



Transelectrica®
Societate Administrată în Sistem Dualist

The National Power Grid Company Transelectrica
Registered Office: 2-4 Oiteni Street Bucharest, District 3, 030786, Romania
Trade Register Number J40/8060/2000, Single Registration Code 13328043
Phone +4021 303 56 11, Fax +4021 303 56 10
Share capital subscribed and paid: 733.031.420 Lei www.transelectrica.ro

To: Bucharest Stock Exchange - Regulated Market Issuers Operations Department Financial Supervision Authority - General Supervision Directorate - Issuers Directorate

Communiqué as per the provisions of Law 24/2017, ASF Regulation 5/2018 and the BSE Code

Date of the communiqué: **May 15, 2023**

Name of Issuer Company: **NPG Co. TRANSELECTRICA SA, company managed under two-tier system**

Headquarters: Bucharest, 3, Oiteni 2-4

Phone/fax numbers: 021 30 35 611/021 30 35 610

Single registration code: 13328043

Number in the Trade Register: J40/8060/2000

Share capital subscribed and paid: 733.031.420 RON

LEI code: 254900OLXCOUQC90M036

Regulated market where the issued securities are transacted: Bucharest Stock Exchange

Important event to report: Summary of financial results related to Q1 2023

Reporting includes:

- Unaudited Stand-alone Interim Simplified Financial Statements as of March 31, 2023
- The report on the activity of NPG "Transelectrica" S.A. between January and March 2023

The segment of activities with permitted profit registered a 16% increase in revenues (499 million RON in Q1 2023 compared to 431 million RON in Q1 2022) mainly from interconnection revenues, as well as transportation service revenues.

The significant increase of revenues from the allocation of interconnection capacity (RON 102 mn in Q1 2023 compared to RON 70 mn in Q1 2022) was determined by the use level of interconnection availabilities and by the unit price of electricity which has increased throughout the European Union, causing a large price difference between the coupled markets. The interconnection capacity allocation mechanism consists of organizing annual, monthly, daily and intraday tenders (borders with Serbia, Ukraine and borders with Hungary and Bulgaria). 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 regarding the internal electricity market, as a source of investment financing for the modernization and development of interconnection capacity with neighboring systems.

In Q1 2023, no income was recorded from the capitalization of additional costs with the purchase of electricity to cover Grid Losses, since the net costs realized were below the level of the costs included in the approved tariffs. The costs of purchasing energy to cover Grid Losses amounted 147 million RON, lower by 42% (-108 million RON) compared to Q1 2022, mainly influenced by the provisions of art. 23[^]1 of GEO no. 153/2022.

Transelectrica purchased electricity to cover 75% of the quantity related to the Grid Losses forecast validated by the Centralized Electricity Purchase Mechanism (MACEE), at a regulated purchase price. The provisions of GEO 153/2022 were also applied to the other grid operators, which led to a drop in the quantities traded on short-term markets and in energy prices on these markets. Thus, the average price of the energy purchased from PZU/PI in the first quarter was 38% lower compared to the price in the similar period of 2022, still remaining higher compared to the average purchase price recorded during 2020, 2021.

The segment of **zero-profit activities** recorded a negative result of -9 million RON, down from the one recorded in the same period last year. The specific regulatory framework for zero-profit activities

contains regularization mechanisms that ensure the compensation of the excess or deficit of revenues compared to the level of expenses necessary for the performance of the respective activities.

On March 30, 2023, the re-engineering process of the 220/110 kV Iaz Electric Power Station (Caraş-Severin county) was completed, with an investment of approximately 62 million RON, from own funds.

The 220/110 kV Iaz Electric Transformation Station represents a connection node within the SEN through the connected 220 kV lines, being an important objective for the operation of the power system and for the supply of electricity in the western part of the country.

Indicators	M.U.	Q1 2023	Q1 2022	Δ
Charged energy volume				
PROFIT-ALLOWED ACTIVITIES	[TWh]	13.01	14.35	▼ 9%
Average transmission tariff (achieved)				
Total revenue, of which:	[RON/MWh]	28.29	23.89	▲ 18%
<i>Regulated transmission tariff income</i>	[RON mn]	499	431	▲ 16%
<i>Interconnection revenue</i>	[RON mn]	368	343	▲ 7%
Charged energy volume	[RON mn]	102	70	▲ 47%
Total expenses, of which:	[RON mn]	312	377	▼ 17%
<i>Grid losses Expenses</i>	[RON mn]	147	255	▼ 42%
EBITDA	[RON mn]	187	55	n/a
Depreciation	[RON mn]	82	63	▲ 31%
EBIT	[RON mn]	105	(8)	n/a
ZERO PROFIT ACTIVITIES				
EBIT	[RON mn]	(9)	21	n/a
ALL ACTIVITIES (Profit-Allowed and Zero Profit)				
EBIT	[RON mn]	96	13	n/a
Net profit	[RON mn]	80	8	n/a
Operational				
Net internal consumption	[TWh]	13.3	14.8	▼ 10%
Net internal production	[TWh]	14.7	14.1	▲ 4%
Export net(-)/ Import net (+)	[TWh]	-1.4	+0.6	n/a

In the first quarter of 2023, electricity consumption at the SEN level recorded decreases in all three calendar months with values between a maximum of 12% in January and a minimum of 6% in February.

The decrease in consumption was largely influenced by the average monthly temperatures, which registered positive anomalies, generally being above the climatological norms.

Compared to the first quarter of 2022, there was generally an increase in the degree of utilization of the capacity allocated to export, respectively an increase in export trade and transited energy, in the context of higher hydraulics.

The Report on the Company's activity from January to March 2023 and the Stand-alone Interim Simplified Financial Statements as of March 31, 2023, are available as of May 15, 2023, as follows:

- online, on the website www.transelectrica.ro, section Investor Relations Periodical Reports/Reports, namely <https://www.transelectrica.ro/en/web/tel/rapoarte-2023>;
- at Company headquarters: str. Olteni nr. 2-4, Bucharest 3








Ștefăniță MUNTEANU
Executive Director General

Florin-Cristian TĂTARU
Directorate Member

NPG TRANSELECTRICA SA

Quarterly Report
January – March 2023



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REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES
OF NPG "TRANSELECTRICA" SA

In accordance with the provisions of article 67 from Law No. 24/ 2017 on the capital market and Regulation 5 / 2018 issued by the Financial Supervisory Authority (ASF)
for the period ended on March 31, 2023

Date of the report:	May 15, 2023
Name of trading company:	NPG TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest, Str. Olteni nr. 2 - 4, sector 3, zip code 030786
Phone/fax number::	021 303 5611/ 021 303 5610
Cod unic la ONRC:	13328043
Code with the ONRC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ Emergency Governmental Ordinance 627
Share capital:	733.031.420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of RON 10/share nominal value each, in dematerialised nominative ordinary indivisible freely marketable form as of 29.08.2006, TEL symbol
Market value:	1,744,614,779.60 RON (23.80 RON/share on 31.03.2023)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The quarterly financial statements elaborated as of 31.03.2023 have not been audited. The amounts corresponding to December 31, 2022 are audited by the external financial auditor.

This Report uses a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the simplified separate interim financial statements as of and for the three-month period ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and give a true and fair view of the financial position and the profit and loss account of NPG Transelectrica SA.

This report contains correct and complete information regarding the economic and financial situation and the activity of NPG Transelectrica SA.

Bucharest, May 04, 2023

**Ștefăniță
MUNTEANU**

Directorate Chairman

**Cătălin-Constantin
NADOLU**

Directorate Member

**Bogdan
TONCESCU**

Directorate Member

**Florin-Cristian
TĂTARU**

Directorate Member



Key figures Q1 2023 vs Q1 2022

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON	1,108	mn	▼	-10%	Revenues
				y/y	
RON	178	mn	▲	136%	EBITDA
				y/y	
RON	80	mn	▲	n/a	Net profit
				y/y	
TWh	13.01		▼	-9%	Charged energy volume**
				y/y	

OPERATIONAL

2.54%	*	▲	0.26	pp	Grid losses
			y/y		
10.66		▼	5.7%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	67	mn	▼	-26%	Acquisition of tangible and intangible assets
				y/y	
RON	55.81	mn	▲	135%	Fixed assets recorded in the accounts (commissioning)
				y/y	

OTC – One's Own Technological Consumption (losses)

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

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

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

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



Financial data

The summary of financial results as of March 31, 2023 is presented in the tables below. The financial results for Q1 2023 are not audited, and their extended version for the same period is presented in the Appendices to this Report.

Separate statement of profit or loss				
[RON mn]	Q1 2023	Q1 2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Charged energy volume [TWh]	13.01	14.35	(1.34)	(9%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	499	431	68	16%
Transmission and other revenues on the electricity market, of wich:	487	419	68	16%
<i>Regulated tariff</i>	368	343	25	7%
<i>Other revenues on the electricity market</i>	17	7	10	n/a
<i>Interconnection</i>	102	70	33	47%
Other revenues	12	13	(0)	(3%)
Operating expenses	312	377	(64)	(17%)
System operating expenses	171	274	(102)	(37%)
Repairs and maintenance expenses	19	18	0	2%
Personnel expenses	75	61	14	22%
Other expenses	48	24	24	98%
EBITDA	187	55	132	n/a
Depreciation	82	63	20	31%
EBIT	105	(8)	113	n/a
ZERO PROFIT ACTIVITIES				
Operating revenues	609	799	(191)	(24%)
Technological system services revenues	101	134	(33)	(25%)
Balancing market revenues	508	665	(157)	(24%)
Operating expenses	618	778	(161)	(21%)
Technological system services expenses	110	121	(12)	(10%)
Balancing market expenses	508	657	(149)	(23%)
EBIT	(9)	21	(30)	n/a
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	1,108	1,231	(123)	(10%)
Operating expenses	930	1,155	(225)	(19%)
EBITDA	178	75	103	n/a
Depreciation	82	63	20	31%
EBIT	96	13	83	n/a
Net finance result	1	(2)	3	n/a
EBT - Profit before income tax	97	11	86	n/a
Income tax	17	3	14	n/a
Net profit	80	8	72	n/a

Separate statement of financial position				
[RON mn]	Q1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,993	4,002	(8)	(0%)
Assets representing rights of use under a lease - buildings	20	22	(2)	(9%)
Intangible assets	315	338	(23)	(7%)
Financial assets	86	86	(0)	(0%)
Total	4,414	4,447	(33)	(1%)
Current assets				
Inventories	45	42	3	8%
Trade and other receivables	1,755	3,340	(1,585)	(47%)
Profit tax recoverable	-	4	(4)	(100%)
Cash and cash equivalents	324	315	9	3%
Total	2,124	3,702	(1,577)	(43%)
Total assets	6,539	8,149	(1,610)	(20%)
Shareholders' Equity	3,949	3,869	80	2%
Non-current liabilities				
Long term deferred revenues	488	439	49	11%
Long term borrowings	50	56	(6)	(11%)
Other loans and assimilated debts - Non-current building lease liabilities	13	15	(2)	(14%)
Other non-current liabilities	174	178	(4)	(2%)
Total	724	687	37	5%
Current liabilities				
Trade and other liabilities	1,696	3,372	(1,676)	(50%)
Short-term borrowings	25	92	(68)	(73%)
Other loans and assimilated debts - Current building lease liabilities	8	8	0	1%
Other current liabilities	137	120	16	14%
Total	1,866	3,593	(1,727)	(48%)
Total liabilities	2,590	4,281	(1,691)	(39%)
Total shareholder's equity and liabilities	6,539	8,149	(1,610)	(20%)

Separate statement of cash flows				
[RON mn]	Q1 2023	Q1 2022	Δ	Δ (%)
Cash flows before changes to working capital	177	62	114	183%
Cash flows from operating activities	127	(251)	379	n/a
Net cash from operating activities	126	(253)	379	n/a
Net cash used in investing activities	(41)	(91)	50	n/a
Net cash used in financing activities	(76)	182	(258)	n/a
Net increase/decrease in cash and cash equivalents	9	(162)	171	n/a
Cash and cash equivalents as at January 1st	315	252	63	25%
Cash and cash equivalents at the end of the period	324	90	234	n/a

OPERATIONAL RESULTS

I. Charged volume of electricity

In the January-March 2023 period, the total amount of electricity charged for the services provided on the electricity market (13.01 TWh) registered a decrease of 9% compared to the same period of 2022 (the difference between the two periods being - 1.3 TWh).

Allowed profit activities

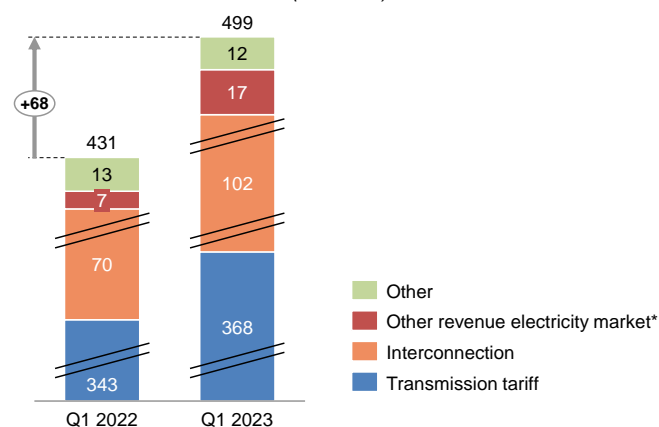
Operational incomes



The segment of **activities with permitted profit** registered a 16% increase in revenues (499 million RON in Q1 2023 compared to 431 million RON in Q1 2022) in the context of the increase mainly in interconnection revenues, as well as in transportation revenues.

Starting from September 30, 2022, the Company applies the provisions of GEO no. 119/2022 approved by law 357/2022 whereby the additional costs of the purchase of electricity made between January 1, 2022 and August 31, 2025, in order to cover its own technological consumption, compared the costs recognized in the regulated tariffs, are capitalized quarterly.

Operating revenues from allowed profit activities
(RON mn)



The increase in transport revenues and other revenues on the energy market (487 million RON in Q1 2023 compared to 419 million RON in Q1 2022) is mainly influenced by the evolution of interconnection revenues. The revenues obtained from the application of the transport tariff registered an increase of 25.3 million RON (+7.4%) compared to the same period of the previous year.

Between January and March 2023, **revenues from the allocation of interconnection capacity** registered a significant increase, from 70 million RON in Q1 2022 to 102 million RON in Q1 2023, motivated by the following:

- the unit price of electricity which has increased throughout the European Union, causing a large price difference between the coupled markets,
- the energy deficit registered at the European level.

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

The interconnection capacity allocation mechanism consists of organizing annual, monthly, daily and intraday tenders. The annual, monthly and intraday ones (borders with Serbia, Ukraine) are explicit - only the transport capacity is tendered, and the daily and intraday ones (borders with Hungary and Bulgaria) are implicit - they are allocated simultaneously with energy and capacity, through the mechanism of coupling.

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

The extension of market coupling has the effect of equalizing the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "establishing some guidelines on capacity allocation and congestion management".

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 regarding the internal electricity market, as a source of investment financing for the modernization and development of interconnection capacity with neighboring systems.

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

Revenue from Inter TSO Compensation (ITC)

These revenues were slightly higher in Q1 2023 (0.42 million RON) compared to the same period in 2022 (0.21 million RON).

Starting from 01.09.2022, the tariff for exchanges with peripheral countries changed from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to a slight increase in recorded revenues compared to the same period of the previous year .

Energy trading revenues for OTC were obtained mainly from the sale of surplus energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market managed by OPCOM and respectively from the difference between the forecasted OTC and the actual OTC achieved on the Market of Balancing.

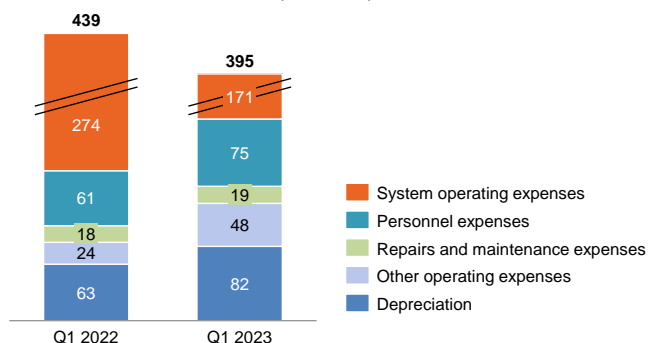
For Q1 2023, the Company recorded an increase compared to the same period of the previous year in revenues from **energy trading for its own technological consumption (OTC)** in the amount of 7 million RON.

In the structure of these revenues, the transactions on the Intraday Market were lower than those made in the previous year, considering that a large part of the necessary OTC was purchased on the long-term markets through the MACEE (Centralized Electricity Purchase Mechanism) mechanism and through bilateral contracts, and the prices on the short-term markets decreased compared to the previous year, while the transactions on the Balancing Market were higher than those made in the previous year, especially due to the fact that more intervals with negative balancing prices were registered.

Operating expenses

In the segment of **activities with permitted profit**, expenses (including depreciation) decreased by 10% (395 million RON in Q1 2023 compared to 439 million RON in Q1 2022).

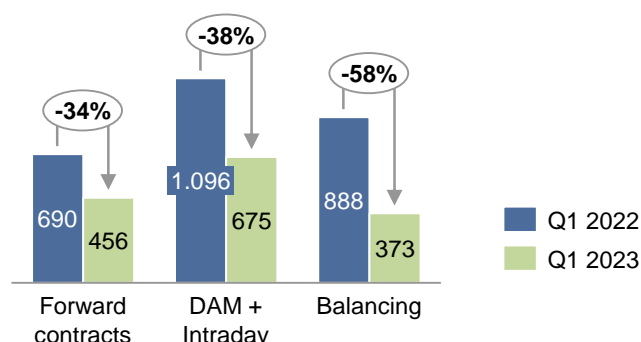
Operational costs activities with permitted profit
(RON mn)



OTC: In the interval January-March 2023, the costs of purchasing energy to cover own technological consumption amount to 147 million RON, lower by 42% (-108 million RON) compared to January-March 2022, motivated by the following:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with the neighboring electric energy systems, its value being very little to no controllable under the conditions of an interconnected and coupled regional energy market;
- as a result of the provisions of GEO no. 153/2022, Transelectrica purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 RON /MWh;
- the provisions of GEO 153/2022 were also applied to the other grid operators, which led to a drop in the quantities traded on short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of the energy purchased from PZU in the first quarter was 633.51 RON /MWh, lower compared to the price in the similar period of 2022, still remaining higher compared to the average purchase price for 2020 , 2021.

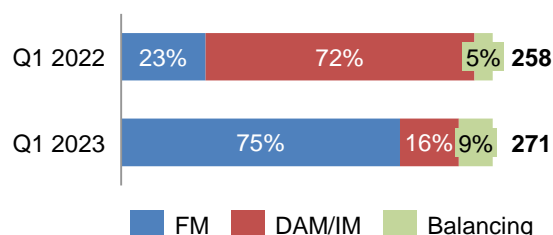
Average purchase prices*
(RON/MWh)



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

On all markets, lower average prices were recorded compared to those in the first quarter of 2022, and the purchase mix (net quantitative) has the following components in the two analyzed periods:

Purchase mix OTC per markets
(net quantities, GWh)



Thus, for the year 2023, the Company concluded a contract for the purchase of a quantity of 714,402.3MWh, representing 75% of the quantity related to the validated consumption forecast.

The expenses regarding electricity consumption in RET stations in the amount of 11.1 million RON recorded a value comparable to that recorded in the first quarter of 2022 in the amount of 11.8 million RON.

In order to carry out the activity of transmission of electricity in the power stations and the operation of the National Electroenergetic System in safe conditions, Transelectrica must purchase electricity to cover the consumption related to internal services from the high-voltage power stations under the Company's administration.

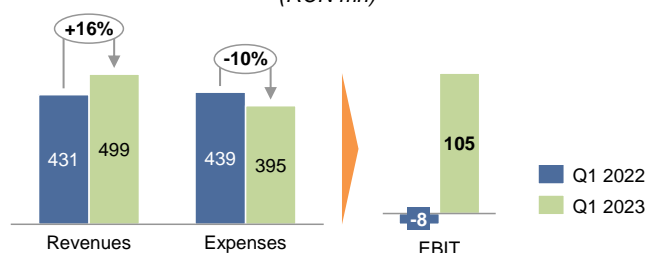
Inter TSO Compensation (ITC) costs

In Q1 2023 these expenses were higher by 6.9 million RON compared to the same period of the previous year and represent the monthly payment obligations/collection rights for each transmission and system operator (TSO) that are established within the mechanism of compensation/settlement of the effects of the use of the electric transmission grid (RET) for electricity transits between TSOs that have joined this mechanism within ENTSO-E.

Operational result

The activities with permitted profit recorded a positive result of 105 million RON, an increase of +113 million RON compared to the one recorded in the same period last year, the increase being mainly due to revenues from interconnection and revenues from transmission in terms of the reduction of operational costs (including depreciation).

EBIT structure activities with permitted profit
(RON mn)



Zero profit segment

Revenues from zero-profit activities decreased by -191 million RON, from 799 million RON on March 31, 2022 to 609 million RON on March 31, 2023, mainly determined by the decrease of -157 million RON in revenues on the balancing market.

The segment of **zero-profit activities** also recorded a decrease in costs by -161 million RON, from 778 million

RON on March 31, 2022 to 618 million RON on March 31, 2023, mainly determined by the decrease in expenses on the balancing market.

The balancing market was mainly influenced by the following elements:

➤ regulation

- the national regulations regarding the electricity market, respectively GEO no. 153 of November 11, 2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market in the period April 1, 2022-March 31, 2023, as well as for the amendment and completion of some normative acts in the field of energy and the amendment of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market between April 1, 2022 and March 31, 2023 updated, as well as for the amendment and completion of some normative acts in the field of energy;

- European legislative regulations regarding the energy market.

➤ regarding the operation of the market

- the evolution of the energy market at European and regional level;
- the way of contracting on the markets prior to the balancing market;
- the evolution of hydraulics and wind production;
- the evolution of the average price recorded on the balancing market;
- the evolution of the negative imbalance registered at the level of electricity suppliers on the balancing market;
- the evolution of electricity production and consumption.

The revenues regarding the balancing market achieved in Q1 2023 were lower by -157 million RON compared to those achieved in Q1 2022.

The expenses regarding the balancing market made in Q1 2023 were lower by -149 million RON compared to those made in Q1 2022. These expenses result from the notifications/achievements of the participants on this market.

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

The technological system services are purchased by the Company from the producers in order to ensure the maintenance of the safety level in the operation of SEN and the quality of the electricity transmitted at the parameters required by the technical norms in force.

The contracting of these services is carried out:

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

The acquisition of system technological services is carried out competitively through daily tenders, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019.

In Q1 2023, the contracting of system technological services under the regulated regime was carried out only for Reactive Energy. Transelectrica contracted Reactive Energy from Hidroelectrica SA, according to ANRE Decision no. 1078/2020.

During January-March 2023, **revenues from technological system services** registered a percentage decrease of 25% compared to January-March 2022 (101 million RON on March 31, 2023 compared to 134 million RON on March 31, 2022), determined by the decrease of the tariff approved by ANRE for these services, under the conditions of reducing the amount of electricity delivered to consumers by a percentage of 9%.

The value of **expenses regarding technological system services** in Q1 2023, registered a percentage decrease of 10% compared to the same period in 2022 (110 million RON in Q1 2023 compared to 121 million RON in Q1 2022).

The amount of STS acquisition costs for Q1 2023 was mainly determined by the following factors:

- the purchase prices of system services on the competitive market remained around the following values:
 - ✓ the average purchase price of the secondary regulation reserve at the value of 85.00 RON/hMW;
 - ✓ the average purchase price of the rapid tertiary adjustment reserve, power increase to the value of 50.00 RON /hMW;
 - ✓ the average purchase price of the rapid tertiary regulation reserve, power reduction to the value of 12.00 RON /hMW.
- the manifestation during the first quarter of 2023 of a high level of concentration of the system technology services market for the secondary reserve (RS) system technology services.

The company re-invoices the value of the technological system services purchased from manufacturers to the electricity suppliers licensed by ANRE, who ultimately benefit from these services.

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

For the next period from 2023, it is estimated that the evolution of ANRE's regulatory framework regarding the electricity market will have a significant impact on the evolution of the costs of purchasing system services through daily and per-way tenders, at the level of Transelectrica SA, as well as the European context of the evolution of the electricity market.

Operational result

The **EBIT** generated by the **zero-profit activities** recorded a negative result of -9 million RON, down from the one recorded in the same period last year.

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

II. Company gross profit (EBT)

Total operating revenue

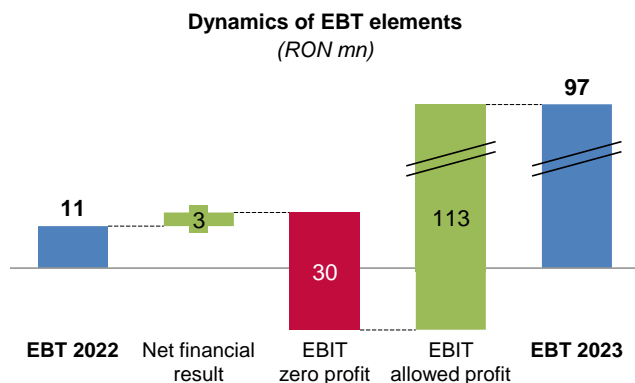
The total operating revenues achieved in the first quarter of 2023 registered a percentage decrease of 10% compared to the same period of the previous year (1,231 million RON in Q1 2022 compared to 1,108 million RON in Q1 2023), in the context of the significant increase in revenues obtained from the allocation of interconnection capacities and of transmission revenues, but also under the conditions of decreasing the amount of electricity delivered to consumers.

Total operating expenses

The total operating expenses (including depreciation) realized in Q1 2023 registered a decrease of 17% compared to the similar period of the previous year, 1,012 million RON in Q1 2023 compared to 1,218 million RON in Q1 2022. The gross revenue increased

during the analyzed period, from 11 million RON in Q1 2022 to 97 million RON in Q1 2023.

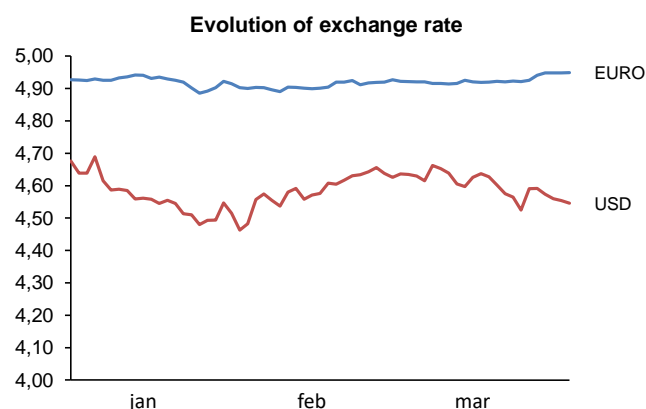
The dynamics between the result recorded in Q1 2023 compared to Q1 2022, broken down by the constituent components of the result, is presented in the following graph:



III. Financial Result

The net financial result recorded in the period January-March 2023 is positive in the amount of 1 million RON, influenced mainly by the interest rates applied during the analyzed period but also by the evolution of the exchange rate (RON/EUR). The increased level of expenses/income from exchange rate differences was significantly influenced by the high volume of transactions related to the market coupling activity segment.

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



IV. Net Result

The net result at the end of the first quarter of 2023 in the amount of 80 million RON, recorded an increase of 72 million RON compared to that recorded in the same period of the previous year, the appreciation being mainly due to the increase in revenues from interconnection and transmission revenues, but also under the conditions of the reduction of operational costs (including depreciation) with the amount of 206 million RON.

FINANCIAL POSITION

I. Fixed assets

Fixed assets recorded in Q1 2023 compared to December 2022 a percentage reduction of 1% (-33 million RON), mainly determined by the decrease in the balance of intangible assets.

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

Fixed assets related to the rights to use the assets leased - buildings represent the right to use the premises leased by the Company in the Platinum office building, according to the provisions of IFRS 16 - Leasing contracts.

Starting from 01.10.2020, the rental contract valid for a period of 5 years entered into force.

As of March 31, 2023, the accounting value of the right to use the premises leased by the Company in the Platinum office building amounts to 19.88 million RON.

Intangible assets

The evolution of intangible assets was mainly influenced by:

- an exit of intangible assets in progress through recognition in costs of 5.4 million RON,
- the fact that for Q1 2023, the Company did not record additional costs with the purchase of electricity in order to cover its own technological consumption compared to the cost recognized in the tariff, instead a depreciation expense was recorded in the amount of 16.96 million RON for the additional OTC previously recognized.

Starting from September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of the purchase of electricity made in order to cover the own technological consumption compared to the costs recognized in the regulated tariffs, are capitalized quarterly.

Thus, the capitalized costs are depreciated over a period of 5 years from the date of capitalization and are remunerated with 50% of the regulated rate of return approved by the National Energy Regulatory Authority, applicable during the depreciation period of those costs and are recognized as a distinct component.

I. Current assets

Current assets registered a decrease in percentage of 43% on March 31, 2023 (2,124 million RON) compared to the value recorded on December 31, 2022 (3,702 million RON), mainly due to the reduction of trade receivables and other receivables.

Trade receivables decreased by 1,105 million RON (1,289 million RON on March 31, 2023 compared to 2,394 million RON on December 31, 2022). The most important evolutions were registered by:

- customers from the operational activity which, due to the decrease in transactions resulting from the energy market coupling mechanisms, generated a lower balance of receivables from the operational activity (1,286 million RON on March 31, 2023 compared to 1,696 million RON on December 31, 2022).

The main customers in the balance on the electricity market are represented by: IBEX, MAVIR, OPCOM, RAAN, Electrica Furnizare SA, Hidroelectrica SA, Enel Energie SA, CET Govora SA, E. ON Energie Romania SA, Enel Energie Muntenia SA.

Their share is 65.84% in total trade receivables.

- customers – the balancing market which, due to the decrease in the volume of transactions in the balancing market in the first quarter of 2023, compared to the fourth quarter of 2022, also determined the decrease of the customer balance from the contracts concluded for this type of activity (195 million RON on the date of March 31, 2023 compared to 564 million RON on December 31, 2022).

Customers - support scheme, which registered an increase of 7% determined, mainly, by the amount invoiced for the collection of overcompensation related to the year 2022, due in the second quarter of the year 2023.

On March 31, 2023, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration in a proportion of approximately 11% compared to 5% on December 31, 2022, of total trade receivables. The company carries out the activities related to the bonus support scheme for the promotion of high-efficiency cogeneration, as the administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009, "the main duties being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses".

On March 31, 2023, the Company records receivables in the amount of 141 million RON, represented by the 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;
- overcompensation for 2022 in the amount of 34 million RON, respectively from CET Govora – 13.7 million RON and Electrocentrale Bucharest – 20.4 million RON;
- contribution for cogeneration not collected from suppliers of electricity consumers in the amount of 20.7 million RON, respectively from: Transenergo Com – 5.88 million RON, PetProd – 4.39 million RON, Romenergy Industry – 2.68 million RON, RAAN – 2.38 million RON.

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

Other receivables as of March 31, 2022, amounting to 146 million RON mainly include:

- various debtors (104 million RON), of which:
 - delay penalties calculated for non-paying customers, in the amount of 83.2 million RON (of which the amount of 35.35 million RON represents penalties related to the support scheme). The largest late payment penalties were registered by the clients: RAAN (16.90 million RON), Romelectro (13.42 million RON), CET Govora (9.61 million RON), Electrocentrale București (9.41 million RON), Eco Energy SRL (8.91 million RON), Petprod SRL (8.89 million RON).
 - compensation due by suppliers for non-delivery of electricity in the amount of 11.9 million RON: Next Energy Partners (8.39 million RON), Enol Grup (2.54 million RON) and Arelco Power (0.99 million RON).
 - the debt to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of 4.52 million RON.
- expenses recorded in advance in the amount of 14 million RON are mainly represented by international contributions (5.3 million RON), annual ANRE

contribution related to the year 2023 (3.6 million RON).

- other social debts in the amount of 1.47 million RON representing medical leaves paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

Advances to suppliers paid on March 31, 2023 are represented by debtor suppliers for services in the amount of 159 million RON compared to December 2022 when they were in the amount of 697 million RON.

The balance mainly represents amounts from transactions related to the price coupling mechanism (ICP – Interim Coupling Project, SIDC - Single Intraday Coupling, SDAC - Single Day-ahead Coupling) in the amount of 132.9 million RON - for ICP and SDAC and 24, 5 million RON - for SIDC.

The start of the successful SDAC Single Day-ahead Coupling took place on October 28, 2021 and is the result of the cooperation between the Designated Operators of the Electric Energy Market (OPEED) and the Transmission and System Operators (OTS) from Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

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

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

VAT to be recovered in the amount of 370.1 million RON related to statements for the period November 2022 - March 2023 and October 2020, of which, up to the date of this report, the amount of 95.4 million RON has been collected.

The largest existing depreciation adjustments in the balance as of March 31, 2022, represent trade receivables and related penalties for CET Govora (25.1 million RON), Eco Energy SRL (24.7 million RON), Petprod SRL (23.5 million RON), Arelco Power (14.8 million RON), Total Electric Oltenia SA (14.2 million RON), Romenergy Industry (13.5 million RON), Romelectro SA (13.4 million RON), Elsaco Energy (9.3

million RON), RAAN (8.5 million RON), Next Energy Partners SRL (8.4 million RON).

II. Liabilities

Long-term liabilities in the amount of 724 million RON on March 31, 2023 registered a 5% increase compared to the value recorded on December 31, 2022 in the amount of 687 million lei.

Interest-bearing liabilities

As of March 31, 2023, the amount of long-term loans decreased compared to December 31, 2022 mainly due to repayments made under existing loan agreements. At the same time, the value of short-term loans decreased from the balance of 92 million RON in December 2022 to 25 million RON on March 31, 2023. On March 31, 2023, the credit line is not used.

At the same time, **short-term liabilities** decreased by 48%, from 3,593 million RON on December 31, 2022 to 1,866 million RON on March 31, 2023, mainly due to the increase in trade and other debts. The following had an impact on the evolution of commercial liabilities:

- **suppliers on the energy market** that decreased by 1,205 million RON and recorded a balance in the amount of 752 million RON in March 2023 compared to 1,956 million RON in December 2022.

This evolution was mainly influenced by:

- the reduction of the balance of debts related to the operational activity by 778 million RON, which was mainly due to the decrease in the volume of transactions resulting from the coupling of the markets.

The suppliers on the electricity market are mainly represented by: OPCOM, IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, OMV Petrom SA. On March 31, 2023, their share in total energy suppliers is around 96.06%.

- the significant decrease in the balance of "debts related to the balancing market" was determined by the decrease in the volume of transactions registered on the balancing market in the first quarter of 2023, compared to the fourth quarter of 2022.

- *The decrease in debts related to the support scheme to suppliers (producers) by only 6 million RON was determined by the decrease in the value of the monthly bonus for high-efficiency cogeneration from March 2023, compared to December 2022.*
- **immobilization suppliers** decreased by 50 million RON due to the payment of overdue payments,

- **"other debts"** decreased significantly by 424 million RON, from the balance of 1,235.9 million RON on December 31, 2022 to 812 million RON on March 31, 2023, in the context of the evolution of creditor customers.

The structure of "other debts" is as follows:

- various creditors in the amount of 409.6 million RON (increased by 20 million RON compared to December 31, 2022) are mainly represented by the net position of the support scheme regarding high-efficiency cogeneration, debt position, in the amount of 396 million RON and solution study contracts for connection to RET (10 million RON),
- creditor customers on December 31, 2022 amount to 328 million RON (increased by 443 million RON compared to December 31, 2022) and represent amounts received in advance from IBEX (181 million RON), MAVIR (95 million RON), OPCOM (49 million RON) and JAO (0.2) within the transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).

- *the debt for fixed assets related to the rights of use of assets leased - buildings*, according to the provisions of IFRS 16 – Leasing contracts, amounts to 8 million RON (short-term debt).
- *other debts* in the amount of 53.8 million RON are represented, mainly, by the guarantees of good payment of the contracts on the electricity market concluded by Transelectrica in the amount of 32.2 million RON and VAT not due during the reporting period in the amount of 21.3 million RON.

Provisions have a constant evolution on March 31, 2023 (67.3 million RON) compared to December 31, 2022 (68.1 million RON).

IV. Equity capital

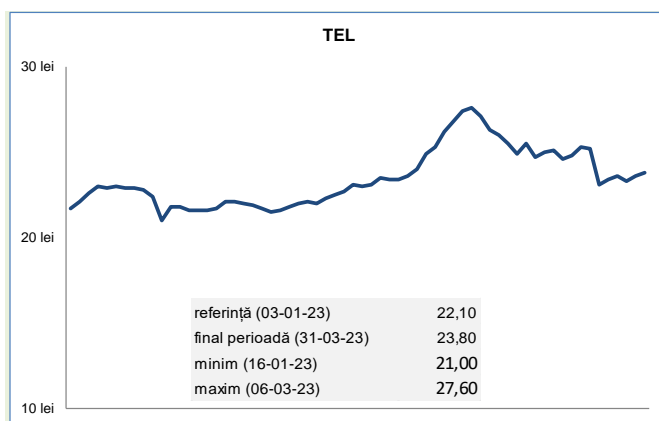
The equity capitals registered an increase determined mainly by the recording in the retained earnings of the net profit in the amount of 80 million RON, achieved on March 31, 2022. Thus, the equity capital on March 31, 2023 amounts to 3,949 million RON compared to 3,869 million RON on December 31, 2022.

SHARE EVOLUTION

The first quarter of 2023 started with a trading price of 22.10 RON/share, opening the way to the maximum price of the period of 27.60 RON /share from 03.06.2023. At the end of the period, the price of a TEL share was 23.80 RON, bringing a stock market capitalization of 1,745 million RON, in value recovery compared to the minimum price of 21.00 RON recorded on 16.01.2023.

The company has the ability to adapt to the economic context, the trading of TEL shares in the first three months of 2023 on the Romanian capital market registering 6,985 transactions with an average number of 111 transactions/day and 1,294,842 traded shares, with a total value of 30,566 thousand RON.

TEL share evolution



Transelectrica shares are part of the structure of the following stock indices: BET, BET-NG, BET-TR, BET-X, BET-X-TR, BET-BK, BETPlus, BET-TRN, BET-X-TRN. Among them, the most representative for the Company are:

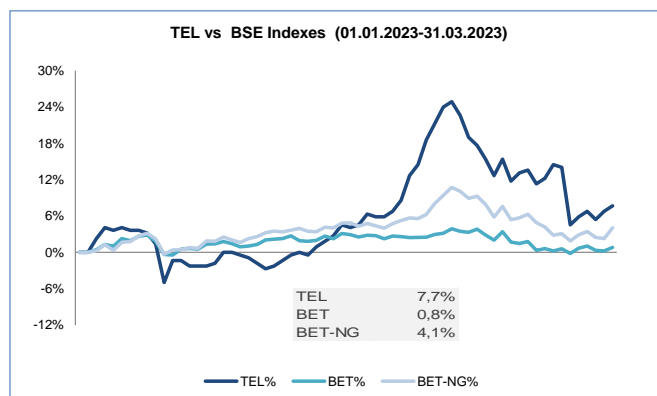
- the BET index (Bucharest Exchange Trading - the reference index of the capital market that reflects the evolution of the 20 most liquid companies listed on the regulated market of BVB),
- the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index that reflects the evolution of companies in the field of energy and related utilities listed on the regulated market of BVB).

Simbol: TEL
ISIN: ROTSELACNOR9
Tip: Actiuni
Segment: Principal
Categorie: Premium
Stare: Tranzactionabila



According to the last periodic adjustment date recorded on 10.03.2023, TEL shares have a weight of 1.44% in the BET index and 4.42% in the BET-NG index.

The evolution of the TEL share in relation to the two indices can be found in the adjacent graph:



MAIN RISKS AND UNCERTAINTIES

In-depth knowledge of the threats allows their prioritization depending on the eventuality of their materialization, the extent of the impact on the objectives and the costs involved in the measures aimed at reducing the probability of occurrence or limiting the unwanted effects.

At the level of the Company, the risks related to the performance of its own activities are periodically and systematically analyzed, the Register of identified risks, risk tracking sheets, risk alert forms (for newly emerging risks) and the plan for the implementation of control measures are drawn up annually, in order to limit the possible consequences of these risks, in accordance with the legal provisions.

Among the elements that can affect the Company's liquidity are:

- interest rate fluctuation

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

Market interest rates have increased considerably since February 2023. However, this increase has reversed sharply in March in the context of the severe tensions in financial markets. The cost of bank lending to companies in the Euro area has become higher. Lending to companies moderated further, due to lower demand and more restrictive conditions associated with the supply of loans.

The increase in electricity prices generated by the economic context threatened by stagflation, as a result of persistently high tensions on the financial markets, as well as the war in Ukraine, led to an increase in the Company's working capital financing needs, necessitating recourse to contracting short-term credit facilities;

- exchange rate variation

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

This probability occurs if, at the time of receipt of the consideration for the goods/services, the contract currency depreciates compared to the time of the conclusion of the international commercial contract.

The unwanted effects of currency risk can be counteracted or, at least, mitigated by hedging. At the level of Transelectrica, there are no currency hedging operations.

Another method by which such effects can be avoided is represented by the inclusion in the contract of a currency clause or a price revision clause. The application of various extra-contractual measures can save the Company from the presence of negative effects.

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

To honor foreign currency obligations, the Company has opened foreign currency accounts at commercial banks within the Romanian banking system.

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

- the provisions of the financing agreements

Within the financing contracts, there are clauses regarding the observance of some financial and non-financial indicators (covenants), the violation of these clauses may entail, on the basis of a prior notification and a reasonable time, the early payment of the financing facilities.

Also, some financing facilities have penalty clauses in case of early repayment.

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

- the risk of non-fulfillment of legal conditions

The Company's liquidity could be affected by penalties caused by non-conformities reported during periodic control activities by the authorized bodies (ANAF, CCR, MFP, etc.). This risk did not materialize during the analyzed period.

- **the level of taxation**, including the introduction of new fees and taxes. In the first quarter of 2023, this risk did not materialize;
- **credit risk**: the company could suffer a financial loss due to the inability or refusal of a contractual partner to fulfill its contractual obligations. This risk mainly results from trade receivables, cash and cash equivalents. During the first quarter of 2023, there were no malfunctions in the relationship with customers, the invoices being collected on time;
- **the risk of non-payment of guarantees in investment projects**: the main cause of this type of risk results from the existence of banking companies or insurance companies that offer guarantee services without having the financial capacity to honor their obligations under the instruments of warranty issued. During the first quarter of 2023, the Company was not unable to meet its financial obligations. Thus, there are no risks and uncertainties for the following months of the 2023 financial year, other than those previously presented, that would affect the Company's liquidity.

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

The company pays more attention to the efficient management of the treasury, through the effective management of cash flows and the optimization of the liquidity surplus in order to be able to honor the financial obligations as they come due, as well as the availability, in case of need, to call for financing through adequate credit facilities.

During the first quarter of 2023, the Company met all of its financial obligations.

Other risks that can influence the Company's financial performance can be:

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

This risk reflects a complex of factors, with a potential effect on the increase in financing costs on the credit market, which can significantly affect the Company considering the substantial amount of capital needed to be attracted to finance the investment plan for the coming years.

On December 8, 2022, the rating granted by Moody's Transelectrica is at the Baa3 level, stable perspective.

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

On March 24, 2023, the Fitch rating agency reconfirmed Romania's government debt rating at BBB-/F3 for long-term and short-term foreign currency debt and revised the country's perspective from negative to stable.

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

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

- the volatility of the construction market and materials in the energy field, as well as the current geopolitical context, have determined a spectacular increase in prices and implicitly in the budgets and quotations of investment projects financed from non-reimbursable European funds, with an impact on the value of the Company's contribution to project financing,

- the amendment of the legislation in the area of price adjustment related to contracts within projects financed from non-reimbursable European funds, for the rebalancing of contracts, has generated uncertainties related to the way of applying the adjustment formulas and different interpretations, for the different types of contracts concluded or to be concluded, a fact that induced syncope in the implementation of the projects and in complying with the work execution plans, with an effect on the assumed implementation deadlines.

The company attaches due importance to the analysis of the risk environment and the early identification of

possible risks that may appear in the future, as well as the use of early warning systems.

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

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

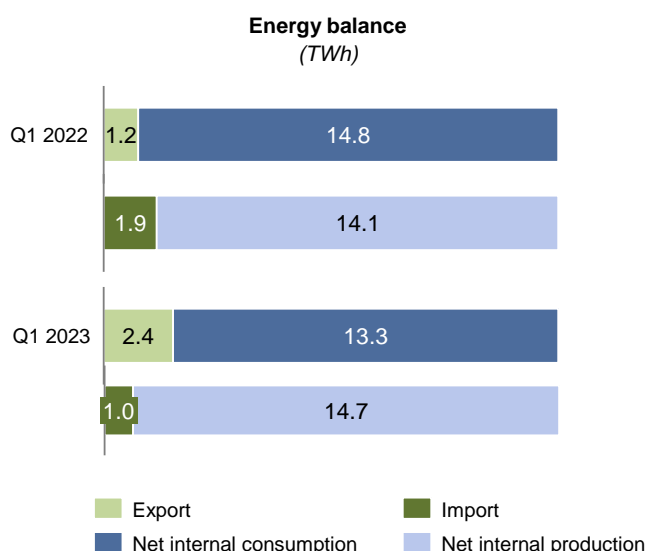


Operational Data

SEN ENERGY BALANCE

Analyzing the evolution of the components of the energy balance, between January and March 2023 compared to the same period in 2022, a 10% decrease in net domestic consumption¹ and a 4% increase in net energy production can be observed.

Cross-border physical export exchanges in Q1 2023 show a 96% increase compared to Q1 2022, and cross-border import flows decreased by 47%.



In the first quarter of 2023, electricity consumption at the SEN level recorded decreases in all three calendar months with values between 5.68% in February and 11.61% respectively in January.

The decrease in consumption was largely influenced by the average monthly temperatures, which registered positive anomalies, generally being above the climatological norms.

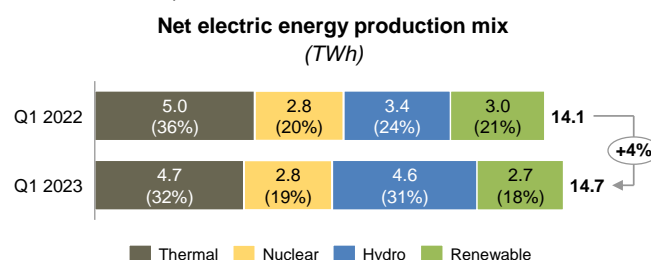
Another element that led to the reduction of national electricity consumption is the entry into force of Regulation (EU) 2022/1854 of October 6, 2022 regarding an emergency intervention to address the issue of high energy prices. It provides in article 3, para. 1, the fact that Member States are making efforts to implement measures to reduce the total monthly gross electricity consumption by 10% compared to the

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

average gross electricity consumption of the corresponding months of the reference period².

PRODUCTION MIX

Regarding the production mix, in the period January - March 2023 compared to the similar period of 2022, there was an increase in the component from Hydro sources in percentage of 36%, respectively a decrease in the Thermal component by 7%, Nuclear by 1 %, and the Renewable component by 8% (mainly based on the decrease in photovoltaic energy production -24% and biomass -19%).



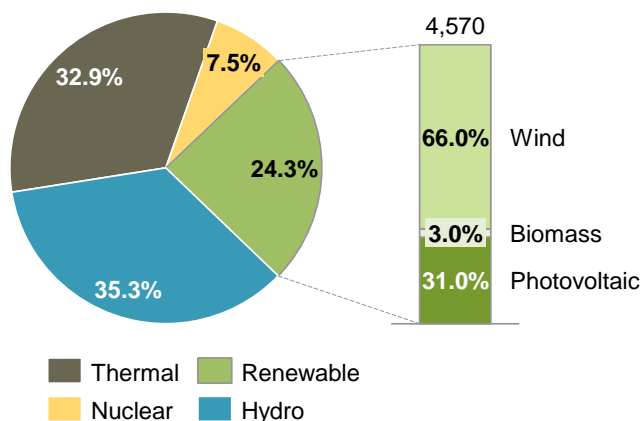
Analyzing the weights of the components of the net production mix for the period January - March 2023, it is noticed that the largest weight, 32%, is represented by the Thermal component followed by the Hydro component 31%, and the energy produced from renewable and nuclear sources have a weight of approximately 18 % and 19% respectively.

NATIONAL PRODUCTION FARMS

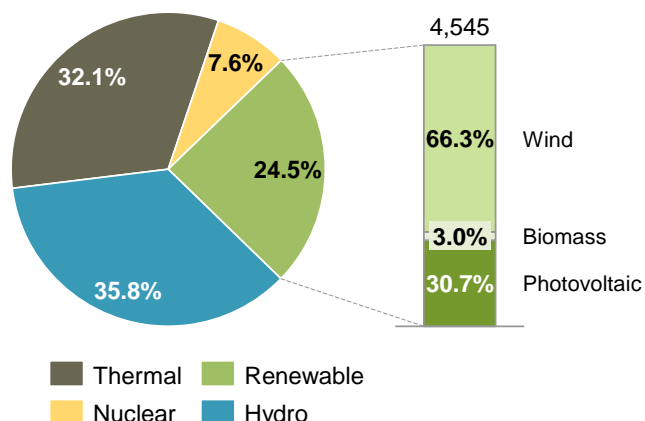
Installed power in thermal power plants increased by approximately 4% in Q1 2023, from 5,966 MW installed on March 31, 2022, to 6,185 MW installed on March 31, 2023. Installed power for the period January - March 2023 versus January - March 2022, is shown in the graphs that follow:

² Art. 4, paragraph (1): Each Member State identifies the peak hours that correspond in total to a minimum percentage of 10% of the total number of hours in the period between 1 December 2022 and 31 March 2023.

Installed power Q1 2023 (18.810 MW. gross value)



Installed power Q1 2022 (18.569 MW. gross value)



CROSS-BORDER FLOWS

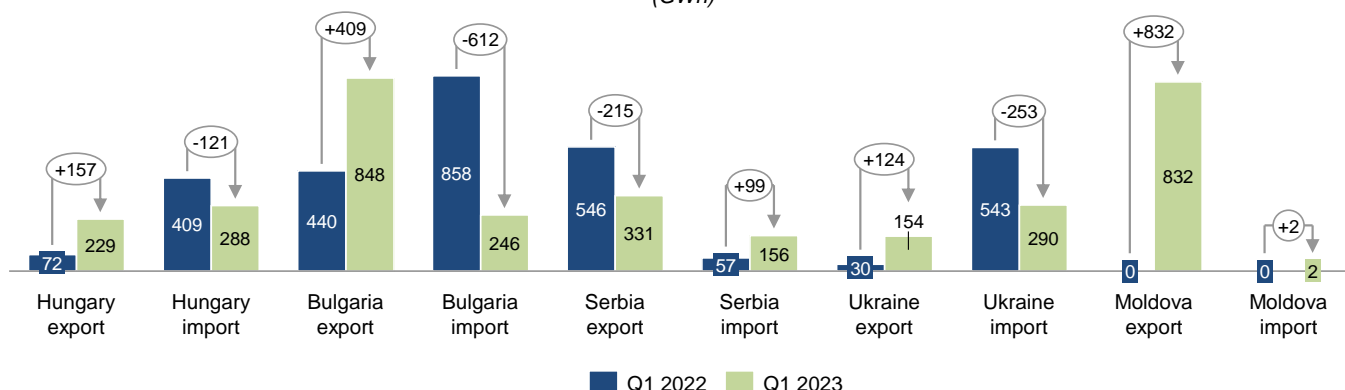
The distribution of **physical import/export flows** on the interconnection lines in the interval January - March 2023 compared to January - March 2022 is presented as follows:

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

Concretely, compared to the interval January - March 2022, physical export flows increased with Bulgaria (+93% +409GWh), with Hungary (+157 GWh), Ukraine (+124 GWh) and with Moldova (+700GWh) and decreased on the border with Serbia (-39% -215 GWh), simultaneously with the increase in physical import flows on the interconnection lines with Serbia (+99 GWh) and with Moldova (+2 GWh) and decrease on Bulgaria (-71% -612GWh), Hungary (-30% -121GWh) and Ukraine (-47% -253GWh)

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

Physical Flows
(GWh)



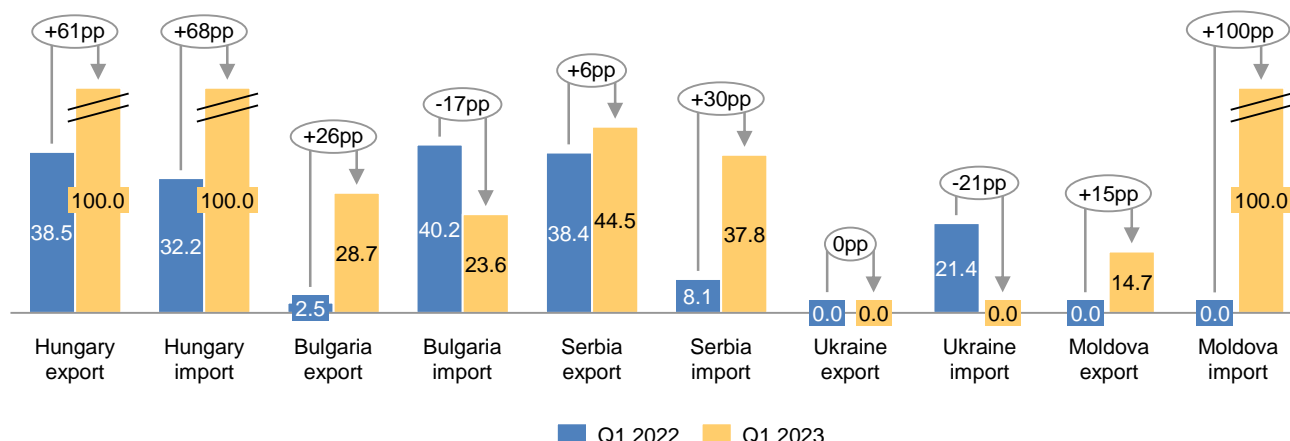
Compared to the first quarter of 2022, there was generally an increase in the degree of utilization of the capacity allocated to export, respectively an increase in export trade and transited energy, in the context of higher hydraulics compared to last year in this period of the year and under the conditions of a lower domestic electricity consumption compared to the similar period in 2022.

The Government's Emergency Ordinance no. 119 of September 1, 2022, for the amendment and completion of Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market, updated, as well as for the modification and completion of some

normative acts in the field of energy, which introduces the solidarity tax for companies that export electricity had a huge impact.

On the border with Hungary, the degree of utilization is 100%, both for import and import, given that the short-term tenders are of the default type (capacity and energy are allocated simultaneously), and starting from January 2023, it was made a complete transfer in the case of long-term tenders from the allocation mechanism of Physical Capacity Rights type to the allocation mechanism of Financial Capacity Rights type (the capacity allocated in the annual and monthly tenders is no longer a physical right that can be used by the participant, but only a financial right of it).

Degree of use of the total allocated capacity (%)



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

Commercial exchanges include the amount of electricity imported and exported as a result of Transelectrica's participation as an operational member in the European Imbalance Netting platform (IGCC), starting from December 17, 2021.

Regarding the implications with respect to the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the system of Continental Europe through Romania, Hungary and Slovakia:

- starting from 16.03.2022, the emergency synchronization of the power systems of Ukraine and the Republic of Moldova with the power system of Continental Europe was carried out. This acceleration of the synchronization project, started in 2017, was possible as a result of the studies carried out previously and the adaptation of some measures to reduce the risks in the operation of the electric power systems;
- the synchronous interconnection of the electric power transmission systems of the Republic of Moldova and Ukraine with the European power system, led to a reduction of technological own consumption in the electrical transmission grid in Romania, especially due to a more favorable distribution of flows on the interconnection power lines;
- the synchronous interconnection of the electricity transmission systems from the Republic of Moldova and Ukraine with the power system in Romania contributed to the expansion of the electricity market, offering the opportunity to carry out commercial exchanges of electricity at the regional

level, respectively between Romania, Ukraine and the Republic of Moldova, in the current context of the single European electricity market;

- in the current geopolitical context, the synchronous interconnection of the electricity transmission systems of the Republic of Moldova and Ukraine with the system of Continental Europe will put pressure on the neighboring electricity systems (Romania, Hungary and Slovakia) from the point of view of ensuring the interconnected operation, respectively the adequacy at the regional level, taking into account the difficulties experienced during this period by the Republic of Moldova and Ukraine to ensure the electricity requirement;

- on the border with Ukraine, capacity allocation tenders are currently suspended from 16.01.2023, until the coordinated allocation rules are agreed, and on the border with the Republic of Moldova, long-term capacity allocation tenders (annual and monthly) are currently suspended, being organized only bilaterally coordinated daily allocation of capacity for 100% of the total capacity (tenders organized by the Romanian TSO).

In the current context of the conflict between Russia and Ukraine, it can be mentioned that the data related to the operation of the energy systems in Ukraine and the Republic of Moldova are not public data, the energy system in Ukraine being the target of many attacks.

• OWN TECHNOLOGIC CONSUMPTION

Compared to the January-March period of 2022, in the same period of 2023 the OTC in the RET increased by approx. 5%, and the percentage OTC increased from 2.28% to 2.54%.

Due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transmission grid and on the

interconnection lines with the neighboring electric energy systems, its value being very little or not at all controllable under the conditions of an interconnected and coupled regional energy market.

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

OTC EVOLUTION FACTORS

In January 2023, OTC increased compared to January 2022 by 3.5%, as a result of the unfavorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia which led to the increase in the transport of energy at a distance from the sources and of unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the increase in corona losses.

The percentage of losses related to the energy entered into the RET increased from 2.42% in 2022 to 2.62% in 2023. The energy entered into the loop decreased by 4.2% in January 2023 (171.9 GWh) compared to the similar period from 2022, as a result of the decrease by 41.9% (212.7 GWh) of the energy received from imports and by 0.9% (28.8 GWh) of that received from the producers connected to the RET, in the conditions of the increase with 21.9% (69.5 GWh) of the energy received from RED.

In February 2023, OTC increased by 17.6% compared to February 2022 as a result of unfavorable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia that led to the increase in energy transmission distance from the sources, but also of unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the increase in corona losses. The percentage of losses relative to the energy entered into

the RET increased from 2.04% in 2022 to 2.42% in 2023. The energy entered into the loop decreased by 1% (36.0 GWh) in February 2023 compared to the similar period in 2022, as a result of the decrease by 42.1% (230.7 GWh) of energy received from imports, in the context of the increase by 3.4% (92.7 GWh) of energy received from producers connected to the RET and by 46.7% (102 GWh) of that received from RED.

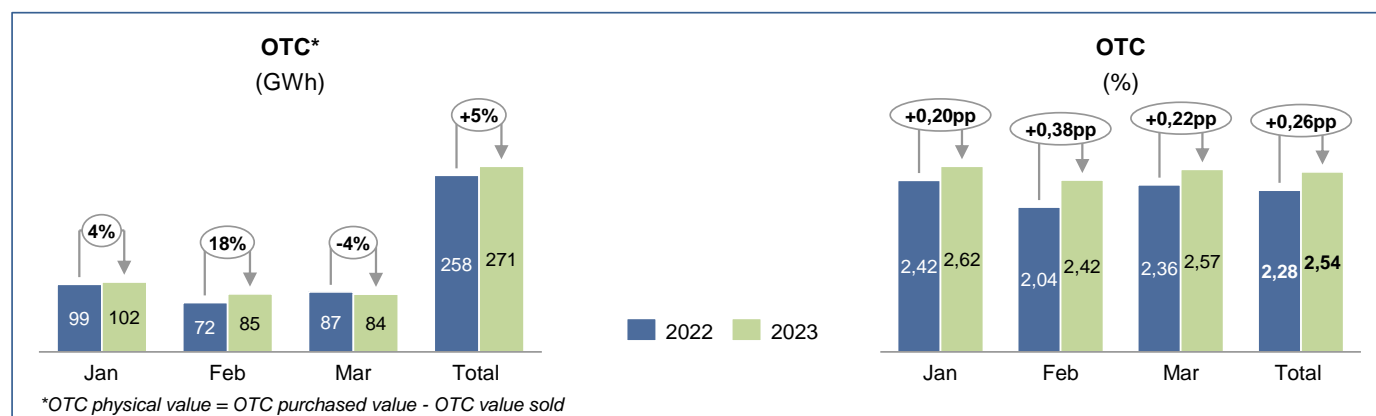
In March 2022, the OTC decreased by 3.5% compared to March 2022, mainly as a result of the decrease of energy entered into the RET contour and the more advantageous distribution of production in the territory, which led to the reduction of energy transmission distance from sources.

The percentage of losses related to the energy entered into the RET increased from 2.36% in 2022 to 2.57% in 2023. The energy entered into the loop decreased by 11.7% (432.3 GWh) in March 2023 compared to the similar period in 2022, as a result of the decrease of energy received from producers directly connected to RET by 0.9% (24.6 GWh), of that received from import by 54.4% (441 GWh), in the conditions of the increase of the energy received from RED by 12.9% (33.3 GWh).

The weather conditions were unfavorable, being characterized by higher precipitation, which caused the corona losses to increase.

In conclusion, for the first quarter of 2023 as a whole, the OTC in the RET increased by 5.1% compared to the similar period in 2022, especially as a result of the unfavorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia and the more unfavorable weather conditions, characterized by higher amounts of precipitation, which determined the reduction of corona losses.

Compared to the energy entered into the circuit, the losses increased from 2.28% to 2.54%.





RET Development

FIXED ASSETS REGISTERED IN THE ACCOUNTANCY

The total value of tangible assets on March 31, 2023 compared to December 31, 2022 was determined by the increase in the value of tangible assets in progress simultaneously with the recording of the depreciation of tangible assets.

The value of fixed assets recorded in the accountancy in the first quarter of 2022 is of 55.8 million RON (23.7 million RON in the same period of 2022), increasing by 32 million RON.

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

- Refurbishment of the Ungheni 220/110/20 kV Station – 31.8 million RON;
- Modernization of Dumbrava 220/110 kV Station – 21 million RON;
- Replacement of circuit breakers in electrical stations - Stage II – 1.3 million RON;
- Modernization of the 220/110/20kV Vetis Station - primary equipment - 0.56 million RON;
- Completing the communications infrastructure necessary for the operation of the Company's private cloud hardware structure, to ensure the implementation and operation of the new Balancing Market platform - DAMAS - 0.41 million RON.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Purchases of tangible and intangible assets in the January-March 2023 period are in the amount of 67.3 million RON, down compared to the same period in 2022 when the purchases were in the amount of 91.3 million RON.

At the same time, the balance of tangible assets under construction according to the financial position on March 31, 2023, in the amount of 1,044 million RON, is represented by ongoing projects, the most significant ones being listed below:

- LEA 400 kV d.c. Cernavodă - Stâlpuri and connection in Gura Ialomiței - 349.8 million RON;
- LEA 400 kV d.c. Gutinaș – Smârdan – 143.1 million RON;
- Switching to 400 kV voltage of Portile de Fier - Reșita - Timișoara - Săcălaz - Arad - Stage I - LEA 400kV s.c. Portile de Fier - (Anina) – Reșita – 121.6 million RON;
- Modernization of the 400(220)/110/20 kV Munteni Station – 47.5 million RON;
- Connection to RET of CEE 300 MW Ivesti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new Station (400)/220/110 kV Banca – 46.9 million RON;
- Modernization of Arefu 220/110/20 kV Station – 45.6 million RON;
- Refurbishment of the 400/110/20 kV Smârdan Station -31.9 million RON;
- Switching to the 400 kV voltage of the Portile de Fier - Resita - Timișoara - Săcălaz - Arad - Stage I - Resita 400/220/110 kV Station – 25.6 million RON;
- Refurbishment of the 220/110/20 kV Baru Mare Station – 22.3 million RON;
- Increasing the transmission capacity of LEA 220kV Ștejaru - Gheorgheni - Fântânele - 21.8 million RON;
- Extension of the Gura Ialomiței 400 kV Station with two cells: LEA 400 kV Cernavodă 2 and 3 – 19.3 million RON;
- Refurbishment of the 110 kV Medgidia Sud Station – 13.7 million RON;
- Extension of the 400 kV Cernavodă Station - Stage I+II, Replacement of 2 compensation coils, Connection of new lines - 13.1 million RON;
- Mobile cells of 110 kV, 220 kV and 400 kV – 11.3 million RON.

ANNUAL INVESTMENT PROGRAM

The breakdown of investment expenses on March 31, 2023 on the main chapters of the annual investment program correlated with the main chapters of the Company's Development Plan, is presented as follows:

The degree of completion of the investment program on March 31, 2023 is 12.7%.

No.	Categories of expenses	Program PAI 2023* (thousand RON)	Achievements (thousand RON)	
			Q1 2023	Q1 2022
	Total general (A+B)	465.965	59.307	73.146
A	Own company expenses	456.325	59.307	72.606
	Investments			
B	financed from connection tariff	9.640	0	540

*PAI 2023 review A1

The Company's investment plan for the next 10 years includes a complex investment program, which aims to strengthen energy security, digitization and the implementation of the SMART GRID concept, which will generate, on the one hand, the increase in the capacity to integrate renewable energy into the system and on the other hand increasing the interconnection capacity.

EUROPEAN FUNDS

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

The financing of 424 million EUR represents 30% of the total funds obtained by Romania through the Modernization Fund, respectively 14% of the total financing obtained by the 8 member states from Central and Eastern Europe (Romania, Czech Republic, Slovakia, Croatia, Lithuania, Hungary, Poland, Estonia) with approved projects.

In the interval January-March 2023, regarding the project "LEA 400 kV d.c. Gutinaș Smârdan", financed by the Large Infrastructure Operational Program 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 to take over energy produced from renewable resources, were submitted two reimbursement requests, and the Galati Regional Directorate and the Management Authority accepted

Regarding the RET's ability to integrate new production units from renewable sources, the wind and solar potential of the Dobrogea (south-east of the country) and Banat (south-west of the country) regions should be mentioned. These regions, already congested, no longer allow the integration of new capacities, but taking into account the investments being made as well as those planned for these two regions alone, by 2027, there will be approximately 5,000 additional MW available.

CONTRACTUAL ASPECTS

The most important investment contracts signed in Q1 2023 are:

- Increasing operational safety of the Argeș-Vâlcea network area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV AT - 71.9 million RON;
- LEA 220 kV double circuit Ostrovu Mare - RET - Stage 1 – 41.4 million RON;
- Installation of a protective conductor with embedded optical fiber on the 400kV Roșiori - Mukacevo LEA (execution/design) – 4.9 million RON.

the full reimbursement of the amounts requested through reimbursement request no. 8 representing non-refundable expenses in the amount of 13.3 million RON and reimbursement request no. 9 representing non-refundable expenses in value of 11.7 million RON.

At the same time, with regard to the **Re PowerEU Plan**, clarifications were sent for the project sheets related to the projects submitted by Transelectrica in order to finance them through RePowerEU - Investment I6 - digitization, efficiency and modernization of the national electricity transmission grid (allocation 148,000. 000 EUR), at the deadline requested by the Ministry of Investments and European Projects as follows:

- Investment 6.a – Accelerating the integration of renewable energy sources and facilitating cross-border exchanges of electricity by building the 400 kV Suceava – Balti Overhead Power Line, including relevant works in the Suceava (RO) and Balti (MD) stations (allocation 76,512,000 EUR);
- Investment 6.b – T-STARES - Installation of photovoltaic power plants (CEF) and electricity storage

facilities intended to supply internal services installed in C.N.T.E.E.. Transelectrica S.A. stations (allocation 32,170,000 EUR);

- Investment 6.c – Retechnologizarea SMART SA – subsidiary of Transelectrica S.A (allocation 29,940,000 EUR);

- Investment 6.d - Optimizing the communications network and creating a data center – Teletrans SA, subsidiary of Transelectrica S.A. (allocation 9,378,000 EUR).

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

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

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

Between March 23-25, 2023, a company delegation participated in the "Smart Electricity Grids TEN-E Thematic Area Group" meeting organized by the European Commission in Brussels, Belgium, to support the CARMEN project in order to be reconfirmed on the 6th list of projects of common interest of the European Commission.

Also in March 2023, by participating in the Consortia formed for the development of the TwinEU and SmarTWin projects, funding applications were

submitted through the European Research Program - Horizon Europe.

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

SmarTWin aims to develop a smart energy infrastructure using Digital Twin technology, to achieve the improvement of the integration of renewable sources and the active participation of consumers in the energy transition. This comes in full alignment with the directions introduced by the European Commission in the "EU Action Plan on the Digitization of the Energy System" to increase the efficiency and intelligence of the grid.

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

The estimated benefits for the Company regarding participation in the mentioned Consortia, consist in the training and familiarization of the staff with the technical solutions for the development of the transport network using smart technologies and with the benefits they can bring to the system, considering the need to find solutions for energy integration from renewable sources at the quotas established in the National Integrated Energy and Climate Change Plan (PNIESC) for the year 2030 and the fulfillment of the obligations imposed by ANRE.

FINANCIAL INVESTMENTS OF THE COMPANY

At the European level, the energy sector is in a process of transformation, focusing on the transition from a predominantly national model of evolution and development of the energy sector, to an integrated and coordinated development model at the European level that ensures the unitary development at the continental level but which also allows adaptation to national specifications while pursuing the legitimate interests of European states.

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

- TSCNET
- JAO

TSCNET (TSCNET Services GmbH)

It was established to serve the Transmission and System Operators (TSOs) in the East-Central-West region of Europe (CORE region) in order to implement the coordinated European grid codes. Affiliation is done

with participation in TSCNET's shareholding by making a transaction to purchase shares within the company.

By Decision no. 9 of the AGEA dated June 5, 2018 it was approved the affiliation of the Company to the Security Coordination Center of the CORE region, TSCNET by participating in the share capital with a contribution of 470,500 EUR (1 share - 2,500 EUR).

JAO (Joint Allocation Office)

Starting from 2019, the tenders for the allocation of long-term capacities are coordinated by the JAO, which was designated as the Operator of the Single Allocation Platform (SAP).

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

By Decision No. 10 of the AGEA dated August 20, 2018, the Company's affiliation with the Joint Allocation Office (JAO) was approved with a cash subscription in the amount of 259,325 EUR, being allocated 50 shares.

SEE RSC (South East European Electricity Grid Coordination Centre)

Through the Romania-Bulgaria border, Romania is part of the South-East Europe ("SEE") coordinated calculation region of cross-border transfer capacities. From the point of view of regional operational security coordination services, this region will be served by an independent legal entity that will exercise the role of regional operational security coordination center (hereinafter referred to as SEE RSC).

The Company's affiliation with the SEE RSC shareholding became effective starting on 22.05.2020 with a cash subscription in the amount of 50,000 EUR, being allocated 50,000 shares.

On February 25, 2022, the Extraordinary General Meeting of Shareholders approved the exit of the Company from the Selene CC shareholding, with the full recovery of the capital invested by the Company in this company (50,000 EUR). On 07.02.2023 by repaying the consideration of the shares held, the Company effectively exited this association simultaneously with the full receipt of their consideration.



Significant Events

JANUARY – MARCH 2023

- **Contract concluded with Opcom Branch**

According to the information included in the Current Report dated January 10, 2023, the Company concluded a contract with the OPCOM subsidiary in order to purchase electricity to cover the necessary technological own consumption (OTC) for the year 2023, through the Centralized Electricity Purchase Mechanism (MACEE) provided in the Appendix to GEO no. 153/2022.

- **Decision No. 1 of the General Extraordinary Meeting of Shareholders on January 26, 2023**

AGEA meeting on January 26, 2023, approved the amendment, starting from March 1, 2023, of Appendix no. 1 to the Articles of Incorporation, by replacing the terms units, Unit and Unit with the terms branches, Branch, respectively Branch, with mandating the Directorate to extend the effective date of the amendment by no more than 30 days and mandating the chairman of the meeting to sign the updated Articles of Incorporation.

According to the press release dated February 20, 2023, the Company's Directorate based on HAGEA no. 1/2023 approves the extension of the date of entry into force of the amendments to the Articles of Incorporation as March 30, 2023.

- **Bilateral meeting with officials of the Government of the Republic of Moldova for cooperation projects in the field of energy interconnection**

On Thursday, January 26, 2023, the Company's representatives received the official delegation from the Republic of Moldova, led by Andrei Spînu, the Deputy Prime Minister and Minister of Infrastructure and Regional Development, in a visit on the topic of strengthening collaboration in the energy field.

During the meeting, the analysis of the opportunity to expand OPCOM (Operator of the Romanian electricity and natural gas market), a subsidiary of the Company, on the electricity market of the Republic of Moldova was discussed, thus agreeing the next steps for OPCOM to become the operator of the electricity market in the Republic of Moldova.

The discussions were attended by Mr. Gabriel Andronache, the president of the Transelectrica Directorate, Mr. Bogdan Toncescu, a member of the

Directorate, as well as Mr. Victor Ionescu, the general director of OPCOM.

- **Transelectrica sets the bases for the development of an own Operational Security Center with a total Americal investment of 2.7 million Dollars**

According to the Company's press release dated February 3, 2023, Transelectrica signed a Grant Agreement worth approximately 1.1 million dollars with the Government of the United States of America, represented by the United States Trade and Development Agency (USTDA), for the establishment of an Operational Security Center of the Company.

The project that Transelectrica will implement with the support of American partners, involves the realization of a feasibility study and a pilot project to test and validate hardware and software solutions for the adoption of an effective model for improving cyber security.

The preliminary steps to obtain financing from the USTDA were made, in 2021, by the American company Pythia (as a service provider) together with the American company Fortinet (provider of licenses and security software products), which developed together with Transelectrica SA (as the beneficiary), the documentation substantiating the decision to award the Grant in the amount of approximately 1.1 million dollars.

Also, for the entire implementation of this project, Fortinet, as a subcontractor, will contribute about 1.6 million dollars, an amount that represents the value of the use of the security systems that the American company will make available for the pilot project, for a year. Thus, the total value of the investment amounts to approximately 2.7 million dollars.

- **Decision no. 2 and 3 of the Ordinary General Meeting of Shareholders of February 16, 2023**

AGOA meeting on February 16, 2023, approved the appointment as provisional members of the Supervisory Board on:

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

➤ ZEZEANU Luminița.

with a duration of the mandate for a period of four months starting on February 22, 2023 and ending on June 21, 2023, approved the fixed allowance of the members as well as the form of the mandate contract.

It also approved the formulation of the petition to sue against the former members of the Directorate in order to recover the damage in the amount of 237,044 RON, representing compensation of a salary nature/court expenses.

• **Litigation**

According to the press releases issued by Transelectrica, there are arbitration requests submitted by former members of the Supervisory Board and the Directorate to the Arbitration Center in Vienna, representing requests for compensation provided for in the mandate contracts concluded in 2020, for the period 2020-2024.

• **Accepting mandates of provisional members and establishing the composition of advisory committees within the Supervisory Board 2023**

Provisional members of the Supervisory Board appointed by HAGOA no. 2 of February 16, 2023, respectively:

- ATHANASIOS Theodore,
- TEACHER Cătălin - Andrei,
- ORLANDEA Dumitru Virgil,
- PăUN Costin-Mihai,
- STERP VINGĂRZAN Gheorghe,
- VASILESCU Alexandru-Cristian and
- ZEZEANU Luminița

signed, in front of the public notary, the declaration of acceptance of mandates, thus, the mandates of all provisional members of the Supervisory Board appointed on February 16, 2023 are effective.

Also, in accordance with the statutory and legal attributions, the Supervisory Board meeting on 28.02.2023 appointed the members of the advisory committees as follows

Nomination and Remuneration Committee:

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

Audit Committee:

- Luminița ZEZEANU– president
- Teodor ATANASIU
- Gheorghe STERP VINGĂRZAN

- Cătălin-Andrei DASCĂL
- Costin-Mihai PĂUN

Energy Security Committee:

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

• **Decision No. 4 of the Ordinary general Meeting of the Shareholders on February 28, 2023**

The AGOA meeting on February 28, 2023 approved:

- The Revenue and Expenditure Budget for the year 2023 of the Company as well as the estimates for the years 2024 and 2025 as well as
- establishing the Investment Program for the financial year 2023 and estimates for the years 2024 and 2025

• **Strategic partnership in the field of research and innovation**

On March 21, 2023, the Company and the Politehnica University of Bucharest (UPB) signed a strategic partnership in the field of research and innovation.

Pursuing the materialization of a vision over 5 years, the partnership aims to increase the quality of education and training, to facilitate the transition of students and graduates to the labor market, but also to implement research, development or innovation projects, to ensure technological transfer, and also a greater social impact.

The Company also continues its partnership in the energy field with the Politehnica University of Timișoara, participating with the University's representatives on March 31, 2023, in an event dedicated to the identification of new collaboration opportunities between industry and the academic environment.

• **Completion of the refurbishment of the 220/110 kV Iaz Electric Transformer Station**

The Company's representatives inaugurated on March 30, 2023, in the presence of the Deputy General Secretary of the Government, Mr. Lucian Rusu, as well as the local authorities, the completion of the re-engineering process of the 220/110 kV Iaz Electric Power Station (Caraș-Severin county), with an investment of approximately 62 million RON, from own funds.

The 220/110 kV Iaz Electric Transformation Station represents a connection node within the SEN through the connected 220 kV lines, being an important objective for the operation of the power system and for

the supply of electricity in the western part of the country.

SUBSEQUENT EVENTS

• Regulated tariffs applicable starting with April 01

On 30.03.2023 ANRE Order no. 266 was published in the Official Gazette no. 28/29.03.2023 regarding the

Service	Tariff applicable starting with April 01, 2022	Tariff applicable starting with April 01, 2023	Main component	Component related to the additional costs with OTC	Variation ▲ (3)-(2)
	RON/MWh	RON /MWh	%	RON /MWh	%
Average tariff for transmission service, of which	28,10	31,20	28,61	2,59	+11,0%
Transmission tariff – component for the introduction of the electric energy in the grid – (T _G)	2,53	4,04	3,35	0,69	+59,68%
Transmission tariff – component for the extraction of the electric energy from the grid – (T _L)	25,57	27,44	25,50	1,94	+7,31%

• AGOA meeting on June 07, 2023

The Ordinary General Meeting of Shareholders was convened on April 11, 2023 (the date of the current report) considering:

- The conclusion pronounced by the Bucharest Court, Civil Section VI in file no. 7925/3/2023 on 28.03.2023;
- The provisions of the Articles of Incorporation of the Company, in force ("Articles of Incorporation");
- The provisions of Law no. 31/1990 on companies, with subsequent amendments and additions;
- The provisions of the Government's Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;
- The provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The provisions of the A.S.F. Regulation no. 5/2018 regarding issuers of financial instruments and market operations, with subsequent amendments and additions;

having on the agenda the appointment of the members of the Supervisory Board of the Company".

• Extending the mandates of the provisional members of the Directorate

The Supervisory Board decided in the meeting of April 19, 2023, by reference to the termination by reaching the deadline on 04.24.2023 of the mandates of the provisional members of the Directorate, the extension with a duration of 2 months starting from the date of 04.25.2023 of the mandates of the following provisional members of the Directorate: Gabriel ANDRONACHE,

modification of the average tariff for the transmission service, the components of the transmission tariff for introducing electricity into the network (TG) and extracting electricity from the grid (TL), practiced by the Company.

Thus, the regulated tariffs related to the electricity transmission service, applicable starting from April 1, 2023, are:

Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU and the election of Mr. Gabriel ANDRONACHE as President of the Directorate.

• Changes in the Directorate Structure

In the meeting of April 24, 2023, in accordance with its statutory and legal duties, the Supervisory Board of the Company,

- took note of the resignation of Mr. Gabriel ANDRONACHE's mandate as a provisional member of the Company's Board of Directors and implicitly as President of the Board of Directors starting at the end of April 23, 2023.
- decided to elect Mr. Ștefăniță MUNTEANU as President of the Directorate, alternatively named Executive General Director or Chief Executive Officer - "CEO" of Compania Nationala de Transport al Energiei Electrice "Transelectrica" SA, starting on April 24, 2023, in accordance with the provisions of art. 23 para. (1) of the Articles of Incorporation of the Compania Nationala de Transport al Energiei Electrice "Transelectrica"-SA.

• Decision no. 5 of the Ordinary General Meeting of Shareholders of April 27, 2023

AGOA meeting on April 27, 2023, approved the initiation of the selection procedure for the members of the Supervisory Board of the Company, the separate and consolidated financial statements of the Company for the financial year of 2022, the discharge of the members of the Directorate and the members of the Supervision Board for the financial year 2022, the remuneration policy of the members of the executive and non-executive management of the Company.

With regard to items 7 and 8 on the agenda, the General Meeting of Shareholders did not approve the distribution of the remaining accounting profit after deducting the profit tax on 31.12.2022 and the distribution of dividends from the profit recorded on 31.12.2022, with gross dividend of 0.71 RON/share.

- **Proposal regarding the distribution of the dividends related to the financial year 2022**

On April 28, 2023, the Company, taking note of HAGOA no. 5 of April 27, 2023, by which the shareholders voted against the distribution of dividends proposed by the Company from the profit recorded on 31.12.2022, in conjunction with the Address of the Ministry of Finance no. 1011756/19.04.2023 sent to the General Secretariat of the Government, registered in the Company on 26.04.2023, whereby the Draft Memorandum relating to the proposal to distribute dividends in a share of 50% of the distributable profit for the financial year is returned unapproved for the year 2022, issued a press release informing shareholders and investors regarding the maintenance of the Company's position in terms of applying a "distribution rate" of 50% calculated on the distributable profit related to the financial year of 2022.

In order to be able to fulfill its mission of ensuring the operation of the SEN in conditions of maximum safety and stability, meeting the quality standards, thus realizing the infrastructure of the national electricity market and guaranteeing, at the same time, regulated access to the electrical transmission grid, under conditions of transparency, non-discrimination and equality for all market participants, the Romanian transmission and system operator, with a key role on the Romanian electricity market, needs predictability in the estimation, allocation and distribution of all types of resources.

In support of the justification of a "distribution rate" of 50% calculated on the distributable profit related to the financial year of 2022, the Company took steps and submitted to the attention of all shareholders detailed arguments, which mainly refer to:

- Detailed presentation of the Company's major strategic investment projects for the period 2023-2025;
- Cash flow forecasts for the period 2023-2025, starting from the existing available elements in the Company's accounts on 31.12.2022.



Other aspects

SHAREHOLDING STRUCTURE

The Company Shareholding Structure on 31.12.2023 is as follows:

Shareholder name	No. of shares	Percent age in total
Romanian State through SGG	43,020,309	58.7%
PAVĂL Holding	4,753,567	6.5%
Private Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,043,034	21.9%
Other shareholders – natural persons	5,478,544	7.4%
Total	73,303,142	100%

DIRECTORATE STRUCTURE

On the date of this report, the structure of the Directorate is as follows:

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

TARIFFS

Transport tariff (transport service + system functional service)

Tariff	u.m	Tariff applied 1 January – 31 March 2022	Tariff applied 1 April 2022 – 31 March 2023	Difference (%)
1	2	3	4	5=4/3
Average tariff for transmission service of electric energy	RON/MWh	23.96	28.10	17.28%
Transmission tariff – component for the introduction of the electric energy in the grid	RON /MWh	1.49	2.53	69.8%
Transmission tariff – component for the extraction of the electric energy from the grid	RON /MWh	22.47	25.57	13.8%

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

Thus, compared to the value of the average price of electricity to cover the regulated OTC taken into account ex-ante when calculating the tariffs for the year 2021 of 288.76³ RON/MWh, the new average price of

electricity to cover the regulated OTC recognized by ANRE was established at the value of 455.28 RON/MWh. Considering the above, the table shows the average tariff for the electricity transport service, with the related component:

- the introduction of electricity into the grid (TG);
- extraction of electrical energy from the grid (TL),

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

Events subsequent to the reported period regarding the tariff related to the transport service:

ANRE Order no. 28/29.03.2023 approved the average tariff for the transmission service and the components of the transmission tariff for the introduction of electricity into grids (TG) and the extraction of electricity

³ Price resulting from the calculation:
262.71*1.0206*1.077=288.76, where: 262.71 lei/MWh – the OTC price forecast for 2021 in real terms of 2019
1.0206 – inflation achieved in 2020

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

from grids (TL), practiced by NPG Transelectrica SA applicable from April 1, 2023:

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

When determining the average electricity transmission tariff applicable from April 1, 2023, ANRE used part of the revenues obtained by the Company from the allocation of interconnection capacities, as complementary income to the income obtained from the application of the transmission tariff to cover the regulated costs, as follows :

- a negative correction in the amount of 90 million RON.

The additional correction mentioned above was established taking into account the current economic context, following which the European Union decided to institute an emergency intervention to mitigate the effects of extremely high electricity prices, thus adopting Council Regulation (EU) 2022/1854 of October 6, 2022 regarding an emergency intervention to address the issue of high energy prices.

According to the provisions of art. 9, paragraph (1) of Regulation (EU) 2022/1854, by way of derogation from the Union rules regarding the revenues from congestion resulting from the allocation of interzonal capacity (revenues from the allocation of interconnection capacity), the member states can use the revenues surplus to finance measures to support final electricity customers.

According to art. 10, paragraph (4), letter (b) of Regulation (EU) 2022/1854, these measures to support end customers may consist in the use of surplus revenues from the allocation of interconnection capacities to reduce grid tariffs.

We specify that, in accordance with the provisions of art. 9, paragraphs (2) and (3) of Regulation (EU) 2022/1854, the use of these surplus revenues to support end customers is subject to approval by ANRE and is notified to the European Commission. At the same time, ANRE informed NPG Transelectrica SA that it informed both the Government of Romania and the Ministry of Energy regarding the use of surplus revenues from the allocation of interconnection capacities obtained by NPG Transelectrica SA, in order to adjust the electricity transmission tariffs applicable from April 1 2023.

In this sense, the amount of 90 million RON corrects in minus the revenues from the allocation of the interconnection capacity achieved in 2023 and does not become a source of financing for investments in maintaining and/or increasing the cross-border interconnection capacity of the electric transmission network in Romania and, through therefore, it will not be allocated to "Other reserves provided by law".

The tariff related to the system service (formerly system technological services), applicable from January 1, 2023, according to ANRE Order no. 144/21.12.2022, is presented in the table below:

Tariff	m.u.	Tariff applied 1 Jan – 31 Dec 2022	Tariff applied 1 Jan – 31 Dec 2023	Difference (%)
System Service	RON/MWh	9.32	7.73	-17.06%

The main elements that led to the reduction of the tariff applied in the tariff period 2023 compared to the tariff period 2022, are:

- application by ANRE of the (partial) negative correction related to the first semester of 2022;

- non-recognition by ANRE of the integral amounts related to the secondary adjustment reserve, requested by NPG Transelectrica SA for the year 2023.

Probable events subsequent to the reported period regarding the tariff related to the system service:

The tariff for the purchase of system services is regulated by the Methodology for establishing the tariff

for the purchase of system services, approved by ANRE Order no. 116/2022.

According to the mentioned methodology, the tariff is based on a forecast of the costs of the acquisition of the system services necessary for the safe operation of the SEN (services for the regulation of the frequency of the national electric power system, services for the regulation of the voltages in the electric transmission grid, services for participating in the defense and restoration of the national power system).

The tariff is set ex-ante by dividing the forecasted costs by an estimated amount of electricity drawn by consumers from the public electricity grids.

As a rule, the tariff is established for periods of 12 months starting on January 1.

The methodology provides for intermediate checks in the first quarter and the first semester of the tariff year of the realized values compared to the forecasted values when the tariff was set, with the aim of monitoring and evaluating the degree of accuracy of the approved forecast.

In the event that significant deviations from the forecasted values of the costs and charged quantities are found at the intermediate checks, the methodology provides for the appropriate adjustment of the tariff during the year to align it with the actual costs and charged quantities. At the same time, the methodology stipulates that when adjusting the tariff during the year, any corrections not made from previous periods are also included.

For the year 2023, the tariff for the purchase of system services was approved by ANRE and entered into force on January 1, 2023. The interim verification at the end of the first quarter of 2023 showed that the conditions for revising the tariff during the year are met. According to the ANRE methodology, the interim review triggered by the result of the verification of the first quarter data takes place on June 1, 2023. Considering the methodological aspects and the situation of costs and revenues related to the activity of system services in the first quarter of 2023, an adjustment in negative meaning of the tariff for system services on June 1, 2023.

DISPUTES

The most important disputes with an impact on the Company are presented as follows:

Note: For ease of reading and understanding, all amounts in this chapter are expressed in RON/EUR

• ROMENERGY INDUSTRY

File 2088/107/2016 pertained to "Bankruptcy & request to be admitted in the creditors' list".

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

Final report drawn up by the judicial liquidator New Insolvency SPRL was approved, debtor's bankruptcy procedure was closed, debtor company was ordered to be deleted from RECOM according to Decision No. 293/12.12.2022. Procedure for settling appeals against the closing decision.

At the deadline of 06.04.2023, the appeal against Sentence no. 293/F/2022 pronounced by the Alba Court in file no. 2088/107/2016. Final. Decision no. 134/06.04.2023.

• RAAN

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

Comments: Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator

communicates that only the amount of 11,264,777.30 lei has been entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei has been rejected, an objection to the additional table of claims has been filed within the legal term.

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

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

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

At the term of 06.10.2022, a term was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the completion of the other liquidation operations, and the next term was set for **09.02.2023, rescheduled for 15.06.2023**

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

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

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

Case No 26024/3/2015 - Casefile: order the defendant to pay the sum of RON 10 048 628,86. ICCJ decision of 01.03.2022: Admit the appeal filed by RAAN and refer the case back to the CAB. Final. CAB solution: Admit the appeal. It completely changes the contested sentence in the sense that: it admits the summons request as it was formulated. It obliges the defendant to pay the plaintiff the sum of 10,048,628.86 lei. With right of appeal within 30 days from communication. Decision 1933/12.12.2022

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

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

- **CET Govora**

Case no. 2428/2/2014 - by the appeal which is the subject of the request, the claimant CET Govora requested the annulment of the Decision of the President of ANRE no. 738/28.03.2014, and by the Precizare filed on 29.10.2014 requested that, if the

appeal is upheld, the sums of money withheld by the administrator of the support scheme, NPG Transelectrica SA, in the execution of the overcompensation decision, for the recovery of the amount of 53,742,755 lei, be ordered to be refunded.

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

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

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

- **REȘIȚA Municipality**

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

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

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

The case has been deferred until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin. The new hearing date is **02.03.2023**.

At the deadline of 02.03.2023, the trial of the summons request filed by the plaintiff Municipality of Reșița, in opposition to the defendant Transelectrica, was

suspended, having as its object claims. With the right of appeal throughout the suspension of the trial.

- **ANAF**

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

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

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

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

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

to pay the main and accessory tax claims related to this amount.

- ✓ removes the non-deductible nature of the VAT in the amount of 46,417.1 lei, relating to the amount of 343,629.91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the amount of 230,685.49 lei, representing expenditure on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount.
- ✓ removes the mention regarding the obligation of the Sibiu Transmission Branch of NPG Transelectrica S.A. to record the amount of 576,846.80 lei as taxable income no later than 30.06.2010, the date on which the audited unit was accepted as a creditor with this amount, the mention regarding the character of taxable income for the calculation of profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d of GD 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, the chapter on income tax, respectively Chapter VII on the function of accounts of Order no. 3055 of 29 October 2009 approving the Accounting Regulations in accordance with European directives and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes from the minutes the finding made in respect of "the determination of deductible value added tax lower than that recorded by the claimant, thus resulting in a difference in the amount of 13,141 lei" (Annex No 15) and the obligation to pay the principal and accessory tax claims in respect of that amount.
- ✓ eliminates the obligation to pay penalties for late payment which have a penalty legal status, calculated for a period of more than 6 months from the date of commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as determined by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF - DGAMC, Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision No. 122/13.03.2018, on the settlement of the appeal filed against Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - Directorate General for Dispute Resolution.

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

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

Transelectrica and ANAF filed an appeal in March 2022. **Decision of 24.05.2022:** Dismissed as groundless the request for clarification and supplementing of the operative part. Admit the request for rectification of the material error in that the amounts of money by way of principal and accessory tax liabilities in respect of the 349 tax invoices, as set out in the contested tax decision, are to be mentioned as correct. Orders that the material error be corrected by removing the incorrect name of the claimant from the contested judgment.

The parties appealed. ICCJ term: **13.12.2023**.

- **CONAID COMPANY SRL**

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

The case is deferred to 28.09.2022 for lack of reply to the objections. The new hearing date is **03.05.2023**.

- **OPCOM**

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

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

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

Suspends the case until the final resolution of the case 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is

not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final).

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

Decision of the CAB according to Decision No 532/12.10.2022: Dismiss the appeal as groundless. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days of communication. Transelectrica filed appeal against the Civil Decision no. 532/12.10.2022 issued by CAB, the file being submitted to ICCJ is in the filter procedure.

Case no. **24242/3/2021** - Bucharest Tribunal, Civil Division VI - Re: The claimant OPCOM requests a declaration of nullity of the deed - contribution in kind. Hearing term: **16.05..2023** for presentation of evidence with expertise.

- **GRAND VOLTAGE**

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

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

- **COURT OF AUDITORS**

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

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

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

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

New file no. **2985/1/2021** on 24.11.2022 ICCJ declares the nullity of the appeal filed by the Company.

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

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed a number of 8 appeals against the measures ordered by the Court of Accounts of Romania (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals are pending before the Bucharest Court of Appeal (**2 files: file no.6576/2/2017** concerning the annulment of the findings under points 7.1, 7.2 and 8, as well as the measure ordered under point II.10, hearing 20.01.2021, solution: the objections of

inadmissibility, raised in the statement of defence, are rejected, the request is rejected as groundless, TEL filed an appeal on 19.11.2021 and **file no.6581/2/2017** on the annulment of the findings in point 6 as well as the measure ordered in point II.9, hearing **31.03.2023**:

According to the minutes of 29.03.2023, file no. 6581/2/2017 was versioned within panel 12 Fund of the 8th Administrative and Fiscal Litigation Section under no. 6581/2/2017* (on 31.03.2023 Solution in short: To give the parties the opportunity to submit written conclusions, postpone the pronouncement to 13.04.2023 and later to 28.04.2023 with the solution: needing time to deliberate, postpone the pronouncement to 12.05.2023).

Six files were definitively settled, by rejecting the application for annulment by the Bucharest Court of Appeal and the rejection of the appeals by the High Court of Cassation and Justice (file no. 6574/2/2017 regarding the annulment of the findings from point 5.2 as well as the ordered measure at point II.8, file no. 6577/2/2017 regarding the annulment of findings from point 13 as well as the measure ordered at point II.13, became file no. 1614/1/2020, file no. 6578/2/2017 , regarding the cancellation of the findings from point 9 as well as the measure ordered at point II.11, file no. 6580/2/2017 regarding the cancellation of the findings from point 10 as well as the measure ordered at point II.12, file no. 6582/ 2/2017 regarding the cancellation of the findings from point 11 as well as the measure ordered at point I.5 and file no. 6583/2/2017 regarding the cancellation of the findings from point 5.1 as well as the measure ordered at point II.7 and II.8) .

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

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

At the same time, the Company is also involved in litigation with former members of the Board of Directors and the Supervisory Board, but also in processes that have as their subject contract price adjustment claims according to GEO no. 114/2018.



Appendices

Appendix 1: Separate statement of financial position

[RON mn]	Q1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,993	4,002	(8)	n/a
Assets of the usage rights for leased assets - buildings	20	22	(2)	(9%)
Intangible assets	315	338	(23)	(7%)
Financial assets	86	86	(0)	(0%)
Total non-current assets	4,414	4,447	(33)	(1%)
Current assets				
Inventories	45	42	3	8%
Trade and other receivables	1,755	3,340	(1,585)	(47%)
Cash and cash equivalents	324	315	9	3%
Income tax to be recovered	0	4	(4)	n/a
Total current assets	2,124	3,702	(1,577)	(43%)
Total assets	6,539	8,149	(1,610)	(20%)
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	687	703	(16)	(2%)
Other reserves	39	39	-	0%
Retained earnings	2,293	2,196	97	4%
Total shareholders' equity	3,949	3,869	80	2%
Non-current liabilities				
Long term deferred revenues	488	439	49	11%
Long term borrowings	50	56	(6)	(11%)
Other loans and assimilated debts - Non-current building lease liabilities	13	15	(2)	(14%)
Deferred tax liability	103	107	(4)	(4%)
Employee benefits liabilities	71	71	-	n/a
Total non-current liabilities	724	687	37	5%
Current liabilities				
Trade and other liabilities	1,696	3,372	(1,676)	(50%)
Other loans and assimilated debts - Current building lease liabilities	8	8	0,0	1%
Other tax and social security liabilities	12	13	(1)	(6%)
Short-term borrowings	25	92	(68)	(73%)
Provisions	67	68	(1)	(1%)
Short-term deferred revenues	40	39	1	3%
Income tax payable	17	-	17	n/a
Total current liabilities	1,866	3,593	(1,727)	(48%)
Total liabilities	2,590	4,281	(1,691)	(39%)
Total shareholders' equity and liabilities	6,539	8,149	(1,610)	(20%)

Appendix 2: Separate profit and loss account

[RON mn]									
Indicator	2021	Q1 2022	2022	Q1 2023	Budgeted Q1 2023	Achieved 2023 vs 2022	Achieved 2023 vs 2022 (%)	Achieved vs Budgeted 2023	Achieved vs Budgeted 2023 (%)
0	1	2	3	4	5	6=4-2	7=4/2	8=4-5	9=4/5
Operating revenues									
Transmission revenues	1,252	419	1,885	487	492	68	16%	(5)	(1%)
System services revenues	624	134	534	101	109	(33)	(25%)	(8)	(7%)
Balancing market revenues	1,823	665	3,479	508	1,555	(157)	(24%)	(1,047)	(67%)
Other revenues	57	13	389	12	56	(0)	(3%)	(44)	(78%)
Total operating revenues	3,756	1,231	6,286	1,108	2,212	(123)	(10%)	(1,104)	(50%)
Operating expenses									
System operating expenses	576	274	902	171	235	(102)	(37%)	(64)	(27%)
Balancing market expenses	1,810	657	3,480	508	1,555	(149)	(23%)	(1,047)	(67%)
Technological system services expenses	610	121	467	110	134	(12)	(10%)	(25)	(18%)
Depreciation and Amortisation	274	63	272	82	80	20	31%	2	3%
Personnel expenses	244	61	306	75	78	14	22%	(4)	(5%)
Repairs and maintenance expenses	97	18	108	19	19	0	2%	(1)	(3%)
Materials and consumables	10	3	13	2	3	(1)	(30%)	(1)	(34%)
Other operating expenses	123	21	145	46	53	24	114%	(7)	(13%)
Total operating expenses	3,745	1,218	5,692	1,012	2,157	(206)	(17%)	(1,145)	(53%)
Operating profit	11	13	594	96	55	83	n/a	41	75%
Financial income	6	2	65	17	19	15	n/a	(2)	(12%)
Financial expenses	15	4	72	16	21	12	n/a	(5)	(25%)
Net finance result	(9)	(2)	(7)	1	(1)	3	n/a	3	201%
Profit before income tax	2	11	587	97	53	86	n/a	44	82%
Income tax	1	3	73	17	5,4	14,2	n/a	11	212%
Net profit	0,4	8	515	80	48	72	n/a	32	68%

Appendix 3: Separate statement of treasury flows

[RON mn]	Q1 2023	Q1 2022	Δ
Cash flows from operational activities			
Profit of the period	80.26	8.03	72.2
Income tax expense	16.77	2.53	14.2
Amortisement expense	82.18	62.65	19.5
Expenses with adjustments for trade receivables impairment	0.52	0.48	0.0
Revenues from reversal of adjustments for trade receivables impairment	(0.43)	(0.28)	(0.2)
Net expenses/income with adjustments for various debtors impairment	0.00	0.07	(0.1)
Net expenditures with adjustments for inventories impairment	(0.12)	0.30	(0.4)
Net profit/ loss on sale of tangible assets	(0.31)	0.05	(0.4)
Net expenditures on adjustments of value regarding tangible assets	(1.63)	-	(1.6)
Net Expenses/Income regarding provisions for risks and expenses	(0.84)	(12.76)	11.9
Interest expense, interest revenue and unrealised exchange rate gains	0.46	1.40	(0.9)
Cash flows before changes to working capital	176.88	62.47	114.4
Changes in:			
Clients and assimilated accounts - energy and other activities	1,225.30	(704.98)	1,930.3
Clients – balancing	369.28	259.31	110.0
Clients – cogeneration	(9.44)	(2.54)	(6.9)
Inventories	(3.18)	(1.67)	(1.5)
Trade and other liabilities - energy and other activities	(1,229.56)	453.02	(1,682.6)
Liabilities - balancing	(420.71)	(325.35)	(95.4)
Liabilities - cogeneration	(6.40)	4.04	(10.4)
Other taxes and social insurance liabilities	(0.77)	(3.34)	2.6
Deferred revenues	25.97	7.55	18.4
Cash flows from operational activities	127.38	(251.48)	378.9
Interests paid	(1.03)	(1.60)	0.6
Income tax paid	(0.02)	-	(0.0)
Net cash generated from operational activities	126.33	(253.08)	379.4
Cash flows from the investment activity			
Acquisition of tangible and intangible assets	(67.32)	(91.30)	24.0
Participation titles held in SELENE CC Societe Anonyme	0.24	-	0.2
Proceeds from EC non-reimbursable financing	23.91	-	23.9
Proceeds from sale of tangible assets	0.9	-	0.9
Received Interests	0.85	0.25	0.6
Net cash used in the investment activity	(41.38)	(91.05)	49.7
Cash flows used in financing activities			
Repayments of non-current borrowings	(5.92)	(5.96)	0.03
Use of cogeneration credit line	-	45.57	(45.6)
Use of working capital credit line	-	145.11	(145.1)
Building lease payments	(2.63)	(2.65)	0.0
Reimbursement of the credit line for cogeneration	(67.62)	-	(67.6)
Dividends paid	(0.01)	(0.04)	0.0
Net cash used in financing activities	(76.17)	182.04	(258.2)
Net increase/decrease in cash and cash equivalents	8.77	(162.10)	170.9
Cash and cash equivalents as at January 1st	315.15	252.23	62.9
Cash and cash equivalents at the end of the period	323.92	90.13	233.8

Appendix 4: Economic-financial indicators of the reporting period

Indicators	Formula	Q1 2023	2022
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.14	1.03
Indebtness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	2.4%	4.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	2.4%	4.3%
Clients' turnover (zile)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	60.55	57.88
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.25	1.33

* Within the debt level indicators, the borrowed capital includes short-term loans, long-term loans and other short-term and long-term assimilated loans/debts related to building leasing according to IFRS16.

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

APPENDIX 5: Articles of incorporation amended between January and March 2023

- The amendment, starting from March 1, 2023, of Appendix no. 1 to the Articles of Incorporation by replacing the terms Units, Unit and Unit with the terms Branches, Branches, respectively Branch.

These amendments were approved in Order No. 1 of the AGEA dated January 26, 2023, registered at the National Trade Registry Office.

APPENDIX 6: Appointment/revocation acts issued in January-March 2023

Supervisory Board

- According to AGOA Decision no. 2/16.02.2023, the appointment of the following members of the Company's Supervisory Board was approved, with a term of office of four months, starting on February 22, 2023 and ending on June 21, 2023: ATANASIU Teodor, DASCĂL Cătălin–Andrei, ORLANDEA Dumitru-Virgil, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminița.

Appendix 7 REPORT (according to HAGEA no. 4/29.04.2015) regarding the contracts signed in the First Quarter of 2023 for the purchase of goods, services and works, the value of which is higher than 500,000 EUR/purchase (for the purchase of goods and works) and respectively of 100,000 EUR/purchase (for services)

No.	Contract Number	Contract object	Period months	Value		Contract type	Legal ground	Purchase procedure
				Thousand RON	Thousand EUR			
0	1	2	3	4	5	6	7	8
1	C 198/2023	Maintenance services in the field of telecommunications, information technology, process informatics and cyber security at the level of NPG Transelectrica SA	36	139,223	0.00	Services	Law 99/2016 + HG 394/2016	negotiation without previous invitation
2	C 93/2023	Increasing operational safety of the Argeş-Aâlcea grid area, building the 400 kV Arefu station and installing a 400 MVA, 400/220 kV AT	20	71,975	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
3	C 348/2023	LEA 220 kV double circuit Ostrovu Mare - RET - stage 1	24	41,428	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
4	C 67/2023	Installation of a protective conductor with embedded optical fiber on LEA 400 kV Roşiori - Mukacevo (execution/design)	12	4,973	0.00	Works	Law 99/2016 + Governmental Decision 394/2016	Open tender
5	SB 2/2023	Maintenance services of LEA crossing lanes in areas with tree vegetation (STT Sibiu)	36	2,190	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender
6	BA 1/2023	Maintenance services of LEA crossing lanes in areas with tree vegetation (STT Bacău)	36	2,095	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender
7	C 358/2023	Professional liability insurance services for the position of member of the supervisory board and the directorate of NPG Transelectrica SA (including the presidents)	12	811	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Simplified procedure
8	C 161/2023	Subsequent contract no. 2 to framework agreement no. C 245/ 2021 "mobile phone and mobile internet services"	15	737	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Re-bidding
9	C 357/2023	Repair and maintenance services for the integrated security system - UNO-DEN headquarters (LOT 1)	36	624	0.00	Services	Emergency Governmental Ordinance 114/2011	Limited tender
10	TM 1/2023	Refurbishment of the 110 kV Arad station and the transition to the 400 kV voltage of the Portile de Fier-Anina-Resita-Tiµsoara-Săcălaz-Arad axis. Arad 400 kV station (stage iii) (design)	12	595	0.00	Services	Law 99/2016 + Governmental Decision 394/2016	Open tender

Annex 6 - Glossary of terms

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



CNTEE Transelectrica SA
Company managed by two-tier system

Stand-alone Interim Simplified Financial Statements
as of and for the three months' period ended on
31 March 2023

Elaborated in accordance with
International Accounting Standard 34 - "Interim Financial Reporting"

CNTEE Transelectrica SA

Separate situation of the financial position for the three months period ended on 31 March 2023

(All amounts are expressed in LEI, unless otherwise provided)

	Note	31 March 2023	31 December 2022
Assets			
Non-current assets			
Tangible assets		3,993,385,097	4,001,791,825
Assets related to the usage rights of assets under leasing - buildings		19,880,598	21,868,658
Intangible assets		315,012,284	337,701,123
Financial assets		85,760,294	86,000,088
Total non-current assets	4	4,414,038,273	4,447,361,694
Current assets			
Inventories		45,339,312	42,047,194
Trade and other receivables	5	1,755,237,145	3,340,471,542
Receivable income tax		-	3,988,973
Other financial assets		-	-
Cash and cash equivalents	6	323,920,409	315,146,396
Total current assets		2,124,496,866	3,701,654,105
Total assets		6,538,535,139	8,149,015,799
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- <i>Subscribed share capital</i>		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		686,742,091	703,232,784
Other reserves		39,310,392	39,310,392
Retained earnings		2,293,230,440	2,196,479,419
Total shareholders' equities	7	3,948,763,179	3,868,502,851
Non-current liabilities			
Non-current deferred revenues	8	487,780,663	439,025,206
Borrowings	9	49,649,625	55,587,774
Other loans and similar liabilities - Building leasing - long term	10	12,712,162	14,754,992
Deferred tax liabilities	10	103,233,571	107,408,732
Employee benefit obligations		70,533,349	70,533,349
Total non-current liabilities		723,909,370	687,310,053
Current liabilities			
Trade and other liabilities	10	1,695,949,316	3,372,266,925
Other loans and similar liabilities - Building leasing - short term	10	8,474,761	8,431,424
Other taxes and social security liabilities	11	11,952,528	12,718,537
Borrowings	9	24,707,096	92,249,024
Provisions	10	67,348,249	68,174,547
Current deferred revenues	8	40,487,626	39,362,438
Payable income tax		16,943,014	-
Total current liabilities		1,865,862,590	3,593,202,895
Total liabilities		2,589,771,960	4,280,512,948
Total shareholders' equities and liabilities		6,538,535,139	8,149,015,799

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate profit and loss account for the three months period ended on 31 March 2023

(All amounts are expressed in LEI, unless otherwise provided)

	Note	The 3-month period ending on 31 March 2023	The 3-month period ending on 31 March 2022
Revenues			
Transmission revenues		486,949,736	418,792,129
System service revenues		100,644,860	134,061,493
Revenues from the balancing market		507,918,766	665,038,635
Other revenues		12,282,471	12,611,174
Total revenues	13	1,107,795,833	1,230,503,431
Operational expenses			
System operation expenses	14	(171,499,303)	(273,543,429)
Balancing market expenses	14	(507,871,005)	(657,086,973)
Expenses regarding technological system services	14	(109,646,142)	(121,301,215)
Amortisement	15	(82,180,561)	(62,648,873)
Personnel expenses	16	(74,529,920)	(60,861,169)
Repairs and maintenance		(18,682,429)	(18,347,902)
Materials and consumables		(1,800,558)	(2,588,813)
Other operational expenses	17	(45,939,395)	(21,471,152)
Total operational expenses		(1,012,149,313)	(1,217,849,526)
Operational income		95,646,520	12,653,905
Financial revenues		16,892,106	1,683,662
Financial expenses		(15,506,099)	(3,776,596)
Net financial result	18	1,386,007	(2,092,934)
Profit before income tax		97,032,527	10,560,971
Income tax	12	(16,772,199)	(2,529,091)
Profit of the time interval		80,260,328	8,031,880

The Stand-alone Interim Simplified Financial Statements presented have been signed by the Company's management as of **May 04, 2023**.

DIRECTORATE,

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

Director of Economic and Financial Directorate
Ana-Iuliana DINU

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate statement of the modifications of the equity capitals on 31 March 2023

(All amounts are expressed in LEI, unless otherwise provided)

	Share capital	Share premium	Legal reserves	Revaluation reserve	Other reserves	Retained earnings	Total
Balance on 1 January 2022	733,031,420	49,842,552	137,926,619	769,348,928	31,145,250	1,633,807,204	3,355,101,973
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	514,572,741	514,572,741
Other comprehensive result items, of which :							
Recognition of actuarial gains of the defined benefit plan	-	-	-	-	-	(9,337,005)	(9,337,005)
Surplus from revaluation of tangible assets				-		-	-
Deferred tax liability ass. to revaluation reserve				-		-	-
Transfer of revaluation reserves into retained earnings				(66,116,144)	-	66,116,144	-
Total other comprehensive result items	-	-	-	(66,116,144)	-	56,779,139	(9,337,005)
Total comprehensive result on the period	-	-	-	(66,116,144)	-	571,351,880	505,235,736
Other items							
Legal reserve indexation	-	-	8,679,665	-	-	(8,679,665)	-
Other items - decrease in reserve to increase capital				-	-	-	-
Total other items	-	-	8,679,665	-	-	(8,679,665)	-
Contributions from and distributions to							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	8,165,142	-	8,165,142
Dividends distribution	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	8,165,142	-	8,165,142
Balance on 31 December 2022	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Balance on 1 January 2023	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	80,260,328	80,260,328
Other comprehensive result items, of which							
Recognition of actuarial profit / loss of the defined benefit plan	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability ass. to revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings				(16,490,693)	-	16,490,693	-
Total other comprehensive result items	-	-	-	(16,490,693)	-	16,490,693	-
Total comprehensive result of the interval	-	-	-	(16,490,693)	-	96,751,021	80,260,328
Other items							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Total other items	-	-	-	-	-	-	-
Contributions from & distribution to shareholders							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	-	-	-
Balance at 31 March 2023	733,031,420	49,842,552	146,606,284	686,742,091	39,310,392	2,293,230,440	3,948,763,179

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate cash flow statement on 31 March 2023

(All amounts are expressed in LEI, unless otherwise provided)

	3 month period concluded at 31 March 2023	The 3-month period ending on 31 March 2022
Cash flows from operational activities		
Profit of the time interval	80,260,328	8,031,880
Allowances for:		
Income tax expense	16,772,199	2,529,091
Amortisement expense	82,180,562	62,648,873
Allowance expense to impair trade receivables	518,270	476,827
Reversal of impairment allowances for trade receivables	(431,804)	(278,653)
Net expense/income to impair sundry debtors	2,169	71,276
Net expense of allowances to impair inventories	(116,288)	302,578
Net profit/loss on sale of tangible assets	(308,767)	48,652
Net expenses for value allowances regarding tangible assets	(1,627,393)	-
Net income on provisions for risks and charges	(838,031)	(12,759,397)
Interest expense, interest income and unearned income from exchange rate differences	464,197	1,398,383
Cash flows before changes into current capital	176,875,442	62,469,510
Changes into:		
Clients and assimilated accounts - electricity and other activities	1,225,297,927	(704,975,290)
Clients – balancing	369,281,228	259,312,700
Clients - cogeneration	(9,439,001)	(2,543,366)
Inventories	(3,175,831)	(1,670,684)
Trade and other liabilities - electricity and other activities	(1,229,563,876)	453,024,094
Liabilities – balancing	(420,705,288)	(325,348,133)
Liabilities - cogeneration	(6,397,316)	4,035,411
Other tax and social security liabilities	(766,009)	(3,339,797)
Deferred revenues	25,972,693	7,553,715
Cash flows from operational activities	127,379,969	(251,481,840)
Interest paid	(1,033,661)	(1,602,432)
Income tax paid	(15,373)	-
Net cash generated from operational activities	126,330,935	(253,084,272)
Cash flows from investments		
Procurements of tangible and intangible assets	(67,318,699)	(91,300,356)
Exit from shareholding of SELENE CC Societe Anonyme	242,140	-
Proceeds from EC non-reimbursable financing	23,907,952	-
Earned Interest	852,266	247,330
Proceeds from the sale of tangible assets	932,488	-
Net cash used in investments	(41,383,853)	(91,053,026)
Cash flows used in financing		
Repayments of non-current borrowings	(5,922,222)	(5,955,926)
Utilisation of cogeneration credit line	-	45,568,018
Utilisation of working capital credit line	-	145,113,602
Short-term loan repayments	(67,617,751)	-
Building leasing payments	(2,627,342)	(2,648,636)
Dividends paid	(5,754)	(37,678)
Net cash used in financing	(76,173,069)	182,039,380)
Net growth(decrease) of cash and cash equivalents	8,774,013	(162,097,918)
Cash and cash equivalents on 1 January	315,146,396	252,225,142
Cash and cash equivalents at the end of the period	323,920,409	90,127,224

1. General information

The main activity of CNTEE Transelectrica SA ("the Company") consists in: providing electricity transmission and system service, balancing market operator, administrator of the bonus type support scheme and other related activities. These activities are carried out in accordance with the provisions of the Operational License no. 161/2000 issued by ANRE, updated by ANRE Decision no. 866/26.04.2023, with the licence-associated General Conditions approved by ANRE Order no. 104/2014, as amended and supplemented, and with the Company's final certification as transmission & system operator of the National Power System in accordance with the ownership unbundling model by ANRE Order no. 164/07.12.2015.

The address of the registered office is: 2-4 Olteni Street, Bucharest, sector 3. For the time being, the Company's executive activity is carried out at the registered office at 2-4 Olteni Street, sector 3, Bucharest.

2. Bases of elaboration**a) Statement of conformity**

These stand-alone interim simplified financial statements have been elaborated in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information necessary for a complete set of financial statements in accordance with the International Financial Reporting Standards ("IFRS"). Nevertheless, certain explanatory notes have been included to explain events and transactions significant for understanding the changes occurred in the Company's financial position and performance since the last annual stand-alone financial statements as of the date and for the financial period ended on 31 December 2022.

b) Professional reasoning and estimations

The significant reasoning that the governance team have used in applying the Company's accounting policies and the main uncertainty sources regarding estimations were the same with those applied to the stand-alone financial statements for the financial period ended on December 31, 2022.

3. Significant accounting policies

The accounting policies applied to these stand-alone interim simplified financial statements are the same as those applied to the Company's stand-alone statements elaborated for the financial period ended on December 31, 2022.

4. Tangible, intangible and financial assets**a) Tangible assets**

The decrease in the total value of tangible assets on 31 March 2023 compared to 31 December 2022 was determined by the recording of tangible assets amortishment.

The value of **tangible assets in progress** in the first quarter of 2023 was mainly determined by the completion of investment works in high-voltage power stations and lines, as follows:

- LEA 400 kV d.c. Gutinaş - Smârdan – 16,684,419;
- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porţile de Fier - (Anina) - Reşiţa – 5,996,571;
- Increasing the transmission capacity of the 220 kV Ştejaru - Gheorgheni - Fântânele – 5,433,163;
- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timișoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV station Reşiţa – 4,974,281;
- Metering and data management system for electricity metering on the wholesale market - 4,369,696;
- Refurbishment of 400/110/20 kV Smârdan Station -3,914,201;
- LEA 400 kV d.c. Cernavodă - Stâlpu and connection in Gura Ialomiței – 2,781,458;
- Connection of Isaccea - Varna 400 kV LEA and Isaccea - Dobruja LEA in Medgidia South 400 kV Station – 2,168,330;
- Upgrading of 220/110/20 kV Arefu Station – 2,163,467;
- Refurbishment of 220/110 kV Fileşti Station – 1,793,538;
- Upgrading of 220/110 kV Dumbrava Station – 1,521,367.

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In the first quarter of 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **55,810,747 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Refurbishment of 220/110/20 kV Ungheni Station – 31,761,206;
- Upgrading of 220/110 kV Dumbrava Station – 20,977,835;
- Replacement of circuit breakers in electrical substations - Phase II - 1,346,508;
- Upgrading of 220/110/20 kV Vetis Station - primary equipment – 563,503;
- Completion of the communications infrastructure required to operate the Company's private cloud hardware structure to ensure the implementation and operation of the new Balancing Market platform - DAMAS - 414,750;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station – 183,306;
- Carpeting of heavy traffic for DETs in Bacau, Bucharest, Cluj and Craiova – 90,566.

In the first quarter of 2023, there was **an outflow from tangible assets in progress** through the recognition of the Company's operating budgets for the project "Consolidation, upgrading and extension of CNTEE Transelectrica SA - Magheru headquarters", in the amount of 1,627,393 lei.

The balance of **tangible assets in progress** on 31 March 2023, amounting to **1,044,027,606 lei**, is represented by projects in progress, the most significant of which are listed below:

- LEA 400 kV d.c. Cernavodă - Stâlpuri and connection in Gura Ialomiței – 349,782,780;
- LEA 400 kV d.c. Gutinaș - Smârdan – 143,125,244;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița – 121,576,777;
- Upgrading of 400 (220)/110/20 kV Munteni Station – 47,520,129;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 to the TSO through the new (400)/220/110 kV Banca Station – 46,884,983;
- Upgrading of 220/110/20 kV Arefu Station – 45,648,463;
- Refurbishment of 400/110/20 kV Smârdan Station -31,915,487;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station – 25,591,386;
- Refurbishment of 220/110/20 kV Baru Mare Station – 22,288,565;
- Increasing the transmission capacity of the 220 kV Ștejaru - Gheorgheni - Fântânele – 21,824,823;
- Extension of 400 kV Gura Ialomiței Station with two cells: LEA 400 kV Cernavodă 2 and 3 – 19,336,927;
- Refurbishment of 110 kV Medgidia South Station – 13,763,833;
- Extension of 400 kV Cernavodă Station - Phase I+II, replacement of 2 compensation coils - connection of new lines – 13,081,158;
- 110 kV, 220 kV and 400 kV switchgear - 11,280,763;
- 400 kV Stâlpuri station – 9,408,696;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis, phase II, 400 kV d.c. Resita - Timisoara - Sacălaz – 8,900,950;
- 400 kV Gădălin - Suceava LEA, including interconnection to SEN (H.CA no. 7/08.07.2010) – 8,402,532;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 7,803,360;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and modernization of the control system of 400/220/110/6 kV Iernut Station – 7,070,743;
- Metering and data management system for electricity metering on the wholesale market - 6,998,924;
- Refurbishment of 220/110 kV Fiești Station -6.745.905;
- LEA 220 kV double circuit Ostrovu Mare - RET (H.CA nr. 17/2007) – 5,984,399;
- Site clearance and coexistence conditions between the objective "Suspension bridge over the Danube in the Braila area" belonging to CNAIR SA and the electricity networks managed by CNTEE Transelectrica SA – 4,911,246;
- Integrated security system at power stations, phase IV – 4,816,604;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4,510,369;

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- Connection of 400 kV Isaccea - Varna and Isaccea - Dobrudja LEA to 400 kV Medgidia South Station – 4,465,365;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- 220 kV LEA diversion Ampoi - Alba Iulia area – 3,429,960;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Reșița - Timișoara - Săcălaz – 3,374,984;
- Extension with new functionalities of the computerized access control and record system in the CNTEE Transelectrica SA objectives – 3,200,918;
- Connection to the national grid of CEE 136 MW Platonești, jud. Ialomița, by building a 110 kV cell in the 400/110 kV Gura Ialomiței power station – 2,889,337;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) – 2,798,024;
- Pilot Project - Upgrading of 220/110/20 kV Alba Iulia Station to a digital station concept – 2,621,479;
- 110 kV Cetate 1 and 2 LEA diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station – 2,578,438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI power station – 2,545,853.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets in progress** as at 31 March 2023, in the amount of **4,470,019 lei**, is represented by ongoing projects, the most significant of which are listed below:

- MENT - RET maintenance application and unit database - BDU for structures, installations, components and systems - SISC managed by CNTEE Transelectrica SA – 2,626,762;
- MARI platform development – 1,467,395.

The largest transfers from intangible assets in progress to intangible assets are represented by:

- GE License - Software module for capacity calculations based on energy flows – 247,400.

In the first quarter of 2023, **an outflow from intangible assets in progress** was recorded through recognition on the Company's operating budgets for the project "Implementation of an Electronic Archiving and Document Management System within CNTEE Transelectrica SA" in the amount of 5,474,290 lei.

Intangible assets - Additional CPT

As of 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 and approved by Law no. 357/13.12.2022, whereby the additional costs with the purchase of electricity made in the period from 1 January 2022 to 31 March 2025 in order to cover its own technological consumption and technological consumption, respectively, compared to the costs included in the regulated tariffs, shall be capitalized on a quarterly basis. Thus, capitalized costs are amortized over a period of 5 years from the date of capitalization and are remunerated at 50% of the regulated rate of return approved by the National Energy Regulatory Authority applicable over the amortization period of those costs and are recognized as a separate component.

For the year 2022, the Company recorded non-financial income in the amount of 338,526,677 lei representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT included in the regulatory tariff and a related depreciation expense calculated as at 31 December 2022 in the amount of 16,926,334 lei, i.e. as at 31 March 2023 the depreciation expense amounting to 30,913,706 lei.

For the first quarter of 2023, there were no additional costs for the purchase of electricity to cover own technological consumption over the cost recognized in the tariff.

c) Financial assets

The balance of financial assets as at 31 March 2023, amounting to 85,760,294, is mainly represented by:

- the net value of shares held by the Company (81,503,833);

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- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(2) of Regulation (EC) No. (1), par. (2) and par. (5) of Law No 46/2008 on the Forestry Code, for the implementation of the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,254,115.

The decrease in the value of financial assets is mainly represented by the sale of shares held by the Company in SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME, at the same time as the receipt of the countervalue of 242,140.

With a view to the exit of Transelectrica from the shareholding of SELENE CC, a sale-purchase agreement of shares issued by SELENE CC was concluded between Transelectrica - as seller - and SELENE CC, IPTO (Greek TSO), ESO EAD (Bulgarian TSO), TERN (Italian TSO) - as buyers. The contract has been registered in Transelectrica's internal records under number C245/2023.

In the contract C245/2023 the monetary amount of 53,658 Euro was established as the sale-purchase value of the 50,000 shares held by Transelectrica in the capital of SELENE CC. The contract stipulated that the transfer of ownership of the shares held by Transelectrica to the purchasers takes place at the time of full payment by the purchasers to Transelectrica of the consideration for the shares which are the subject of the sale-purchase transaction.

On 08.02.2023, the amount mentioned was fully collected by Transelectrica from the buyers under the contract by bank transfer.

d) Assets related to the usage rights of assets under leasing - buildings

Such assets represent the usage rights of the assets the Company has leased in the Platinum Office Building, according to the provisions of IFRS 16 – Leases.

Contract No C232 entered into force on 01.10.2020, valid for 5 years and amounting to 9,000,000 Euro (excluding VAT).

As at 31 March 2023, the book value of the right of use of the premises leased by the Company in the Platinum office building is 19,880,598 lei.

For this contract, the Company pays a monthly quantum of 16.67 euro/sqm (excluding VAT) for the rental of office space, resulting in an annual amount of approx. 1.8 million Euros.

5. Trade and other receivables

On 31 March 2023 and 31 December 2022, trade and other receivables were as follows:

	31 March 2023	31 December 2022
Trade receivables	1,289,358,983	2,393,921,184
Other receivables	145,754,669	166,861,679
Down payments to suppliers	159,206,806	697,015,521
Receivable VAT	370,161,601	291,841,166
Impairment allowances for doubtful receivables	(132,923,629)	(132,837,163)
Impairment allowances for other doubtful receivables	(76,321,285)	(76,330,845)
Total trade and other receivables	1,755,237,145	3,340,471,542

The structure of trade receivables is the following:

	31 March 2023	31 December 2022
Clients on the electricity market, of which:	1,285,930,877	2,392,070,692
- Clients - operational activity	950,172,671	1,696,470,262
- Clients - balancing market	194,826,066	564,107,291
- Clients - bonus type support scheme to promote high efficiency cogeneration	140,932,140	131,493,139
Clients from other activities	3,428,106	1,850,492
Total trade receivables	1,289,358,983	2,393,921,184

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• CNTEE Transelectrica SA carries out its operational activity on the basis of the Operating License no. 161/2000 issued by ANRE, updated by the Decision of the President of ANRE no. 866/26.04.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As of March 31, 2023, outstanding clients from operating activities decreased compared to December 31, 2022, mainly due to a decrease in the volume of transactions resulting from market coupling in the first quarter of 2023 compared to the fourth quarter of 2022, resulting in a decrease in the value of outstanding receivables as of March 31, 2023 compared to December 31, 2022.

The decrease in the volume of transactions in the balancing market in the first quarter of 2023 compared to the fourth quarter of 2022 also led to a decrease in the balance of clients in contracts concluded for this type of activity.

The main clients in total trade receivables are represented by: IBEX, MAVIR, OPCOM, RAAN, Electrica Furnizare SA, Hidroelectrica SA, Enel Energie SA, CET Govora SA, E. ON Energie Romania SA, Enel Energie Muntenia SA. Their share is 65.84% of total trade receivables.

• CNTEE Transelectrica SA carries out the activities under the bonus type support scheme to promote high-efficiency cogeneration in the capacity of support scheme administrator, in accordance with the provisions of HGR no. 1215/2009 with subsequent additions and amendments, *"the main attributions being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses"*.

On 31 March 2023, the Company records receivables from the bonus type support scheme for the promotion of high-efficiency cogeneration of approximately 11% (compared to 5% as of 31 December 2022) of total trade receivables.

Clients in the bonus-type support scheme for the promotion of high-efficiency cogeneration show an increase on 31 March 2023 mainly due to the amount invoiced for the collection of overcompensation for 2022, due in the second quarter of 2023.

As of March 31, 2023, the Company records receivables in the amount of 140,932,140, represented by invoices issued under the bonus type support scheme for the promotion of high-efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235,086;
- undue bonus for 2014 amounting to 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 amounting to 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- undue bonus for 2020 amounting to 522,181 from Donau Chem;
- overcompensation for 2022 in the amount of 34,134,301, respectively from CET Govora - 13,717,553 and Electrocentrale București - 20,416,748;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 20,705,984, respectively from: Transenergo Com - 5,882,073, Petprod - 4,391,193, Romenergy Industry - 2,680,620, RAAN- 2,385,922, UGM Energy - 1,504,046, CET Govora - 900,864, KDF Energy - 835,828 and others.

Up to the date of this financial report, the Company has collected the receivables related to over-compensated activities on under the support scheme for 2022 (in the amount of 34,134,301) from CET Govora (13,717,553) and Electrocentrale București (20,416,748), as well as the amount of 1,817,307 from the undue bonus established by ANRE Decisions for 2022, from the following producers: Bepco SRL, CET Govora, CET Grivița, COMPA SA, Electrocentrale București, Electroulaj SA, and Soceram SA.

In order to extinguish receivables generated by overcompensation and undue bonus in previous years, the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators that did not agree with this manner to extinguish mutual receivables and liabilities (RAAN, CET Govora) the Company has applied and further applies the provisions of article 17 para 5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high-efficiency cogeneration and the bonus payment for the electricity generated under high-efficiency cogeneration: *"in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the respective amounts on the payment document"* and withheld from payment the due amounts under the respective support scheme.

• File no. 9089/101/2013/a140 was registered on the docket of Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pertaining to "claims in sum of 86,513,431", where the Company was claimant and the **Autonomous Authority for Nuclear Activities, RAAN** was the defendant.

The summons filed by Transelectrica SA requested compelling defendant RAAN to pay 86,513,431.

On 19.05.2016 Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pronounced hearing conclusion and ordered as follows: "In accordance with article 413 pt. 1 Civil Procedural Code decides suspending the case until settlement of file 3014/2/2014 found on the docket of the High Court for Cassation and Justice. Appeal right

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is valid during the entire suspension term; pronounced on 19 May 2016 at public hearing"; hearing term on 06.06.2019. Mention should be made file 3014/2/2014 on the docket of the High Court for Cassation and Justice pertained to appeal in order to cancel ANRE Decision 743/28.03.2014, the parties being RAAN (claimant) and ANRE (defendant).

Mention should be also made the hearing conclusion of 18.09.2013 issued by Mehedinti Tribunal under file 9089/101/2013 pronounced opening the general insolvency procedure against debtor Autonomous Authority for Nuclear Activities RA (RAAN).

Sentence no 387/20.03.2014 of Mehedinti Tribunal confirmed the reorganisation plan of debtor Autonomous Authority for Nuclear Activities, proposed by the judiciary administrator Tudor&Asociatii SPRL and voted by the General Assembly of Creditors according to the minutes of 28.02.2014.

By the intermediate ruling 10/28.01.2016 pronounced by Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes, the syndic judge decided initiating the debtor's bankruptcy procedure based on article 107 para 1 let. C of Law 85/2006, as well as breaking up the debtor and cancelling its administration right.

Ruling 563/14.06.2016 of the Appeal Court Craiova, Section II Civil denied the appeals filed against the intermediate ruling 10/28.01.2016 pronounced by Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes.

Once submitting the receivable statement under RAAN's bankruptcy procedure Transelectrica SA can resort to the provisions of article 52 from Law 85/2006, applicable to RAAN's bankruptcy procedure, provisions resumed in article 90 of Law 85/2014 on the creditor's right to invoke compensation for its receivables with its debtors to it, whenever the law-provided conditions for legal compensation are complied with on the procedure opening date. Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity. The actual amount the Company requested was 89,360,986 Lei, but 78,096,208.76 Lei were not registered in the preliminary receivable table because "such sum was not recorded as owed liability in RAAN's accounting books". Moreover, the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 - 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013.

Since only a part of the total amount requested by Transelectrica in quantum of 89,360,986.06 Lei was registered and according to letter 4162/03.10.2016 whereby the judiciary liquidator notified us only 11,264,777.30 Lei were recorded in the additional table in the receivables column resulting from the debtor's continued activity, and 78,096,208.76 Lei were denied. We filed contestation to the Additional receivable table within the legal term.

On the hearing term 14.02.2019, Mehedinti Tribunal decided joining file no 9089/101/2013/a152 and file no 9089/101/2013/a140 (pertaining to claims – payment request). File judgment was postponed because the court deemed it useful for case settlement to submit Civil ruling 2969/26.09.2018, pronounced by the High Court for Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE president.

Settlement of Mehedinti Tribunal: "It admits the exception of decline. It partly admits the main issue and associated contestation. It compels defendant RAAN to pay to claimant Transelectrica the amount of 16,950,117.14 Lei as liability accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated requests are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right is granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/2019 / 20.06.2019.

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing term on 30.10.2019. The appeal was denied as groundless. Transelectrica filed review request for contradictory decisions, registered under file 1711/54/2019, with hearing term on 26.03.2020 at the Appeal Court Craiova, which will refer the file to the High Court for Cassation and Justice for competent settlement.

On 26.03.2020, the hearing term was changed and the next one was set on 21.05.2020.

On 21.05.2020 the case was taken out of the docket with the following settlement: the exception of material incompetence of the Appeal Court Craiova was admitted and the decision was taken to refer the case to ICCJ, Administrative and Fiscal Disputes Section; Ruling 140/21.05.2020; term 03.02.2021.

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did not pronounce on its inadmissibility.

There are four more files between RAAN and Transelectrica found under various judgment stages.

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinti Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to capitalize the debtor's assets.

On the 14.10.2021 term the case was deferred and the settlement in brief was: "it granted term to continue the procedure, namely to capitalize the assets and carry out the other liquidation activities".

The case is adjourned to 10.02.2022, the summary decision being: for the conduct of the procedure, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next hearing is set for 02.06.2022.

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The proceedings were continued at the hearing of 09.02.2023, when the court granted an adjournment until **15 June 2023** for the continuation of the proceedings, i.e. for the collection of claims, the valuation of assets and the performance of other liquidation operations.

- CNTEE Transelectrica SA concluded with **CET Govora SA** an agreement to compensate and spread out the payment of amounts representing receivables from the 2011-2013 overcompensation and the 2014 undue bonus (Agreement C 135/30.06.2015 and Addendum 1/04.08.2015). The Agreement term was about 1 year (July 2015-August 2016) and it provided the Company's right to calculate and cash penalties during payment spread-out.

In accordance with such Agreement the Company's receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 of ANRE President's Order 116/2013 and the Agreement provisions, in the amount of 40,507,669.

Since ANRE Decision 738/28.03.2014 which had determined the 2011-2013 overcompensation was suspended by court civil judgment 3185/27.11.2015 CET Govora SA had no longer complied with its obligations under the Agreement terms.

Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. In view of recovering the receivables accrued before opening the insolvency procedure the Company followed the specific procedures specified by the Insolvency Law 85/2014 and requested the court to admit its receivables, as per legal provisions. Taking into account the above, beginning with 9 May 2016 the Company ceased applying the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for electricity generated by high efficiency cogeneration and paid monthly the cogeneration bonus to CET Govora.

Civil ruling 2430/05.10.2016 of the High Court of Cassation and Justice admitted the appeal filed by ANRE against civil ruling 3185/27.11.2015, partly cancelled the sentence appealed against and denied the suspension request of CET Govora, such decision being final. Thus, beginning with 05.10.2016 the effects of ANRE Decision 738/28.03.2014 are no longer suspended, bearing full effects.

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116/2013 for mutual receivables and liabilities occurred after the insolvency procedure, namely withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company. Transelectrica was registered in the Preliminary and final receivables table with total amount of 28,200,440.31, of which 25,557,189.98 relate to the support scheme. Mention should be made this receivable amounting to 21,962,243.71 Lei representing principal and penalties related to invoice 8116/08.04.2016, was registered under the suspensive condition of pronouncement of a final juridical ruling in favor of ANRE under file 2428/2/2014 on the docket of the Bucharest Court of Appeal, pertaining to cancelling ANRE decision 738/28.03.2014.

On 18.07.2018 Valcea Tribunal pronounced the following settlement:

- It confirmed the reorganization plan of Co. CET Govora SA proposed by the judiciary administrator EURO INSOL SPRL, submitted on 25 May 2018 to the file and printed in the Bulletin of Insolvency Procedures 11924 of 13 June 2018.

- It denied the contestations submitted by creditors Energy Complex Oltenia SA, SNTFM CFR Marfa SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtisoara SRL.

- It set 8 October 2018 as substantial term to continue the procedure.

Appeal right within 7 days from notification performed by means of the Bulletin of Insolvency Procedures; pronounced at public hearing of 18 July 2018; Document: Ruling 1196/18.07.2018.

Ruling 766/03.12.2018 of the Appeal Court Pitesti cancelled the amount of 28,013,984.83 representing a liability the Company registered in the Creditors' Table (File 1396/90/2016).

Under such circumstances the Company included the amount of 22,188,224.16 from the support scheme in the sundry debtors' account, which is analytically distinct - ANRE, and impacts the net position of the support scheme.

- The amount of 22,188,224.16 represents receivable to be cashed from CET Govora under the support scheme amounting to 25,557,189.98, corrected with the bonus of 3,368,965.82 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President.

On 25.03.2022, by Government Decision no. 409/2022, it was adopted the amendment and completion of Government Decision no. 1215/2009 on the establishment of criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat demand. Thus, the period of application of the support scheme is extended until 2033, exclusively for producers who meet the conditions for accessing the extension of the support scheme.

At the same time, the financial closure of the support scheme, which will take place in the first half of 2034, is extended.

Other claims

On 31 March 2023, other receivables amounting to 145,754,669 mainly include:

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- sundry debtors (**104,136,827**), of which:
 - Payment delay penalties calculated to defaulting clients defaulting clients, amounting to 83,428,496 (of which 35,351,105 are penalties related to the support scheme). The highest delay penalties were recorded by the following clients: RAAN (16,901,449), Romelectro (13,424,052), CET Govora (9,606,504), Electrocentrale București (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,000) and the other clients (8,894,000).655), Total Electric Oltenia (3,288,967), OPCOM (2,955,667), Electromontaj SA (2,738,705). Impairment allowances were registered for the penalties calculated for late payment of receivables from operational activities;
 - compensation owed by suppliers for non-delivery of electricity in the amount of 11,923,999: Next Energy Partners (8,395,132), Enol Grup (2,541,312) and Arelco Power (987,555). Impairment adjustments have been recorded for compensation due from suppliers in the operational activity;
 - the receivable to be recovered from OPCOM representing the VAT associated to the contribution in-kind to the capital of the subsidiary in the amount of 4,517,460, discounted with delay penalties.
- **14,073,112** in prepaid expenses mainly represented by: domestic and international dues (5,279,347), ANRE annual contribution for 2023 (3,633,649), taxes and duties for 2023 (2,801,648), RCA and CASCO policies (1,087,537), rent and maintenance of office building (738,285) and others;
- other social claims amounting to **1,470,788** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Down payments to suppliers

On 31 March 2023, down payments paid to suppliers are represented by debtor suppliers for service provision amounting to **159,206,806** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (132,961,071 - for ICP and SDAC and 24,456,073 - for SIDC).

The price coupling mechanism was applied beginning with 19 November 2014, date when the '4 Markets Market Coupling (4MMC)' project providing connection of the DAM (day-ahead electricity markets) from Romania, Hungary, Czech Republic and Slovakia became operational. Such price coupling mechanism of day-ahead markets means the electricity exchanges correlate the electricity transactions for the following day based on bids, taking into account the interconnection capacity made available by the TSO, whereby it is implicitly allocated. CNTEE Transelectrica SA as TSO transfers electricity both in physical and commercial terms to the TSO neighbor (MAVIR-Hungary) and manages the congestion revenues on the respective interconnection (article 139 from ANRE Order 82/2014), and in relation to OPCOM SA it is Implicit Participant to the Day-Ahead Market.

In its capacity of Transfer Agent and Implicit Participant, CNTEE Transelectrica SA has the commercial task to settle the electricity transacted between OPCOM SA and MAVIR.

On 19 November 2019, the 2nd wave was launched under the single European intraday markets coupling (SIDC – Single Intraday Coupling), with first deliveries on 20 November. Seven countries: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia joined the fourteen states: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, the Netherlands, Portugal, Spain and Sweden that have been already operating under coupled regime since June 2018.

The single intraday coupling mechanism provides uninterrupted matching of sale and purchase offers made by market participants from a bidding zone with the sale and purchase offers from within one's own bidding zone and from any other bidding zone with available cross-border capacity.

In its capacity of Transfer Agent, CNTEE Transelectrica SA has the commercial task to settle the electricity transacted between OPCOM SA, MAVIR and IBEX.

28 October 2021 marks the start of the new successful SDAC *Single Day-ahead Coupling*, the result of cooperation between the Designated Electricity Market Operators (DEMO) and the Transmission System Operators (TSO) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and CNTEE Transelectrica SA. The aim of the SDAC is to create a single pan-European cross-border day-ahead energy market. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

In its capacity of transfer agent for Romania's bidding zone, CNTEE Transelectrica SA has the task to settle the energy transacted between OPCOM SA and IBEX.

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

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

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coupling process.

VAT to be recovered

VAT to be recovered (370,161,601) - amount relating to the statements of account for the period November 2022 - March 2023 and October 2020. Up to the date of preparation of this report, the Company has collected from the State the amount of 95,397,990, representing the value added tax claimed for refund for the months of November and December 2022.

Allowances for impairment of trade receivables, doubtful trade receivables and other doubtful receivables

The policy of Transelectrica provides registration of allowances for value losses amounting to 100% for clients under disputes, under insolvency and bankruptcy and to 100% of trade receivables and other receivables not cashed within more than 180 days, except for outstanding receivables generated by the support scheme. The Company also carries out an individual analysis of trade and other uncollected receivables.

The highest impairment allowances on 31 March 2023, calculated for trade receivables and associated penalties, were registered for CET Govora (25,151,556), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,429,126), Elsaco Energy (9,276,118), RAAN (8,516,707), NEXT Energy Partners (8,395,132).

The Company took the following steps to recover such receivables adjusted for depreciation: court proceedings, registration in the creditors' table.

6. Cash and cash equivalents

It includes the balances of cash, deposits on sight and deposits with initial maturities up to 90 days from establishment date, with insignificant exposure to the risk of having their fair value modified, which the Company uses to manage current commitments.

On 31 March 2023 and 31 December 2022, cash and cash equivalents were as follows:

	31 March 2023	31 December 2022
1. Current bank accounts and deposits with original maturities of up to 90 days, of which:	323,671,860	315,060,175
<i>a) current bank accounts and deposits with initial maturities of up to 90 days of current activity</i>	<i>76,264,519</i>	<i>162,387,615</i>
<i>b) current bank accounts and deposits with original maturities of up to 90 days restricted, of which:</i>	<i>247,407,341</i>	<i>152,672,560</i>
- cash and deposits from high efficiency cogeneration	164,875,155	96,436,261
- cash and deposits from interconnection capacity allocation revenues used for network investment	5,599,173	444,471
- cash from the connection fee	45,808,325	21,723,989
- European funds	24,782	24,774
- other restricted accounts (securities for the electricity market and dividends)	31,099,906	34,043,065
2. Cash	122,071	86,221
3. Other cash equivalents	126,478	-
Total	323,920,409	315,146,396

7. Shareholders' equities

In accordance with the provisions of OUG no. 86/2014 establishing reorganization measures for public central administration and amending and adding certain norms, on 20 February 2015 the Company's Shareholder Register recorded the transfer of 43,020,309 shares from the Romanian State's account managed by the Secretariat General of the Government into the Romanian State's account managed by the Ministry of Economy, Trade and Tourism.

In accordance with the provisions of article 2 from OUG 55/19 November 2015 establishing reorganization measures for public central administration and amending and adding certain norms, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganizing and taking over the activities of the Ministry of Economy, Trade and Tourism that was cancelled while the Ministry of Energy, Small & Medium Sized Enterprises and Business Environment took over the activities and structures in the SME domain.

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In accordance with the Governmental Emergency Ordinance (OUG) 68/2019 establishing measures for public central administration and amending and adding certain norms, published in Romania's Official Gazette 898/06.11.2019, beginning with 6 November 2019 the Secretariat General of the Government has exercised the rights and performed the obligations ensuing from the state capacity of shareholder for the National Power Grid Company.

On 14.11.2019 the Central Depository SA registered the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by CNTEE Transelectrica SA from the Romanian State's account through the Ministry of Economy into the Romanian State's account represented by the Government through the Secretariat General of the Government in consequence of applying the provisions of the Governmental Emergency Ordinance 68/06.11.2019 establishing measures for public central administration and amending and adding certain norms.

On 31 March 2023, the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING holding 4,753,567 shares (6.49%), other Legal Person shareholders holding 16,043,034 shares (21.88%) as well as Natural Person shareholders holding 5,478,544 shares (7.47%).

At the end of each reporting period the Company's full share capital subscribed and paid amounting to 733,031,420 is divided into 73,303,142 ordinary shares of 10 Lei/share nominal value each and it corresponds to the one recorded with the Trade Register Office.

The shareholding structure on 31 March 2023 and 31 December 2022 were the following:

Shareholder	31 March 2023		31 December 2022	
	Number of shares	% of share capital	Number of shares	% of share capital
The Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,043,034	21.88%	16,006,932	21.83%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,478,544	7.47%	5,514,646	7.52%
Total	73,303,142	100.00%	73,303,142	100.00%

The increase in shareholders' equity as at 31 March 2023 compared to 31 December 2022 was mainly due to the recognition in retained earnings of the net profit of 80,260,328 realized as at 31 March 2023.

8. Deferred revenues

Deferred revenues are mainly represented by: the connection fee, other subsidies for investments, non-reimbursable European funds received from the Ministry of European Funds and revenues from the use of interconnection capacity.

As at 31 March 2023, the deferred revenues were as follows:

	31 March 2023	Of which: the current part on 31.03.2023	31 December 2022	Of which: the current part on 31.12.2022
Deferred revenues – allocation of interconnection capacities	19,645,660	19,645,660	16,226,643	16,226,643
Deferred revenues - European funds	1,131,825	1,131,825	1,477,186	1,477,186
Funds from the connection fee	281,047,606	14,560,754	256,399,191	14,761,502
European Funds	204,330,438	1,494,627	181,971,805	2,884,160
Other subsidies	22,112,760	3,654,760	22,312,819	4,012,947
Total	528,268,289	40,487,626	478,387,644	39,362,438

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The evolution of **short-term prepaid income** from January to March 2023 is presented as follows:

	31 March 2023	31 December 2022
Balance at beginning of period	39,362,438	31,581,188
Interconnection capacity prepayments	58,457,337	115,265,573
EU-funded farms	-	680,053
Transfer from long-term advance income	(1,948,469)	(196,896)
Revenue from the use of interconnection capacity	(55,038,320)	(106,688,196)
Revenue from European funds	(345,360)	(1,279,284)
Total	40,487,626	39,362,438

The evolution of **current deferred revenues** from January to March 2023 was as follows:

	31 March 2023	31 December 2022
Balance at the beginning of the time interval	439,025,206	443,434,048
Connection subsidies	28,331,702	3,144,808
Non-returnable funds	(23,907,952)	(9,585,879)
Non-returnable funds to repay	-	-
Transfer into current deferred revenues	49,764,373	27,533,794
Resuming subsidies into revenues	(5,432,666)	(25,501,565)
Total	487,780,663	439,025,206

9. Borrowings

- *Non-current borrowings*

On March 31, 2023, the amount of non-current borrowings decreased compared to December 31, 2021 mainly due to repayments made according to existent loan agreements.

Movements in loans during the three months ended 31 March 2023 are as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2023			79,443,827	
New drawings			-	
Repayments, of which:			(5,922,222)	
EIB 25709	EUR	3,596%	(5,922,222)	10-Sep-2025
EIB 25710	EUR	3,856%+2,847%	-	11-Apr-2028
Exchange rate differences at the date of repayment			(7,730)	
Balance at 31 March 2023			73,513,875	

On 31 March 2023 and 31 December 2022, the balances of non-current borrowings from credit institutions were as follows:

Description	31 March 2023	31 December 2022
EIB 25709	29,786,250	35,731,223
EIB 25710	43,727,625	43,712,604
Total non-current borrowings from credit institutions, of which:	73,513,875	79,443,827
Current part of non-current loans	(23,864,250)	(23,856,053)
Total non-current loans, net of current instalments	49,649,625	55,587,774

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The non-current part of borrowings will be repaid as follows:

	31 March 2023	31 December 2022
Between 1 to 2 years	23,864,250	23,856,053
Between 2 to 5 years	25,309,500	31,256,010
Over 5 years	475,875	475,711
Total	49,649,625	55,587,774

The Company did not provide coverage for risks associated to its liabilities in foreign currency or for its exposure to risks associated to interest rate.

All non-current loans outstanding at 31.03.2023 bear fixed interest rate.

- *Current borrowings*

Current borrowings are detailed as follows:

	31 March 2023	31 December 2022
Current part of non-current borrowings	23,864,250	23,856,053
Current bank loan	-	67,617,751
Interest associated to current and non-current loans	842,846	775,220
Total current borrowings	24,707,096	92,249,024

- *Loans contracted for current activity*

On 30.03.2022, Transelectrica concluded credit agreement no. **C624** as overdraft account **with Banca Comercială Română** for a period of 12 months in order to finance the support scheme bonus for high efficiency cogeneration, in the amount of RON 175.000.000, with an interest rate calculated according to the ROBOR 1M reference rate, 0.35% margin is added and a commission of 0.088%.

The credit line is secured by means of:

- chattel mortgage on the bank account opened with the bank;
- chattel mortgage on the receivables resulting from the contracts for the high efficiency cogeneration contribution concluded with Electrica Furnizare SA, Enel Energie SA, Enel Energie Muntenia SA, EON Energie România SA.

On 04.01.2023, Transelectrica concluded the Addendum No. 1 to the credit agreement No. C624 concluded with Banca Comercială Română, having as object the extension of the scope of the credit line and to cover temporary working capital needs and the extension of the validity of the contract by 12 months (from 30.03.2023 to 30.03.2024).

As of March 31, 2023, the line of credit is undrawn.

On 10.03.2022, Transelectrica concluded credit agreement no. **C588 with Banca Transilvania** for a period of 12 months to finance the working capital of the Company, in the amount of 200,000,000 lei at an interest rate based on the ROBOR 1M reference rate, plus a margin of 0.05%.

The credit agreement in the amount of 200 million lei has the following structure:

- 175 million lei - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding obligations, with a 12-month drawdown period until 09.03.2023;
- 25 million lei in the form of a ceiling for issuing bank letters of guarantee, with a letter issuing period of 12 months and a letter validity of 24 months.

On 09.05.2022, Transelectrica concluded the Addendum No. 1 to the credit agreement No. C588 concluded with Banca Transilvania, extending the validity of the use of the credit line to 24 months.

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 with Banca Transilvania, increasing the ceiling for issuing letters of guarantee from 25 million lei to 40 million lei.

The credit line is guaranteed by:

- chattel mortgage on the bank account opened with the bank;
- chattel mortgage on the claims arising from the contract for the provision of electricity transmission service and system service concluded with Electrica Furnizare SA.

As of March 31, 2023, the line of credit is undrawn.

10. Trade and other liabilities

On 31 March 2023 and 31 December 2022, trade and other liabilities were as follows:

	31 March 2023	31 December 2022
Suppliers on the electricity market	751,562,153	1,956,548,071
Suppliers of assets	88,308,839	138,804,943
Suppliers of other activities	55,068,128	55,020,130
Amounts owed to employees	9,796,854	9,111,008
Other liabilities	812,400,265	1,235,969,189
Total	1,717,136,239	3,395,453,341

On 31 March 2023 and 31 December 2022, the liabilities on balance from the electricity market amounting to 751,562,153 and 1,956,548,071, respectively, were structured as follows:

	31 March 2023	31 December 2022
Suppliers on the electricity market, of which:		
- suppliers - operational activity	559,019,553	1,336,902,867
- suppliers - balancing market	162,392,468	583,097,756
- suppliers - bonus type support scheme for promotion of high-efficiency cogeneration	30,150,132	36,547,448
Total	751,562,153	1,956,548,071

The suppliers on the electricity market are mainly represented by OPCOM, IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, OMV Petrom SA. On 31 March 2023, their share in the total number of electricity suppliers was 96.06%.

The decrease in the liability balance for operational activities was mainly due to the decrease in the volume of transactions resulting from the coupling of electricity markets.

The decrease in the liability balance of the balancing market was determined by a decrease in the volume of transactions recorded on the balancing market in the first quarter of 2023 to the fourth quarter of 2022.

The decrease of liabilities related to the support scheme to suppliers (producers) was mainly determined by the decrease in the monthly bonus for high efficiency cogeneration from March 2023 to December 2022.

On 31 March 2023, payment liabilities to suppliers (producers) were registered amounting to 28,823,197 representing: representing the monthly cogeneration bonus, the ex-ante overcompensation for 2014 and 2015, bonus not granted for 2015 (RAAN – 23,751,179.29 and CET Govora SA - 3,368,966) and the bonus not granted for 2022 (Termoficare Oradea - 1,685,381, UATAA Motru - 4,481, Poligen Power Energy - 13,163 and Colonia Cluj Napoca - 27) due in the second quarter of 2023. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld from payment according to article 17 para 5 of Order 116/2013 of ANRE President, because suppliers (producers) registered payment liabilities to the Company under the bonus type support scheme.

The Company requested the suppliers (producers) that did not pay the overcompensation invoices their agreement to compensate mutual liabilities at minimum level by means of the Institute of Management and Informatics (IMI) which uniformly manages all information received from tax-payers according to the provisions of GD no. 773/2019.

Producers (RAAN, and CET Govora) did not agree with this manner of extinguishing mutual receivables and liabilities, therefore the Company has applied and further applies article 17 para 5 from Order 116/2013 of ANRE president approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and bonus payment for electricity generated under high efficiency cogeneration: *“in case the generator did not make the payment in full to the support scheme administrator of its payment liabilities resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment liabilities under the support scheme, with explicit mention of the respective amounts on the payment document”* and withheld from payment the due amounts under the respective support scheme.

CNTEE Transelectrica SA concluded with CET Govora SA a compensation agreement to spread out the payment of amounts representing receivables from the 2011-2013 overcompensation and the 2014 undue bonus (Agreement C 135/30.06.2015 and Addendum 1/04.08.2015). The Agreement term was of 1 year (July 2015-August 2016) and provided the Company's right to calculate and collect penalties during payment spread-out.

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In accordance with such Agreement the Company's receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 from Order 116/2013 of ANRE President and the Agreement provisions.

Since ANRE Decision no. 738/28.03.2014 was suspended by court civil ruling 3185/27.11.2015, which had determined the 2011-2013 overcompensation, CET Govora SA had no longer complied with the Agreement terms. Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. Taking into account the provisions of the Insolvency Law 85/2014 the Company ceased, beginning with 9 May 2016, to apply the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration and pays monthly the cogeneration bonus owed to CET Govora. Civil ruling 2430/05.10.2016 of the High Court of Cassation and Justice admitted the appeal filed by ANRE against civil ruling 3185/27.11.2015, partly cancelled the sentence appealed against and denied the suspension request of CET Govora, such decision being final. Thus, beginning with 05.10.2016 the effects of ANRE Decision 738/28.03.2014 are no longer suspended, bearing full effects.

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order no. 116/2013 for mutual receivables and liabilities accrued after the insolvency procedure, meaning it withheld the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company.

The decrease of the **asset suppliers' balance** on 31 March 2023 compared to 31 December 2022 was mainly owed to payments falling due.

Liabilities to the **suppliers of other activities** are mainly represented by liabilities associated to services provided by third parties that did not reach maturity, which have increased in comparison with 31 December 2022.

On 31 March 2023, the Company did not register outstanding liabilities to suppliers, state budget or local institutions.

The liability structure under **"other liabilities"** was the following:

	31 March 2023	31 December 2022
Sundry creditors	409,644,219	389,852,540
Client - creditors	327,591,863	770,851,018
Dividends to pay	142,578	148,332
Liabilities - Current building leasing	8,474,761	8,431,424
Liabilities - Non-current building leasing	12,712,162	14,754,992
Other liabilities	53,834,682	51,930,883
Total	812,400,265	1,235,969,189

- "Sundry creditors", amounting to **409,644,219** as at 31 March 2023, mainly represent:
 - 396,214,881 net of the support scheme for high efficiency cogeneration, a liability position.
 The net support scheme position represents the difference between:
 - The contribution to be collected from the suppliers of electricity consumers; the overcompensation for electricity and heat generated under high efficiency cogeneration; the undue bonus to collect from producers according to ANRE decisions on the one hand, and
 - The cogeneration bonus; the ex-ante overcompensation and non-granted bonus to pay to electricity producers for high efficiency cogeneration that are beneficiaries of the support scheme on the other hand
 - 10,249,108 study contracts for RET connection solutions,
 - 1,473,610 royalty 1st quarter 2023,
 - 1,112,509 tender securities and other.
- "Creditor clients", as at 31 March 2023, amount to **327,591,863**, of which 324,488,755 represent amounts received in advance from IBEX (180,582,953), MAVIR (95,208,891), OPCOM (48,670,760) and JAO (26,151) under transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).
- On 31 March 2023, dividends owed to the Company's shareholders and but unpaid amounted to **142,578**. Such amounts are at the shareholders' disposal by means of the payment agent.

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- On 31 March 2023, the **liability for assets related to the usage rights of leased assets - buildings**, according to the provisions of IFRS 16 - Leases amounted to 21,186,923, of which:
 - Current liability: 8,474,761
 - Non-current liability: 12,712,162.
- "Other liabilities" in the amount of **53,834,682** are mainly represented by the payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 32,223,599, non-demandable VAT during the reporting period in the amount of 21,347,893 and others.

Provisions

On 31 March 2023 and 31 December 2022, the provision situation is as follows:

	31 March 2023	31 December 2022
Provisions for disputes	24,677,889	24,677,889
Provisions for mandate contracts	42,406,809	43,338,686
Other provisions	263,551	157,972
TOTAL	67,348,249	68,174,547

Provisions for disputes found on balance at 31.03.2023, amounting to 24,677,889, are mainly represented by provisions constituted for the following disputes:

- File no. 36755/3/2018 - Claimant Conaid Company SRL (17,216,093)* - more details on this file are provided in Note 19 - Disputes and Contingencies.
- File no. 15561/3/2022 - Claimant SMART SA (4,467,108)* - more details on this file are given in Note 19 - Disputes and Contingencies.
- File no. 3083/3/2020 - Claimant NUCLEARELECTRICA SA (1,472,785)*

On 26.06.2020, Nuclearelectrica sued the Company in order to pay 1,290,533.156 lei representing negative imbalance and 182,251.94 lei, legal interest.

After several terms when the case was deferred (26.06.2020, 16.10.2020, and 11.12.2020) for various reasons, on 22.12.2020 the Court obliged the Company to pay 1,290,533,156 lei as compensatory damages to the claimant; to pay the update of such sum with the inflation rate from 27.09.2018 until actual payment date; to pay 182,251,94 Lei representing legal penalty interest calculated from 27.09.2018 until 31.01.2020, and to further pay the legal penalty interest calculated from 01.02.2020 until actual payment date. It also compelled the defendant to pay 23,441.66 Lei to the claimant as law court expenses, consisting of judiciary stamp tax. It denied the defendant's request for law court expenses as groundless. Appeal right granted within 30 days from notification. (Ruling 2698/2020/22.12.2020).

CNTEE Transelectrica SA filed appeal with the Bucharest Court of Appeal. In the hearing of 25.11.2021, the Bucharest Court of Appeal admits the appeal. Changes in part the civil ruling appealed against, in the sense that: Rejects as groundless the summons. Upholds the order of the first court dismissing as groundless the defendant's claim for court fees. Orders the plaintiff to pay the defendant the sum of EUR 20 591.66 by as appeal court fees. With a second appeal within 30 days from the date of communication, the second appeal request to be filed with the Bucharest Court of Appeal - Civil Section VI.

Nuclearelectrica has filed a second appeal, which is in the filter procedure.

"Provisions for mandate contracts" in the amount of 42,406,809, on 31 March 2023, consist of:

- the remuneration of executive and non-executive directors representing the variable component related to the allocated and unused OAVT packages during the period of the mandates executed in the period 2013-2017);
- the remuneration representing the variable component, the non-competition compensation and the remuneration related to the remaining gross monthly fixed compensation until the end of the term of office for the dismissed members of the Supervisory Board/Management Board, i.e. until 2024.

"Other provisions" in the amount of 263,551 represent holidays that were not taken and electricity for pensioners.

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*(All amounts are expressed in LEI, unless otherwise provided)***11. Other taxes and social security liabilities**

On 31 March 2023 and 31 December 2022, other taxes and social security liabilities include:

	31 March 2023	31 December 2022
Contribution to social security funds	9,021,131	9,906,838
Salary tax	1,671,224	1,808,335
Other payable taxes	1,260,173	1,003,364
Total	11,952,528	12,718,537

On March 31, 2023, the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and payable in April 2023.

12. Income tax

The current and deferred Company income tax is determined at 16% statutory rate.

The income tax expense for the first quarter of 2023 and the first quarter of 2022 were as follows:

	Quarter I 2023	Quarter I 2022
Current income tax	20,947,360	3,256,882
Deferred income tax	(4,175,161)	(727,791)
Total	16,772,199	2,529,091

13. Operational revenues

These are revenues achieved by the Company by providing transmission and system services on the electricity market, by allocating the interconnection capacities, balancing market operation and other revenues.

The ANRE-approved tariffs for services provided on the electricity market in the first quarter of 2023 and the first quarter of 2022 were as follows:

	Average tariff of transmission services	Tariff for system services
Order No 33/23.03.2022 for the period 1 January to 31 March 2023	28,10	-
Order No 144/21.12.2022 for the period 1 January to 31 March 2023	-	7,73
Order No 124/25.11.2021 for the period from 1 January to 31 March 2022	23,96	9,32

The average electricity transmission tariff has two components: one for electricity introduction into the network (T_G) and one for electricity extraction from the network (T_L).

The electricity quantities delivered to consumers which were applied tariffs for services provided on the electricity market were as follows:

	Quarter I 2023	Quarter I 2022
Quantity of electricity delivered to consumers (MWh)	13,005,406	14,345,315

Operational revenues achieved in the first quarter of 2023 and first quarter of 2022 were the following:

	Quarter I 2023	Quarter I 2022
Transmission revenues	367,980,051	342,653,430
Revenue from the allocation of interconnection capacities	102,258,665	69,590,515
Revenue from reactive electricity	3,422,681	554,686
Inter TSO Compensation (ITC) revenues	422,453	211,248
CPT transaction revenues	12,865,886	5,782,250

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	Quarter I 2023	Quarter I 2022
Transmission revenues – total	486,949,736	418,792,129
Revenues from technological system services	100,644,860	134,053,961
Revenue from unplanned/planned exchanges-FSKAR-Ukraine	-	7,532
Revenue from system services - total	100,644,860	134,061,493
Revenues from the balancing market	507,918,766	665,038,635
Revenues from other services and other operational revenues	12,282,471	12,611,174
Revenues from capitalisation of CPT	-	-
Other revenues	12,282,471	12,611,174
Total revenues	1,107,795,833	1,230,503,431

Revenue from transmission services

Revenues from transmission service increased in the first quarter of 2023 compared to the first quarter of 2022 by 25,326,621, due to the increase in the average tariff for transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), while the quantity of electricity delivered to clients decreased by 9.34%, i.e. by 1,339,909 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities increased in the first quarter of 2023 compared to the first quarter of 2022 in the amount of 32,668,150, corresponding to the utilization degree of available interconnection capacities by traders on the electricity market.

The market allocating the interconnection capacities is fluctuating and prices develop depending on the demand and need of participants on the electricity market to procure interconnection capacity. The increase during the studied period is determined both by the unit price of electricity which has increased across the European Union, leading to a large price differential between the coupled markets, and by the European energy shortage. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the electricity price on European exchanges.

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

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

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

As of November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Market Coupling solution has been launched. The Single Intraday Market Coupling mechanism ensures the seamless matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity is available. Thus, explicit intraday auctions are only on the border with Serbia, while on the borders with Bulgaria and Hungary they are implicit (within the SIDC).

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 and Regulation (EU) 2019/943 of 5 June 2019 on the internal market in electricity, as a source of financing investments for the modernization and development of interconnection capacity with neighbors systems.

Extending market coupling has the effect of levelling the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "laying down guidelines on capacity allocation and congestion management".

Inter TSO Compensation (ITC) revenues

In the first quarter of 2023, revenues generated from the application of the ITC Mechanism increased by 211,205 compared to the same period in 2022.

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These revenues primarily come from scheduled electricity exchanges with perimeter countries (countries that are not part of the ITC Mechanism), namely Ukraine and Moldova. As of September 1, 2022, the tariff for exchanges with perimeter countries was increased from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to an increase in revenues compared to the same period last year. Additionally, in February and March 2022, exchanges with Ukraine were greatly reduced due to the onset of the armed conflict in the region, while exchanges with Moldova only began in October 2022.

Revenues from CPT transactions

Revenues from energy trading for CPT were mainly obtained from the sale of excess energy resulting from the difference between long- and medium-term forecasts and short-term forecasts on the Intrazilnic Market administered by OPCOM, and from the difference between forecasted and actually realized CPT on the Balancing Market. These revenues were higher in the first quarter of 2023 compared to the first quarter of 2022, with a sum of 7,083,636.

In the structure of these revenues, transactions on the Intrazilnic Market were lower than those realized in the previous year, given that a large part of the necessary CPT was purchased on long-term markets through the MACEE (Centralized Energy Purchasing Mechanism) mechanism and through bilateral contracts, while prices on short-term markets decreased compared to the previous year. Transactions on the Balancing Market were higher than those realized in the previous year, especially due to the fact that more intervals with negative balancing prices were recorded.

Revenues from technological system services

Revenues from technological system services decreased in the first quarter of 2023 compared to the first quarter of 2022 by 33,409,101, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the reduction in the quantity of electricity delivered to consumers by 9.34%, i.e. by 1,339,909 MWh.

In the first quarter of 2023, technology system services revenue was lower by 9,001,282 compared to the technology system services procurement expense realized.

The regulatory framework specific to technological system services contains regularisation mechanisms compensating the excess or deficit of revenues as compared to expenses necessary for such activities. Thus, according to ANRE regulations the revenue surplus/deficit against the recognised costs resulting from such activities is to be compensated by ex-post tariff (negative/positive) correction applied by ANRE into the tariff in the years following that when such surplus/deficit was recorded. The revenue surplus/deficit against costs resulting from such activities is calculated for tariff scheduling periods.

Revenue on the balancing market

Revenues on the balancing market decreased in the first quarter of 2023 compared to the first quarter of 2022 by 157,119,869, mainly due to the following:

- national regulations on the electricity market, namely GEO No 153 of 11 November 2022 *for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy and the amendment of GEO No 119/2022 for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy;*
- European legislative regulations on the energy market;
- energy market developments at European and regional level;
- how to achieve contracting in pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of electricity production and consumption;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of the average price recorded on the balancing market.

14. System operation expenses and on the balancing market

Expenses in the first quarter of 2023 compared to the first quarter of 2022 are as follows:

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	Quarter I 2023	Quarter I 2022
Expenses regarding one's technological consumption	147,249,884	255,366,490
Congestion expenses	-	157,055
Expenses regarding electricity consumption in RET substations	11,076,496	11,783,383
Expenses regarding functional system services	-	-
Inter TSO Compensation (ITC) expenses	13,172,923	6,236,501
Total operational expenses	171,499,303	273,543,429
Expenses regarding technological system services	109,646,142	121,301,215
Balancing market expenses	507,871,005	657,086,973
Total	789,016,450	1,051,931,617

Expenses regarding one's technological consumption

This represents expenses on the purchase of electricity from the free electricity market, i.e. the Centralised Bilateral Contracts Market (CBMP), the Day-ahead Market (DMP), the Balancing Market (BE) and the Intraday Market (IP) to cover own technology consumption (OTC) in the RET.

Expenses on own technology consumption was lower by 108,116,606 in the first quarter of 2023 compared to the first quarter of 2022, due to a number of issues as follows:

- Due to its characteristics, the Own Technological Consumption (CPT) in the Electricity Transmission Network (ETN) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little/not controllable in a regional interconnected and coupled power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity of the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 lei/MWh;
- The provisions of GEO 153/2022 were also applied to the other network operators, which led to a decrease in the quantities traded on the short-term markets by more than 35% and in the energy prices on these markets. Thus, the average price of energy purchased on the PZU in the first quarter was 633.51 lei/MWh, lower compared to the price in the same period of 2022, but still higher than the average purchase price for 2020, 2021.

Congestion expenses

Congestions (grid constraints) are requests for transmission of electricity beyond the technical capacity limits of the grid, requiring corrective action by the transmission system operator, and occur when, during scheduling or real-time operation, the movement of power between two nodes or system areas leads to non-compliance with safety parameters in the operation of an electricity system.

In the first quarter of 2023, there were no congestion expenses.

Expenses regarding the electricity consumption within RET substations

In order to perform electricity transmission activities within electric substations and to operate the National Power System under safe operational terms CNTEE Transelectrica SA has to procure electricity and cover the consumption of auxiliary services from high voltage electric substations managed by the Company.

In the first quarter of 2023, these expenses amounted to 11,076,496, comparable to the first quarter of 2022 expenses of 11,783,383.

Inter TSO Compensation (ITC) expenses

They represent monthly payment liabilities/collection rights of each transmission & system operator (TSO). They are established under the compensation/settlement mechanism for the effects of using the electricity transmission grid (RET) for electricity transits in-between TSO-s of the 35 countries that adhered to such mechanism within ENTSO-E. In the first quarter of 2023, this expense was 6,936,422 higher than in the same period of the previous year.

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

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Expenses regarding technological system services

The Company procures such services from producers in order to provide and maintain safe operation of SEN as well as electricity quality while being transmitted at parameters required by applicable technical norms based on needs established by the National Power Dispatcher (organizational unit of the Company) liable to provide stability and safe operation of SEN.

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

In the first quarter of 2023, CNTEE Transelectrica SA contracted Reactive Energy from Hidroelectrica S.A. (the only supplier qualified to provide this service), according to the achievements confirmed by the National Energy Dispatcher, at the price set by ANRE Decision no.1078 of 29.06.2020.

Technology system services expenses decreased in the first quarter of 2023 compared to the first quarter of 2022 by 11,655,073. System services purchase prices in the competitive market in the first quarter of 2023 remained around the following values:

- the average procurement price of the secondary regulation reserve with the value of 85,00 lei/MWh;
- the average procurement price of the fast tertiary regulating reserve, at increasing power, with the value of 50,00 lei/MWh;
- the average procurement price of the fast tertiary regulation reserve, at decreasing power, with the value of 12,00 lei/MWh.

Also, in the first quarter of 2023 there was a high level of concentration in the system technology services market for secondary reserve (SR) technological system services.

For the next period from 2023, we estimate that a significant impact on the evolution of costs for the procurement of technological system services through daily and one-way bids, at CNTEE Transelectrica SA level, will be the evolution of ANRE's regulatory framework on the electricity market, as well as the European context of evolution of the electricity market.

Balancing market expenses

The balancing market expenses of 507,871,005 in the first quarter of 2023 were 149,215,968 lower than in the first quarter of 2022. Such expenses result from the notifications/achievements of participants on this market.

15. Amortisation

	Quarter I 2023	Quarter I 2022
Amortisation of tangible and intangible assets	63,266,168	60,660,813
Amortisation expense on intangible assets - additional CPT	16,926,334	-
Amortisation of assets related to rights of use of leased assets	1,988,059	1,988,060
Total	82,180,561	62,648,873

Amortisation of tangible and intangible assets in the amount of 63,266,168 represents the amortisation recorded in the first quarter of 2023, corresponding to the commissioning of investment works and acceptance of assets.

Amortization of intangible assets - additional CPT in the amount of 16,926,334. These expenses were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to end clients in the electricity and natural gas market for the period 1 April 2022-31 March 2023, and for the amendment and completion of certain regulatory acts in the energy sector.

According to Article III of GEO no. 119/2022 and approved by Law no. 357/13.12.2022, for licensed economic operators providing electricity transmission services, the additional costs for the purchase of electricity made between 1 January 2022 and 31 March 2025, in order to cover their 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.

Amortisation of intangible assets recognised under IFRS 16 in the amount of 1,988,059 (the Company operates partly in rented office premises). Under IFRS 16 - Leases, the right to use the Company's leased premises in the Platinum office building at 2-4 Olteni Street is recognised as an asset measured at the level of the rent to be paid by the end of the lease. The asset recognised under IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "depreciation and amortisation of tangible and intangible assets".

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16. Personnel expenses

	Quarter I 2023	Quarter I 2022
Salary expenses	64,909,443	54,433,825
Social expenses	943,690	544,019
Expenses on tickets granted to employees	3,388,050	2,254,000
Expenses for mandate contracts and other committees, commissions	1,202,196	979,683
Social security and protection expenses	4,905,495	4,649,984
Provisions constituted for salary expenses and assimilated	(826,196)	(2,051,943)
Other expenses	7,242	51,601
Total	74,529,920	60,861,169

Total staff costs incurred in the first quarter of 2023 show an increase compared to the first quarter of 2022, mainly due to increases in some expenditure items such as: expenses on staff salaries, social expenses, expenses on vouchers granted to employees, expenses related to the mandate contract and other committees, commissions, as well as the reversal to income of part of the provisions set up for the revoked executive and non-executive directors representing compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with payments made on the basis of enforceable court rulings received by the Company.

17. Other operational expenses

	Quarter I 2023	Quarter I 2022
Other expenses with services executed by third parties	24,578,351	16,991,918
Postal expenses and telecommunication fees	192,358	93,669
Royalties and rents	1,566,484	1,464,078
(Net) operational expenses on impairment allowances for current assets	(27,652)	572,028
Other expenses, of which:	19,629,854	2,349,459
- (Net) expenses with provisions for other operational expenses	(11,834)	(10,707,454)
- expenses on compensation under mandate for OAVT-s according to court rulings	799,429	1,787,623
- Tax and charge expenses (ANRE fee, natural monopoly tax, other local taxes and charges)	7,112,798	4,810,188
- expenses on international dues	1,747,227	1,454,224
- expenses on electricity procured for administrative consumption	337,184	1,306,024
- expenses on purchased natural gas	678,879	882,327
- travel expenses	1,131,946	637,201
- expenses on goods	668,759	405,177
- sponsorship expenses	177,574	400,820
- staff transport costs	543,168	347,939
- expenses on fines and penalties, mainly from disputes	631	316,631
- other operating expenses not deductible for tax purposes	7,262,761	51,390
- other operating expenses	(818,668)	657,369
Total	45,939,395	21,471,152

In the first quarter of 2023, these expenses increased by 24,468,243 compared to the first quarter of 2022, mainly due to changes in some expense items such as:

- increase in some expense items, namely: expenses on civil protection and security, expenses on the implementation of pan-European codes, expenses on taxes, duties and similar charges etc.;
- recording of the amount of 7,262,761 under other operating expenses non-deductible for tax purposes, mainly representing the recognition on the Company's operational costs of two investment projects "Consolidation, modernization and expansion of CNTEE Transelectrica SA - Magheru headquarters" and "Implementation of an Electronic Filing and Document Management system within CNTEE Transelectrica SA";
- reversal to income of the adjustment for impairment of the investment objective "Consolidation, modernisation and extension of CNTEE Transelectrica SA - Magheru",
- decrease in certain items of expense, mainly expenses paid under enforceable court rulings awarded to former executive and non-executive members dismissed as compensation under the 2020 mandate contracts for the period 2020-2024.

18. Net financial result

	Quarter I 2023	Quarter I 2022
Interest revenues	846,656	244,734
Revenues from exchange rate differences	15,757,182	1,412,283
Other financial revenues	288,268	26,645
Total financial revenues	16,892,106	1,683,662
Interest expenses	(1,318,583)	(1,672,751)
Expenses from exchange rate differences	(13,945,376)	(2,103,845)
Other financial expenses	(242,140)	-
Total financial expenses	(15,506,099)	(3,776,596)
Net financial result	1,386,007	(2,092,934)

On 31 March 2023, the Company recorded a net financial result (profit) in the amount of 1,386,007. This was mainly influenced by the interest applied/recorded during the period under review, but also by the evolution of the exchange rate of the national currency against the euro.

On 31 March 2023, in the total amount of 1,318,583 (interest expense), the amount of 217,297 represents interest calculated on fixed assets related to the rights of use of leased assets - buildings, as required by IFRS 16 - Leases.

The increased level of foreign exchange income and expenses was significantly influenced by the high volume of transactions related to the market coupling business segment in conjunction with the evolution of the exchange rates of the national currency against the euro.

Other financial income/other financial expenses mainly represent the recording of Transelectrica's exit from the shareholding of SELENE CC, according to the sale-purchase agreement of shares issued by SELENE CC. On 08.02.2023, the amount mentioned in the contract was received in full by Transelectrica from the buyers under the contract, by bank transfer.

The exchange rate of the national currency recorded on 31 March 2023 compared to that recorded on 31 March 2022 is as follows:

Currency	31.03.2023	31.03.2022
Lei / EUR	4.9491	4.9466
Lei / US Dollar	4.5463	4.4508

19. Disputes and contingencies*i) Disputes in progress*

The managerial team regularly analyses the ongoing disputes, and after consulting with legal representatives decides the need to create/cancel provisions for the amounts involved or their introduction into financial statements.

Taking into account the existing information the Company's management believes there are no significant ongoing disputes in which the Company is defendant, except for the following ones:

- AUTONOMOUS PUBLIC COMPANY FOR NUCLEAR ACTIVITIES (RAAN)**

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file no. 3616/101/2014 was recorded, involving the "claims in the amount of 1,090,831.70, value of invoice no. 1300215/31.12.2013", a file in which the Company is defendant and defendant being the Autonomous Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10 October 2014 by Mehedinti Tribunal admitted the request filed by defendant RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,090,831.70 Lei, the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the Law Court to decide in the ruling to be pronounced to admit the appeal as filed, to cancel the decision and sentences appealed against, refer the case to the territorial competent court for judgment, and to ascertain fulfilment of requirements from articles 1616-1617 of the Civil Code, reason for which it

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was also required to declare the occurrence of mutual debts compensation and their redemption up to the smallest amount among them, namely the total amount requested by the plaintiff in the application for summons, ordering the appeal - plaintiff to pay the expenses made with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided to reverse decision 843/2015 and to remand the case for retrial to the same court, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court of Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinți Tribunal, while the case was referred for retrial to Bucharest Tribunal, Section VI Civil. On the docket of the Bucharest Tribunal the case was registered under no. **40444/3/2017** which by civil ruling 4406/04.12.2017 admitted the request filed by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 Lei. The sentence was appealed against. The Bucharest Court of Appeal's resolution: it denied the appeal as groundless; final. It was ruled in open court on 13.12.2018.

In 2014-2015 the Company withheld from payment the bonus owed to RAAN under the support scheme based on the provisions of ANRE regulations, namely article 17 para 5 of Order 116/2013 of ANRE President.

Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,496,914, withheld from the payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,496,914 and did not register it as liability in the support scheme.

File 9089/101/2013/a152 pertains to contesting the additional Receivables Table against debtor RAAN, the litigated amount being 89,360,986 Lei.

Transelectrica SA was recorded in the table of debtor RAAN with only 11,264,777 Lei, under receivables resulting from continued activities of such debtor but the amount the Company requested was 89,360,986 Lei. The sum of 78,096,209 Lei was not registered in the preliminary receivables table because "it did not appear as owed amount in the accounting books of RAAN". Moreover, the judiciary liquidator considered the request to register the sum of 78,096,209 Lei in the table has been executed late as it pertained to 2011 – 2013, for which reason the receivable statement should have been made when the insolvency procedure had been instituted, namely on 18.09.2013. Contestation of the preliminary Receivables Table was submitted within the legal term and Mehedinți Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 term case judgment was suspended until settlement of file **3014/2/2014** found on the docket of the ICCJ, and on 14.02.2019 Mehedinți Tribunal decided joining file 9089/101/2013/A152 to file 9089/101/2013/a140 (pertaining to claims – payment request). Thus, file judgment was postponed because the court considered it useful for case settlement to submit Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, with respect to cancelling decision 743/2014 of ANRE President.

The settlement of Mehedinți Tribunal by Ruling 163 / 20.06.2019 was: It admitted the exception of decline. It partly admitted the main issue and associated contestation. It compelled defendant RAAN to pay to claimant Transelectrica the amount of 16,950,117.14 Lei accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right was granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/20.06.2019.

Transelectrica appealed within the legal time limit. On the 06.11.2019 term the Appeal Court Craiova decided rejecting Transelectrica's appeal as groundless; final. Ruling no 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file 1711/54/2019 with hearing term on 25.03.2020 in the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

On 26.03.2020 the hearing term was changed and the next one was set on 21.05.2020.

On 21.05.2020 the case was taken out of the docket with the following settlement: the exception of material incompetence of the Appeal Court Craiova was admitted and the decision was taken to refer the case to ICCJ, Administrative and Fiscal Disputes Section; Ruling 140/21.05.2020; term 03.02.2021.

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did not pronounce on its inadmissibility.

There are four more files between RAAN and Transelectrica found under various judgment stages.

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinți Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to capitalize the debtor's assets.

On the 14.10.2021 term the case was deferred and the settlement in brief was: "it granted term to continue the procedure, namely to capitalize the assets and carry out the other liquidation activities".

The case the case was deferred to 10.02.2022, the summary decision being: 'for the conduct of the proceedings, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. The parties will be summoned by the BPI' and the next hearing is set for 02.06.2022.

At the 02.06.2022 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets,

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the collection of claims and the completion of the other liquidation operations and the next term is set for 06.10.2022.

At the 06.10.2022 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of claims and the completion of the other liquidation operations and the next term is set for **09.02.2023**.

At the hearing of 09.02.2023, a time limit was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of claims and the completion of the other liquidation operations and the next hearing is set for **15.06.2023**.

• ROMANIAN COURT OF AUDITORS

Following an inspection performed in 2013, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. The decision and protocol issued by the Court of Audit were appealed against before the Appeal Court of Bucharest and file **1658/2/2014** was constituted, pertaining to “cancellation of control deeds” – Conclusion 7/20.02.2014 issued by the Court of Audit.

On 13.06.2018 the claimant’s suit was partly admitted. It cancelled a part of conclusion 7/20.02.2014, decision 37/9.12.2013 and the audit report 35521/6.11.2012 issued by the defendant with respect to the measures in the above decision indicated in points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure of pt. II.13, meaning to remove the phrase “including what has been found about the invoices issued by Florea Administrare Imobiliara SRL”. The court rejected the remainder of the claimant’s request as groundless. It standardised the electric power expertise report executed for this case by expert Toaxen Vasile. It compelled the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Document: Ruling 2771/13.06.2018.

At the High Court of Cassation and Justice, case number 1658/2/2014 became case number **2985/1/2021**. The term for the hearing is **24.11.2022**. At the hearing of 24.11.2022, solution of the appeal: the court finds that the appeal formulated by the claimant National Electricity Transmission Company Transelectrica SA against Judgment No 8 of 20 January 2021 of the Bucharest Court of Appeal - Administrative and Fiscal Litigation Section VIII, delivered in case No 6576/2/2017, is null and void. Final.

As result of an audit conducted in 2017 the Court of Audit issued certain measures to be implemented by the Company as it ascertained certain deficits. CNTEE Transelectrica SA filed 8 contestations against the measures decided by Romania’s Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation as well as cancelling the Conclusion 77/03.08.2017, registered in the Company under number 29117/08.08.2017, and the Audit Report 19211/26.05.2017. Contestations are under settlement - on the docket of the Bucharest Court of Appeal (2 files: 6576/2/2017 pertaining to cancelling the findings regarding item 13, and the measure decided in item II.13, term: 20.01.2021, settlement: the exceptions of inadmissibility claimed in the summons were rejected; the request was rejected as groundless - Transelectrica filed a second appeal on 19.11.2021, and casefile no. **6581/2/2017** on cancelling the findings from item 6, and the measure decided in item II.9, hearing term on **31.03.2023**: According to the minutes of 29.03.2023, case No 6581/2/2017 was referred to the 12th formation of the Administrative and Fiscal Disputes Chamber VIII under No **6581/2/2017*** (on **31.03.2023**). The judgment will be delivered by making the decision available to the parties through the registry of the court. At the hearing on 13.04.2023, in order to give the parties the opportunity to submit written submissions, adjourns the judgment to **28.04.2023**), on the docket of the High Court of Cassation and Justice (4 files: **6577/2/2017** on cancelling the findings from item 13, and the measure decided in item II.13, which became file **1614/1/2020**, hearing term set on 27.01.2022, dismissing the appeal filed by the claimant, Compania Națională de Transport al Energiei Electrice Transelectrica S.A., against Ruling no. 2678 of 30 December 2019 of the Bucharest Court of Appeal - Administrative and Fiscal Disputes Section VIII, delivered in Case no. 6577/2/2017, as groundless. Final, Case no. **6578/2/2017**, on cancelling the findings s in paragraph 9, as well as the measure ordered in paragraph II.11, hearing date 28.06.2022, dismissing, as untimely filed, the appeal filed by the claimant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the civil ruling no. 1566 of 23 April 2019, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Disputes Section VIII, regarding the decision ordered on the. Dismisses the appeal brought by the claimant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against the same ruling, as regards the decision on the cancellation request, as groundless. Final, case no. **6574/2/2017** on cancelling the findings in paragraph 5.2, as well as the measure ordered in paragraph II.8, hearing date 19.10.2021- Dismisses the appeals filed by the recurrent-claimant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against Civil Ruling no. 1074 of 8 March 2018 and the Hearing conclusion of 11 January 2018, pronounced by the Bucharest Court of Appeal - VIII Administrative and Fiscal Disputes Section, as groundless. Three files were settled for good by cancellation request rejected by the Bucharest Court of Appeal and appeals denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings from item 5.1, and the measure decided in items II.7 and II.8 and file 6582/2/2017 on cancelling the findings from item 11, and the measure decided in item I.5; file 6580/2/2017 on cancelling the findings from item 10, and the measure decided in item II.12).

In January-July 2020 Romania’s Court of Audit was in control in all Territorial Transmission Units of CNTEE Transelectrica, and in 25.05-27.08.2020 such audit continued in the Company’s executive branch. CCR’s audited issue was “control on the circumstances, development and administration of the state’s public and private domains, and the legality of revenues achieved and expenses made in 2017-2019” in CNTEE Transelectrica SA.

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The audit on the above-mentioned topic began 25.05.2020 in the Company's executive offices and was suspended by CCR because it started another audit pertaining to "control on the management of public resources during the emergency state". It began on 02.06.2020 and was completed on 26.06.2020.

The audit report elaborated by CCR auditors about the "control on the management of public resources during the emergency state", registered in the Company under no. 24225/26.06.2020 did not find deficiencies therefore no Decision was issued to provide measures to be taken.

When the audit on the administration of the state's public and private domains and on the legality of revenues achieved and expenses made in 2017-2019 has been completed on 06.10.2020 Audit Report 40507/06.10.2020 was issued, and on 09.11.2020 Romania's Court of Audit issued Decision 15 by Department IV, which decision contained 10 measures with completion term on 31.05.2021, but CCR upon Company request extended such term until 31.12.2021.

The Company filed objections and submitted Contestation 50090/26.11.2020, registered by the Court of Audit under no. 139775/26.11.2020, and requested it to cancel the measures. CCR's auditors examined and studied the Contestation submitted by the Company and Conclusion 2 of 10.03.2021 admitted cancelling only one measure of the 10 required.

On 02.04.2021, the Company filed an appeal for the cancelation of the administrative act, file registered at the Bucharest Court of Appeal under no. **2153/2/2021**. On the 10.12.2021 hearing, the CAB rejects the summon filed by the claimant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE "Transelectrica" SA against the defendant ROMANIAN COURT OF AUDIT, as groundless. Dismisses the suspension request as groundless. With a right of appeal within 15 days of communication and with a right of appeal within 5 days of communication in respect of the head of claim concerning the suspension; the application for appeal to be filed with the Bucharest Court of Appeal.

• OPCOM

The Bucharest Court has registered the case no. **22567/3/2019**, which has as subject matter "claims", a case in which the Company is the claimant, the defendant being OPCOM SA.

By its summon, the claimant CNTEE Transelectrica SA requested the court to order in its ruling:

- Compel the defendant OPCOM SA to pay the amount of 4,517,460 lei, relating to invoice number TEL 16 AAA No 19533/29.07.2016, representing the VAT equivalent of the contribution made by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement No 7181RO/2003, a commitment to finance the investment project 'Electricity Market Project';
- Compel the defendant OPCOM SA to pay the amount of RON 1,293,778.27 relating to invoices TEL 19 T00 No 17/28.01.2019 and TEL 19 T00 No 131/10.07.2019, representing the statutory penalty interest calculated for non-payment on time of the invoice series TEL 16 AAA No 19533/29.07.2016.
- Compel the defendant OPCOM SA to pay the costs.

On the hearing of 03.07.2020, the court discussed the suspension request in case no. 22567/3/2019, made by OPCOM, and the case remained pending.

At the hearing of 17.07.2020, the court issued the following summary decision: suspends the case until the final resolution of the case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final). With appeal for the entire period of suspension. Pronounced by making the decision available to the parties through the court registry today, 17.07.2020. Document: Order - Suspension 17.07.2020.

After the final settlement of **case no. 31001/3/2017**, CNTEE Transelectrica SA filed a request to reopen case no. 22567/3/2019, as the reason for the suspension of the case no longer existed. The Bucharest Court has resumed the case, setting a hearing date of 05.11.2021.

At that hearing, following the appeal, the court gave the parties the floor on the 'plea of limitation of the substantive right of action'. After the oral submissions of the parties on this objection, the court postponed the ruling and adjourned the hearing until 3 December 2021.

On 03.12.2021, the Bucharest Court of Justice rendered the following settlement in brief: "Admit the exception of the limitation of the substantive right of action. Dismisses the action as time-barred. With the right to appeal within 30 days from the date of communication, to be submitted to the Bucharest Court, Civil Section VI. Pronounced by making the decision available to the parties through the court registry, today, 03.12.2021. Document: Ruling 3021/2021 03.12.2021".

The company appealed.

The court dismisses the appeal as groundless. Orders the recurrent to pay the defendant, the sum of 11,325.21 lei by way of law suit expenses. With appeal within 30 days from the communication of the decision. Delivered today, 12 October 2022, by making the decision available to the parties through the court registry: Ruling 1532/12.10.2022.

The Bucharest Court of Justice is hearing case no. **24242/3/2021**, in which OPCOM SA is the claimant and CNTEE Transelectrica SA is the defendant.

This case concerns the nullity of the act - contribution in kind, materialized by intangible assets, trading platform - Commercial Exchange and Regional Electricity Exchange, financed by loans contracted by CNTEE Transelectrica SA from the BIRD, based on loan contract no. 7181RO/17.07.2003, and from CNTEE Transelectrica SA's own sources,

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which were carried out on the basis of service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Resolution no. 6/15.06.2016 and, subsequently, AGOA Resolution no. 2/25.05.2017 and AGOA Resolution no. 7/24.05.2018.

On the 11.04.2022 hearing, the court discussed the objections raised by CNTEE Transelectrica SA in its statement of defence. The evidence proposed to be taken in this case was also discussed in this hearing. The Court adjourned the case to the term set for **22.11.2022**, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several adjournments, the next hearing was set for **16.05.2023** for the missing expert report.

• CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensations for the expenses incurred up to that date amounting to 17,419,508 Lei and for unrealised profits in 2013-2033 amounting to 722,756,000 EUR. To date the Company has not concluded an addendum to the connection contract because the suspensive terms included in the contract were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File 5302/2/2013 was found on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, and pertained to an obligation to issue an administrative deed; law court stage – appeal and hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and set a hearing term of such appeals, for the main issue, on 08 April 2016. Panel 4 was entrusted to summon the parties.

Case judgement was deferred to 17.06.2016, when the court postponed pronouncement to 29.06.2016, when it pronounced Ruling 2148/2016 whereby it decided as follows: “It denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested conclusion and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant’s case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other ruling provisions as regards the claimant’s suit against the National Regulatory Authority in the Energy domain. It denies the appeals filed by claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final”. It was pronounced at public hearing on 29 June 2016.

The file was registered under no. 12107/3/2017 on the docket of Bucharest Tribunal. The Tribunal’s civil sentence 4364/23.11.2017 admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request on the claimant’s behalf. Appeal right granted within 30 days from notification. The appeal was filed to the Appeal Court Bucharest, Section VI Civil and the court clerk office notified it on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil new summons were filed by Conaid Company SRL under file **36755/3/2018**, by which the claimant requested the court to compel Transelectrica SA to “repair the prejudice caused to the claimant as a result of the defendant’s culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealized benefit, provisionally estimated at 100,000 Euro taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant’s obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms”.

On the 15.10.2019 term it denied as groundless the exceptions of absence of active processual capacity and absence of interest. It joined the exception of prescription to the main issue; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties’ disposal by means of the court clerk.

It established the term on 26.11.2019 to continue investigating the case and summon the parties; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties’ disposal by means of the court clerk.

It was deferred in order to bring the expertise evidence and a new term was established on 21.01.2020.

On 21.01.2020 the case was deferred provide the expertise and the next term was established on 31.03.2020.

On the 31.03.2020 term the settlement in brief was: Lawfully suspended according to article 42 para 6 from the Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency period.

After several deferrals, the next hearing term is set for 28.09.2022 for the expert evidence.

On 28.09.2022, the case was deferred for lack of reply to the objections and the next hearing term is on 07.12.2022.

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On 07.12.2022, the case is adjourned for lack of reply to the objections and the next hearing term is granted on 22.02.2023 and subsequently on **03.05.2023** also for the same case.

• ROMENERGY INDUSTRY

File no **2088/107/2016** on the docket of Alba Tribunal pertained to “Bankruptcy & request to be admitted in the creditors’ list”.

Transelectrica filed request to be recorded in the creditors’ list with 16,112,165.18 Lei and the receivable was admitted and registered in the preliminary table.

Settlement in brief: It established the term on 14.10.2019 to continue the bankruptcy procedure by capitalizing the assets and recovering the receivables. The judiciary liquidator was to execute and submit to the file: - every 15th day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

On the 27.01.2020 term the verification was established on 11.05.2020 to continue the bankruptcy procedure by capitalizing the assets and recovering the receivables. The judiciary liquidator was to execute and submit to the file: - every 15th day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

On 11.05.2020 judgment was lawfully suspended during the emergency state instituted in Romania.

On the 22.06.2020 term the case was deferred; settlement in brief: the report was admitted about the funds obtained from liquidating the debtor’s assets and the distribution plan of 03.06.2020.

On the 05.10.2020 term the case was deferred; settlement in brief: term was established on 18.01.2021 to continue the bankruptcy procedure by capitalizing the assets and recovering the receivables.

On the 18.01.2021 term the case was deferred; settlement in brief: Report 1334 was approved about the funds obtained from liquidating the debtor’s assets and Plan 1335 for funds distribution.

On the 27.09.2021 term a new hearing term was set on 31.01.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

On the 27.09.2021 term a new hearing term was set on 31.01.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables

On the 31.01.2022 term, a new hearing term was set on 16.05.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

On the 16.05.2022 term, a new hearing term was set on 19.09.2022, to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

On the 19.09.2022 term, a new hearing term was set on 12.12.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

At the hearing term of **12.12.2022**, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating partner Bica Rosana. On the basis of Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the deletion of the debtor company from the Trade Register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. With the right of appeal within 7 days of notification by the BPI.

• MUNICIPALITY OF REȘIȚA

File no **2494/115/2018*** registered on the docket of Caras Severin Tribunal pertains to summons whereby the claimant Resita City requests compelling defendant Transelectrica SA to pay the following amounts:

- 2,129,765.86 lei, representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 lei, representing the land rent for 2016;
- 2,129,765.86 lei, representing the land rent for 2018;
- 2,129,765.86 lei, representing the land rent for 2019;
- 2,129,765.86 lei, representing the land rent for 2020;
- Legal penalty interest from due date until actual payment.

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant CNTEE Transelectrica SA in favor of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing on 11 March 2019. Document: Ruling 313/11.03.2019.

On the hearing term of 25.10.2019 the exception is admitted of territorial incompetence of Bucharest Tribunal. It declined the settlement competence of this case in favor of Caras-Severin Tribunal. It ascertains the occurrence of a negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspended the case and referred the file to the High Court of Cassation and Justice, in order to settle the negative competence conflict. No appeal was granted; pronouncement will take place by placing the settlement at the parties’ disposal through the court clerk; Ruling 2376/25.10.2019.

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On the 16.07.2020 term the High Court of Cassation and Justice issued ruling 1578 and established the case settlement competence in favor of Caras Severin Tribunal, Section I civil.

At the term on 16.11.2020 the court deferred the case and granted time to study the writs submitted on this hearing term to the case file by the representative person of CNTEE Transelectrica SA, setting a new term on 22.03.2021.

On the 22.03.2021 term settlement in brief: It suspended judging the summons filed by claimant Resita City through the Mayor in contradiction with the defendant National Power Grid Company Transelectrica SA pertaining to claims, according to article 413 para (1) pt. 1 Civil Procedural Code. Appeal granted during the entire judgment suspension, to the higher instance.

The case was suspended until the final decision in case no. 3154/115/2018* of the Court of Caras Severin.

At the hearing on 19.01.2023, the summary judgment is as follows: Dismiss the plea of untimeliness of the application as the defendant does not have the necessary standing to rely on the method of determining the stamp duty. Dismiss the plea of untimeliness of the application to amend the application. Adjourns the discussion of the plea of res judicata until the date on which the decision of the High Court of Cassation and Justice in Case No 3154/115/2018** is delivered in full. Postpones the ruling on the requests for evidence consisting of the defendant's cross-examination and the expert's report. Adjourns the case and sets a trial date of 02.03.2023.

At the hearing on **02.03.2023**, the short answer is as follows: suspends the proceedings on the claim for damages brought by the plaintiff Municipality of Resita against the defendant National Power Transmission Company "Transelectrica" SA, concerning claims. With right of appeal for the duration of the stay of proceedings.

- **SMART SA**

File No **15561/3/2022**, registered before the Bucharest District Court, concerns the application for a writ of summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the sum of 4,467,108 lei, representing the amount of tax liabilities relating to increased revenues as a result of the increase in the tax base resulting from the adjustment of revenues for 2014, 2015 and 2016 + legal costs.

At the hearing of 23.03.2023, a hearing term is set for **15.06.2023** in order to carry out the agreed expert report.

- **ANAF**

In 2017 a general fiscal audit was completed that had started in Transelectrica SA on 14.12.2011, control targeting the interval December 2005 – December 2010.

The general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

When the audit has ended ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

In accordance with the taxation decision F-MC 439/30.06.2017 in total sum of 99,013,399 Lei, ANAF – DGAMC established additional fiscal liabilities payable by the Company, amounting to 35,105,092 Lei, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 Lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities: corporate tax amounting to 13,726,800 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office in the Millennium Business Centre from 2-4, Armand Calinescu Street, Bucharest 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a dispute with ANAF, the latter sending a tax inspection report on 20 September 2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company filed contestation against Taxation Decision F-MC 439/30.06.2017 within the legal term according to OG 92/2003 on the Civil Procedural Code.

ANAF issued the enforcement title 13540/22.08.2017 based on which the additional payment liabilities were executed as established under the Taxation Decision F-MC 439/30.06.2017.

The Company requested cancellation of the enforcement title 13540/22.08.2017 from the Appeal Court, under file **7141/2/2017**. Settlement in brief: it admitted the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declined the material competence of case settlement in favor of Law Court of Bucharest 1; no appeal granted. It was pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

After such declination of competence file **8993/299/2018** was registered on the docket of Law Court of Bucharest 1 whereby the Company contested the enforcement performed according to the enforcement title 13540/22.08.2017, based on the Taxation Decision F-MC 439/30.06.2017.

After the Company's contestation of the fiscal administrative deed Decision F-MC 439/30.06.2017 ANAF notified the Company Decision 122/13.03.2018 whereby it rejected as groundless the contestation filed by CNTEE Transelectrica SA, such decision being received on 16.03.2018, after submitting the summons under file 1802/2/2018.

Settlement in brief: It admitted the judgment suspension request filed by the contester. In accordance with article 413 para (1) pt. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the

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docket of the Appeal Court Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension; appeal to be submitted to the Law Court Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

File **1802/2/2018** is on the Appeal Court docket whereby the Company contested the administrative fiscal Decision F-MC 439/30.06.2017.

On the 06.11.2018 session term the court admitted the administration of the expertise evidence, in the accounting - fiscal specific domain. Hearing scheduled for: 12.05.2020.

At CAB's hearing term on 21.07.2020 pronouncement was deferred.

On 30.07.2020 the case was resumed on the docket for additional explanations.

At the 20.10.2020 term it admitted in part the request with the following settlement in brief: the suspended requests were partly admitted, Ruling 122/13.03.2018 was partly cancelled with respect to settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations; Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers; Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, and the Fiscal Inspection Report F-MC 222 concluded on 30.06.2017, which were used as grounds in issuing the taxation decision, meaning that: - it removed the obligation to pay the profit tax amounting to 18,522,280 Lei, the VAT amounting to 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debits in quantum of 48,436,653 Lei, and the fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant's management; - it cancelled the non-deductible nature of 27,001,727 Lei in the calculation of taxable income, which represent system technological services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit, and it compelled payment of the main fiscal liabilities and accessories associated to such amount; - it cancelled the non-deductible nature of 343,629.91 Lei in the calculation of taxable income, representing "services for weeds removal" and it compelled payment of main fiscal receivables and accessories related to such amount; - it cancelled the non-deductible nature of 230,685,491 Lei in the calculation of taxable income, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 46,417.1 Lei associated to 343,629.91 Lei representing "weeds removal services" and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 37,693.88 associated to 230,685.49 Lei, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the mention regarding the obligation of the Transmission Branch Sibiu within CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the verified unit was accepted to be recorded in the creditors' table by such amount, mention regarding the nature of taxable revenue when calculating the profit for 576,846.80 in accordance with the provisions of article 19 para 1 from Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with pt. 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003; the chapter regarding the income tax, namely Chapter VII Accounts operation of Order 3055 / 29 October 2009 approving the Accounting Regulations complying with European directives and the payment liability of main fiscal receivables and accessories related to such amount; - in the Minutes it cancelled the ascertainment with respect to "determining the deductible value added tax to a lower value than that registered by the claimant, thus resulting a difference in sum of 13,141 Lei" (annex 15), and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the payment liability of delay penalties which have a sanctioning juridical regime, calculated for more than 6 months from the beginning date of fiscal inspection with respect to the main fiscal liabilities maintained by the law court in this ruling, as established by Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations. It maintained the other provisions of Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It denoted as groundless the request to grant law court expenses consisting of the stamp judiciary fee. It compelled the defendants to jointly pay the claimant the law court expenses amounting to 4,000 Lei, representing fee for the execution of accounting-fiscal expertise, proportional to the request admittance. **Appeal right** granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. **Ruling 382/20.10.2020.**

The parties filed an appeal in March 2022.

On 12.04.2022, the Bucharest Court of Appeal defers the case to **10.05.2022**, in order to give the claimant the opportunity to take cognizance of the content of the statement of defense.

At the hearing of 24.05.2022, CAB rejects as groundless the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in so far as it states that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated to be correct by way

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of principal and ancillary tax liabilities. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested ruling. Appeal within 15 days of notification.

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

• OTHER

The Company is involved in significant disputes specially to recover trade receivables (e.g.: Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galați and others).

The Company registered impairment allowances for value losses in case of clients and other litigated receivables, as well as for bankrupt clients.

At the same time, the Company is involved in disputes with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between them and the Company. The Company has made provision for these disputes.

ii) Contingencies

As at 31 March 2023, **contingent liabilities** amount to 36,303,031 lei. These relate to disputes concerning claims for additional costs following the increase in the minimum wage in the construction sector for investment contracts.

- *File No 20780/3/2020 - claimant ENERGOMONTAJ SA (7.092.389)*

The subject-matter of the case is the claim for updating the value of the contract in respect of additional costs relating to the increase in the minimum wage in the construction sector and an order for the conclusion of an addendum to contract C54/2018.

The subject of contract C54/2018 is the investment project - *Refurbishment of 220/110 kV Craiova Nord station*.

At the hearing on **24.04.2023**, the summary judgment is: "Admit in part the application for the summons brought by the applicant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the applicant the sum of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Additional Act to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the sum of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the sum of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the application as unfounded. Orders the defendant to pay the applicant the sum of 171,104.06 lei by way of costs. With right of appeal within 10 days of communication. The application for leave to appeal shall be lodged with the Bucharest Court, Civil Division VI. Pronounced by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 **24.04.2023**."

- *File No 25896/3/2020 - claimant Electromontaj București (10.000.000)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C229/2015 - *Switching to 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad / LEA 400 kV Portile de Fier (Anina) - Reșița axis*.

Hearing term: 25.08.2022 - submission of expert report.

At the hearing on 25.08.2022, ruling was deferred until 13.09.2022. On 13.09.2022, the TMB rejects the objections to the expert's report in the field of accounting submitted by the defendant as groundless. Admit the objections to the expert's report in the field of accounting submitted by the applicant. An address will be issued to the expert Cojocaru Mihaela with the mention to reply to the objections and to file the reply. With appeal against the merits.

In view of the absence of the expert's report, for the submission of the expert's report, adjourns the case .

Hearing term: **16.05.2023**.

- *File No 27001/3/2021 - claimant Romelectro (3.523.710)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C264/2017 - *Modernisation of the 110 kV Bacău Sud and Roman Nord stations on the 400 kV Moldova axis*.

At the hearing on 28.04.2023, the case is adjourned for lack of expert report.

- *Case No 22368/3/2021 - claimant Romelectro (2.275.653)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C260/2017 - *Modernisation of 110 and 400(220) kV installations in Focșani West station*.

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At the hearing on 24 June 2022, dismisses the application as unfounded. Appeal within 10 days of service. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Document: Judgment No 1555/2022.

- *File No 30801/3/2021 - claimant Romelectro (2.271.075)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C145/2018 - Refurbishment of the 110 kV Medgidia South station.

At the hearing of 20.04.2022, the TMB's solution is: "Grant the evidence of an expert accountant with the following objectives:

- Please clarify to the expert whether Romelectro meets the condition set out in Article 66 of GEO 114/2018, i.e. whether 80% of Romelectro's turnover is generated from construction works, both in the year preceding the reference period (2018) and in the reference period (2019);

- to calculate the expert the cost difference generated by the increase in the salaries of the human resources actually employed by Romelectro in carrying out the work related to Contract No C145/2018, in the reference period and the first two months preceding it, respectively:

- a) Specify for each employee (human resource actually employed) separately whether his/her gross salary was below 3000 lei/month or higher in November and December 2018;

- b) When the HR salary was increased to 3000 lei/month;

- c) What is the difference between the previous salary and the salary imposed by GEO 114/2018;

- d) Whether during the period 01.11.2018 - 31.12.2018, Romelectro reduced the salaries of the human resources employed;

- (e) Specify the actual cumulative cost difference in the salary of the human resources used by Romelectro in the actual performance of the work covered by Contract No C145/2018 for the reference period.

- to determine the expert, on the basis of the analytical estimates, what is the percentage, i.e. the amount by which Transelectrica must adjust the price of Contract No. C145/2018 for the labour relating to the work remaining to be carried out on 01.01.2019, as a result of the legislative amendments introduced by GEO No. 114/2018 in order to increase the minimum wage in the construction sector to the amount of 3000 lei/month;

- Determine the expert the days/months of delay recorded in the execution of the works related to Works Contract No. C145/2018 as a result of the financing problems encountered by Romelectro S.A. following Transelectrica's refusal to pay the price at the adjusted value, respectively how the execution schedule was affected by Transelectrica's failure to adjust the price of the Contract following the legislative changes introduced by GEO 114/2018 in order to increase the minimum wage in the construction sector to the amount of 3000 lei/month.

Sets a hearing term on 29 April 2022, at 9:00 a.m., when the parties will be summoned. At the hearing on 29 April 2022, the case is deferred for the taking of evidence and the hearing is deferred to 14.10.2022.

At the hearing of 14.10.2022, the decision in brief: In view of the absence of the expert report, defers the case and set the hearing term for **07.04.2023**.

- *Case No 37332/3/2021 - claimant Romelectro (4.433.591)*

Fier - Anina- Reșița-Timișoara-Săcălaz-Arad - 400Kv station Timișoara axis.

At the deadline of 22 June 2022, the Bucharest Court admits the plea of untimeliness. Annuls the application as untimely. With appeal within 10 days of communication. The application for appeal is filed at the Bucharest Court - Civil Section VI. Delivered today, 22.06.2022, with the decision being made available to the parties by the court registry. Document: Decision 1502/2022 22.06.2022.

- *File No 8193/3/2022 - claimant Tempos Sev (2.437.253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kv station Hășdat.

At the hearing on 10 June 2022, the case is deferred to 14.10.2022. At the hearing on 14.10.2022 the case was deferred to 21.10.2022. Decision of 21.10.2022: Pursuant to Articles 258 and 255 of the Civil Procedure Code, the Court grants both parties leave to produce written evidence and the defendant also grants leave to produce evidence of the applicant's cross-examination and of an expert's report. Orders that the expert accountant's report shall have the objectives indicated by the defendant in its statement of defense, to which shall be added the additional objectives indicated by the defendant in the evidence note lodged at the hearing on 14 October 2022 and the objectives indicated by the applicant in the notes for the hearing lodged at the same hearing. The applicant is ordered to produce the documents requested by the defendant in its note for evidence of 14 October 2022. Requests the claimant to submit to the file the reply to the interrogatory which was communicated together with the statement of defense, under the signature of the legal representative, under penalty of the application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the court registry.

Hearing term for ruling **05.05.2023**.

- *File No 8442/3/2022 - claimant Tempos Sev (1.429.832)*

The subject matter of the case is the execution of the administrative contract for the contract C80/2018 - Refurbishment

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of the 220/110kV station Hășdat.

At the hearing term of 16.09.2022, the plea of relatedness is admitted. Refer the case back to the panel first seized with the case No 8193/3/2022, i.e. panel 12, for the case No 8442/3/2022 to be joined to case No 8193/3/2022. Appeal together with the merits. Delivered today, 16.09.2022, with the decision being made available to the parties by the Court Registry. Document: Final ruling (disinvestment) 16.09.2022.

As a result of the joinder of file No 8442/3/2022 to file No 8193/3/2022, as set out above, the matters under discussion will be dealt with in the first file (8193/3/2022).

- *Case No 8440/3/2022 - claimant Tempus Sev (2.437.253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kv station Hășdat.

At the hearing on 13.09.2022 the case was adjourned to 08.11.2022 for the purpose of taking the evidence requested.

At the hearing on 08.11.2022, the case is adjourned.

- *Case No 527/1285/2021 - claimant ELM Electromontaj Cluj (402.274)*

The subject matter of the file is claims - GEO 114/2018 for contract C4/6882/21.01.2019 -Modernization of Vetis station.

The solution of the Cluj Tribunal: The request brought by the claimant ELM ELCTROMONTAJ CLUJ S.A. is granted, in contradiction with the defendant C.N.T.E.E. "TRANSELECTRICA" S.A. Compels the defendant to conclude with the claimant an additional deed to the Works Contract no. C4/6882/21.01.2019, having as object the modification of the contract price as a result of the increase of the minimum gross basic salary per country guaranteed in payment for the construction sector, by art. 71 of O.U.G. no. 114/2018, according to the statements of works settled as from May 2020 and until the completion of the works related to the contract. Orders the defendant to pay to the applicant the sum of 402,273.61 lei (excluding VAT), representing the difference between the costs of the workmanship tendered and the costs of the workmanship executed and accepted under Works Contract No C4/6882/21.01.2019, relating to the statements of works drawn up for the period from May 2020 to 31 May 2021, as well as further, in the same manner, to pay the differences between the costs of the workmanship tendered and the costs of the workmanship executed and accepted until the acceptance on completion of the works. Compels the defendant to pay to the claimant the sum of 13,666.70 lei in late payment penalties of 0.02%/day, calculated on the principal debt from the due date until 31.05.2021, as well as the late payment penalties calculated thereafter until full payment of the principal debt. Orders the defendant to pay to the claimant the sum of 8 436,06 lei in respect of the costs of the proceedings and the legal stamp duty. With a right of appeal within 10 days from the date of notification, the application for appeal to be 'submitted with the Cluj Specialized Court. Pronounced by placing the decision at the disposal of the parties through the court registry today, 22 October 2021.

The company appealed.

All amounts in cases involving claims for additional costs requested by the claimants and subject to works contracts will be reflected in the value of the investments if they are settled in court and invoiced by the respective partners, except for court costs and penalties set by the court.

There are currently on the docket disputes with Romania's Court of Audit with respect to their audits performed in 2013, 2017 and 2020, described under Disputes.

Taking into account the findings of the Court of Auditors recorded in its Decisions following its audits of the quarterly, half-yearly and annual financial statements, we specified in the financial statements elaborated each quarter, semester and year there may be possible to result additional fiscal liabilities for payment, but which cannot be accurately determined now according to the provisions of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

20. Related parties

i) Transactions with subsidiaries owned by the Company

The entity	Country of Origin	31 March 2023 % of shares	31 December 2022 % of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA *)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA	Romania	100	100

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The net value of shares held by the Company in its subsidiaries is 78,038,750 at both 31 March 2023 and 31 December 2022.

The gross value of the Company's shareholdings in its subsidiaries is as follows:

SMART SA

Company SMART SA seated in Blvd. Magheru 33, Bucharest 1 and headquarters in the working location of Blvd. Gheorghe Sincai 3, Formenerg Building, 1st floor, Bucharest 4, București, has as main business the maintenance of the transmission-dispatcher system and was established under HG 710/19.07.2001 on 1 November 2001.

The Extraordinary General Meeting of Shareholders of S Smart SA approved with Resolution no. 14/10.12.2014 the capital increase of S Smart SA by contribution in kind with the value of the land for which the certificate of ownership was obtained.

On 30.12.2014, the Trade Register Office attached to the Bucharest Court of Justice has resolved the application for registration of the share capital increase of S Smart SA.

As of 25.01.2016, the National Trade Register Office has been amended regarding the shareholding structure of S Smart SA, namely the mention regarding the management of the state portfolio, an amendment required under Article 10 of GEO no. 86/2014, amended and updated.

Thus, on 31 March 2023, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 lei, fully subscribed and paid up.

TELETRANS SA

Company TELETRANS SA seated in Blvd. Hristo-Botev 16 - 18, Bucharest 3 with headquarters in the working location of Stelea Spătarul Street, nr. 12, sector 3, Bucharest, has as main business maintenance services of process and managerial information, specific telecommunication and information technology services within RET, telephone, data transmissions and was established by AGA Decision 3/2002.

The share capital on 31 March 2023 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

Subsidiary Company Energy Research and Modernizing Institute ICEMENERG SA seated in Blvd. Energeticienilor 8, Bucharest 3 has as main business the research and development of physical and natural science, innovation, studies, development strategies, design, urbanism, engineering and other technical services, being established under HG 1065/04.09.2003.

On 31 March 2023 in the Company's accounting books the share capital of Subsidiary Icemenerg SA was of 1,083,450 fully subscribed and paid.

*) On 07.04.2014, the National Office of the Trade Register admitted file 121452/03.04.2014 pertaining to cancelling the Subsidiary Energy Research and Modernizing Institute ICEMENERG SA Bucharest. Order 123/13.03.2014 (registration deed also licensing the operation) enabled recording the 'National Energy Research-Development Institute Bucharest' with the Trade Register (HGR 925/2010). The Company filed complaint against the ORC director's resolution enabling registration of cancellation for Subsidiary ICEMENERG SA Bucharest in the trade register.

Bucharest Tribunal, Section VI Civil by ruling 3569/14.07.2014 pronounced under file 15483/3/2014, where the Company was in contradiction with defendants Energy Research and Modernizing Institute Icemenerg SA Bucharest and the National Energy Research-Development Institute Icemenerg Bucharest, denied the Company's complaint on grounds that HG 925/2010 was not abrogated until the cancellation date with the ORC. The Appeal Court notified on 24.02.2015 the settlement pronounced under file 15483/3/2014, namely Ruling 173/2015, denying the appeal of CNTEE Transelectrica SA as groundless, such decision being final.

Transelectrica SA filed cancellation contestation against Ruling 173/2015 pronounced by the Appeal Court Bucharest, under file 1088/2/2015 found on the docket of the Appeal Court Bucharest, Section VI Civil, with hearing term on 13.05.2015. On 13.05.2015 Ruling 777/2015 of the Appeal Court Bucharest denied as groundless the cancellation contestation, such decision being final.

The company recorded in 2015 an impairment allowance in the amount of 1,083,450 for the shares held in the subsidiary Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA Bucharest which was written off.

In the meetings of 28.03.2016 and 30.08.2016, the AGEA did not approve the reduction of the share capital of CNTEE Transelectrica SA by the amount of 1,084,610, representing the subscribed and paid-up share capital of the subsidiary ICEMENERG SA Bucharest, by reducing the Romanian State's shareholding in the share capital of CNTEE Transelectrica SA, in application of the provisions of GD no. 925/2010.

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OPCOM SA

OPCOM SA, with registered office at 16-18 Hristo Botev Street, Sector 3, Bucharest, with legal personality, has as main business the organization, administration and supervision of the electricity market, being established under GD no. 627/2000.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company Operator of the Electricity and Natural Gas Market OPCOM SA ("OPCOM SA") by the amount of 678,790 lei through a contribution in kind represented by the value of the land for which the company has obtained the Certificate of Attestation of the Right of Ownership of Land series M03 no. 12899/27.02.2014, issued by the Ministry of Economy. The contribution in kind was valued by an expert appraiser appointed by ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised the powers of the person involved as of the date of the AGEA resolution, a number of 67,879 new registered shares with a nominal value of RON 10 each.

On 20.03.2019, the National Office of the Trade Register of the Bucharest Court has resolved the application for registration of the increase in share capital of OPCOM SA.

As at 31.12.2018, the share capital represented by the increase with contribution in kind of the Company in the amount of 22,587,300 is recorded in the financial statements submitted to the AGM approval by OPCOM and is presented as fully subscribed and unpaid share capital.

On 31 March 2023, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-up share capital. The remaining share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and IBRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On 31 March 2023, the share capital of OPCOM SA is 31,366,090 lei, representing a number of 3,136,609 registered shares with a share value of 10 lei and a shareholding of CNTEE Transelectrica SA in profits and losses of 97.84%.

FORMENERG SA

The company FORMENERG SA, with registered office in B-dul Gh.Șincai, nr. 3, sector 4, Bucharest, with legal personality, has as main business the initial permanent professional training in all activity domains of personnel in the energy sector, as well as of other beneficiaries, being established under AGA Decision 33/2001.

The share capital on 31 March 2023 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the package of shares held by the Trading Company Subsidiary Energy Research and Modernizing Institute ICEMENERG SA Bucharest into the Trading Company Subsidiary ICEMENERG-SERVICE SA Bucharest to the National Power Grid Company Transelectrica SA.

The company recorded in 2016 an impairment allowance in the amount of 493,000 for shares held in the subsidiary ICEMENERG SERVICE SA.

The share capital on 31 March 2023 is 493,000, fully subscribed and paid up.

On 09.06.2017, Bucharest Tribunal, Section VII Civil ordered the bankruptcy by means of simplified procedure of debtor Company Subsidiary ICEMENERG SERVICE SA, and thus designated Solvendi SPRL in capacity of provisional judiciary liquidator.

On 27.04.2021, by address no.18759, the Special Administrator of the Subsidiary ICEMENERG Service SA informs that on 23.04.2021, following the bid, the assets of the Subsidiary ICEMENERG Service SA, both movable and immovable, were sold in bulk, the buyer being Portland Trust Developments Five SRL.

In the case file no.18051/3/2017, according to the Insolvency Proceedings Bulletin no.9152/26.05.2022, the Bucharest Court - Civil Section VII by civil sentence no.2429 approved the final report of the judicial liquidator, and on the basis of art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Company Filiala "Icemenerg-Service" SA by deleting it from the Bucharest Trade Register.

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Balances with subsidiaries held by the Company are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
SMART SA	346,900	341,310	14,960,356	18,350,272
TELETRANS SA	104,733	176,323	18,246,484	14,692,419
FORMENERG SA	-	-	-	-
OPCOM SA	101,426,413	654,372,119	129,815,896	647,260,234
TOTAL	101,878,046	654,889,752	163,022,736	680,302,925

*) Trade receivables are provided at gross values.

Transactions in the first quarter of 2023 and the first quarter of 2022 with the Company's subsidiaries are detailed as follows:

AFFILIATED ENTITY	Sales		Procurements	
	Quarter I 2023	Quarter I 2022	Quarter I 2023	Quarter I 2022
SMART SA	301,201	319,469	17,776,916	26,931,852
TELETRANS SA	142,936	178,604	11,334,912	9,906,016
FORMENERG SA	-	-	165	286
OPCOM SA	291,348,324	1,642,166,363	1,221,927,462	542,250,145
Total	291,792,461	1,642,664,436	1,251,039,455	579,088,299

ii) *Company management salaries*

Salaries paid to management for services rendered consist mainly of base salary and termination and post-employment benefits. These are detailed as follows:

	Quarter I 2023	Quarter I 2022
Short-term benefits	6,412,380	5,767,259
Other long-term benefits	92,043	11,341
Total	6,504,423	5,778,600

21. Credit risk

Credit risk is the risk that the Company incurs a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. This risk arises mainly from trade receivables and cash and cash equivalents.

The treatment of counterparty risk is based on the Company's internal and external success factors. External success factors - which have an effect on risk reduction in a systematic way - are: decentralization of the energy sector where generation, transmission, distribution and supply are distinct activities and the interface for the customer is the supplier, trading of electricity on the Romanian market in two market segments: the regulated market and the competitive market. Internal success factors in the treatment of counterparty risk include: diversification of the customer portfolio and diversification of the number of services offered in the electricity market.

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts the obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk.

The maximum exposure to collection risk at the reporting date was:

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	31 March 2023	31 December 2022
Financial assets		
Net trade receivables	1,156,435,354	2,261,084,021
Other net receivables and down payment to suppliers	228,640,190	787,546,355
Receivable VAT	370,161,601	291,841,166
Cash and cash equivalents	323,920,409	315,146,396
Other financial assets	-	-
Total	2,079,157,554	3,655,617,938

The ageing of **receivables** at the date of the statement of financial position is shown below:

	Gross value 31 March 2023	Impairment allowance 31 March 2023	Gross value 31 December 2022	Impairment allowance 31 December 2022
Not yet due	1,067,490,600	518,270	2,171,853,986	439,303
Overdue between 1 - 30 days	29,959	-	120,587	2,770
Overdue between 31 - 90 days	106,810	16,211	20,541	5,943
Overdue between 90 - 180 days	(139,608)	-	18,045	6,970
Overdue between 180 - 270 days	6,973	13,210	428,640	449,742
Overdue between 270 - 365 days	433,826	455,144	186,948	181,868
More than one year	221,430,423	131,920,794	221,292,437	131,750,567
Total	1,289,358,983	132,923,629	2,393,921,184	132,837,163

The ageing of **other receivables** at the date of the statement of financial position is shown below:

	Gross value 31 March 2023	Impairment allowance 31 March 2023	Gross value 31 December 2022	Impairment allowance 31 December 2022
Not yet due	199,970,256	26,345	1,050,760,965	34,980
Overdue between 1 - 30 days	158,370	8,635	208,379	-
Overdue between 31 - 90 days	851,638	-	445,076	-
Overdue between 90 - 180 days	211,779	-	2,272,225	242,536
Overdue between 180 - 270 days	2,007,147	267,758	1,541,395	170,579
Overdue between 270 - 365 days	1,542,281	171,465	9,618,542	9,402,895
More than one year	100,220,004	75,847,082	90,871,784	66,479,855
Total	304,961,475	76,321,285	1,155,718,366	76,330,845

Transelectrica's policy is to record 100% impairment adjustments for loss of value for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables outstanding for more than 180 days, excluding overdue receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments at 31 March 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (25,151,556), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,429,126), Elsaco Energy (9,276,118), RAAN (8,516,707), NEXT Energy Partners (8,395,132).

In order to recover the receivables adjusted for depreciation, the Company has taken the following measures: legal action, registration of the receivables.

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The evolution of **bad debt impairment adjustments** is presented as follows:

	31 March 2023	31 December 2022
Balance on 1 January	132,837,163	145,107,946
Recognition of impairment adjustments	518,270	2,496,173
Reversal of impairment adjustments	431,804	14,766,956
Balance at end of period	132,923,629	132,837,163

The evolution of **impairment allowances for other doubtful receivables** is presented as follows:

	31 March 2023	31 December 2022
Balance on 1 January	76,330,845	66,918,366
Recognition of impairment allowances	25,222	11,557,190
Reversal of impairment allowances	34,782	2,144,711
Balance at end of the interval	76,321,285	76,330,845

Financial assets that may subject the Company to collection risk are mainly trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts an obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk. The collection risk on these receivables is limited as these amounts are mainly due from state-owned companies.

The cash is placed in financial institutions, which are considered to have minimal risk.

22. Subsequent events

- *Treatment of revenues from the allocation of interconnection capacities in view of the regulation of electricity transmission service tariffs applicable from 1 April 2023*

In determining the average electricity transmission tariff applicable from 1 April 2023, ANRE has used part of the revenue obtained by the Company from the allocation of interconnection capacities, as complementary revenue to the revenue obtained from the application of the transmission tariff to cover regulated costs, as follows:

- a negative correction amounting to 90,162,436 lei.

The above mentioned additional correction was established in the light of the current economic context, following which the European Union decided to establish emergency intervention to mitigate the effects of extremely high electricity prices and Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency intervention to address the problem of high energy prices was adopted.

According to Article 9(1) of Regulation (EU) 2022/1854, by way of derogation from Union rules on congestion rents resulting from the allocation of cross-zonal capacity (interconnection capacity allocation rents), Member States may use surplus rents to finance measures to support final electricity clients.

According to Article 10(4)(b) of Regulation (EU) 2022/1854, these measures to support final clients may consist of using surplus revenues from the allocation of interconnection capacities to reduce network tariffs.

Please note that, in accordance with the provisions of Article 9(2) and (3) of Regulation (EU) 2022/1854, the use of these surplus revenues to support final clients is subject to approval by ANRE and notified to the European Commission. At the same time, ANRE informed CNTEE Transelectrica SA that it has informed both the Romanian Government and the Ministry of Energy about the use of surplus revenues from the allocation of interconnection capacities obtained by CNTEE Transelectrica SA for the purpose of adjusting electricity transmission tariffs applicable as of 1 April 2023.

In this respect, the amount of 90,162,436 lei makes a negative correction of the revenues from the allocation of interconnection capacity achieved in 2023 and does not become a source of funding for investments in maintaining and/or increasing the cross-border interconnection capacity of the electricity transmission network in Romania and, therefore, will not be allocated to "Other reserves provided by law".

- *Regulatory tariffs applicable from 1 April 2023*

On 30.03.2023, the ANRE Order no. 28/29.03.2023 was published in the Official Gazette no.266 on the modification of

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the average tariff for the transmission service, of the components of the transmission tariff for the introduction of electricity into the grid (TG) and of the tariff for the extraction of electricity from the grid (TL), applied by the Company.

Thus, the regulated tariffs for the electricity transmission service, applicable as from 1 April 2023, are:

Service	Tariff applicable from 01 April 2022	Tariff applicable from 01 April 2023	Main component	Additional cost component of CPT	Variation ▲ (3)-(2)
	lei/MWh	lei/MWh	lei/MWh	lei/MWh	%
The average tariff for the transport service, of which	28.10	31.20	28.61	2.59	+11.0%
Transmission Tariff - feed-in component - (TG)	2.53	4.04	3.35	0.69	+59.68%
Transmission Tariff - the component of electricity withdrawal from the grid - (TL)	25.57	27.44	25.50	1.94	+7.31%

- *Notice of AGOA for 7 June 2023*

The Ordinary General Meeting of Shareholders has been convened on 11 April 2023, having regarded to:

- Judgment rendered by the Bucharest Court, Civil Section VI in case no. 7925/3/2023 on 28.03.2023;
- The provisions of the Company's Articles of Incorporation in force ("Articles of Incorporation");
- Provisions of Law no. 31/1990 on companies, as amended and supplemented;
- Provisions of Government Emergency Ordinance No 109/2011 on corporate governance of public enterprises;
- Provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The provisions of the A.S.F. Regulation No 5/2018 on issuers of financial instruments and market operations, as amended and supplemented;

On the agenda is the appointment of the members of the Supervisory Board of the Company.

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

The Supervisory Board decided in its meeting of 19 April 2023, in relation to the expiry on 24.04.2023 of the terms of office of the provisional members of the Directorate, to extend the terms of office of the following provisional members of the Directorate for a period of 2 months starting on 25.04.2023: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU and to elect Mr Gabriel ANDRONACHE as Chairman of the Management Board.

- *Changes in the composition of the Board*

At its meeting of 24 April 2023, in accordance with its statutory and legal powers, the Supervisory Board of the Company,

- took note of the resignation of Mr. Gabriel ANDRONACHE as provisional member of the Company's Board of Directors and, therefore, as Chairman of the Board of Directors as from the end of April 23, 2023.
- decided to elect as Chairman of the Board of Directors, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" SA, as of 24 April 2023, Mr. Ștefăniță MUNTEANU, in accordance with the provisions of Article 23 para. (1) of the Constitution of the National Power Transmission Company "Transelectrica"-SA.

- *Resolution No. 5 of the Ordinary General Meeting of Shareholders of 27 April 2023*

The AGOA, held on 27 April 2023, approved the initiation of the selection procedure for the members of the Supervisory Board of the Company, the separate and consolidated financial statements of the Company for the financial year 2022, the discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2022, the remuneration policy for the members of the executive and non-executive management of the Company. With regard to items 7 and 8 on the agenda, the General Meeting of Shareholders did not approve the distribution of the accounting profit remaining after deduction of corporate income tax as of 31.12.2022 in the amount of 514,572,741 and the distribution of dividends from the profit as of 31.12.2022, with a gross dividend amount of 0.71 lei/share.

- *Proposal on the distribution of dividends for the financial year 2022*

On April 28, 2023, the Company, taking note of the HAGOA No. 5 dated April 27, 2023, by which the shareholders

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voted against the distribution of dividends proposed by the Company from the profit recorded as of 31.12.2022, in conjunction with the Ministry of Finance Address No. 1011756/19.04.2023 forwarded to the General Secretariat of the Government, registered in the Company on 26.04.2023, returning unapproved the Draft Memorandum on the proposal to distribute dividends in the amount of 50% of the distributable profit for the financial year 2022, issued a press release informing shareholders and investors that the Company maintains its position in the sense of applying a "distribution rate" of 50% calculated on the distributable profit for the financial year 2022. In support of the justification of a "distribution rate" of 50% calculated on the distributable profit for the financial year 2022, the Company has made representations and submitted detailed arguments to all shareholders, which mainly refer to:

- detailed presentation of the Company's Major Strategic Investment Projects for the period 2023-2025;