34	25,057.53	0.00	Works	Law 99/2016+ HG 394/2016	Open tender
4	C 351/2024	Voluntary health insurance services for staff of NPG Transelectrica SA (framework agreement)	36	12,493.09	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
5	C 325/2024	Digitel green pilot project - refurbishment of the 220/110/20 kV Mostiștea substation into a digital substation with reduced environmental impact (design)	14	1,925.00	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
6	BA 13/2024	Cleaning services at the objectives of STT Bacău and DET	36	1,673.14	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
7	PT 5/4188/2024	Cleaning services at STT Pitesti objectives	36	1,286.43	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
8	C 345/2024	Cleaning services for buildings within NPG "Transelectrica" SA - Executive	24	1,026.04	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
9	SB 9/2024	Mowing and vegetation removal services in order to prevent fires in electrical substations managed by STT Sibiu	36	791,748.00	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
10	TM 52/2024	Cleaning services in stations and STT Timișoara lot 1 - Timis county	24	708,799.00	0.00	Services	Law 99/2016+ HG 394/2016	Open tender
11	TM 35/2024	Mowing and vegetation removal services in order to prevent fires in electrical substations managed by STT Timișoara	24	588,349.00	0.00	Services	Law 99/2016+ HG 394/2016	Open tender

Annex 6 - Glossary of terms

"ANRE"	National Electricity Regulatory Authority
"BAR"	Regulated asset base
"BVB"	Bucharest Stock Exchange. operator of the regulated market on which the Shares are traded
"CAB"	Bucharest Court of Appeal
"EEC"	European Economic Community
"Company". "CNTEE". "TEL"	Compania Națională de Transport al Energiei Electrice Transelectrica SA
"CPT"	Technological Own Consumption
"CS"	Supervisory Board
"DEN"	National Energy Dispatcher
"EBIT"	Operating profit before interest and income tax
"EBITDA"	Operating profit before interest, corporate tax and amortisation
"EBT"	Operating profit before corporate income tax
"ENTSOE"	European Network of Transmission System Operators for Electricity
"GD"	Government Decision
"IFRS"	International Financial Reporting Standards
"LEA"	Overhead power lines
"Leu" or "RON"	Romania's official currency
"MFP"	Ministry of Public Finance
"MO"	Official Journal of Romania
"GO"	Government Ordinance
"OPCOM"	Romanian Electricity Market Operator OPCOM SA
"GEO"	Government Emergency Ordinance
"PZU"	Next Day Market
"RET"	Electricity Transmission Grid. electricity network of national and strategic interest with nominal line voltage higher than 110 kV
"SEN"	National Energy System
"RS"	Secondary adjustment
"RTL"	Slow tertiary adjustment
"SMART"	Commercial Company for Maintenance Services of the Electricity Transmission Grid SMART SA
"SS"	System Service
"TEL"	Stock market indicator for Transelectrica
"TSR"	Total shareholder return
"EU"	European Union
"MU"	Mesurement unit
"USD" or "US dollars"	US dollar, official currency of the United States of America
"WACC"	Weighted Average Cost of Capital

