

To: **Bucharest Stock Exchange - Issuer Operations and Regulated Markets Department**
Financial Supervisory Authority - General Supervision Directorate - Issuers Directorate

Communicated in accordance with the provisions of Law 24/2017, ASF Regulation no. 5/2018 and the BVB Code

Report date: **16 August 2023**

Name of the issuing entity: **NPG Co. TRANSELECTRICA SA, Company managed by two-tier system**

Head office: Bucharest, Str. Olteni nr. 2-4, sector 3

Telephone/fax number: 021 30 35 611/021 30 35 610

Sole Registration Number: 13328043

Trade Register Number: J40/8060/2000

Subscribed and paid-up share capital: 733,031,420 RON

LEI Code: 2549000LXCOUQC90M036

Regulated market on which the securities issued are traded: Bucharest Stock Exchange

Significant event to report: summary of financial results for the first half of 2023

Reporting includes:

- Unaudited Stand-alone Interim Simplified Financial Statements on 30 June 2023
- Unaudited Stand-alone Interim Consolidated Financial Statements on 30 June 2023
- Half-yearly report on the activity of NPG Co. "Transelectrica" S.A. for the period January-June 2023

Transelectrica's total operating revenues decreased by 16% compared to the same period of the previous year (2,200 million lei in H1 2023 compared to 2,604 million lei in H1 2022), in the context of the significant decrease in revenues from zero-profit activities.

Total operating expenses (including amortisation) decreased by 21% in H1 2023 compared to H1 2022, influenced by lower costs in the energy market.

The costs with the acquisition of energy to cover own technological consumption (OTC) were 261 million lei, 40% lower (-173 million lei) compared to H1 2022, mainly influenced by the provisions of art.23[^]1 of GEO no.153/2022.

Thus, on 30 June 2023, the company recorded a net profit of 162 million lei.

Compared to the same period of the previous year the total amount of electricity transmitted in H1 2023 decreased by approximately 1.9 TWh (24.97 TWh in H1 2023 compared to 26.90 TWh in H1 2022).

The Company's management employs a cautious approach towards reducing Transelectrica's costs, taking into account the most significant factors to ensure there will be no economic losses. One of the main concerns of the Company's Management is the continuous consolidation and expansion of the transmission infrastructure, by upgrade using cutting-edge technologies, thus ensuring the necessary conditions for the electricity transmission network to meet current and future market requirements.

Segment of activities with allowed profit: On the main area of core activities (transmission and SEN dispatching) there was a 16% increase in revenues (993 million lei in H1 2023 compared to 858 million lei in H1 2022) increase mainly due to interconnection revenues and transmission revenues, as operational costs (including amortisation) were reduced.

The significant increase in interconnection revenues (181 million lei in H1 2023 compared to 127 million lei in H1 2022) is due to the increase in the unit price of electricity across the European Union which has led to a considerable price difference between the coupled markets coinciding with a deficit of energy recorded at the European level.

In H1 2023, no revenues were recorded from capitalisation of additional costs related to the acquisition of electricity to cover CPT as the net costs incurred were below the level of costs included in the approved tariffs.

Transelectrica acquired electricity to cover approximately 75% of the quantity of the CPT forecast validated by the centralised electricity acquisition mechanism (MACEE), at a regulated acquisition price. The measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction of demand in the industrial area, as well as the increase in the share of wind energy, in the context of an atypically

warm winter, led to a decrease in the consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of energy acquired from the DAM in H1 2023 was around 50% lower than the price in the similar period of 2022, though still higher than prices in preceding years.

The segment of zero-profit activities reported a negative result of 41 million lei, lower than that recorded in the same period of the previous year. The regulatory framework specific to zero-profit activities contains regularization mechanisms that ensure the compensation for excess or deficit of revenues compared to the level of expenses required for conducting the respective activities.

Indicators	U.M.	H1 2023	H1 2022	Δ
Financial				
Quantity charged	[TWh]	24.97	26.90	▼ 7%
ALLOWED PROFIT ACTIVITIES				
Average transmission tariff (realised)	[lei/MWh]	29.93	25.79	▲ 16%
Operational revenue, of which	[mil lei]	993	858	▲ 16%
Revenue regulated transmission tariff	[mil lei]	748	694	▲ 8%
Interconnection revenue	[mil lei]	181	127	▲ 43%
Operational expenses, of which:	[mil lei]	608	714	▼ 15%
Expenses on CPT	[mil lei]	261	434	▼ 40%
EBITDA	[mil lei]	385	143	▲ n/a
Amortisation	[mil lei]	167	128	▲ 30%
EBIT	[mil lei]	218	15	▲ n/a
ZERO PROFIT ACTIVITIES				
EBIT	[mil lei]	(41)	21	▼ n/a
ALL ACTIVITIES (with Allowed Profit and Zero Profit)				
EBIT	[mil lei]	177	36	▲ n/a
Net profit	[mil lei]	162	28	▲ n/a
Operational				
Net domestic consumption	[TWh]	25.4	27.8	▼ 8%
Net domestic production	[TWh]	28.3	27.0	▲ 5%
Net export(-)/ Net import (+)	[TWh]	-2.9	0.7	▼ n/a

In H1 2023, electricity consumption at SEN level recorded monthly decreases ranging from a maximum of 12% in January to a minimum of 6% in February. The decrease in consumption was largely influenced by monthly average temperatures, which recorded positive anomalies and were generally above climatological norms.

Compared to H1 2022, in H1 2023 there was an overall increase in export capacity usage, i.e. an increase in export trade and energy in transit, amid high hydroelectricity and lower domestic electricity consumption compared to the same period in 2022.

Simultaneously, on 29 June 2023 Transelectrica inaugurated the refurbishment of the 220/110/20 kv Ungheni Transformer Station with a total investment of more than 10 million euros from the company's funds.

The Report on the Company's operations for the period January-June 2023 along with the Stand-alone Interim Simplified Financial Statements on June 30, 2023, are available as of August 16, 2023, as follows:

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

Ștefăniță MUNTEANU
Directorate Chairman

Bogdan TONCESCU
Directorate Member

NPG CO. TRANSELECTRICA SA

Half-yearly report
January - June 2023



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REPORT ON ECONOMIC AND FINANCIAL ACTIVITY
OF NPG Co. "TRANSELECTRICA" SA

**in accordance with the provisions of Article 65 of Law no.24/ 2017 on the capital market and
Regulation no.5/ 2018 issued by the Financial Supervisory Authority (ASF)**
for the period ending 30 June 2023

Report date:	16 August 2023
Name of trading company:	NPG CO. TRANSELECTRICA SA, a company managed under two-tier system
Headquarters:	Bucharest, Str. Olteni nr. 2 - 4, sector 3, postal code 030786
Phone/fax number:	021 303 5611/ 021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ ORG 627
Share capital:	733,031,420 lei, subscribed and paid up
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, registered, ordinary, indivisible, freely marketable form as of 29.08.2006 under the symbol TEL
Market value:	1,847,239,178.40 lei (25.20 lei/share on 30.06.2023)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The half-yearly financial statements elaborated on 30.06.2023 have not been audited. The amounts corresponding to 31 December 2022 are audited by the external financial auditor.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the six months ended 30 June 2023 have been elaborated in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and they provide accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Co. Transelectrica SA.

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

Bucharest, 4 August 2023

**Stefanita
MUNTEANU**

**Directorate
Chairman**

**Catalin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

**Florin-Cristian
TĂTARU**

**Directorate
Member**



Key figures of H1 2023 vs H1 2022

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON	2,200	mn	▼	-16%	Revenues
				y/y	
RON	344	mn	▲	110%	EBITDA
				y/y	
RON	162	mn	▲	n/a	Net profit
				y/y	
TWh	24.97		▼	-7%	Charged energy volume**
				y/y	

OPERATIONAL

2.54%	*	▲	0.31	pp	Grid losses
			y/y		
20.24		▼	-5%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	186	mn	▲	7%	Acquisition of tangible and intangible assets
				y/y	
RON	532.35	mn	▲	147%	Fixed assets recorded in the accounts (commissioning)
				y/y	

CPT - Own Technological Consumption

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



Financial data

A summary of the financial results as at 30 June 2023 is shown in the tables below. The financial results for H1 2023 have not been audited and an extended version for the same period is provided in the Annexes to this Report.

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

Stand-alone statement of financial position				
[mil RON]	H1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	4,073	4,002	72	2%
Assets representing rights of use under a lease - buildings	18	22	(4)	(18%)
Intangible assets	303	338	(35)	(10%)
Financial assets	86	86	-	-
Total non-current assets	4,480	4,447	32	1%
Current assets				
Inventories	52	42	10	24%
Trade and other receivables	1,578	3,340	(1,763)	(53%)
Profit tax recoverable	1	4	(3)	(77%)
Cash and cash equivalents	484	315	169	54%
Total current assets	2,115	3,702	(1,586)	(43%)
Total assets	6,595	8,149	(1,554)	(19%)
Shareholders' Equity	4,039	3,869	170	4%
Non-current liabilities				
Long term deferred revenues	456	439	17	4%
Long term borrowings	44	56	(12)	(21%)
Other loans and assimilated debts - Non-current building lease liabilities	11	15	(4)	(28%)
Other non-current liabilities	172	178	(6)	(4%)
Total non-current liabilities	682	687	(5)	(1%)
Current liabilities				
Trade and other liabilities	1,706	3,372	(1,666)	(49%)
Short-term borrowings	25	92	(68)	(73%)
Other loans and assimilated debts - Current building lease liabilities	9	8	-	1%
Other current liabilities	135	120	15	12%
Total current liabilities	1,874	3,593	(1,719)	(48%)
Total liabilities	2,556	4,281	(1,724)	(40%)
Total shareholder's equity and liabilities	6,595	8,149	(1,554)	(19%)

Stand-alone cash flow statement				
[mil RON]	H1 2023	H1 2022	Δ	Δ (%)
Net cash from operating activities	379	(86)	465	n/a
Net cash used in investing activities	(125)	(171)	46	27%
Net cash used in financing activities	(85)	115	(200)	n/a
Net increase/decrease in cash and cash equivalents	169	(142)	311	n/a
Cash and cash equivalents as at January 1st	315	252	63	25%
Cash and cash equivalents at the end of the period	484	111	374	n/a

OPERATIONAL RESULTS

I. Charged volume of electricity

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

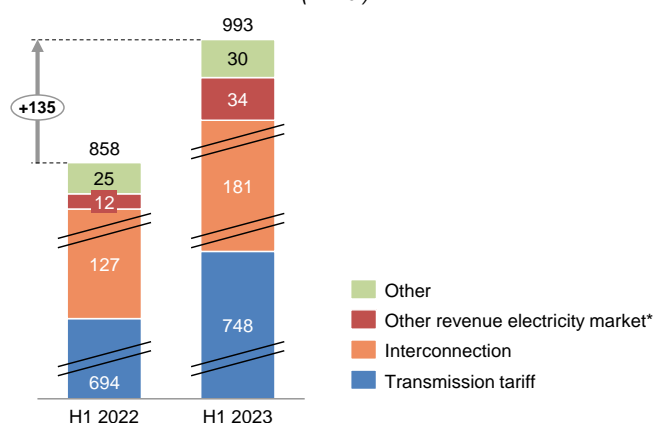
Profit segment allowed

Operational revenues



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

Operational revenues from allowed profit activities
(mil lei)



* ITC, reactive energy, OTC transactions, energy exchanges

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

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

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

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

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

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

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

Inter TSO Compensation (ITC) revenues

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

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

Energy trading revenues for OTC were mainly derived from the sale of surplus energy resulting from the difference between the long and medium term forecast and the short term forecast on the Intraday

Market administered by OPCOM and from the difference between the forecast OTC and the actual OTC on the Balancing Market.

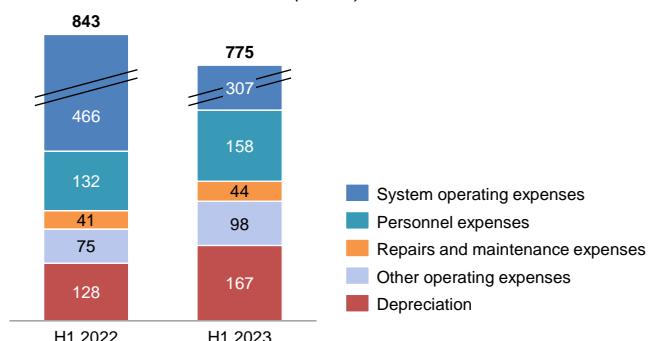
For H1 2023, the Company registered an increase compared to the same period of the previous year in **revenues from energy trading for own technological consumption (OTC)** in the amount of +10 million lei.

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

Operational expenses

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

Profit allowed activities operational costs
(mil lei)



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

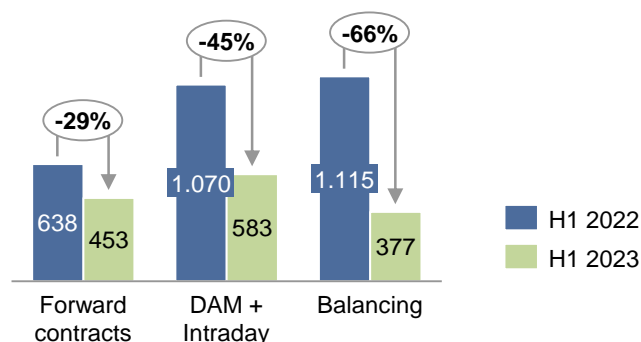
- Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (RET) is strongly dependent on meteorological conditions, the structure of electricity generation and consumption nation-wide, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, its value being very little if at all controllable in an interconnected and coupled regional power market;
- following the provisions of GEO 153/2022,

Transelectrica acquired electricity to cover 75% of the quantity of the OTC forecast validated by the Centralised Electricity Acquisition Mechanism (MACEE), at a regulated acquiring price;

- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a drop in consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets.

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

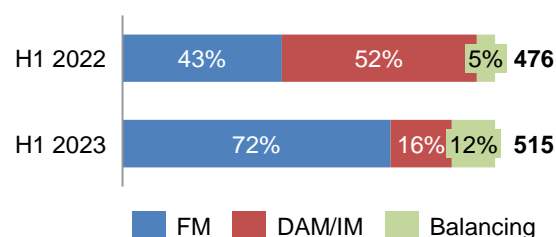
Average acquisition prices*
(lei/MWh)



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

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

OTC's acquisition mix
(net quantities, GWh)



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

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

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

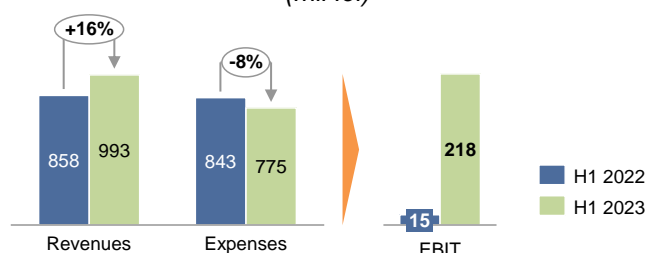
Expenses on Inter TSO Compensation (ITC)

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

Allowed profit-operational result

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

EBIT structure - profit allowed activities
(mil lei)



Zero profit segment

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

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

The balancing market was mainly influenced by the following elements:

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

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

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

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

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

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

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

The contracting of these services is carried out:

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

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

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

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

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

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

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

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

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

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

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

Operational result-zero profit

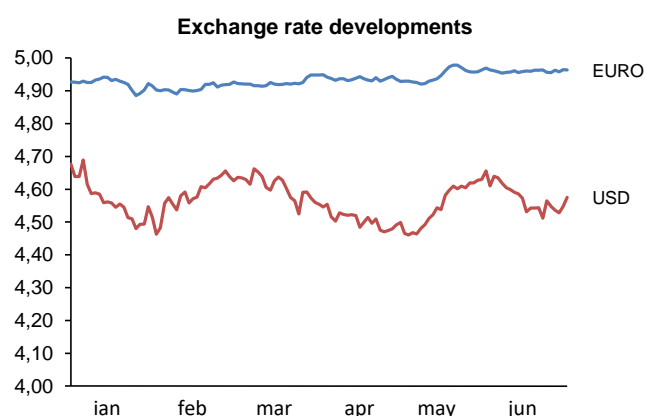
EBIT generated by **zero-profit activities** recorded a negative result of 41 million lei, down from a positive 21 million lei in H1 2022.

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

II. Financial Result

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

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



III. Company's gross profit (EBT)

Total operational revenue

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

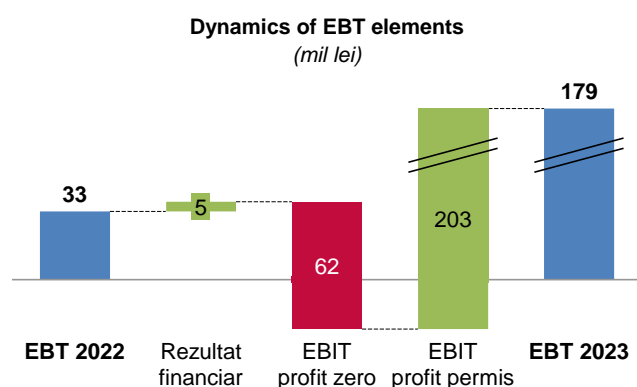
Total operational expenses

Total operational expenses (including depreciation) in H1 2023 decreased by 21% compared to the same

period last year, 2,023 million lei in H1 2023 compared to 2,568 million lei in H1 2022.

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

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



FINANCIAL POSITION

I. Non-current assets

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

Assets of the usage rights for leased assets-buildings

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

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

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

Intangible assets

The evolution of intangible assets was mainly influenced by:

- an outflow of intangible assets in progress through recognition in costs of 5.5 million lei,
- the fact that for H1 2023, the Company did not record any additional costs with the acquisition of electricity to cover its own technological consumption compared to the cost recognized in

IV. Net result

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

the tariff, instead, depreciation expense was recorded in the total amount of 47.84 million lei for the additional OTC previously recognized.

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

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

II. Current assets

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

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

- clients from operational activity which, due to the decrease in transactions resulting from energy

market coupling mechanisms, generated a lower balance of receivables from operational activity (882 million lei as at 30 June 2023 compared to 1,696 million lei as at 31 December 2022).

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

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

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

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

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

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

Up to the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support

scheme for 2022 (amount of 34.13 million lei): CET Govora (13.7 million lei), and Electrocentrale Bucuresti (20.4 million lei), as well as the amount of 1.8 million lei from the undue bonus established by ANRE Decisions for 2022.

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

- sundry debtors (104 million lei), of which:
 - payment delay penalties calculated for defaulting clients in the amount of 83.2 million lei (of which 35.35 million lei are penalties related to the support scheme). The highest late payment penalties were recorded by clients: RAAN (16.90 million lei), Romelectro (13.42 million lei), CET Govora (9.61 million lei), Electrocentrale București (9.41 million lei), Eco Energy SRL (8.91 million lei), Petprod SRL (8.89 million lei) Total Electric Oltenia (3.29 million lei), OPCOM (2.95 million lei), Electromontaj SA (2.74 million lei), ICPE Electrocond (1 million lei).
 - compensation owed by suppliers for non-delivery of electricity in the amount of 11.9 million lei: Next Energy Partners (8.39 million lei), Enol Grup (2.54 million lei) and Arelco Power (0.99 million lei).
 - the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of 4.52 million lei.
- expenses recorded in advance in the amount of 10 million lei are mainly represented by international dues (3.5 million lei), ANRE annual contribution for 2023 (2.4 million lei), taxes and duties for 2023 (1.8 million lei), insurance policies (0.9 million lei) and others.
- other social claims in the amount of 1.39 million lei representing sick leave paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

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

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

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

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

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

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

The largest impairment allowances existing in the balance at 30 June 2023, represent trade receivables and related penalties for CET Govora (25.1 million lei), Eco Energy SRL (24.7 million lei), Petprod SRL (23.5 million lei), Arelco Power (14.8 million lei), Total Electric Oltenia SA (14.2 million lei), Romenergy Industry (13.5 million lei), Romelectro SA (13.4 million lei), Elsaco Energy (9.3 million lei), RAAN (8.5 million lei), Next Energy Partners SRL (8.4 million lei).

III. Liabilities

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

Interest-bearing liabilities

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

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

The impact on the evolution of commercial debt has had:

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

This development was mainly influenced by:

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

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

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

- the decrease of the liabilities related to the support scheme to suppliers (producers) by only 8 million lei was due to the decrease of the monthly bonus for high efficiency cogeneration from June 2023 to December 2022.

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

The structure of "other liabilities" is as follows:

- **sundry creditors** in the amount of 412.9 million lei (increased by 23 million lei compared to 31 December 2022) are mainly represented by the net position of the support scheme for high efficiency cogeneration, liability position in the amount of 398 million lei and contracts for solution studies for connection to RET (12 million lei),
- **client creditors** as of 30 June 2023 in the amount of 282 million lei (decreased by 489 million lei compared to 31 December 2022) and represent amounts received in advance from OPCOM (9.47 million lei), MAVIR (173.73 million lei), IBEX (97.89 million lei) and JAO (0.02 million lei) in transactions related to

price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).

- *the liability for assets related to the usage rights of leased assets - buildings*, according to IFRS 16 - Leases, is in the amount of 8.5 million lei (short-term liability).
- *other liabilities* in the amount of 54.6 million lei are mainly represented by guarantees of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 35.2 million lei and VAT not due during the reporting period in the

amount of 19.2 million lei.

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

IV. Shareholders' equity

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

SHARE PERFORMANCE

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

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

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

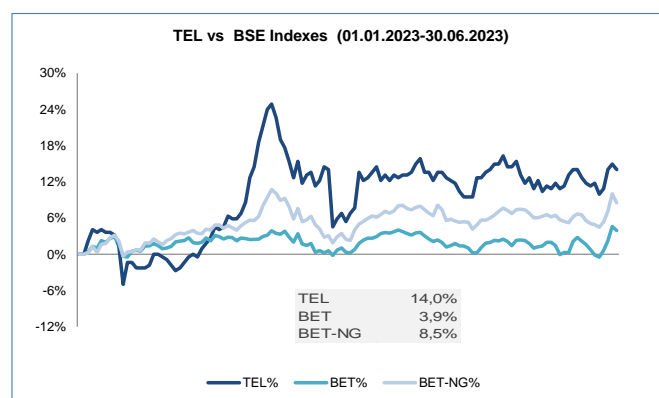
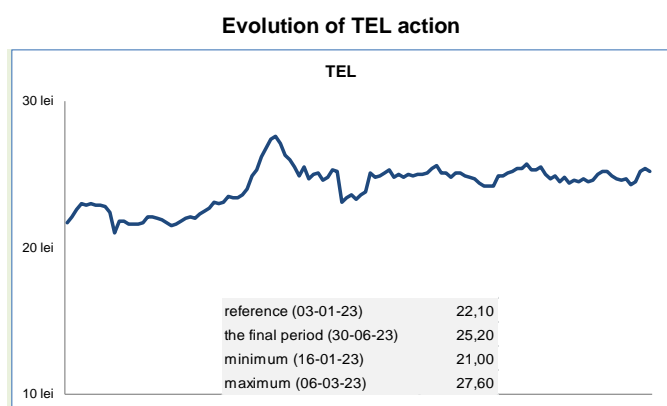
The company has the ability to adapt to the economic context, trading TEL shares in the first six months of 2023 on the Romanian stock market recorded 10,928 transactions with an average number of 89 transactions/day and 1,842,641 shares traded, with a total value of 44,229 thousand lei.

BET-XT-TRN. Of these the most representative for the Company are:

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

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

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



Transelectrica shares are part of the structure of the following stock market indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETplus, BET-TRN,

MAIN RISKS AND UNCERTAINTIES

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

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

Items that may affect the Company's liquidity include:

➤ **interest rate fluctuation**

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

National money market interest rates experienced a downward trend in the first half of the year amid excess liquidity in the banking system, coupled with lower demand for credit and tighter credit supply conditions.

➤ **exchange rate variation**

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

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

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

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

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

In the context of increasing relative attractiveness of domestic currency investments, Romanian leu has

shown a strengthening trend compared to the euro since mid-January 2023. At the same time, the national currency experienced periods of appreciation in the first half of the year as a result of developments on international financial markets.

➤ **the provisions of the grant agreements**

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

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

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

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

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

➤ **credit risk**: The company could incur a financial loss due to the inability or unwillingness of a contractual partner to meet its contractual obligations. This risk arises mainly from trade receivables, cash and cash equivalents. During the first half of 2023, there were no dysfunctionalities in the relationship with customers and invoices were received on time;

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

The Company pays increased attention to effective treasury management, through efficient cash flow management and optimization of surplus liquidity to meet financial obligations as they fall due, as well as

the availability, if necessary, to draw on financing through appropriate credit facilities.

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

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

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

- **the risk of credit rating impairment due** to deterioration of financial indicators, macroeconomic and political climate and/or deterioration of financial performance of the Company.

This risk reflects a complex of factors, with a potential effect on increasing funding costs in the credit market, which may significantly affect the Company given the substantial amount of capital required to be attracted to finance the investment plan for the coming years.

As of 8 December 2022, Moody's Transelectrica's rating is Baa3, stable outlook.

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

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

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

The company attaches due importance to analysing the risk environment and identifying possible risks early on by adopting a reactive management style whereby it implements preventive measures in advance to mitigate the occurrence of risks.

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

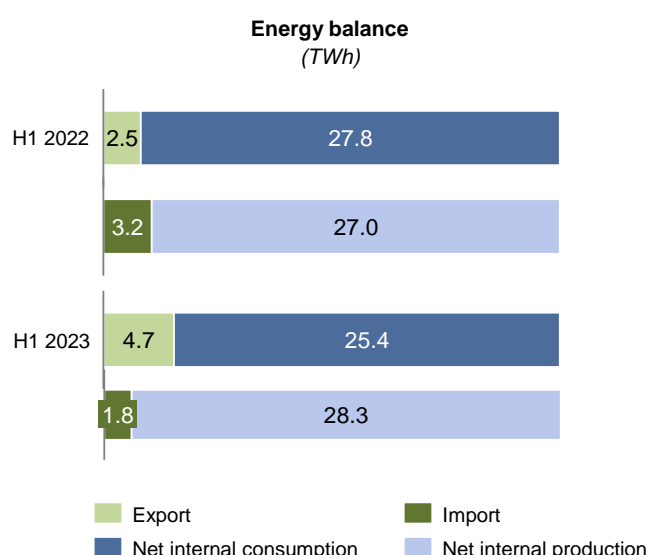


Operational data

ENERGY BALANCE WITHIN SEN

Analysing the evolution of the components of the energy balance, in the period January-June 2023 compared to the same period in 2022, there is a decrease of 8% in net domestic consumption¹ and an increase of 5% in net energy production.

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



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

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

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

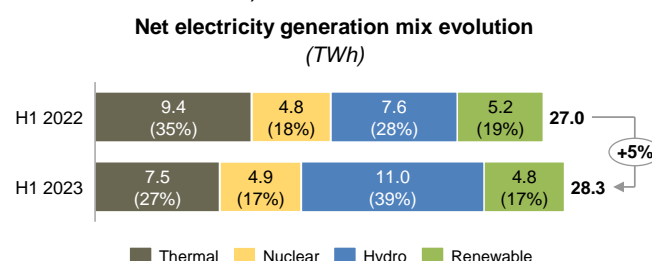
¹ the values do not include consumption related to own services in electricity generation plants; the net consumption value includes losses in transmission and distribution networks as well as pump consumption in pumped storage hydro stations

monthly electricity consumption in the corresponding months of the reference period².

The decline in consumption in the second quarter was largely influenced by the European context, characterised by a slowdown in economic activity³, with GDP growth forecast for Romania for spring 2023 at 3.2%, compared to 4.7% in the same period last year.

PRODUCTION MIX

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



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

NATIONAL GENERATION FLEET

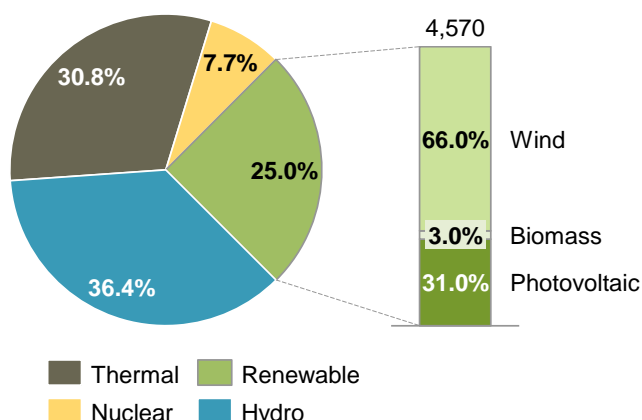
Installed capacity in thermal power plants decreased in H1 2023 by about 1%, from 5,708 MW installed on 30 June 2022 to 5,630 MW installed on 30 June 2023.

The installed capacity for the period January - June 2023 versus January - June 2022 is shown in the graphs below:

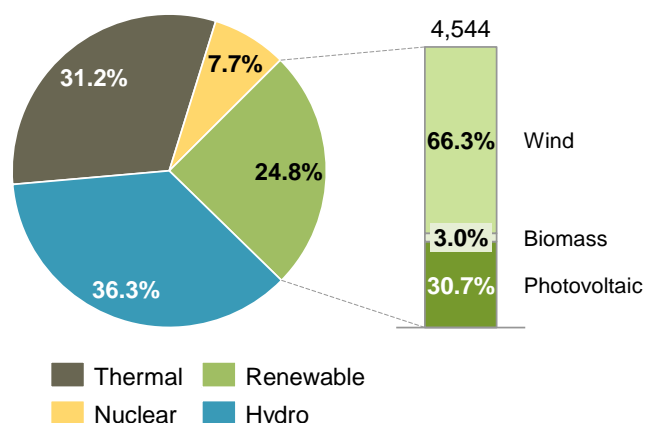
² Art. 4(1): Each Member State shall identify the peak hours corresponding in total to a minimum of 10% of the total number of hours in the period from 1 December 2022 to 31 March 2023.

³ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en

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



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



CROSS-BORDER FLOWS

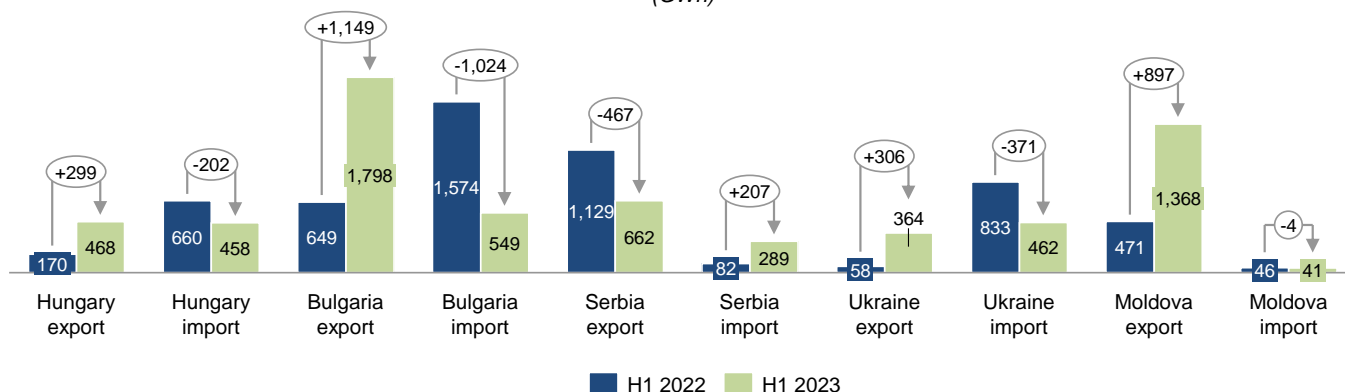
The distribution of **physical** import/export flows on interconnection lines in the period January - June 2023 compared to January - June 2022 is as follows:

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

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

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

Physical flows
(GWh)



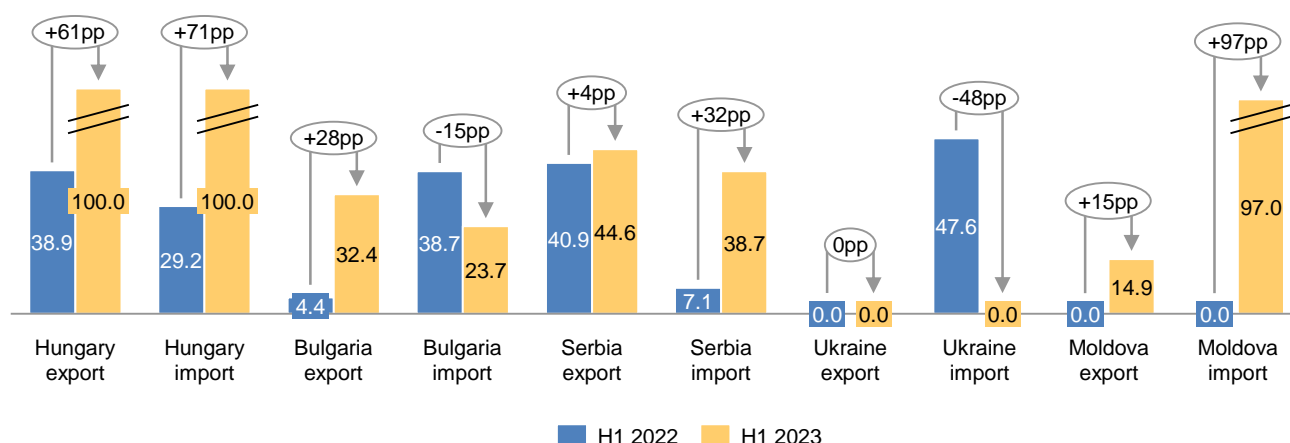
Compared to the first half of 2022, there has been an overall increase in export capacity usage, i.e. an increase in export trade and transit energy, against the background of higher hydroelectricity compared to last year at this time of year and lower domestic electricity consumption compared to the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

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

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

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

Usage rate of total allocated capacity (%)



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

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

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

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

systems of the Republic of Moldova and Ukraine with the Continental European system will put pressure on the neighbouring power systems (Romania, Hungary and Slovakia) in terms of ensuring interconnected operation, i.e. regional adequacy, given the difficulties experienced by the Republic of Moldova and Ukraine in securing their electricity needs;

- on the border with Ukraine, capacity allocation auctions are currently suspended as of 16.01.2023, until coordinated allocation rules are agreed, and on the border with the Republic of Moldova, long-term capacity allocation auctions (annual and monthly) are currently suspended, with only daily bilateral coordinated capacity allocation being organised for 100% of total capacity (auctions organised by Romanian TSOs).

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

OWN TECHNOLOGICAL CONSUMPTION

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

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

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

OTC FACTORS EVOLUTION

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

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

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

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

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

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

In April 2023 OTC increased compared to April 2022 by 0.7%, due to unfavourable physical import/export flows on interconnection lines on the borders with

Ukraine, Hungary and Serbia leading to increased transmission away from sources, and unfavourable weather conditions with higher rainfall in areas with higher transmission line density leading to increased corona losses.

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

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

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

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

The percentage of losses relative to energy entering the RET increased from 2.11% in 2022 to 2.69% in 2023. Energy entering the grid decreased by 2.7% (89.9 GWh) in June 2023 compared to the same period in 2022, due to a decrease of 6.3% (164.4 GWh) in energy received from generators directly connected to the RET, a decrease of 25.9% (138.6 GWh) in energy received from imports and an increase of 101.7% (213.1 GWh) in energy received from the RED.

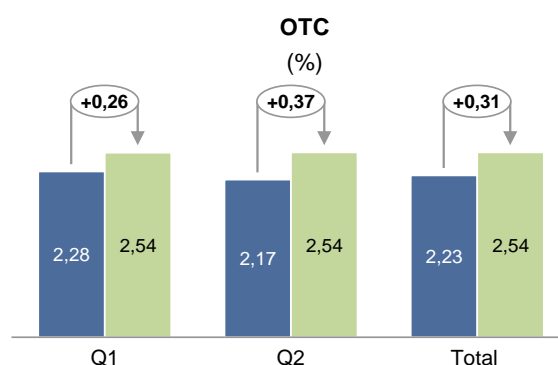
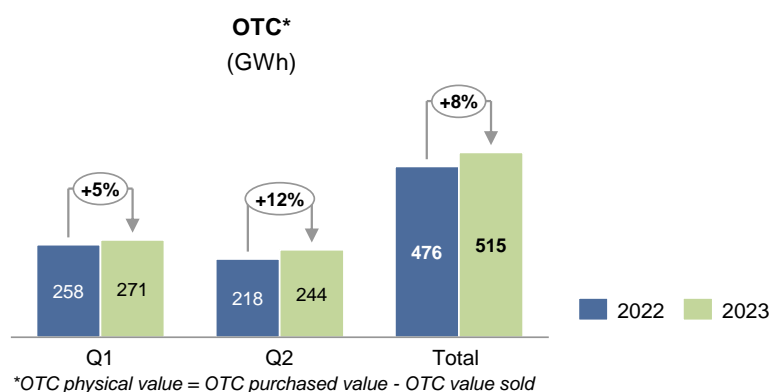
During the first quarter of 2023, OTC in the RET increased by 5.1% compared to the same period in

2022, mainly as a result of unfavourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Serbia and more unfavourable weather conditions with higher rainfall, which increased corona losses. Relative to energy entering the contour, losses increased from 2.28% to 2.54%.

During the second quarter of 2023, OTC in RET increased by 11.8% compared to the same period in 2022, mainly as a result of unfavourable physical flows

on interconnection lines and more unfavourable weather conditions characterised by higher rainfall amounts, which increased corona losses. Relative to the energy entering the contour the losses increased from 2.17% to 2.54%.

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





RET development

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

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

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

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

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

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

TANGIBLE AND INTANGIBLE ASSETS

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

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

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

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

ANNUAL INVESTMENT PROGRAMME

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

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

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

*IPA 2023 revision A5

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

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

CONTRACTUAL ASPECTS

The most important investment contracts signed in H1 2023 are:

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

EUROPEAN FUNDS

Collaboration between Transelectrica and Polytechnic University of Bucharest

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

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

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

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

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

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

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



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

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

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

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

Upgrading Fund

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

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

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

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

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

REPowerEU Plan

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

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

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

At the same time, in March 2023, representatives from the company were invited by the Ministry of Investment and European Projects to the public session presenting the RePowerEU plan, following the launch of the public

consultation process for the submission of reform and investment proposals for the new REPowerEU chapter by stakeholders.

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

TwinEU and SmarTWin

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

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

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

Applications for funding were submitted under the HORIZON-CL5-2023-D3-01-10 call "Supporting the

development of a digital twin to improve management, operations, and resilience of the EU Electricity System in support to REPowerEU".

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

European Sustainable Energy Week (EUSEW)

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

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

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

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

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

COMPANY FINANCIAL INVESTMENTS

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

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

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

TSCNET (TSCNET Services GmbH)

It was established to serve the Transmission System Operators (TSOs) in the eastern-central-western European region (CORE region) for the coordinated implementation of the European network codes. Membership is achieved by participation in the shareholding of TSCNET through a share acquisition transaction in the company.

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

JAO (Joint Allocation Office)

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

Transelectrica has been invited by JAO to become part of its shareholding.

By Resolution no.10 of the EGMS of 20 August 2018, the Company was approved to join the Joint Allocation Office (JAO) shareholding with a cash subscription in the amount of €259,325 and 50 shares were allocated to it.



Significant events

JANUARY - JUNE 2023

- **Contract concluded with Opcom subsidiary**

According to the information included in the Current Report dated 10 January 2023, the Company has concluded a contract with the subsidiary OPCOM for the acquisition of electricity to cover its own technological consumption (OTC) needs for the year 2023, through the Centralized Electricity Acquisition Mechanism (MACEE) provided for in the Annex to GEO no. 153/2022.

- **Resolution No. 1 of the Extraordinary General Meeting of Shareholders of 26 January 2023**

The GMS held on 26 January 2023, approved the amendment, with effect from 1 March 2023, of Annex No. 1 to the Memorandum of Association, by replacing the terms *Units, Unit and Unit* with the terms *Branch, Branch and Branch respectively*, with a mandate to the Directorate to extend the effective date of the amendment by no more than 30 days and a mandate to the Chairman of the meeting to sign the updated Memorandum of Association.

According to the communication dated February 20, 2023, the Directorate of the Company on the basis of EGMSD No. 1/2023 approves the extension of the effective date of the amendments to the Articles of Incorporation as March 30, 2023.

- **Bilateral meeting with Moldovan Government officials on energy interconnection cooperation projects**

Company representatives received on Thursday, January 26, 2023, the official delegation from the Republic of Moldova, led by Andrei Spînu, Deputy Prime Minister and Minister of Infrastructure and Regional Development, on a visit to strengthen cooperation in the energy sector.

During the meeting, the opportunity to expand OPCOM (Romanian Electricity and Natural Gas Market Operator), a subsidiary of the Company, on the electricity market of the Republic of Moldova was discussed, and the next steps for OPCOM to become the electricity market operator in the Republic of Moldova were agreed.

Mr. Gabriel Andronache, Chairman of Transelectrica's Directorate, Mr. Bogdan Toncescu, member of the

Directorate, and Mr. Victor Ionescu, General Manager of OPCOM, took part in the discussions.

- **Transelectrica sets the basis for the development of its own Security Operations Centre with a total US investment of \$2.7 million**

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

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

The preliminary steps for obtaining the USTDA funding were made in 2021 by the American company Pythia (as service provider) together with the American company Fortinet (provider of security software products and licenses), who prepared, together with Transelectrica SA (as Beneficiary), the documentation supporting the decision to award the grant in the amount of about \$1.1 million.

Fortinet, as a subcontractor, will also contribute around \$1.6 million to the entire project, which is the cost of using the security systems that the American company will provide for the pilot project for one year. This brings the total investment to around \$2.7 million.

Resolution No. 2 and 3 of the Ordinary General Meeting of Shareholders of 16 February 2023

The GMS held on 16 February 2023 approved the appointment as provisional members of the Supervisory Board of :

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

with a four-month term of office beginning on 22 February 2023 and ending on 21 June 2023, approved

the fixed allowance for members and the form of the contract of office.

It also approved the filing of a claim against the former members of the Directorate for the recovery of damages in the amount of 237,044 lei, representing salary compensation/legal expenses.

- **Disputes**

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

- **Acceptance of provisional members' mandates and establishment of the composition of advisory committees within the Supervisory Board 2023**

Provisional members of the Supervisory Board appointed by OGMSD No. 2 dated 16 February 2023, respectively:

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

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

Also, in accordance with its statutory and legal powers, 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.

- **Resolution No. 4 of the Ordinary General Meeting of Shareholders of 28 February 2023**

The GMS held on 28 February 2023 approved:

- The Company's Revenue and Expenses Budget for 2023 and estimates for 2024 and 2025 as well as
 - establishment of the Investment Programme for the financial year 2023 and estimates for the years 2024 and 2025
- **Strategic partnership in research and innovation**

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

Aiming at the realisation of a 5-year vision, the partnership aims to increase the quality of education and training to facilitate the transition of students and graduates to the labour market, but also to implement research, development or innovation projects to ensure technology transfer and greater social impact.

The company also continues its partnership in the energy sector with the Polytechnic University of Timisoara, participating with representatives of the University on 31 March 2023 in an event dedicated to identifying new opportunities for collaboration between industry and academia.

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

On 30 March 2023, in the presence of the Deputy Secretary General of the Government, Mr. Lucian Rusu, as well as local authorities, representatives of the Company inaugurated the completion of the refurbishment of the 220/110 kV Iaz Transformer Station (Caras-Severin County), with an investment of approximately 62 million lei, from its own funds.

The 220/110 kV Iaz Electric Transformer Station is 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 electricity supply in the western part of the country.

- **Regulatory tariffs applicable from 01 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 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 OTC	Variation ▲ (3)-(2)
	lei/MWh	lei/MWh	%	lei/MWh	%
The average tariff for the transmission service, of which	28.10	31.20	28.61	2.59	+11.0%
Transmission Tariff - feed-in component - (T _G)	2.53	4.04	3.35	0.69	+59.68%
Transmission Tariff - off-grid component - (T _L)	25.57	27.44	25.50	1.94	+7.31%

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 Directorate.

• 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 Directorate and, therefore, as Chairman of the Directorate as from the end of April 23, 2023.
- decided to elect as Chairman of the Directorate, alternatively called Chief Executive Officer of the National Power 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 GMS 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 income tax as of 31.12.2022 and the distribution of dividends from the profit as of 31.12.2022, with a gross dividend 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 OGMSD No. 5 dated April 27, 2023, by which the shareholders 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 a dividend 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 order to be able to fulfil its mission of ensuring the operation of the SEN in conditions of maximum security and stability, meeting quality standards, thus creating the infrastructure of the national electricity market and guaranteeing, at the same time, regulated access to the electricity transmission network, in conditions of transparency, non-discrimination and fairness for all market participants, the Romanian transmission and system operator, with a key role in 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 for the financial year 2022, the Company has made

representations and submitted detailed arguments to all shareholders, which mainly refer to:

- Presentation in detail of the Company's Major Strategic Investment Projects for the period 2023-2025;

- The cash flow forecasts for the period 2023-2025, based on the cash available in the Company's accounts as at 31.12.2022.

- **Majority shareholder request to complete the agenda of the GMS called for 19/20 June 2023**

On May 31, 2023, the Company informed the investing public that the majority shareholder, the Romanian State through the General Secretariat of the Government, has requested to add the following items to the agenda of the Ordinary General Meeting of Shareholders scheduled for 19/20.06.2023:

- Appointment of the provisional members of the Supervisory Board of the Company, as of 22 June 2023;
- Establishing the term of office of the provisional members of the Supervisory Board of Transelectrica S.A. for a period of four months, starting on 22 June 2023 and ending on 21 October 2023".

The proposals of the Secretariat General of the Government for appointment as provisional members of the Supervisory Board were as follows: ATANASIU Teodor, DASCĂL Cătălin-Andrei, ORLANDEA Dumitru Virgil, PĂUN Costin-Mihai, STERP VINGĂRZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminița.

- **Regulated tariff applicable from 01 June 2023**

On 29 May 2023, the Company informed the investing public about the publication in the Official Gazette no. 464/26.05.2023 of ANRE Order no. 67/25.05.2023 approving the tariff for the system service, charged by the Company.

Therefore, the regulated tariff for the system service, applicable as from 1 June 2023, is:

Service	Tariff applicable from 01 January 2023	Tariff* applicable from 01 June 2023
	lei/MWh	lei/MWh
Tariff for system service:	7.73	6.64

* The change in the tariff value was determined by the application of the mechanism for correcting significant deviations from the forecast on which the approval of the tariff was based, which entered into force on 1 January 2023, in accordance with the provisions of the

regulatory framework issued by the National Energy Regulatory Authority.

Note: The tariff does not include value added tax (VAT)

- **SGG Invitation for consultations with Transelectrica shareholders to finalise the letter of expectations**

On 16 June 2023, the General Secretariat of the Government (SGG), in its capacity as public supervisory authority for "Transelectrica" S.A., issued an invitation to participate on 27.06.2023, at 10.00 a.m., in the consultations organised at its headquarters in Bucharest, with a view to drawing up the final form of the Letter of Expectations, a mandatory document in the selection procedure for the members of the Supervisory Board of NPG CO. "Transelectrica" S.A.

- **Resolution No. 6 of the Ordinary General Meeting of Shareholders of 19 June 2023**

The GMS held on 19 June 2023 approved the appointment as provisional members of the Supervisory Board of :

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

with a four-month term of office beginning on 22 June 2023 and ending on 21 October 2023, approved the fixed allowance for members and the form of the contract of office.

- **Resolution No. 7 of the Ordinary General Meeting of Shareholders of 19 June 2023**

The GMS held on 19 June 2023 approved:

- the distribution of the accounting profit remaining after deduction of income tax as of 31.12.2022 in the amount of 514,572,741 lei,
- distribution of dividends with a gross dividend of 0.71 lei/share,
- setting 6 July 2023 as the "ex date", the calendar date from which the shares of the Company subject to OGMSD are traded without the rights deriving from the said decision,
- setting 27 July 2023 as the "payment date" for dividends distributed out of the profit recorded on 31.12.2022.

- **Appointment of the Directorate, appointment of the Chairman and advisory committees of the Supervisory Board**

In accordance with its statutory and legal powers, the Supervisory Board decided at the meeting of 20 June 2023 as follows:

- with reference to the expiry on 24 June 2023 of the terms of office of the provisional members of the Directorate of Mr Ștefăniță MUNTEANU, Mr Cătălin Constantin NADOLU, Mr Florin Cristian TĂTARU and Mr Bogdan TONCESCU, pursuant to Article 642(2) of the Treaty establishing the European Community. (1) of GEO no. 109/2011 on the corporate governance of public companies as amended, the appointment as provisional members of the Directorate of Messrs:
 - Ștefăniță MUNTEANU,
 - Cătălin Constantin NADOLU,
 - Florin Cristian TĂTARU
 - Bogdan TONCESCU

with a term of office for a period of 4 months starting on 25 June 2023 with the possibility of extension, for good cause, for a further two months, but the term of office shall not exceed the date of completion of the procedure for the selection of the members of the Directorate under the terms of GEO no. 109/2011, if the procedure is completed within this period.

At the same time, in accordance with Article 23 para. (1) of the Company's Articles of Association, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the National Power Transmission Company "Transelectrica" S.A..

- the appointment of the members of the advisory committees of the Supervisory Board as follows

Nomination and Remuneration Committee:

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

Audit Committee:

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

Investment and Energy Security Committee:

- PĂUN Costin-Mihai - president
- VASILESCU Alexandru-Cristian

- ZEZEANU Luminița
- TANASIU Teodor
- ORLANDEA Dumitru Virgil

Election of Mr Cătălin Andrei DASCĂL as Chairman of the Supervisory Board.

- **Procedure for the payment of dividends distributed under OGMSD No 7/2023**

Pursuant to Resolution No. 7 of the Ordinary General Meeting of Shareholders of 19 June 2023, "Transelectrica" S.A. (TEL) notified the shareholders on 26 June 2023 of the procedure for the payment of dividends distributed from the profit as at 31.12.2022.

The gross dividend amount for the financial year 2022 is 0.71 lei gross/share and the payment of dividends will be made, starting from 27 July 2023 (payment date), to shareholders registered on 07 July 2023 in the TEL Shareholders Register (ex-date 06 July 2023), through the Central Depository SA (DC) and the payment agent BRD - Group Société Générale (BRD).

- **Upgrading of the 220/110/20 kV Ungheni Transformer Station**

On 29 June 2023 Transelectrica inaugurated the refurbishment of the 220/110/20 kv Ungheni Transformer Station with a total investment of more than 10 million euros from its own funds, the works being carried out by Siemens Energy SRL - Emsens Prod SRL.

The inauguration ceremony took place in the presence of the Chairman of the Directorate, Mr. Ștefăniță Munteanu, Mr. Virgil Orlandea, member of the Supervisory Board, ANRE Vice President Gabriel Andronache and other local officials.

LATER EVENTS

- **OGMSD notice 18(21) August 2023**

The Directorate of the Company convened the Ordinary General Meeting of Shareholders on 18(21) August 2023 having on the agenda information on the acquisition of products, services and works, commitments involving significant obligations of the Company with a value exceeding 5,000,000 euro, as well as loans and guarantees for loans with a value below 50,000,000 euro.

- **Letter of expectations**

The company informed that on 25 July 2023, the majority shareholder, the Romanian State through the General Secretariat of the Government, in its capacity as public supervisory authority, sent the *Letter of Expectations necessary for the selection and evaluation*

of the members of the Supervisory Board and the Directorate of the National Power Transmission Company Transelectrica S.A. for the period 2023-2027.

- **Ministerial meeting on the Agreement between Romania, Azerbaijan, Georgia and Hungary for the Strategic Partnership in the field of green energy development and transport.**

Mr. Ștefăniță Munteanu, Chairman of Transelectrica's Directorate, took part on 25 July 2023 in the 4th Ministerial Meeting on the Agreement between Romania, Azerbaijan, Georgia and Hungary for the Strategic Partnership in the field of green energy development and transmission.

During the meeting the Memorandum of Agreement between the four countries for the Black Sea Submarine Cable Project was signed.

Under the Memorandum, Transelectrica was appointed by the Government to represent Romania in a joint venture created by the four partner countries to carry out this project.

The submarine cable in the Black Sea is a large energy infrastructure investment of great strategic importance for both Romania and the countries involved, which will transport green energy to Europe over a distance of 1200 kilometres between the European Black Sea area and the Caspian Sea area.

- **Request, majority shareholder, to complete the agenda of the GMS, convened for 18 (21) August 2023**

The company has informed investors that the majority shareholder, the Romanian State, through the General Secretariat of the Government, has requested to add the following item to the agenda of the Ordinary General Meeting of Shareholders scheduled for 18/21.08.2023:

- Completion of point 1 of Decision no. 5 of the GMS of NPG CO. Transelectrica S.A. of 27 April 2023 by inserting the provisions of para. (3), (4) and (5) of art. 29 of O.U.G. no. 109/2011 on the corporate governance of public companies, with subsequent amendments and additions, thus, after the addition, the paragraph will have the following content: *"Triggering the selection procedure for the members of the supervisory board of NPG CO. Transelectrica S.A., with the application of the provisions of art. 29 para. (3), (4) and (5) of O.U.G. no. 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented".*



Other aspects

SHAREHOLDER STRUCTURE

The shareholding structure of the Company as of 30.06.2023 is as follows:

Shareholder name	No. of shares	Share in total
The Romanian State through the SGG	43,020,309	58,7%
PAVĂL Holding	4,753,567	6,5%
NN Private Managed Pension Fund	4,007,688	5,5%
Other shareholders - legal entities	16,045,987	21,9%
Other shareholders - individuals	5,475,591	7,5%
Total	73,303,142	100%

TARIFFS

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

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

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

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

The application of these provisions has brought forward the time of adjustment of the costs of own technological consumption from 2021⁴ compared to the standard

COMPOSITION OF THE BOARD

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

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

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

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

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

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

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

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

ANRE Order no.28/29.03.2023 approved the average tariff for the transmission service and the components of the transmission tariff for feeding electricity into the

grid (TG) and for extracting electricity from the grid (TL), charged by NPG CO.Transelectrica SA, applicable from 1 April 2023:

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

The main factor for the increase in the average electricity transmission tariff applicable from 1 April 2023 is the additional cost component of the OTC.

This component recovers part of the additional OTC costs incurred in 2022 compared to the amount foreseen in the approved tariff for that year, according to the capitalisation mechanism established in GEO 119/2022.

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

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

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

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

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

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

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

! Important:

At this stage, the calculation of the proposed tariff did not include a correction for the revenue from the allocation of interconnection capacities, a possibility provided for in the *European Regulation 1854/2022* on

emergency intervention to mitigate the effects of extremely high electricity prices.

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

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

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

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

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

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

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

- *Art.22 In order to avoid the subsequent recording of a significant level of corrections due to changes in acquisition prices and/or quantities of acquired system services referred to in Article 2, the TSO is required to calculate, for the first quarter and for the first semester of a tariff period t-1 respectively, the difference between realized and forecasted revenues and costs, plus the amount of corrections not made for the previous period(s), and to submit the calculation to ANRE on 1 May and 1 August of year t-1 respectively;*

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

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

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

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

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

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

DISPUTES

The most important litigations impacting the Company are presented below:

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

• ROMENERGY INDUSTRY

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

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

The final report prepared by the liquidator New Insolvency SPRL was approved, the bankruptcy procedure of the debtor was closed, the debtor company was deleted from RECOM according to the Decision 293/12.12.2022. Procedure for the settlement of appeals against the decision of closure.

On 06.04.2023, the appeal against Ruling No. 293/F/2022 of the Alba Court in case No. 2088/107/2016 was rejected. Final. Judgment 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 terms were set for 09.02.2023, 15.06.2023, rescheduled for **05.10.2023**.

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. Decision of the CAB: Appeal allowed. Reverses the ruling under appeal in its entirety in the sense that: admits the application as formulated. Orders the defendant to pay the applicant the sum of 10,048,628.86 lei. With a right of appeal within 30 days of notification. Ruling 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.

- **MUNICIPALITY OF REȘIȚA**

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

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

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

The case has been adjourned until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin. Trial date: 02.03.2023.

At the hearing on 02.03.2023, the proceedings were suspended on the application brought by the plaintiff Municipality of Reșița against the defendant Transelectrica, concerning claims. With a right of appeal for the duration of the stay of proceedings.

- **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 trial date: **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.

After the trial dates of 28.09.2022, 07.12.2022, 22.02.2023, 03.05.2023 when the case was adjourned, the new trial date is **13.09.2023**.

• **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 has appealed against Civil Decision no.1532/12.10.2022 pronounced by the CAB, the case being submitted to the ICCJ in the filter procedure with trial date **19.09.2023**.

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.

After several adjournments, at the deadline of 27.06.2023, on the basis of the decision of the General Assembly of Judges of the Bucharest Tribunal no. 4/20.06.2023, the case was adjourned and the next trial date was set for **10.10.2023**.

• **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. The ruling is not drafted.

• **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 ADMINISTRARE IMOBILIARĂ SRL". Dismisses the remainder of the claimant's action as groundless. Approves the electro-energetic technical expertise report drawn up by expert Toaxen Vasile.

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

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

➤ **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 several 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 have been pending before the Bucharest Court of Appeal, among

which **the file no.6581/2/2017** concerning the annulment of the findings under point 6 as well as the measure ordered under point II.9, at the hearing of 31.03.2023: According to the minutes of 29.03.2023, the case no. 6581/2/2017 was docketed within the 12th Panel of the VIIIth Section of Administrative and Fiscal Litigation, under no. **6581/2/2017*** Summary of the decision: In order to allow the parties to submit written conclusions and to deliberate, postpones the ruling to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

On the hearing date of 26.05.2023, the plaintiff's lawsuit was partially admitted. The Decision no. 77/03.08.2017 was partially annulled regarding the rejection of point 6 from the Appeal no. 26140/17.07.2017, Decision no. 8/27.06.2017 regarding the findings at point 6, and the measure ordered at point 11.9, as well as Control Report no. 19211/26.05.2017 regarding the findings at point 3.2. Orders the defendant to pay the plaintiff's legal costs in the total amount of 10,450 lei, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Ruling 920/2023 26.05.2023

The remaining cases have been definitively settled, with the Bucharest Court of Appeal dismissing the request for annulment and the High Court of Cassation and Justice dismissing the appeals (**case no.6574/2/2017** concerning the annulment of the findings under point 5.2 and the measure ordered

under point II.8, **file no.6576/2/2017** on the annulment of the findings under points 7.1, 7.2 and 8 as well as the measure ordered under point II.10, which became new file no. **2985/1/2021**, in which on 24.11.2022 the ICCJ declared the appeal lodged by the Company null and void, final, **file no.6577/2/2017** on the annulment of the findings under point 13 and the measure ordered under point II.13, now **file no.1614/1/2020**, **file no.6578/2/2017**, on the annulment of the findings under point 9 and the measure ordered under point II.11, **file no.6580/2/2017** on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, **case No 6582/2/2017** on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and **case No 6583/2/2017** on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

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

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

At the same time, the Company is also involved in disputes with former members of the Directorate and Supervisory Boards regarding the mandate contracts concluded between the Company and them. The Company has made provision for these disputes.



Annexes

Annex 1: Separate statement of financial position

[RON mn]	H1 2023	2022	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	4,073	4,002	72	2%
Assets of the usage rights for leased assets - buildings	18	22	(4)	(18%)
Intangible assets	303	338	(35)	(10%)
Financial assets	86	86	-	-
Total non-current assets	4,480	4,447	32	1%
Current assets				
Inventories	52	42	10	24%
Trade and other receivables	1,578	3,340	(1,763)	(53%)
Cash and cash equivalents	484	315	169	54%
Income tax to be recovered	1	4	(3)	(77%)
Total current assets	2,115	3,702	(1,586)	(43%)
Total assets	6,595	8,149	(1,554)	(19%)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	-	-
<i>Subscribed share capital</i>	733	733	-	-
Share premium	50	50	-	-
Legal reserves	147	147	-	-
Revaluation reserves	671	703	(33)	(5%)
Other reserves	100	39	61	155%
Retained earnings	2,339	2,196	142	6%
Total shareholders' equity	4,039	3,869	170	4%
Non-current liabilities				
Long term deferred revenues	456	439	17	4%
Long term borrowings	44	56	(12)	(21%)
Other loans and assimilated debts - Non-current building lease liabilities	11	15	(4)	(28%)
Deferred tax liability	101	107	(6)	(6%)
Employee benefits liabilities	71	71	-	-
Total non-current liabilities	682	687	(5)	(1%)
Current liabilities				
Trade and other liabilities	1,706	3,372	(1,666)	(49%)
Other loans and assimilated debts - Current building lease liabilities	9	8	0,1	1%
Other tax and social security liabilities	12	13	(1)	(4%)
Short-term borrowings	25	92	(68)	(73%)
Provisions	64	68	(4)	(6%)
Short-term deferred revenues	59	39	19	49%
Total current liabilities	1,874	3,593	(1,719)	(48%)
Total liabilities	2,556	4,281	(1,724)	(40%)
Total shareholders' equity and liabilities	6,595	8,149	(1,554)	(19%)

Annex 2: Separate profit and loss account

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

Annex 3: Separate statement of treasury flows

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

Annex 4: Economic-financial indicators of the reporting period

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

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

Annex 5: Articles of association amended between January and June 2023

- Amendment as from 1 March 2023 of Annex No. 1 to the Articles of association by replacing the terms *Units*, *Unit* and *the Unit* by the terms *Branches*, *Branch* and *the Branch* respectively.

These changes were approved in the Resolution No. 1 of the EGMS dated 26 January 2023, registered at the National Trade Registry Office.

Annex 6: Appointment/ recalling deeds issued in January-June 2023

Supervisory Board

- According to the OGMS Decision no.2/16.02.2023, the appointment of the following members of the Supervisory Board of the Company was approved for a four-month term of office, starting on 22 February 2023 and ending on 21 June 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Sterp Vingărzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița.
- According to the OGMS Decision no.6/19 June 2023, the appointment of the following members of the Supervisory Board of the Company was approved for a four-month term of office, starting on 22 June 2023 and ending on 21 October 2023: Atanasiu Teodor, Dascăl Cătălin-Andrei, Orlandea Dumitru-Virgil, Păun Costin-Mihai, Sterp Vingărzan Gheorghe, Vasilescu Alexandru-Cristian, Zezeanu Luminița.

Annex 7 REPORT (according to EGMSD No 4/29.04.2015) on contracts signed in the first semester of 2023 for the acquisition of goods, services and works, the value of which exceeds 500,000 Euro/acquisition (for the acquisition of goods and works) and 100,000 Euro/acquisition (for services) respectively

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

Annex 6 - Glossary of terms

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



CNTEE Transelectrica SA
Company managed by two-tier system

Stand-alone Interim Simplified Financial Statements
as of and for the six months' period ended on
30 June 2023

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

CNTEE Transelectrica SA

Stand-alone profit and loss account for the six months ending on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

	Note	30 June 2023	31 December 2022
Assets			
Non-current assets			
Tangible assets		4,073,363,807	4,001,791,825
Assets related to the usage rights of assets under leasing - buildings		17,892,539	21,868,658
Intangible assets		302,688,243	337,701,123
Financial assets		85,760,294	86,000,088
Total non-current assets	4	4,479,704,883	4,447,361,694
Current assets			
Inventories		52,298,612	42,047,194
Trade and other receivables	5	1,577,716,066	3,340,471,542
Receivable income tax		903,979	3,988,973
Other financial assets		-	-
Cash and cash equivalents	6	484,357,679	315,146,396
Total current assets		2,115,276,336	3,701,654,105
Total assets		6,594,981,219	8,149,015,799
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- Subscribed share capital		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		670,703,726	703,232,784
Other reserves		100,113,093	39,310,392
Retained earnings		2,338,553,425	2,196,479,419
Total shareholders' equities	7	4,038,850,500	3,868,502,851
Non-current liabilities			
Non-current deferred revenues	8	456,296,626	439,025,206
Borrowings	9	43,800,945	55,587,774
Other loans and similar liabilities - Building leasing - long term	10	10,674,570	14,754,992
Deferred tax liabilities		101,028,170	107,408,732
Employee benefit obligations		70,533,349	70,533,349
Total non-current liabilities		682,333,660	687,310,053
Current liabilities			
Trade and other liabilities	10	1,705,812,539	3,372,266,925
Other loans and similar liabilities - Building leasing - short term	10	8,539,655	8,431,424
Other taxes and social security liabilities	11	12,208,497	12,718,537
Borrowings	9	24,585,057	92,249,024
Provisions	10	64,023,368	68,174,547
Current deferred revenues	8	58,627,943	39,362,438
Payable income tax		-	-
Total current liabilities		1,873,797,059	3,593,202,895
Total liabilities		2,556,130,719	4,280,512,948
Total shareholders' equities and liabilities		6,594,981,219	8,149,015,799

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

CNTEE Transelectrica SA

Stand-alone profit and loss account for the six months ending on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

	Note	01 April - 30 June 2023	01 April - 30 June 2022	01 January - 30 June 2023	01 January - 30 June 2022
Revenues					
Transmission revenues		472,107,034	413,757,402	959,056,770	832,549,531
System service revenues		92,105,925	117,658,268	192,750,785	251,719,761
Revenues from the balancing market		509,697,264	829,792,363	1,017,616,030	1,494,830,998
Other revenues		18,033,948	12,413,710	30,316,419	25,024,884
Total revenues	13	1,091,944,171	1,373,621,743	2,199,740,004	2,604,125,174
Operational expenses					
System operation expenses	14	(135,571,015)	(192,492,638)	(307,070,318)	(466,036,067)
Balancing market expenses	14	(509,286,041)	(837,778,618)	(1,017,157,046)	(1,494,865,591)
Expenses regarding technological system services	14	(121,088,490)	(109,519,263)	(230,734,632)	(230,820,478)
Amortisement	15	(84,895,430)	(65,471,377)	(167,075,991)	(128,120,250)
Personnel expenses	16	(83,481,084)	(71,088,719)	(158,011,004)	(131,949,888)
Repairs and maintenance		(25,326,524)	(22,661,690)	(44,008,953)	(41,009,592)
Materials and consumables		(1,814,493)	(3,438,090)	(3,615,051)	(6,026,903)
Other operational expenses	17	(48,890,062)	(47,924,603)	(94,829,457)	(69,395,755)
Total operational expenses		(1,010,353,139)	(1,350,374,998)	(2,022,502,452)	(2,568,224,524)
Operational income		81,591,032	23,246,745	177,237,552	35,900,650
Financial revenues		9,561,801	4,872,758	26,453,907	6,556,420
Financial expenses		(8,928,015)	(5,496,272)	(24,434,114)	(9,272,868)
Net financial result	18	633,786	(623,514)	2,019,793	(2,716,448)
Profit before income tax		82,224,818	22,623,231	179,257,345	33,184,202
Income tax	12	(894,967)	(2,591,209)	(17,667,166)	(5,120,300)
Profit of the time interval		81,329,851	20,032,022	161,590,179	28,063,902

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

CNTEE Transelectrica SA

Stand-alone profit and loss account for the six months ending on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

	<u>Note</u>	<u>01 April - 30 June 2023</u>	<u>01 April - 30 June 2022</u>	<u>01 January - 30 June 2023</u>	<u>01 January - 30 June 2022</u>
Profit of the time interval		81,329,851	20,032,022	161,590,179	28,063,902
Other comprehensive result items		-	-	-	-
Total comprehensive result		81,329,851	20,032,022	161,590,179	28,063,902

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

DIRECTORATE,

Chairman
Ștefăniță MUNTEANU

Member
Florin-Cristian TĂTARU

Member
Cătălin-Constantin NADOLU

Member
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

Stand-alone statement of changes in equity on 30 June 2023

(All amounts are in LEI, unless otherwise indicated)

	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	-	-	-	-	-	161,590,179	161,590,179
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	-	-	-	(32,529,058)	-	32,529,058	-
Total other comprehensive result items	-	-	-	(32,529,058)	-	32,529,058	-
Total comprehensive result of the interval	-	-	-	(32,529,058)	-	194,119,237	161,590,179
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	-	-	-	-	60,802,701	-	60,802,701
Dividends distribution	-	-	-	-	-	(52,045,231)	(52,045,231)
Total contributions from and distributions to shareholders	-	-	-	-	60,802,701	(52,045,231)	8,757,470
Balance at 30 June 2023	733,031,420	49,842,552	146,606,284	670,703,726	100,113,093	2,338,553,425	4,038,850,500

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

CNTEE Transelectrica SA

Separate cash flow statement as at 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

	6-month period concluded at 30 June 2023	The 6-month period ending on 30 June 2022
Cash flows from operational activities		
Profit of the time interval	161,590,179	28,063,902
Adjustments for:		
Income tax expense	17,667,166	5,120,300
Amortisement expense	167,075,991	128,120,250
Allowance expense to impair trade receivables	948,275	1,003,198
Reversal of impairment allowances for trade receivables	(938,341)	(788,665)
Losses on receivables and sundry debtors	3,187	-
Net expense/income on impairment adjustments of sundry debtors	(89,032)	9,954,784
Net expense of allowances to impair inventories	(826,110)	97,132
Net profit/loss on sale of tangible assets	(964,832)	48,496
Net expenses for value allowances regarding tangible assets	(1,627,393)	-
Net expenses/income on provisions for risks and charges	(4,168,559)	(13,275,851)
Interest expense, interest income and unearned income from exchange rate differences	(1,282,398)	2,852,276
Cash flows before changes into current capital	337,388,133	161,195,822
Changes into:		
Clients and assimilated accounts - electricity and other activities	1,494,492,886	77,432,969
Clients - balancing	239,864,921	(29,805,140)
Clients - cogeneration	28,470,987	23,830,837
Inventories	(9,425,308)	(1,002,733)
Trade and other liabilities - electricity and other activities	(1,439,645,291)	(184,584,798)
Liabilities – balancing	(281,957,294)	40,367,414
Liabilities - cogeneration	(8,470,859)	(167,260,076)
Other tax and social security liabilities	(510,040)	(3,544,880)
Deferred revenues	41,589,321	1,873,455
Cash flows from operational activities	401,797,456	(81,497,130)
Interest paid	(1,849,328)	(4,485,733)
Income tax paid	(20,962,733)	-
Net cash generated from operational activities	378,985,395	(85,982,863)
Cash flows from investments		
Acquisition of tangible and intangible assets	(186,350,778)	(174,665,118)
Exit from shareholding of SELENE CC Societe Anonyme	242,140	-
Proceeds from EC non-reimbursable financing	55,750,304	1,999,417
Earned Interest	2,411,463	484,563
Earned Dividends	1,203,983	1,534,971
Proceeds from the sale of tangible assets	1,771,600	156
Net cash used in investments	(124,971,288)	(170,646,011)
Cash flows used in financing		
Repayments of non-current borrowings	(11,897,097)	(11,927,783)
Usage of working capital credit line	-	132,310,662
Short-term loan repayments	(67,617,751)	-
Building leasing payments	(5,275,014)	(5,297,041)
Dividends paid	(12,962)	(56,824)
Net cash used in financing	(84,802,824)	115,029,014
Net growth(decrease) of cash and cash equivalents	169,211,283	(141,599,860)
Cash and cash equivalents on 1 January	315,146,396	252,225,142
Cash and cash equivalents at the end of the period	484,357,679	110,625,282

The accompanying notes 1-22 form an integral part of these condensed separate interim financial statements.

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 Licence no. 161/2000 issued by ANRE, updated by ANRE Decision no. 1450/14.06.2023, 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. Currently, the Company's executive activity is carried out at the registered office at 2-4 Olteni Street, sector 3, Bucharest.

The stand-alone interim financial statements on 30 June 2023 are unaudited.

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

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

- 400 kV d.c. Gutinaş - Smârdan OHL – 47,605,333;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV d.c. OHL Connections to South Medgidia Station – 22,197,091;
- Upgrading of 220/110/20 kV Arefu Station – 16,619,560;
- Refurbishment of 220/110 kV Fileşti Station – 15,382,477;
- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timişoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porţile de Fier - (Anina) - Reşiţa – 14,435,842;
- Increasing the transmission capacity of the 220 kV Ştejaru - Gheorgheni - Fântânele - 14,075,500;

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station – 11,323,411;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati express road - 8,550,637;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 – 7,627,824;
- Metering and data management system for electricity metering on the wholesale market - 7,447,422;
- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station – 6,675,820;
- Refurbishment of 220/110/20 kV Baru Mare Station – 6,581,928;
- Refurbishment of 400/110/20 kV Smârdan Station – 4,047,448;
- Motor vehicles - 3,756,700;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard – 2,499,996;
- Diversion of 220 kV OHL Ampoi - Alba Iulia area – 2,353,156;
- Connection of Isaccea - Varna 400 kV OHL and Isaccea - Dobrudja OHL in Medgidia South 400 kV Station – 1,604,411;
- Upgrading of 220/110 kV Dumbrava Station – 1,521,367;
- Connection to public interest electrical installations managed by CNTEE Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65,018 MW), located in Satu Mare, Satu Mare County – 1,359,201;
- Computing - Hardware and Software - Laptop PC – 1,179,984.

In the first half of 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **532,076,145 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station – 353,677,142;
- Upgrading of 400/220/110/20 kV Munteni Station – 47,514,086;
- Upgrading of 220/110/20 kV Arefu Station – 39,674,701;
- Refurbishment of 220/110/20 kV Ungheni Station – 31,761,206;
- Upgrading of 220/110 kV Dumbrava Station – 20,977,835;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines – 12,500,702;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV OHL Cernavodă 2 and 3 – 6,792,197;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA no. 17/2007) – 4,210,199;
- Motor vehicles - 3,756,700;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard – 2,499,996;
- 110 kV, 220 kV and 400 kV mobile switchgear - 1,991,064;
- Replacement of circuit breakers in electrical substations - Phase II - 1,357,562;
- Computing - Hardware and Software - Laptop PC – 1,138,382;
- Metering and data management system for electricity metering on the wholesale market - 565,839;
- Upgrading of 220/110/20 kV Vetis Station - primary equipment – 563,503;
- Professional air conditioners for power supply rooms, telecommunications rooms and control rooms in DET- urile Bacău, Cluj, Craiova and Timișoara – 513,156;
- 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;
- Replacement of batteries 1 and 2 - 220 V DC 600 AH in the 400/220 kV Brazi West Station – 405,731;
- Remedy accidental event on the 400 kV Constanta North - Tariverde 400 kV line, terminal 81, by installing a PAS-U 400 pole – 277,165;
- Air conditioners in the electro supply room of UnO DEN located at 16-18 Hristo Botev Boulevard – 241,880;
- 220 V accumulator battery for 220/110/20 kV Florești Station – 211,770;
- 220 V accumulator battery for 220/110 kV Tihău Station – 196,821;
- Purchase and installation of air-conditioning units in UTT Sibiu facilities – 193,605;

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station – 183,306;
- Communication network separation equipment - 134,787.

In the first half of 2023, there was an **outflow from tangible assets in progress** through the recognition on the cost of the Company's operating expenses for the project "Consolidation, upgrade and extension of the CNTEE Transelectrica SA - Magheru office" in the amount of 1,627,393.

The balance of **tangible assets in progress** on 30 June 2023, amounting to **714,969,493 lei**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaș - Smârdan OHL – 174,046,158;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița - 130,016,048;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca Station - 46,884,983;
- Refurbishment of 400/110/20 kV Smârdan Station - 32,048,733;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 31,940,515;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL - 30,467,160;
- Refurbishment of 220/110/20 kV Baru Mare Station - 27,425,617;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobruja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections at South Medgidia Station - 24,494,125;
- Upgrading of 220/110/20 kV Arefu Station - 20,412,546;
- Refurbishment of 220/110 kV Filești Station - 20,334,845;
- Refurbishment of 110 kV Medgidia South Station - 13,763,833;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV OHL Cernavodă 2 and 3 - 12,532,423;
- Metering and data management system for electricity metering on the wholesale market - 9,510,810;
- 400 kV Stâlpu station - 9,408,696;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9,289,699;
- Refurbishment of the 110 kV Timisoara Station and the Switching to 400 kV of the Porțile de Fier - Anina - Reșița - Timisoara - Săcălaz - Arad axis, stage II: 400 kV Timisoara Station - 8,900,950;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati express road - 8,550,637;
- 400 kV Gădălin - Suceava OHL, including interconnection to SEN (H.CA no. 7/08.07.2010) - 8,467,432;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 8,301,498;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 7,627,824;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the control command system of 400/220/110/6 kV Iernut Station - 7,390,955;
- 220 kV OHL diversion Ampoi - Alba Iulia area - 5,783,117;
- 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;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Resita - 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;
- Refurbishment of 400/110 kV Pelicanu Transformer Substation - 2,946,197;
- 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;

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

- Connection of Isaccea - Varna 400 kV OHL and Isaccea - Dobrudja OHL in Medgidia South 400 kV Station - 2.882.399;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) - 2,798,024;
- Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia substation in the concept of a digital substation - 2,621,479;
- 110 kV Cetate 1 and 2 OHL 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 - 2,545,853 power station;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA nr. 17/2007) - 1,786,354;
- Centre for research and development of live working technologies (LST) and rapid intervention in SEN - phase II - 1,533,905;
- Provisional works for the 220kV Lacu Sărat-Filești OHL, to ensure the conditions for the execution of the relocation of utilities, by clearing the site and achieving the conditions for coexistence between "Suspension Bridge over the Danube in the Braila area - 1,528,380.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets in progress** on 30 June 2023, in the amount of **9,450,698 lei**, is represented by ongoing projects, the most significant of which are listed below:

- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market – 7,607,441;
- MARI platform development – 1,467,395;
- PICASSO platform development - 375,863.

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;
- UTP License – 29,901.

In the first half of 2023, there was **an outflow from intangible assets in progress** 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 fixed 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 has recorded revenue in the amount of 338,526,677 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 up to June 30, 2023 in the amount of 47,840,040.

For the first half of 2023, there were no additional costs for the purchase of electricity to cover own technological consumption compared to the cost recognised in the tariff.

As at 30 June 2023, the carrying amount of the intangible asset resulting from the capitalisation of the additional CPT is 290,686,637.

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*(All amounts are expressed in LEI unless otherwise provided)***c) Financial assets**

The balance of financial assets as at 30 June 2023, amounting to 85,760,294, is mainly represented by:

- the net value of shares held by the Company (81,503,833);
- 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 relating 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 30 June 2023, the book value of the right of use of the premises leased by the Company in the Platinum office building is 17,892,539 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

At 30 June 2023 and 31 December 2022, trade and other receivables were as follows:

	30 June 2023	31 December 2022
Trade receivables	1,312,064,228	2,393,921,184
Other receivables	139,610,982	166,861,679
Down payments to suppliers	79,959,271	697,015,521
Receivable VAT	255,153,118	291,841,166
Impairment allowances for doubtful receivables	(132,847,097)	(132,837,163)
Impairment allowances for other doubtful receivables	(76,224,436)	(76,330,845)
Total trade and other receivables	1,577,716,066	3,340,471,542

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(All amounts are expressed in LEI unless otherwise provided)

The structure of trade receivables is the following:

	30 June 2023	31 December 2022
Clients on the electricity market, of which:	1,309,551,704	2,392,070,692
- <i>clients - operational activity</i>	882,287,182	1,696,470,262
- <i>Clients - balancing market</i>	324,242,370	564,107,291
- <i>Clients - bonus type support scheme to promote high efficiency cogeneration</i>	103,022,152	131,493,139
Clients from other activities	2,512,524	1,850,492
Total trade receivables	1,312,064,228	2,393,921,184

• 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. 1450/14.06.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As at 30 June 2023, outstanding clients from operating activities decreased compared to 31 December 2022 mainly due to lower energy consumption in the first half of 2023 compared to the second half of 2022.

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

The main clients in total trade receivables are represented by: MAVIR, IBEX, Ciga Energy SA, Hidroelectrica, Cinta Energy SA, RAAN, Electrica Furnizare SA, JAO, OPCOM, Enel Energie SA. Their share is 67.73% of total trade receivables.

• 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"*.

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

Clients in the bonus-type support scheme for the promotion of high-efficiency cogeneration show a decrease in receivables on 30 June 2023, mainly due to a decrease in the amount invoiced for the collection of the monthly contribution.

As at 30 June 2023, the Company records receivables of 103,022,152, represented by invoices issued in relation to the bonus type support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, 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;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 20,966,280, 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 - 784,130 and others.

Up to the date of this financial report, the Company has collected all 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, Electrouutilaj 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*

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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 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 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 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 9089/101/2013/a152 and file 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.

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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 capitalise 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 capitalise 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.

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.

The following hearing set in this case is **15.10.2023**.

- 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 favour 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 reorganisation 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

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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

As at 30 June 2023, other receivables in the amount of 139,610,982 mainly include:

- sundry debtors (**103,953,751**), of which:
 - Payment delay penalties calculated on defaulting clients, amounting to 83,294,864 (of which 35,350,950 are penalties related to the support scheme). The highest delay penalties were recorded by the following clients: RAAN (16,901,449), Romelectro (13,424,142), CET Govora (9,606,504), Electrocentrale București (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,000) and the other customers (8,894,000).655), Total Electric Oltenia (3,288,967), OPCOM (2,955,667), Electromontaj SA (2,738,705), ICPE Electrocond (1,003,678). Impairment allowances were recorded for penalties calculated for late payment of receivables from operational activities;
 - compensation owed by suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2,541,312) and Next Energy Partners (8,395,132). Impairment allowances have been recorded for compensation due from suppliers in operational activities;
 - receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- prepaid expenses of **9,831,751** mainly represented by: domestic and international dues (3,537,250), ANRE annual contribution for 2023 (2,422,433), taxes and duties for 2023 (1,822,636), insurance policies (905,404), rent and maintenance of office building (743,940) and others;
- other social claims amounting to **1,391,256** 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

As at 30 June 2023, down payments paid to suppliers are represented by debtor suppliers for services rendered in the amount of **79,959,271** and represent mainly amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (52,848,824 - for ICP and SDAC and 25,367,131 - 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 neighbouring TSO (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 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,

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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*, optimising the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered

VAT to be recovered (255,153,118) - amount relating to the statements of account for the period March - June 2023 and October 2020. Up to the date of this report, the Company has collected from the State the amount of 55,026,653, representing the value added tax claimed for refund for March 2023.

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

Transelectrica's policy is to record impairment adjustments for loss of value in the amount of 100% for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more than 180 days, excluding outstanding receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments on 30 June 2023, calculated for trade receivables and associated penalties, were registered for CET Govora (25,075,024), 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 SRL (8,395,132).

The Company has taken the following steps to recover such receivables adjusted for depreciation: legal action, registration in the creditor's list, etc.

6. Cash and cash equivalents

Cash and cash equivalents include 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 30 June 2023 and 31 December 2022, cash and cash equivalents were as follows:

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	30 June 2023	31 December 2022
1. Current bank accounts and deposits with original maturities of up to 90 days, of which:	484,114,831	315,060,175
<i>a) current bank accounts and deposits with initial maturities of up to 90 days of current activity</i>	<i>99,053,296</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>385,061,535</i>	<i>152,672,560</i>
- cash and deposits from high efficiency cogeneration	283,652,280	96,436,261
- cash and deposits from interconnection capacity allocation revenues used for network investment	21,650,382	444,471
- cash from the connection fee	45,661,917	21,723,989
- European funds	24,854	24,774
- other restricted accounts (securities for the electricity market and dividends)	34,072,102	34,043,065
2. Cash	143,356	86,221
3. Other cash equivalents	99,492	-
Total	484,357,679	315,146,396

7. Shareholders' equities

In accordance with the provisions of OUG 86/2014 establishing reorganisation 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 reorganisation measures for public central administration and amending and adding certain norms, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganising 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.

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 Depositary 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 30 June 2023, the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds 43,020,309 shares (58.69%), NN Group NV with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,045,987 shares (21.88%) and other shareholders physical entities with 5,475,591 shares (7.47%).

At the end of each reporting period, the Company's fully subscribed and paid-up share capital of 733,031,420 is divided into 73,303,142 ordinary shares with a nominal value of 10 lei/share and corresponds to that registered with the Trade Register Office.

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The shareholding structure on 30 June 2023 and 31 December 2022 is as follows:

Shareholder	30 June 2023		31 December 2022	
	Number of actions	% of capital social	Number of shares	% of capital social
The Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,045,987	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	5,475,591	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 30 June 2023 compared to 31 December 2022 was mainly due to the recognition in retained earnings of net profit in the amount of 161,590,179 realised as at 30 June 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 30 June 2023, the **deferred revenues** were as follows:

	30 June 2023	Of which: current part at 30.06.2023	31 December 2022	Of which: current part at 31.12.2022
Deferred revenues - allocation of interconnection capacities	37,629,851	37,629,851	16,226,643	16,226,643
Prepaid revenues - European funds	1,016,623	1,016,623	1,477,186	1,477,186
Funds from the connection fee	281,055,368	14,422,002	256,399,191	14,761,502
European Funds	173,376,297	4,660,945	181,971,805	2,884,160
Other subsidies	21,846,430	898,522	22,312,819	4,012,947
Total	514,924,569	58,627,943	478,387,644	39,362,438

The evolution of **current deferred revenues** from January to June 2023 is presented as follows:

	30 June 2023	31 December 2022
Balance at beginning of the time interval	39,362,438	31,581,188
Deferred proceeds rel. to the interconnection capacities	133,826,939	115,265,573
Proceeds from European funds	-	680,053
Transfer from non-current deferred revenues	(1,677,140)	(196,896)
Revenues from the use of interconnection capacities	(112,423,731)	(106,688,196)
Revenues from European funds	(460,563)	(1,279,284)
Total	58,627,943	39,362,438

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The evolution of **Non-current deferred revenues** from January to June 2023 is presented as follows:

	30 June 2023	31 December 2022
Balance at beginning of the time interval	439,025,206	443,434,048
Connection subsidies	92,820,885	3,144,808
Non-returnable funds	5,567,273	(9,585,879)
Non-returnable funds to repay	-	-
Transfer into current deferred revenues	(70,260,105)	27,533,794
Resuming subsidies into revenues	(10,856,633)	(25,501,565)
Total	456,296,626	439,025,206

9. Borrowings

- Non-current borrowings*

On 30 June 2023, the value of non-current borrowings decreased compared to 31 December 2022 mainly because of repayments made according to existent loan agreements.

In the six months' period ended on 30 June 2023 borrowings were as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2023			79,443,827	
New drawings			-	
Repayments, of which:			(11,897,096)	
EIB 25709	EUR	3,596%	(5,922,222)	10-Sep-2025
EIB 25710	EUR	3,856%+2,847%	(5,974,874)	11-Apr-2028
Exchange rate differences on repayment date			187,418	
Balance on 30 June 2023			67,734,149	

On 30 June 2023 and 31 December 2022, the balances of non-current loans contracted from credit institutions were as follows:

Description	30 June 2023	31 December 2022
EIB 25709	29,872,316	35,731,223
EIB 25710	37,861,833	43,712,604
Total non-current borrowings from credit institutions, of which:	67,734,149	79,443,827
Current part of non-current loans	(23,933,204)	(23,856,053)
Total non-current borrowings, net of current instalments	43,800,945	55,587,774

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

	30 June 2023	31 December 2022
Between 1 to 2 years	23,933,204	23,856,053
Between 2 to 5 years	19,867,741	31,256,010
Over 5 years	-	475,711
Total	43,800,945	55,587,774

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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 30.06.2023 bear fixed interest rate.

• *Current borrowings*

Current borrowings are detailed as follows:

	30 June 2023	31 December 2022
Current part of non-current borrowings	23,933,204	23,856,053
Current bank loan	-	67,617,751
Interest associated to current and non-current loans	651,853	775,220
Total current borrowings	24,585,057	92,249,024

• *Loans contracted for current activities*

On 30.03.2023, Transelectrica entered into credit agreement no. **C624 with Banca Comercială Română** for a period of 12 months in order to finance the support scheme bonus for high efficiency cogeneration, in the form of an overdraft, in the amount of RON 175,000,000 , with an interest rate calculated according to the ROBOR 1M reference rate, plus a margin of 0% 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 Additional Act No. 1 to the credit agreement No. C624 concluded with Banca Comercială Română, having as object the extension of the purpose 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).

On June 30, 2023, the line of credit is undrawn.

On 10.03.2022, Transelectrica entered into 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 with an interest rate based on the ROBOR 1M reference rate, to which a margin of 0.05% is added.

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

- MDL 175 million - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding liabilities, with a 12-month drawdown period until 09.03.2023;
- 25 million lei in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 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 (use of the credit line until 08.03.2024).

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 with Banca Transilvania, increasing the ceiling for issuing bank letters of guarantee from RON 25 million to RON 40 million (ceiling use until 09.03.2023).

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.

On 19.04.2023, Transelectrica entered into the Addendum No. 3 to the credit agreement No. C588 concluded with Banca Transilvania, regarding the amendment of the guarantee contracts.

On June 30, 2023, the line of credit is undrawn.

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*(All amounts are expressed in LEI unless otherwise provided)***10. Trade and other liabilities**

On 30 June 2023 and 31 December 2022, trade and other liabilities were as follows:

	30 June 2023	31 December 2022
Suppliers on the electricity market	703,610,572	1,956,548,071
Suppliers of assets	121,655,755	138,804,943
Suppliers of other activities	69,160,316	55,020,130
Amounts owed to employees	10,117,090	9,111,008
Other liabilities	820,483,031	1,235,969,189
Total	1,725,026,764	3,395,453,341

On 30 June 2023 and 31 December 2022, the liabilities on balance from the electricity market amounting to 703,610,572 and 1,956,548,071 respectively, have the following structure:

	30 June 2023	31 December 2022
Suppliers on the electricity market, of which:		
- suppliers - operational activity	374,393,521	1,336,902,867
- suppliers - balancing market	301,140,462	583,097,756
- suppliers - bonus type support scheme for promotion of high-efficiency cogeneration	28,076,589	36,547,448
Total	703,610,572	1,956,548,071

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

The decrease in the liability balance for operational activities was mainly due to the payment in the first half of 2023 of the payment liabilities outstanding on 31 December 2022, mainly resulting from the coupling of electricity markets.

The decrease in the liability balance of the balancing market was determined by the decrease in the volume of transactions recorded on the balancing market in the first half of 2023 compared to the second half of 2022.

The decrease in 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 June 2023 to December 2022.

On 30 June 2023, there are payment obligations to suppliers (producers) in the amount of 27,120,145 (RAAN - 23,751,179 and CET Govora SA - 3,368,966), representing the monthly cogeneration bonus, the ex-ante overcompensation for 2014 and 2015, and the bonus not paid in 2015. 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.

The 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 no. 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 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 30 June 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 30 June 2023, the Company did not register outstanding liabilities to suppliers (state budget, local budget or other public institutions).

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

	30 June 2023	31 December 2022
Sundry creditors	412,904,910	389,852,540
Client - creditors	281,553,833	770,851,018
Dividends to pay	52,180,600	148,332
Liabilities - Current building leasing	8,539,655	8,431,424
Liabilities - Non-current building leasing	10,674,570	14,754,992
Other liabilities	54,629,463	51,930,883
Total	820,483,031	1,235,969,189

- "Sundry creditors", amounting to **412,904,910** at 30 June 2023, mainly represent:
 - the net position of the support scheme for high efficiency cogeneration, a liability position amounting to 397,741,605,
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 ungranted bonus to pay to electricity producers for high efficiency cogeneration that are beneficiaries of the support scheme on the other hand;
 - 12,442,697 study contracts for RET connection solutions,
 - 1,524,351 royalty quarter II 2023 and others.
- "Client creditors" on 30 June 2023 total **281,553,833**, of which 281,102,003 represent amounts received in advance on transactions relating to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from OPCOM (9,467,281), MAVIR (173,729,160), IBEX (97,885,441) and JAO (20,121).
- On 30 June 2023, the unpaid dividends owed to the Company's shareholders amounted to **52,180,600**. Such amounts are at the shareholders' disposal by means of the payment agent.

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- On 30 June 2023, the **liability for assets related to the usage rights of leased assets - buildings**, in accordance with IFRS 16 - Leases, amounted to 19,214,225, of which:
 - Current liability: 8,539,655
 - Non-current liability: 10,674,570.
- "Other liabilities" in the amount of **54,629,463** are mainly represented by the payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 35,175,048 and non-deductible VAT during the reporting period in the amount of 19,176,524 and others.

Provisions

On 30 June 2023 and 31 December 2022, the provision situation was as follows:

	30 June 2023	31 December 2022
Provisions for disputes	24,677,889	24,677,889
Provisions for mandate contracts	39,093,718	43,338,686
Other provisions	251,761	157,972
TOTAL	64,023,368	68,174,547

Provisions for disputes found on balance at 30.06.2023, amounting to 24,677,889, are mainly represented by provisions 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 (1,47,785)*

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 39,093,718, as at 30 June 2023, consist of:

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

"Other provisions" in the amount of 251,761 represent unused holiday leave 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 30 June 2023 and 31 December 2022, other taxes and social security liabilities include:

	30 June 2023	31 December 2022
Contribution to social security funds	9,221,564	9,906,838
Salary tax	1,777,802	1,808,335
Other payable taxes	1,209,131	1,003,364
Total	12,208,497	12,718,537

On June 30, 2023, the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and paid in July 2023.

12. Income tax

The Company's current and deferred income tax is determined at a statutory rate of 16%.

The income tax expense for the second quarter of 2023 and the second quarter of 2022, as well as the income tax expense on June 30, 2023 and June 30, 2022, were as follows:

	Quarter II 2023	Quarter II 2022	30 June 2023	30 June 2022
Current income tax	3,100,367	4,939,256	24,047,727	8,196,138
Deferred income tax	(2,205,400)	(2,348,047)	(6,380,561)	(3,075,838)
Total	894,967	2,591,209	17,667,166	5,120,300

13. Operational revenues**Q2 2023 compared to Q2 2022**

Operational revenues include revenues from the provision by the Company of transmission and system services in the electricity market, allocation of interconnection capacity, balancing market operation services and other revenues.

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

	Average tariff of transmission services	Tariff for system services
Order No 67/25.05.2023 for the period 01 June - 30 June 2023		6.64 ^{*)}
Order No 144/21.12.2022 for the period 01 April - 31 May 2023		7.73
Order No 28/29.03.2023 for the period 01 April - 30 June 2023	31.20 ^{**)}	
Order No 33/23.03.2022 for the period 01 April - 30 June 2022	28.10	9.32

^{*)} The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast on which the approval of the tariff was based, which came into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by ANRE;

^{**)} The tariff for the transmission service of 31.20 lei/MWh, in force as of 1 April 2023, includes the main component of 28.61 lei/MWh and the component related to additional costs with CPT of 2.59 lei/MWh (ANRE Order no. 28/2023).

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:

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	Quarter II 2023	Quarter II 2022
Electricity quantity delivered to consumers (MWh)	11,965,813	12,557,949
The operating income realised in the second quarter of 2023 and the second quarter of 2022 is as follows:		
	Quarter II 2023	Quarter II 2022
Transmission revenues	379,527,305	351,149,130
Revenue from the allocation of interconnection capacities	78,660,169	56,989,891
Revenue from reactive electricity	3,818,998	177,690
Inter TSO Compensation (ITC) revenues	1,560,370	23,935
CPT transaction revenues	8,540,192	5,416,756
Transmission revenues – total	472,107,034	413,757,402
Revenues from technological system services	88,552,443	117,621,278
Revenue from unplanned/planned exchanges	-	36,990
Revenue from emergency aid	3,553,482	-
Revenue from system services - total	92,105,925	117,658,268
Revenues on the balancing market	509,697,264	829,792,363
Revenues from other services and other operational revenues	18,033,948	12,413,710
Revenue from capitalisation of CPT	-	-
Other revenues	18,033,948	12,413,710
Total revenues	1,091,944,171	1,373,621,743

Revenue from transmission services

Revenues from transmission service increased in the second quarter of 2023 compared to the second quarter of 2022 by 28,378,175, 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), in the context of the decrease in the amount of electricity delivered to consumers by 4.72%, i.e. by 592,136 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities increased in Q2 2023 compared to Q2 2022 by 21,670,278, corresponding to the level of usage of available interconnection capacities by traders in the electricity market.

The market for the allocation of interconnection capacity is fluctuating, with prices changing according to demand and the need for electricity market participants to acquire interconnection capacity. The increase over the period under review is due both to the unit price of electricity which has increased across the European Union, leading to a large price differential between the coupled markets, and to the European energy shortage. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

Inter TSO Compensation (ITC) revenues

In the second quarter of 2023, the revenue recorded as a result of the application of the ITC Mechanism increased by 1,536,435 compared to the second quarter of 2022. These revenues mainly come from scheduled electricity exchanges with perimeter countries (countries not part of the ITC Mechanism), i.e. Ukraine and Moldova. Starting from 01.09.2022, the tariff for exchanges with perimeter countries changed from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to an increase in revenues compared to the same period last year.

Revenues from CPT transactions

Energy trading revenues for CPT were mainly derived from the sale of excess electricity, resulting as the difference between the long-term and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and as the difference between the forecast CPT and the actual CPT achieved on the Balancing Market, respectively. These revenues were higher in Q2 2023 compared to Q2 2022 by 3,123,436.

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In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required CPT was acquired on the long-term markets through the Centralised Electricity Purchase Mechanism (CEPA) and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals, while transactions on the Balancing Market were higher than in the previous year, due to the delegation of balancing responsibility to another PRE from June 2022, as well as due to the fact that several intervals with negative balancing prices were recorded.

Revenues from technological system services

Revenues from technological system services decreased in the second quarter of 2023 compared to the second quarter of 2022 by 29,068,835, due both to the decrease in the tariff approved by ANRE for these services (according to the previously provided table with ANRE-approved tariffs in the periods under review) and to the reduction in the quantity of electricity delivered to consumers by 4.72%, i.e. by 592,136 MWh.

Revenues from emergency aid

In Q II 2023, revenue from emergency aids in the amount of 3,553,482 was registered. The emergency aid was granted to Ukraine, as a result of the damage to the country's energy infrastructure caused by armed conflicts.

Revenue on the balancing market

Revenues on the balancing market decreased in Q2 2023 compared to Q2 2022 by 320,095,099, 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;
- the energy market developments at European and regional level;
- the contracting method 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.

Semester I of 2023 compared to Semester I of 2022

The tariffs approved by ANRE for services provided on the electricity market for the first half of 2023 and the first half of 2022 are as follows:

	Average transmission tariff	Tariff for system service
Order No 67/25.05.2023 for the period 01 June - 30 June 2023		6.64 ^{*)}
Order No 144/21.12.2022 for the period 01 January - 31 May 2023		7.73
Order No 28/29.03.2023 for the period 01 April - 30 June 2023	31.20 ^{**)}	
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28.10	
Order No 33/23.03.2022 for the period 01 April - 30 June 2022	28.10	9.32
Order No 124/25.11.2021 for the period 01 January - 31 March 2022	23.96	9.32

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*) The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that came into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by ANRE;

**) The tariff for the transmission service of 31.20 lei/MWh, in force as of 1 April 2023, includes the main component of 28.61 lei/MWh and the component related to additional costs with CPT of 2.59 lei/MWh (ANRE Order no. 28/2023).

The quantity of electricity delivered to consumers in the first half of 2023 and the first half of 2022 was as follows:

	Semester I 2023	Semester I 2022
Quantity of electricity delivered to consumers (MWh)	24,971,216	26,903,264

The operating revenues for the first half of 2023 and the first half of 2022 are as follows:

	Semester I 2023	Semester I 2022
Revenue from transmission service	747,507,356	693,802,560
Revenue from the allocation of interconnection capacities	180,918,834	126,580,406
Revenue from reactive energy	7,241,679	732,376
Inter TSO Compensation (ITC) revenues	1,982,823	235,183
Revenues from CPT transactions	21,406,078	11,199,006
Revenue from transmission service - total	959,056,770	832,549,531
Revenues from technological system services	189,197,303	251,675,239
Revenues from unplanned/planned exchanges	-	44,522
Revenues from emergency aid	3,553,482	-
Revenue from system services - total	192,750,785	251,719,761
Revenue on the balancing market	1,017,616,030	1,494,830,998
Revenues from other services and other operational revenues	30,316,419	25,024,884
Revenues from capitalisation of CPT	-	-
Other revenues	30,316,419	25,024,884
Total revenues	2,199,740,004	2,604,125,174

Revenue from transmission service

Revenues from the transmission service increased in the first half of 2023 compared to the first half of 2022 by 53,704,796, due to the increase in the average tariff for the transmission service approved by ANRE (according to the previously provided table with ANRE-approved tariffs in the periods under review), while the quantity of electricity delivered to consumers decreased by 7.18%, i.e. by 1,932,045 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities increased in semester I of 2023 compared to semester I of 2022 by 54,338,428, corresponding to the level of usage of available interconnection capacities by traders in the electricity market.

The market for the allocation of interconnection capacities is fluctuating, with prices changing according to demand and the need for electricity market participants to acquire interconnection capacities. The increase in semester I of 2023 compared to semester I of 2022 is due to both the unit price of electricity which has increased across the European Union, leading to a large price differential between the coupled markets, and the European energy shortage. Implicit allocations, where capacity and energy are foreseen simultaneously, are strongly influenced by electricity price variations on European exchanges.

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

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

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 bids are only on the border with Serbia, and implicit intraday bids (within the SIDC) on the borders with Bulgaria and Hungary.

The use of net revenues from the allocation of interconnection capacities 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 modernisation and development of interconnection capacity with neighbouring 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

Inter TSO Compensation (ITC) revenues were higher in semester I of 2023 compared to semester I of 2022 by 1,747,640. This revenue comes mainly from scheduled electricity exchanges with perimeter countries (countries that are not part of the ITC mechanism), i.e. Ukraine and Moldova. Starting from 01.09.2022, the tariff for exchanges with perimeter countries changed from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to an increase in revenue compared to the same period last year. In addition, trade with Ukraine was severely reduced in February and March 2022 due to the outbreak of armed conflict in the region, and trade with Moldova only started in October 2022.

Revenues from CPT transactions

Energy trading revenues for CPT were higher in semester I of 2023 compared to semester I of 2022 by 10,207,072. These revenues come from the sale of surplus energy, resulting as the difference between the long and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and as the difference between forecast CPT and actual CPT on the Balancing Market, respectively.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required CPT was acquired on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals, while transactions on the Balancing Market were higher than in the previous year, due to the delegation of balancing responsibility to another ERP as of June 2022, as well as due to the fact that several negative balancing price intervals were recorded.

Revenues from technological system services

Revenues from technological system services decreased by 62,477,936 in the first half of 2023 compared to the first half of 2022, due both to the decrease in the tariff approved by ANRE for these services (according to the previously provided table with ANRE-approved tariffs in the periods under review) and to the reduction in the quantity of electricity delivered to consumers by 7.18%, i.e. by 1,932,045 MWh.

For the activity of technological system services, the specific regulatory framework for this activity contains regularisation mechanisms that ensure compensation for the excess or shortfall of revenue in relation to the level of expenditure required to carry out the activity. Thus, according to ANRE regulations, the surplus/deficit of revenue compared to the recognised costs resulting from the performance of this activity is compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the year in which the surplus/deficit was recorded. The surplus/deficit of revenue over the costs resulting from the performance of this activity is calculated per tariff scheduling period.

Revenues from emergency aid

In May and June 2023, the Company provided emergency aid to Serbia and Ukraine. Thus, in the first half of 2023, revenues from emergency aid in the amount of 3,553,482 was registered.

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*(All amounts are expressed in LEI unless otherwise provided)***Revenue on the balancing market**

Revenues on the balancing market decreased in semester I of 2023 compared to semester I of 2022 by 477,214,968, 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;
- the contracting method 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 and balancing market expenses**Q2 2023 compared to Q2 2022**

Expenses in Q2 2023 compared to Q2 2022 were as follows:

	Quarter II 2023	Quarter II 2022
Expenses regarding own technological consumption	113,954,686	178,819,947
Congestion expenses	88,286	63,788
Expenses regarding electricity consumption in RET substations	14,379,986	8,844,354
Expenses regarding functional system services	-	30,721
Inter TSO Compensation (ITC) expenses	7,148,057	4,733,828
Total operational expenses	135,571,015	192,492,638
Expenses regarding technological system services	121,088,490	109,519,263
Balancing market expenses	509,286,041	837,778,618
Total	765,945,546	1,139,790,519

Expenses regarding own technological consumption

This represents expenses on the acquisition of electricity from the free energy market to cover own technological consumption in the electricity transmission network and was lower in Q2 2023 compared to Q2 2022 by 64,865,261, taking into account a number of aspects, as follows:

- Given its characteristic features, the Own Technological Consumption (CPT) in the Electricity Transmission Network (RET) strongly depends on meteorological conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a fall both in the consumption of quantities traded on the short-term markets and in energy prices on these markets.

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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 second quarter of 2023, congestion charges of 88,286 were incurred. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered at the Dispatchable Units connected in Tariverde station.

Expenses on electricity consumption in RET substations

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

This expenses increased by 5,535,632 in Q2 2023 compared to Q2 2022, mainly due to higher electricity acquisition prices.

Expenses on Inter TSO Compensation (ITC)

ITC expenses are the monthly payment liabilities/collection expenses for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In Q2 2023, these expenses were 2,414,229 higher than in the same period of the previous year.

Expenses regarding technological system services

Expenses on technology system services increased in Q2 2023 compared to Q2 2022 by 11,569,227.

Technological system services are acquired by the Company from producers in order to ensure the maintenance of the safe operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatcher who is responsible for ensuring the stability and safety of the SEN operation.

The acquisition 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 second 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.

Balancing market expenses

The balancing market expenses of 509,286,041 in Q2 2023 was 328,492,577 lower than in Q2 2022. These expenses result from the notifications/achievements of participants in this market.

The evolution of electricity production and consumption at national level and the European context of the evolution of the electricity market, the way in which the contracting on the pre-balancing market was carried out, had and will continue to have a significant impact on the evolution of revenues/costs on the balancing market.

Semester I of 2023 compared to Semester I of 2022

Expenses in semester I of 2023 compared to semester I of 2021 were as follows:

	Semester I 2023	Semester I 2022
Expenses regarding own technological consumption	261,204,570	434,186,437
Congestion expenses	88,286	220,843
Expenses regarding electricity consumption in RET substations	25,456,482	20,627,737
Expenses regarding functional system services	-	30,721
Inter TSO Compensation (ITC) expenses	20,320,980	10,970,329
Total operational expenses	307,070,318	466,036,067

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	Semester I 2023	Semester I 2022
Expenses regarding technological system services	230,734,632	230,820,478
Balancing market expenses	1,017,157,046	1,494,865,591
Total	1,554,961,996	2,191,722,136

Expenses on own technological consumption

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

Expenses on own technology consumption was lower by 172,981,867 in semester I of 2023 compared to semester I of 2022, due to a number of issues as follows:

- given its characteristic features, the Own Technological Consumption (CPT) in the Electricity Transmission Network (RET) strongly depends on meteorological conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA acquired electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- Measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction of demand in the industrial area, and the increase in the share of wind energy, in the context of an atypically warm winter, led to a decrease in the consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of energy purchased on the DAM in the first half of the year was around 50% lower than in the same period of 2022, while remaining higher than in previous years.

Congestion expenses

In the first half of 2023, congestion expenses of 88,286 were incurred. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered to the Dispensible Units connected in Tariverde station.

Expenses on electricity consumption in RET stations

This expenses increased by 4,828,745 in semester I of 2023 compared to semester I of 2022, due to the increase in electricity acquisition prices.

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

Inter TSO Compensation (ITC) expenses

ITC expenses are the monthly payment liabilities/collection expenses for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In semester I of 2023, this expense was 9,350,651 higher than in the same period last year.

Expenses on technological system services

Technological system services are acquired by the Company from producers in order to ensure the maintenance of the safe operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatcher who is responsible for ensuring the stability and safety of the SEN operation.

The contracting of these services is carried out both in a competitive and regulated regime (based on the decisions of the National Energy Regulatory Authority) in the case of reactive energy reserves.

The acquisition 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.

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In the first semester of 2023, the contracting of technological system services under the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by the Hydroelectric Power Production Company "Hidroelectrica" SA.

Expenses on technological system services in semester I of 2023 in the amount of 230,734,632 was relatively constant compared to the semester I of 2022 outturn. The acquisition prices of system services on the competitive market in semester I of 2023 remained around the values:

- the average acquisition price of the secondary regulation reserve with the value of 79.30 lei/MWh;
- the average acquisition price of the fast tertiary regulation reserve, at increasing power, with the value of 37.95 lei/MWh;
- the average acquisition price of the fast tertiary regulation reserve, at power reduction, with the value of 13.67 lei/MWh.

Also, the first half of 2023 saw a high level of concentration in the system technology services market for secondary reserve (SR) system technology services.

For the next period from 2023, it is estimated that a significant impact on the evolution of costs for the purchase of system services through daily and one-way auctions, 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 1,017,157,046 in semester I of 2023 was 477,708,545 lower than in semester I of 2022. These expenses result from the notifications/achievements of the participants in this market and are significantly influenced by the evolution of national electricity production and consumption, the European context of the evolution of the electricity market and the way in which the contracting in the markets prior to the balancing market was carried out.

15. Amortisation

	Quarter II 2023	Quarter II 2022
Amortisation of tangible and intangible assets	65,981,035	63,483,317
Amortisation expense on intangible assets - Additional CPT	16,926,334	-
Amortisation of assets relating to usage rights leased assets	1,988,061	1,988,060
Total	84,895,430	65,471,377

	Semester I 2023	Semester I 2022
Amortisation of tangible and intangible assets	129,247,203	124,144,130
Amortisation expense on intangible assets - additional CPT	33,852,668	-
Amortisation of assets related to rights of use of leased assets	3,976,120	3,976,120
Total	167,075,991	128,120,250

Amortisation of tangible and intangible assets represents the amortisation recorded in respect of the commissioning of investment works and the acceptance of assets.

Amortisation of intangible assets - additional CPT. 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 customers 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 acquisition of electricity made between 1 January 2022 and 31 March 2025 to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised quarterly and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

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Amortisation expense on intangible assets recognised under IFRS 16 (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".

16. Personnel expenses

	Quarter II 2023	Quarter II 2022
Salary expenses	69,767,059	58,939,597
Social expenses	3,266,380	3,109,779
Expenses on vouchers granted to employees	7,269,630	4,099,290
Expenses for mandate contracts and other committees, commissions	1,076,804	992,451
Social security and protection expenses	5,421,518	4,417,946
Provisions for salary and assimilated expenses	(3,324,837)	(514,229)
Other expenses	4,530	43,885
Total	83,481,084	71,088,719

	Semester I 2023	Semester I 2022
Salary expenses	134,676,502	113,373,422
Social expenses	4,210,070	3,653,798
Expenses on vouchers granted to employees	10,657,680	6,353,290
Expenses for mandate contracts and other committees, commissions	2,279,000	1,972,134
Social security and protection expenses	10,327,013	9,067,930
Provisions for salary and assimilated expenses	(4,151,033)	(2,566,172)
Other expenses	11,772	95,486
Total	158,011,004	131,949,888

Total personnel costs incurred in the second quarter and first half of 2023 show an increase compared to the same period of the previous year, mainly due to an increase in some expenses items such as: personnel salary expenses, social expenses, expenses on vouchers granted to employees, expenses for mandate contracts and other committees, commissions, as well as the reversal to revenues of part of the provisions made for executive and non-executive directors dismissed, representing the variable component relating to the allocated and unused OAVT packages for the period of the mandates executed in the period 2013-2017 and the compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with the payments made on the basis of enforceable court judgments received by the Company.

17. Other operational expenses

	Quarter II 2023	Quarter II 2022
Other expenses with services executed by third parties	26,895,725	21,793,563
Postal expenses and telecommunication fees	227,470	128,070
Expenses on royalties and rents	1,618,074	1,497,756
(Net) operational expenses on impairment allowances for current assets	(877,555)	9,694,421
Other expenses, of which:	21,026,348	14,810,793
- (net) expenses on provisions for other operational expenses	(5,693)	(2,224)
- expenses on FVOs cf. court decision	3,260,713	2,438,986
- expenses on taxes and duties (ANRE tax, natural monopoly tax, other local taxes and duties)	7,545,901	4,579,979
- expenses on electricity acquired for administrative consumption	838,399	1,111,634
- expenses on fines and penalties	308,051	1,002,543
- other operating expenses	9,078,977	5,679,875
Total	48,890,062	47,924,603

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In the second quarter of 2023, these expenses increased by 965,459 compared to the second quarter of 2022, mainly due to the change in the following expenses items:

- decrease in (net) operational expenses by recording impairment allowances for receivables for Romelectro SA, CET Govora SA etc., impairment allowances for inventories, while resuming into revenues the impairment allowances of current assets (CET Govora SA etc.), impairment allowances for inventories etc.;
- recording of expenses related to FVOs paid on the basis of enforceable court ruling (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court ruling granted to former executive and non-executive members removed, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024.
- an increase in certain items of expenses, such as: expenses on protection and security, expenses on the implementation of pan-European codes, expenses on the recovery of stocks obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, refurbishments, upgrade etc.

	Semester I 2023	Semester I 2022
Other expenses on services provided by third parties	51,474,076	38,785,481
Postage and telecommunications expenses	419,828	221,739
Expenses on royalties and rents	3,184,558	2,961,834
Operational (net) expenses on impairment allowances for current assets	(905,207)	10,266,449
Other expenses, of which:	40,656,202	17,160,252
- <i>expenses (net) on provisions for other operational expenses</i>	<i>(17,527)</i>	<i>(10,709,678)</i>
- <i>expenses on FVOs cf. court rulings</i>	<i>4,060,142</i>	<i>4,226,609</i>
- <i>expenses on taxes and duties (ANRE tax, natural monopoly tax, other local taxes and duties)</i>	<i>14,658,699</i>	<i>9,390,167</i>
- <i>expenses on energy acquired for administrative consumption</i>	<i>1,175,583</i>	<i>2,417,658</i>
- <i>expenses on fines and penalties</i>	<i>308,682</i>	<i>1,319,174</i>
- <i>other operational expenses</i>	<i>20,470,623</i>	<i>10,516,322</i>
Total	94,829,457	69,395,755

In semester I of 2023, this expenses increased by 25,433,702 compared to semester I of 2022, mainly due to the change in the following expenses items:

- an increase in certain items of expenses, namely: expenses on civil protection and security, expenses on the implementation of pan-European codes, expenses on taxes, duties and assimilated expenses, expenses on international dues, expenses on the recovery of stocks obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, refurbishment, upgrading, etc. The increase in *expenses on taxes, duties and assimilated expenses* is mainly due to the recording of expenses on transfers to the State budget following the recovery of undismantled and unsorted waste from the dismantling of assets belonging to the State's public domain as part of the work to refurbish stations; stamp duty on legal costs.
- recording of the amount of 7,325,499 under other operating expenses not deductible for tax purposes, mainly representing the recognition on the Company's operating 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" and recording of the related VAT adjustment;
- resuming to revenues of the impairment allowances of the investment objective "Consolidation, modernisation and extension of CNTEE Transelectrica SA - Magheru",
- decrease in (net) operational expenses relating to provisions for other operational expenses.

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*(All amounts are expressed in LEI unless otherwise provided)***18. Net financial result**

	Quarter II 2023	Quarter II 2022
Interest revenues	1,562,214	238,058
Revenues from exchange rate differences	6,794,032	1,814,429
Other financial revenues	1,205,555	2,820,271
Total financial revenues	9,561,801	4,872,758
Interest expenses	(824,454)	(3,249,085)
Expenses from exchange rate differences	(8,103,561)	(2,247,187)
Total financial expenses	(8,928,015)	(5,496,272)
Net financial result	633,786	(623,514)

	Semester I 2023	Semester I 2022
Interest revenues	2,408,870	482,792
Revenues from exchange rate differences	22,551,214	3,226,712
Other financial revenues	1,493,823	2,846,916
Total financial revenues	26,453,907	6,556,420
Interest expenses	(2,143,037)	(4,921,836)
Expenses from exchange rate differences	(22,048,937)	(4,351,032)
Other financial expenses	(242,140)	-
Total financial expenses	(24,434,114)	(9,272,868)
Net financial result	2,019,793	(2,716,448)

On 30 June 2023, the Company recorded a net financial result (profit) in the amount of 2,019,793, 4,736,241 higher than that recorded in the same period of 2022. This was mainly influenced by the interest received during the period under review, but also by the evolution of the exchange rate of the national currency in relation to the foreign currencies in which the Company has contracted bank loans to finance investment programmes.

On 30 June 2023, in the total amount of 2,143,037 (interest expense), the amount of 417,077 represents interest calculated on assets related to the usage rights of leased assets - buildings, as required by IFRS 16 - Leases.

The increased level of foreign exchange revenues 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 revenues/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 30 June 2023 compared to that recorded on 30 June 2022 was as follows:

Currency	30.06.2023	30.06.2022
Lei / Euro	4.9634	4.9454
Lei / US Dollar	4.5750	4.7424

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

Management regularly reviews the situation of ongoing disputes and, 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:

• **INDEPENDENT AUTHORITY 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 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 Mehedinti 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 no. **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 Mehedinti Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 term case judgment was suspended until settlement of file no. **3014/2/2014** found on the docket of the ICCJ, and on 14.02.2019 Mehedinti 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 Mehedinti 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 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file no. 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.

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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 capitalise 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 capitalise 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, 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 09.02.2023 hearing, a term is 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 is set for 15.06.2023.

At the 15.06.2023 hearing, a term is 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 is set for **05.10.2023**.

• COURT OF ACCOUNTS OF ROMANIA

Following an inspection performed in 2013, the Court of Auditors 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 Auditors were appealed against before the Appeal Court of Bucharest and file no. **1658/2/2014** was constituted, pertaining to "cancellation of control deeds" – Conclusion 7/20.02.2014 issued by the Court of Auditors.

At the hearing on 13.06.2018, the action brought by the Claimant-Transelectrica SA is allowed in part. 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.

Transelectrica filed an appeal on 14.06.2019.

At the public hearing of 21.10.2020, 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 - are dismissed as groundless. Definitive.

New filecase no. 2985/1/2021, on 24.11.2022 the ICCJ declares the appeal filed by the Company null and void. Definitive. Appeal against Decision CCR No 8/27.06.2017.

Following an audit carried out in 2017, the Court of Auditors issued certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed several appeals against the measures ordered by the Court of Auditors of Romania (CoA) by Decision no. 8/27.06.2017, requesting their cancellation, 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 have been filed with the Bucharest Court of Appeal, including case no. **6581/2/2017** concerning the cancelling of the findings in point 6 and the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, the case no. **6581/2/2017** has been referred to the 12th Administrative and Fiscal Litigation Division of the VIII Administrative and Fiscal Litigation Division under no. **6581/2/2017*** Summary ruling: In order to give the parties the opportunity to submit written pleadings and to deliberate, adjourn the trial to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on **26.05.2023**, the request was allowed. Annulled in part Decision No 77/03.08.2017 in so far as it rejected point 6 of the Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point 11.9, and Inspection Report No. 19211/26.05.2017 in respect of the findings in point 3.2. Orders

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the defendant to pay the claimant's costs in the total amount of 10,450 lei, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Decision 920/2023 26.05.2023.

The remaining cases were definitively settled, with the Bucharest Court of Appeal dismissing the request for annulment and the High Court of Cassation and Justice dismissing the appeals (case no. 6574/2/2017 concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, case no. 6576/2/2017 concerning the annulment of the findings in points 7.1, 7.2 and 8 and the measure ordered in point II.10, which became new file no. **2985/1/2021**, on 24.11.2022 the ICCJ declared null and void the appeal filed by the Claimant National Power Transmission Company Transelectrica SA against Judgment no. 8 of 20 January 2021 of the Bucharest Court of Appeal - Administrative and Fiscal Litigation Section VIII rendered in case no. 6576/2/2017. Definitive., case no. 6577/2/2017 on the annulment of the findings in paragraph 13 as well as the measure ordered in paragraph II.13, now case no. 1614/1/2020, case no. 6578/2/2017, on the annulment of the findings in paragraph 9 as well as the measure ordered in paragraph II.11, File No 6580/2/2017 on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, File No 6582/2/2017 on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and File No 6583/2/2017 on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

In January-July 2020 Romania's Court of Auditors 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.

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 Auditors 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 Auditors 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 cancellation 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 AUDITORS, 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.

On 24 July 2023, the Company was notified of the judgment and will 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.

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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 plaintiff 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. Transelectrica has appealed against the civil ruling no. 1532/12.10.2022 pronounced by the CAB, the case has been submitted to the ICCJ and is in the filter procedure having term on **19.09.2023**.

The Bucharest Court of Justice is hearing case no. **24242/3/2021**, in which OPCOM SA is the plaintiff 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, 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 EGMS Resolution no. 6/15.06.2016 and, subsequently, OGMS Resolution no. 2/25.05.2017 and OGMS 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 term is set for 27.06.2023 for the missing expert report. At the 27.06.2023 hearing, on the basis of the decision of the General Assembly of Judges of the Bucharest Court no. 4/20.06.2023, the case is deferred and the next term is set for **10.10.2023**.

• 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.

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On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil new summons were filed by Conaid Company SRL under file no. **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 unrealised 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.

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

On 03.05.2023, the case is deferred to take cognizance of the reply to the objections and the next hearing term is on **13.09.2023**.

• 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 capitalising 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 capitalising 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 capitalising 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 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 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 commercial 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

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right of appeal within 7 days of notification by the BPI. Procedure for resolving appeals against the closure order. Summary decision: Dismisses the appeal against Ruling No. 293/F/2022 delivered by the Court of Alba in case No. 2088/107/2016. Definitive. Pronounced by making the decision available to the parties by the court registry on 06.04.2023.

• 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 favour 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 favour 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.

On the 16.07.2020 term the High Court of Cassation and Justice issued ruling 1578 and established the case settlement competence in favour 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 stamp duty exception of the request 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 request to amend the summons. 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 term on 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

Case No. **15561/3/2022**, registered before the Bucharest District Court, concerns the summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the amount of 4,467,108 lei, representing the value 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 term is set for 15.06.2023 in order to carry out the agreed expert report.

At the hearing of 15.06.2023, a term is set for **09.11.2023** for lack of 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.

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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 no. 92/2003 on the Civil Procedural Code.

ANAF issued the enforcement title no. 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 no. **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 favour 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 no. **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 contestator. 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 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 no. **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

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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 the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the 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 the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It denied 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-fiscality expertise, proportional to the request admittance. **Appeal right granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. Ruling no. 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 defence.

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 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. Term on **13.12.2023**.

• OTHERS

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 Iasi, CET Bacău, CET Govora, CET Brasov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galati, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL 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 30 June 2022, **contingent liabilities amount** to 36,303,031. 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 claims for additional costs relating to the increase in the minimum wage in the construction sector and an order to conclude an addendum to contract C54/2018.

The subject of contract C54/2018 is the investment project - *Refurbishment of 220/110 kV Craiova Nord station*.

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At the hearing on **24.04.2023**, the summary judgment is: "Admit in part the application for the summons brought by the claimant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the claimant the amount 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 Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the amount 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 amount of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the request as groundless. Orders the defendant to pay the claimant the amount of 171,104.06 lei as legal costs. With right of appeal within 10 days of communication. The request to appeal shall be submitted 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."

Transelectrica has appealed. No term set.

- *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, the case is adjourned.

At the hearing of 16.05.2023, the court adjourns the case to **12.09.2023** to file a reply to the expert objections.

- *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 - *Upgrade 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 was adjourned for lack of expert report.

At the hearing on 23.06.2023, a new hearing date is set for **06.10.2023**, to continue the trial.

- *File 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.*

At the hearing on 24 June 2022, dismisses the application as groundless. With appeal within 10 days of service. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Document: Ruling 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:

- 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);

- 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.

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- 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 on 14.10.2022, the summary decision: In view of the absence of the expert report, adjourn the case and set the term for 07.04.2023.

At the hearing on 07.04.2023, the summary decision: In order to file the expert's report, adjourn the case to **15.09.2023**.

- *File no. 37332/3/2021 - claimant Romelectro (4,433,591)*

The case concerns claims - GEO 114/2018 for the contract C112/2019 - *Refurbishment of the 110kV station of the Porțile de 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 request 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: Ruling 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 defence, 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 defence, 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." Trial date 05.05.2023.

At the hearing on 05.05.2023, the case is adjourned and the date **15.09.2023** is set for the expert evidence.

- *File no. 8442/3/2022 - claimant Tempos Sev (1,429,832)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - *Refurbishment of 220/110kV station Hășdat*.

At the hearing on 16.09.2022, the joinder is admitted. Refer the case back to the panel first seised 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).

- *File no. 8440/3/2022 - 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 13.09.2022, the case was adjourned to 08.11.2022 for the taking of evidence.

At the hearing on 08.11.2022, the case is adjourned.

The case was redocket and a trial term was set for **12.09.2023**.

- *File 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 ELECTROMONTAJ CLUJ S.A. is granted, in

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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 Cuj Specialised 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 legal costs and penalties set by the court.

There are currently pending disputes with the Romania Court of Auditors, related to controls carried out in 2013, 2017 and 2020, detailed in the chapter Litigations.

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 have stated that there may be the possibility of additional tax liabilities arising, but that at the present date, these cannot be determined accurately in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

20. Related parties

i) Transactions with the Company-owned subsidiaries

The entity	Country of Origin	30 June 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

The net value of shares held by the Company in its subsidiaries is 78,038,750 at 30 June 2023 and 78,038,750 at 31 December 2022.

The gross value of the Company's shareholdings in its subsidiaries is as follows:

SMART SA

The company SMART SA, with registered office at 33 Magheru Boulevard, sector 1, Bucharest, and head office in the business location at 3 Gheorghe Șincai Boulevard, "Formenerg" building, 1st floor, sector 4, Bucharest, has as main business the maintenance of the transmission-dispatcher system and was established under GD no. 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.

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On 30.12.2014, the Trade Registry Office of the Bucharest Court of Justice has resolved the request 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 30 June 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, subscribed and fully paid by the Company.

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 30 June 2023 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

The subsidiary company Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA with registered office 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 GD 1065/04.09.2003.

In the Company's accounting records, as of June 30, 2023, the share capital of the Subsidiary Icemenerg SA is 1,083,450, fully subscribed and paid up.

*) 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 Modernising 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 Modernising 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.

Transelectrica SA lodged an appeal for annulment against Decision no. 173/2015, issued by the Bucharest Court of Appeal, which is the subject of case no. 1088/2/2015, pending before the Bucharest Court of Appeal - Civil Section VI, with a trial date of 13.05.2015. On 13.05.2015, by Decision no. 777/2015, the Bucharest Court of Appeal rejected the appeal for annulment as unfounded, the 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.

OPCOM SA

The company OPCOM SA with registered office in Blvd. Hristo Botev 16-18, Bucharest 3, with legal personality has as main business the organisation, administration and supervision of the electricity market, being established under GD 627/2000.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

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 Ownership Right 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 EGMS resolution, a number of 67,879 new registered shares with a nominal value of RON 10 each.

On 20.03.2019, the National Trade Register Office of the Court of Bucharest has resolved the request for registration of the share capital increase 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 registered in the financial statements submitted to the GMS approval by OPCOM and is presented as fully subscribed and unpaid share capital.

As at 30 June 2023, the share capital is 31,366,090, of which 8,778,790 represents fully paid-up subscribed 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 BIRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On 30 June 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 Blvd. Gh. Sincai 3, Bucharest 4, 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 GMS Decision 33/2001.

The share capital on 30 June 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 Modernising 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 30 June 2023 is 493,000, fully subscribed and paid up.

On 09.06.2017, the Bucharest Court, Civil Section VII, ordered the entry into bankruptcy by simplified procedure of the debtor Company Subsidiary ICEMENERG SERVICE - SA, appointing Solvendi SPRL as provisional liquidator.

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, 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 en bloc, the buyer being Portland Trust Developments Five SRL.

In the case no. 18051/3/2017, according to the Insolvency Proceedings Report 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 cancelling it from the Bucharest Trade Register. The company has not been notified of the decision until 30.06.2023.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2023

(All amounts are expressed in LEI unless otherwise provided)

Balances with subsidiaries held by the Company are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
SMART SA	328,755	341,310	18,062,456	18,350,272
TELETRANS SA	700,698	176,323	21,180,032	14,692,419
FORMENERG SA	-	-	-	-
OPCOM SA	47,111,696	654,372,119	72,043,988	647,260,234
TOTAL	48,141,149	654,889,752	111,286,476	680,302,295

*) Trade receivables are provided at gross values.

Transactions with the Company's subsidiaries during the reporting period are detailed as follows:

AFFILIATED ENTITY	Sales			
	Quarter II 2023	Quarter II 2022	Semester I 2023	Semester I 2022
SMART SA	206,695	313,662	507,897	633,132
TELETRANS SA	604,973	192,657	747,909	371,261
FORMENERG SA	-	-	-	-
OPCOM SA	116,468,290	983,121,130	407,816,614	2,625,286,210
TOTAL	117,279,958	983,627,449	409,072,420	2,626,290,603

AFFILIATED ENTITY	Acquisitions			
	Quarter II 2023	Quarter II 2022	Semester I 2023	Semester I 2022
SMART SA	21,452,475	23,167,225	39,229,391	50,099,077
TELETRANS SA	12,636,146	12,545,056	23,971,058	22,451,072
FORMENERG SA	1,459	-	1,624	286
OPCOM SA	941,916,674	384,783,501	2,163,844,136	927,033,646
TOTAL	976,006,754	420,495,782	2,227,046,209	999,584,081

ii) *Company management salaries*

Salaries paid to management for services rendered consist mainly of basic salary, as well as termination and post-employment benefits. These are detailed as follows:

	Quarter II 2023	Quarter II 2022	Semester I 2023	Semester I 2022
Short-term benefits	6,002,564	4,994,565	11,998,916	9,753,986
Other long-term benefits	30,650	12,500	79,250	23,841
Total	6,033,214	5,007,065	12,078,166	9,777,827

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: decentralisation 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

CNTEE Transelectrica SA

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(All amounts are expressed in LEI unless otherwise provided)

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:

	30 June 2023	31 December 2022
Financial assets		
Net trade receivables	1,179,217,131	2,261,084,021
Other net receivables and down payment to suppliers	143,345,817	787,546,355
Receivable VAT	255,153,118	291,841,166
Cash and cash equivalents	484,357,679	315,146,396
Other financial assets	-	-
Total	2,062,073,745	3,655,617,938

The age of **receivables** on the elaboration date of the financial position is provided below:

	Gross value	Impairment allowance	Gross value	Impairment allowance
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
Not reached to maturity	1,060,818,182	430,005	2,171,853,986	439,303
Expiry date between 1 - 30 days	25,174,887	-	120,587	2,770
Due date exceeded from 31 to 90 days	4,210,030	1,977	20,541	5,943
Due date exceeded, 90 to 180 days	34,186	17,254	18,045	6,970
Due date exceeded, 180 to 270 days	15,822	14,357	428,640	449,742
Due date exceeded, 270 to 365 days	13,214	13,210	186,948	181,868
More than one year	221,797,907	132,370,294	221,292,437	131,750,567
Total	1,312,064,228	132,847,097	2,393,921,184	132,837,163

The age of **other receivables** on the elaboration date of the financial position is provided below:

	Gross value	Impairment allowance	Gross value	Impairment allowance
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
Not reached to maturity	370,010,231	-	1,050,760,965	34,980
Expiry date between 1 - 30 days	204,364	-	208,379	-
Due date exceeded from 31 to 90 days	354,437	-	445,076	-
Due date exceeded, 90 to 180 days	719,735	8,635	2,272,225	242,536
Due date exceeded, 180 to 270 days	1,696,643	-	1,541,395	170,579
Due date exceeded, 270 to 365 days	37,691	25,222	9,618,542	9,402,895
More than one year	101,700,270	76,190,579	90,871,784	66,479,855
Total	474,723,371	76,224,436	1,155,718,366	76,330,845

Transelectrica's policy is to record 100% impairment allowances for loss of value for customers in disputes, 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 allowances on 30 June 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (25,075,024), 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

CNTEE Transelectrica SA

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(All amounts are expressed in LEI unless otherwise provided)

(9,276,118), RAAN (8,516,707), Next Energy Partners SRL (8,395,132).

The Company has taken the following measures to recover the impairment-allowances receivables: legal action, registration in the creditor's list, etc.

The evolution of **impairment allowances for doubtful receivables** is provided as follows:

	30 June 2023	31 December 2022
Balance on 1 January	132,837,163	145,107,946
Recognition of impairment allowances	948,275	2,496,173
Reversal of impairment allowances	938,341	14,766,956
Balance at end of the interval	132,847,097	132,837,163

The evolution of **impairment allowances for other doubtful receivables** is presented as follows:

	30 June 2023	31 December 2022
Balance on 1 January	76,330,845	66,918,366
Recognition of impairment allowances	45,094	11,557,190
Reversal of impairment allowances	151,503	2,144,711
Balance at end of the interval	76,224,436	76,330,845

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 an obligation to provide financial guarantees. The amount of receivables, net of impairment allowances, 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

- OGMS notice 18(21) August 2023**

The Board of Directors of the Company convened the Ordinary General Meeting of Shareholders on 18(21) August 2023 with on the agenda information on the acquisition of products, services and works, commitments involving significant obligations of the Company with a value of more than 5,000,000 euro, as well as loans and guarantees for loans with a value of less than 50,000,000 euro.

- Letter of expectations**

The company informed that on 25 July 2023, the majority shareholder, the Romanian State through the General Secretariat of the Government, in its capacity as public supervisory authority, sent *the Letter of Expectations necessary for the selection and evaluation of the members of the Supervisory Board and the Management Board of the National Electricity Transmission Company Transelectrica S.A. for the period 2023-2027*.

- Request, majority shareholder, to complete the agenda of the GMS, convened for 18 (21) August 2023**

The company has informed investors that the majority shareholder, the Romanian State, through the General Secretariat of the Government, has requested to add the following item to the agenda of the Ordinary General Meeting of Shareholders scheduled for 18/21.08.2023:

- Completion of point 1 of Decision no. 5 of the AGM of C.N.T.E.E. Transelectrica S.A. of 27 April 2023 by introducing the provisions of para. (3), (4) and (5) of art. 29 of GEO. no. 109/2011 on the corporate governance of public companies, with subsequent amendments and additions, thus, after the addition, the point will have the following content: *"Initiating the selection procedure for the members of the supervisory board of C.N.T.E.E. Transelectrica S.A., with the application of the provisions of art. 29 para. (3), (4) and (5) of O.U.G. no. 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented"*.

NPG TRANSELECTRICA SA

Company managed by two-tier system

**Condensed Consolidated Interim Financial Statements
as of and for the six months' period ending on
30 June 2023**

Elaborated in accordance with the
International Accounting Standard 34 – “Interim Financial Reporting”

NPG TRANSELECTRICA SA
CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 2023
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	30 June 2023	31 december 2022
Assets			
Non-current assets			
Tangible assets		4.131.983	4.063.849
Assets representing rights of use under a lease		20.849	23.689
Intangible assets		302.886	337.941
Financial assets		40.664	40.720
Total non-current assets	4	4.496.382	4.466.199
Current assets			
Inventories		63.862	53.068
Trade and other receivables	5	1.581.425	3.342.852
Profit tax recoverable		-	4.128
Other financial assets		-	-
Cash and cash equivalents	6	499.979	333.681
Total current assets		2.145.266	3.733.729
Total assets		6.641.648	8.199.928
Shareholder's equity and liabilities			
Shareholders' equity			
Share capital		733.031	733.031
Share premium		49.843	49.843
Legal reserve		146.606	146.606
Revaluation reserve		701.355	734.233
Other reserves		100.154	39.351
Retained earnings		2.342.128	2.201.628
Total shareholders' equities attributable to Group owners	7	4.073.117	3.904.692
Non-controlling interests		-	-
Total equity		4.073.117	3.904.692
Non-current liabilities			
Long term deferred revenues	8	456.298	439.028
Long term Borrowings	9	43.801	55.588
Other loans and assimilated debts - Non-current lease liabilities	10	12.574	15.949
Deferred tax liabilities		103.570	110.070
Employee benefits obligations		86.881	86.881
Total non-current liabilities		703.124	707.516

NPG TRANSELECTRICA SA
CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 2023
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	30 June 2023	31 december 2022
Current liabilities			
Trade and other liabilities	10	1.673.759	3.352.175
Other loans and assimilated debts - Current lease liabilities	10	9.526	9.141
Other tax and social security liabilities	12	16.834	17.377
Current Borrowings	9	35.386	97.950
Provisions	11	67.257	71.557
Short term deferred revenues	8	58.629	39.520
Income tax payable		4.016	-
Total current liabilities		1.865.407	3.587.720
Total liabilities		2.568.531	4.295.236
Total shareholders' equity and liabilities		6.641.648	8.199.928

NPG TRANSELECTRICA SA
CONSOLIDATED PROFIT AND LOSS ACCOUNT STATEMENT AS OF JUNE 30, 2023
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	30 June 2023	30 June 2022
Operating revenues			
Transmission revenues		959,057	832,550
System service revenues		192,751	251,720
Balancing market revenues		1,017,616	1,494,831
Other revenues		31,281	38,719
Total operating revenues	14	2,200,704	2,617,819
Operating expenses			
System Operating Expenses	15	(307,070)	(466,036)
Balancing market expenses	15	(1,017,157)	(1,494,866)
System services expenses	15	(230,735)	(230,820)
Depreciation and amortization	16	(170,310)	(135,134)
Personnel expenses	17	(202,267)	(168,827)
Repairs and maintenance expenses		(19,646)	(28,329)
Materials and consumables		(8,400)	(21,116)
Other operational expenses	18	(64,455)	(31,156)
Total operating expenses		(2,020,039)	(2,576,283)
Operating result		180,665	41,536
Financial revenues		26,925	6,171
Financial expenses		(25,163)	(9,675)
Net finance result	19	1,762	(3,504)
Profit before income tax		182,427	38,032
Income tax	13	(18,346)	(6,421)
Result for the year from continuing operations		164.081	31,611
Profit of the period			
Attributable to:			
Owners of the Group		164,081	31,611
Non-controlling interests		-	-
Basic and diluted earnings per share (lei/share)		2.24	0.43

The attached consolidated financial statements were signed by the Company's management on 10 august 2023:

Directorate,

**Ștefăniță
MUNTEANU**

Directorate
Chairman

**Cătălin-Constantin
NADOLU**

Directorate Member

**Bogdan
TONCESCU**

Directorate
Member

**Florin-Cristian
TĂTARU**

Directorate
Member

Ana-Iuliana DINU
Director, Economic-Financial Direction

Cristiana ZÎRNOVAN
Manager, Budget and Managerial Reporting
Department

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2023
(All amounts are presented in thousand RON, unless otherwise indicated)

	Share capital	Share premium	Legal reserve	Revaluation reserves	Other reserve	Retained result	Attributable to the group	Minority interests	Total
Balance on January 1, 2023	733,031	49,843	146,606	734,233	39,351	2,201,628	3,904,692	-	3,904,692
Comprehensive result of the period	-	-	-	-	-	-	-	-	-
Result of the period	-	-	-	-	-	164,081	164,081	-	164,081
Other comprehensive revenue items	-	-	-	-	-	-	-	-	-
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-	-	-
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue items	-	-	-	-	-	-	-	-	-
Total comprehensive result of the period	-	-	-	-	-	164,081	164,081	-	164,081
Legal reserve indexation	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(32,878)	-	32,878	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(4,414)	(4,414)	-	(4,414)
Total other items	-	-	-	(32,878)	-	28,464	(4,414)	-	(4,414)
Derecognition of assets like public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	60,803	-	60,803	-	60,803
Other reserves	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	(52,045)	(52,045)	-	(52,045)
Total transactions with owners	-	-	-	-	60,803	(52,045)	8,757	-	8,757
Balance on June 30, 2023	733,031	49,843	146,606	701,355	100,154	2,342,128	4,073,117	-	4,073,117

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2023
(All amounts are presented in thousand RON, unless otherwise indicated)

	Share capital	Share premium	Legal reserve	Revaluation reserves	Other reserve	Retained result	Attributable to the group	Minority interests	Total
Balance on January 1, 2022	733,031	49,843	137,927	801,800	31,186	1,631,074	3,384,861	-	3,384,861
Comprehensive result of the period									
Result of the period	-	-	-	-	-	521,633	521,633	-	521,633
Other comprehensive revenue items	-	-	-	-	-	-	-	-	-
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	(10,575)	(10,575)	-	(10,575)
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-	-	-
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue items	-	-	-	-	-	(10,575)	(10,575)	-	(10,575)
Total comprehensive result of the period	-	-	-	-	-	511,058	511,058	-	511,058
Legal reserve indexation	-	-	8,679	-	-	(8,679)	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(67,567)	-	67,567	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	1,162	1,162	-	1,162
Total other items	-	-	8,679	(67,567)	-	60,050	1,162	-	1,162
Derecognition of assets like public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	8,165	-	8,165	-	8,165
Other reserves	-	-	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	(554)	(554)	-	(554)
Total transactions with owners	-	-	-	-	8,165	(554)	7,611	-	7,611
Balance on December 31, 2022	733,031	49,843	146,606	734,233	39,351	2,201,628	3,904,692	-	3,904,692

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2023
(All amounts are expressed in thousand LEI, unless otherwise provided)

	30 June 2023	30 June 2022
Cash flows from operational activities		
Result of the period	164,081	31,611
Adjustments for:		
Income tax expense	18,346	6,421
Amortisement expense	170,310	135,134
Expenses with adjustments for trade receivables impairment	953	1,258
Revenues from reversal of adjustments for trade receivables impairment	(944)	(797)
Losses from various debtors	17	-
Net revenues with adjustments for various debtors impairment	(89)	9,955
Net expenditures with adjustments for inventories impairment	(791)	185
Net profit/ loss on sale of tangible assets	(936)	37
Net expenditures on adjustments of value regarding tangible assets	(1,627)	102
Expenses/Revenues regarding provisions for risks and expenses, net	(4,428)	(13,406)
Interest expense, interest revenue and unrealised exchange rate gains	(1,048)	3,636
Cash flows before changes to working capital	343,843	174,135
Changes in:		
Inventories	(9,477)	(838)
Clients and assimilated accounts	1,761,303	59,567
Trade payables and other liabilities	(1,740,617)	(313,428)
Other taxes and social insurance liabilities	(544)	(5,346)
Deferred revenues	41,432	2,627
Cash flows from operational activities	395,941	(83,283)
Paid interests	(2,228)	(4,843)
Paid income tax	(21,469)	(545)
Net cash generated from operational activities	372,244	(88,671)
Cash flows from the investment activity		
Acquisition of tangible and intangible assets	(187,405)	(176,255)
Participation titles held in SELENE CC Societe Anonyme	242	-
Proceeds from EC non-reimbursable financing	55,750	1,999
Received Interests	2,694	642
Proceeds from sale of tangible assets	1,772	12
Dividends received/paid	1,204	1,535
Net cash used in the investment activity	(125,743)	(172,066)

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2023
(All amounts are expressed in thousand LEI, unless otherwise provided)

	30 June 2023	30 June 2022
Cash flows used in financing activities		
Repayments of non-current borrowings	(11,897)	(11,928)
Use of working capital credit line	-	132,311
Use of credit line Smart	5,100	6,568
Repayments of current borrowings	(67,618)	0
Building lease payments	(5,775)	(5,672)
Dividends paid	(13)	(611)
Net cash used in financing activities	(80,203)	120,668
Cash and cash equivalents as at January 1 st	333,681	264,656
Net increase/decrease in cash and cash equivalents	166,298	(140,069)
Cash and cash equivalents at the end of the period	499,979	124,586

The attached notes are integrant part of these consolidated interim financial statements

1. DESCRIPTION OF ACTIVITIES AND GENERAL INFORMATION

The main activity of CNTEE Transelectrica SA ("Company") and of its subsidiaries (called with the Company, "Group") consists of: provision of electricity transmission service and system service, operator of the balancing market, administrator of the bonus support scheme, other related activities. These activities are carried out in accordance with the provisions of the operating license no. 161/2000 issued by ANRE, updated by ANRE Decision no. 1450/14.06.2023, of the General Conditions associated with the license approved by ANRE Order no. 104/2014, with subsequent amendments and additions and the final certification of the Company as a transport and system operator of the National Electric Power System according to the ownership unbundling model by ANRE Order no. 164/07.12.2015.

The address of the registered office is Strada Olteni nr. 2 – 4 sector 3, București, România. Currently, the activity of the Company's executive is carried out at the registered office in Strada Olteni nr. 2-4 sector 3, Bucharest.

The Group's consolidated financial statements as of June 30, 2023 drawn up in accordance with The International Financial Reporting Standards adopted by the European Union are available at the Company's registered office and on the Company's website.

The Group's consolidated financial statements drawn up on June 30, 2023 are not audited.

These Consolidated Financial Statements elaborated as of and for the financial year ended on June 30, 2023, include the financial statements of the parent Company and of its subsidiaries Smart SA and Teletrans SA, jointly called the "Group".

GROUP STRUCTURE

The main Group subsidiaries included in the consolidation and the percentage of shares held by the Company are provided below:

Entity	Country of origin	30 June 2023	31 December 2022
		% of shares	% of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100

SMART SA

The subsidiary Societatea Comercială pentru Servicii de Mentenanță a Rețelei Electrice de Transport "SMART" SA was established in 2001, by GD no.710/19.07.2001 through the reorganization of some activities within Transelectrica

The SMART SA company has registered office in B-dul Magheru, nr. 33, sector 1, Bucharest and with its headquarters at the work point in B-dul Gheorghe Șincai, nr. 3, Cladirea "Formenerg", et. 1, sector 4, Bucharest.

The main activities of the subsidiary are overhaul and repair of primary electrical network equipment and appliances (so that RET installations operate safely at the performance level required by the licence), troubleshooting of electrical installation incidents, provision of energy services, energy services for the energy system and micro-production of electrical equipment. The company has 8 branches without legal personality.

The mission for which SMART SA was established was and still is to ensure preventive maintenance, special works and corrective maintenance of the Transmission Grid (RET), based on Transelectrica's primary objective: to ensure the safe and stable transmission of electricity in the national transmission grid.

The branch offers professional services at a high level of performance, i.e. maintenance, repairs, expertise, consultancy for:

- Low, medium, high and extra high voltage switchgear and equipment - up to and including 750kV,
- Equipment and circuits for protection, automation, measurement, command - control,
- Transformers and autotransformers of all powers and voltages,
- Overhead and cable power lines of all voltage levels.

The subscribed and paid-up share capital as at 30.06.2023 is 38,529, Transelectrica being the sole

shareholder. The results of the SMART subsidiary are consolidated with the financial results of the Company. SMART shares are 100% owned by Transelectrica.

TELETRANS SA

The subsidiary TELETRANS SA was established by the AGA Resolution no. 13/04.12.2002 of Transelectrica, based on the Law no. 31/1990 and on the Ministry of Industry and Trade Orders no. 3098 and no. 3101 dated 23.10.2002 and is the provider of specific telecommunications and information technology services for the operational and management of Transelectrica, having as its main activity the provision of specific telecommunications services. At the same time, the Subsidiary has the possibility to market specific services on the liberalised communications market in Romania.

The company TELETRANS SA has registered office in B-dul Hristo-Botev, nr. 16 – 18, sector 3, Bucharest and with headquarters at the work point in Str. Stelea Spătarul nr. 12, sector 3, Bucharest.

The subsidiary has a high level of expertise in areas of profound uniqueness in systems and process management in the energy industry.

On the basis of the Articles of Association and the applicable regulations, Teletrans holds the ANCOM certificate of provider of electronic communications networks or services since 2002 (O.U.G. no. 679/2002), which entitles it to provide the following electronic communications services:

- Public electronic communications networks (from 11.11.2004);
- Electronic communications services to the public: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (from 01.07.2003);
- Private electronic communications networks and services (from 15.01.2003).
- TELETRANS personnel also have certifications relevant to the operation and administration of IT&C systems dedicated to critical infrastructures.

TELETRANS uses a fibre optic network built in reliable OPGW technology with access points in 110 localities as well as cross-border links with Hungary, Bulgaria and Serbia and provides EMS/SCADA system integration services for renewable energy producers and new control systems in upgraded stations.

The services provided by Teletrans were mainly IT/Tc services to Transelectrica, maintenance services of the local metering system at the level of the Company's electricity stations, maintenance services of the telecontribution system related to the wholesale electricity market and telecommunication services through the marketing of the surplus capacity existing in the fibre optic communication infrastructure.

The subscribed and paid-up share capital as at 30.06.2023 is 6,874, Transelectrica being the sole shareholder. The results of the subsidiary Teletrans are consolidated with the financial results of the Company. TELETRANS shares are 100% owned by Transelectrica.

Group mission

The Group's mission is to ensure the safety and security in the operation of the National Energy System (SEN), in compliance with the norms and performances stipulated by the technical regulations in force and to provide a public service for all users of the electric transport networks, in conditions of transparency, non-discrimination and equidistance for all market participants.

2. BASES OF ELABORATION

Statement of conformity

The Consolidated Interim Financial Statements are presented in accordance with the requirements of IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read together with the Consolidated Financial Statements prepared as of and for the financial year ended 31 December 2022. However, certain explanatory notes are included for to explain the events and transactions that are significant for the understanding of changes in the financial position and performance of the Group since the last consolidated annual financial statements as of and for the financial year ended 31 December 2022.

Utilisation of estimations and reasonings

The significant judgments used by management in applying the Company's accounting policies and the

main sources of uncertainty relating to estimates were the same as those applied to the consolidated financial statements as of and for the financial year ended December 31, 2022.

3. ACCOUNTING POLICIES

The accounting policies applied in these consolidated interim financial statements are the same as those applied in the Company's separate financial statements as of and for the financial ended on June 30, 2023.

Bases of consolidation

(i) Subsidiaries

The accounting policies provided in detail below have been consistently applied in all time intervals submitted in these financial statements and have been consistently applied by Group entities, except for the issues shown in note 3 letter (y), which provide the changes into accounting policies.

At the date of this report Transelectrica has six subsidiaries, Romanian legal entities, organized as joint-stock companies, of which it is the sole shareholder in the following: Formenerg, Teletrans, Smart, Icemenerg Service (subsidiary which at the date of this report is deregistered with the ONRC), Icemenerg SA (Institutul de Cercetări e Modernizări Energetice ICEMENERG SA - subsidiary which at the date of this report is deregistered with the ONRC).

Among the Company's subsidiaries, the Smart and Teletrans subsidiaries are included in the Group's financial consolidation perimeter.

They have not been taken into account in the preparation of the consolidated financial statements:

- subsidiary Formenerg as according to the applicable accounting legislation, the impact of its activity is considered immaterial for consolidation purposes,
- the subsidiary OPCOM as the management is carried out according to the regulations set by ANRE and Transelectrica does not exercise effective direct control over its decision-making mechanisms.

The FORMENERG subsidiary is a company whose main activity is the initial and continuous professional training, in all fields of activity, of personnel working in the energy sector in all sectors of the national economy and other beneficiaries, as well as hotel services, rental services and event organisation services..

FORMENERG SA was established following the Decision number 33/19.11.2001 of the General Meeting of Shareholders - "Transelectrica" S.A., by outsourcing the activity of the Branch for Training and Development of Energy Sector Personnel. The share capital on 30.06.2023 is 1,948, fully subscribed, represented by 194,842 shares with a nominal value of 10 lei each. FORMENERG shares are 100% owned by Transelectrica.

Subsidiary ICEMENERG SERVICE SA focused on the design, manufacture and distribution of metering, management and control instrumentation meant for the power system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE licensed. On 09.06.2017 Bucharest Tribunal, Section VII Civil, decided the initiation of bankruptcy by simplified procedure of debtor ICEMENERG SERVICE SA, designating Solvendi SPRL as provisional judiciary liquidator.

On 27.04.2021 by address no. 18759, the Official Receiver of the ICEMENERG Service SA Branch informed that on 23.04.2021, following the tender that took place, the assets of the ICEMENERG Service SA Branch, both movable and immovable, were capitalized in block, the buyer being Portland Trust Developements Five SRL.

In file no. 18051/3/2017, according to the Insolvency Procedures Report no. 9152/26.05.2022, the Bucharest Court – VIIth Civil Section by civil sentence no. 2429 approved the final report of the trustee in bankruptcy, and based on art. 175 paragraph 2 of Law no. 85/2014 on insolvency prevention procedures and insolvency, closed the insolvency procedure against the debtor the Branch Company "Icemenerg-Service" SA by deleting it from the Bucharest Trade Register. The sentence was not communicated to the company until 30.06.2023.

The OPCOM subsidiary was set up on the basis of GD no. 627/2000 on the reorganisation of the National Electricity Company SA, as a subsidiary whose sole shareholder was Transelectrica.

In accordance with the provisions of the primary and secondary legislation in force, the Operator of the

Electricity and Natural Gas Market "OPCOM" S.A. performs the role of administrator of the electricity market, providing an organized, viable and efficient framework for the conduct of commercial transactions in the wholesale electricity market and carries out activities of administration of the centralized markets in the natural gas sector, under conditions of consistency, fairness, objectivity, independence, fairness, transparency and non-discrimination.

The fully subscribed share capital of OPCOM as at 30.06.2023 is 31,366, Transelectrica being the majority shareholder at that date. The shareholder structure is as follows:

- NPG Transelectrica – 97,84%
- The Romanian State through the General Secretariat of the Government – 2,16%.

Transelectrica does not exercise direct actual control over OPCOM's decision-making mechanisms, since it is administered according to regulations established by ANRE. The elements provided in the IFRS International Standard 10 are specified because they need to be taken into consideration when establishing the exercise of control. Thus, in accordance with IFRS 10 an investor controls an entity if and only if it holds all the following items:

- a. Power over the entity where the investment is
- b. Exposure to or rights on the variable productivity from its involvement in the entity invested into
- c. Capacity to use its power over the entity invested into to impact the investor's profitability.

(ii) Loss of control

When losing control the Group derecognises the subsidiary's assets and liabilities, any interest that is not controlling other components of own capitals attributable to the subsidiary. Any surplus or deficit resulting from loss of control is recognised in the profit or loss account. If the Group maintains any interest in its former subsidiary, then such interest is appraised at fair value from the date when control is lost onward. Subsequently such interest is accounted by the equivalence method, or as available financial asset for sale, depending on the extent of influence kept.

(iii) Transactions eliminated from consolidation

Balances and transactions performed within the Group and any unrealised revenues or expenses resulting from Group transactions are removed when elaborating the consolidated financial statements. Unrealised profits associated to transactions with affiliated entities and accounted by the equivalence method are removed as counterpart of the investment in the affiliated entity, to the extent of the Group's interest for associated entities. Unrealised losses are eliminated similarly to unrealised gains, however only to the extent in which there are no value depreciation indexes

4. TANGIBLE , INTANGIBLE AND FINANCIAL ASSETS

a) Tangible assets

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

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

- 400 kV d.c. Gutinaș - Smârdan OHL - 47.605;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV d.c. OHL Connections to South Medgidia Station - 22.197;
- Upgrading of 220/110/20 kV Arefu Station - 16.620;
- Refurbishment of 220/110 kV Filești Station - 15.382;
- 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 - 14.436;
- Increasing the transmission capacity of the 220 kV Ștejaru - Gheorgheni - Fântânele - 14,076;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 11.323;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati express road - 8,551;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 7.628;
- Metering and data management system for electricity metering on the wholesale market - 7,447;
- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station - 6.676;
- Refurbishment of 220/110/20 kV Baru Mare Station - 6.582;
- Refurbishment of 400/110/20 kV Smârdan Station - 4.047;
- Motor vehicles - 3,757;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard - 2.500;
- Diversion of 220 kV OHL Ampoi - Alba Iulia area - 2.353;
- Connection of Isaccea - Varna 400 kV OHL and Isaccea - Dobrudja OHL in Medgidia South 400 kV Station - 1.604;
- Upgrading of 220/110 kV Dumbrava Station - 1.521;
- Connection to public interest electrical installations managed by CNTEE Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County - 1.359;
- Computing - Hardware and Software - Laptop PC - 1.180.

In the first half of 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **532,076**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- 400 kV d.c. Cernavodă-Stâlpu OHL and connection in Gura Ialomiței Station - 353.677;
- Upgrading of 400/220/110/20 kV Munteni Station - 47.514;
- Upgrading of 220/110/20 kV Arefu Station - 39.675;
- Refurbishment of 220/110/20 kV Ungheni Station - 31.761;
- Upgrading of 220/110 kV Dumbrava Station - 20.978;

- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines - 12.501;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV OHL Cernavodă 2 and 3 - 6.792;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA no. 17/2007) - 4.210;
- Motor vehicles - 3,757;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard - 2.500;
- 110 kV, 220 kV and 400 kV mobile switchgear - 1,991;
- Replacement of circuit breakers in electrical substations - Phase II - 1,358;
- Computing - Hardware and Software - Laptop PC - 1.138;
- Metering and data management system for electricity metering on the wholesale market - 566;
- Upgrading of 220/110/20 kV Vetis Station - primary equipment - 564;
- Professional air conditioners for power supply rooms, telecommunications rooms and control rooms in DET-urile Bacău, Cluj, Craiova and Timișoara - 513;
- 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 - 415;
- Replacement of batteries 1 and 2 - 220 V DC 600 AH in the 400/220 kV Brazi West Station - 406;
- Remedy accidental event on the 400 kV Constanta North - Tariverde 400 kV line, terminal 81, by installing a PAS-U 400 pole - 277;
- Air conditioners in the electro supply room of UnO DEN located at 16-18 Hristo Botev Boulevard - 242;
- 220 V accumulator battery for 220/110/20 kV Florești Station - 212;
- 220 V accumulator battery for 220/110 kV Tihău Station - 197;
- Purchase and installation of air-conditioning units in UTT Sibiu facilities - 194;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station - 183;
- Communication network separation equipment - 135.

In the first half of 2023, there was an **outflow from tangible assets in progress** through the recognition on the cost of the Company's operating expenses for the project "Consolidation, upgrade and extension of the CNTEE Transelectrica SA - Magheru office" in the amount of 1,627.

The balance of **tangible assets in progress** on 30 June 2023, amounting to **715,103**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaș - Smârdan OHL - 174.046;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița - 130.016;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca Station - 46.885;
- Refurbishment of 400/110/20 kV Smârdan Station - 32.049;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station - 31.941;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL - 30.467;
- Refurbishment of 220/110/20 kV Baru Mare Station - 27.426;

- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV South Medgidia Station Phase II - 400 kV OHL d.c. Connections at South Medgidia Station - 24.494;
- Upgrading of 220/110/20 kV Arefu Station - 20.413;
- Refurbishment of 220/110 kV Filești Station -20.335;
- Refurbishment of 110 kV Medgidia South Station - 13.764;
- Extension of 400 kV Gura Ialomiței Station with two cells: 400 kV OHL Cernavodă 2 and 3 - 12.532;
- Metering and data management system for electricity metering on the wholesale market - 9.511;
- 400 kV Stâlpu station - 9.409;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9,290;
- Refurbishment of the 110 kV Timisoara Station and the Switching to 400 kV of the Porțile de Fier - Anina - Resița - Timisoara - Săcălaz - Arad axis, stage II: 400 kV Timisoara Station - 8.901;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati express road - 8,551;
- 400 kV Gădălin - Suceava OHL, including interconnection to SEN (H.CA no. 7/08.07.2010) - 8.467;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 8.301;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 - 7.628;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and upgrade of the control command system of 400/220/110/6 kV Iernut Station - 7.391;
- 220 kV OHL diversion Ampoi - Alba Iulia area - 5.783;
- 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;
- Integrated security system at power stations, phase IV - 4.817;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4,510;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Resita - Timișoara - Săcălaz - 3.375;
- Extension with new functionalities of the computerized access control and record system in the CNTEE Transelectrica SA objectives - 3.201;
- Refurbishment of 400/110 kV Pelicanu Transformer Substation - 2.946;
- 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;
- Connection of Isaccea - Varna 400 kV OHL and Isaccea - Dobrudja OHL in Medgidia South 400 kV Station - 2.882;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) - 2.798;
- Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia substation in the concept of a digital substation - 2.621;
- 110 kV Cetate 1 and 2 OHL diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station - 2.578;
- 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 - 2.546 power station;
- 220 kV double circuit Ostrov Mare OHL - RET (H.CA nr. 17/2007) - 1.786;
- Centre for research and development of live working technologies (LST) and rapid intervention in SEN - phase II - 1.534;

The attached notes are integrant part of these consolidated interim financial statements

- Provisional works for the 220kV Lacu Sărat-Filești OHL, to ensure the conditions for the execution of the relocation of utilities, by clearing the site and achieving the conditions for coexistence between "Suspension Bridge over the Danube in the Braila area - 1.528.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets in progress** on 30 June 2023, in the amount of **9,451 lei**, is represented by ongoing projects, the most significant of which are listed below:

- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market - 7.607;
- MARI platform development - 1.467;
- PICASSO platform development - 376.

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;
- UTP License - 30.

In the first half of 2023, there was **an outflow from intangible assets in progress** 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 lei.

Intangible fixed 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 has recorded revenue in the amount of 338,526,677 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 up to June 30, 2023 in the amount of 47,840.

For the first half of 2023, there were no additional costs for the purchase of electricity to cover own technological consumption compared to the cost recognised in the tariff.

As at 30 June 2023, the carrying amount of the intangible asset resulting from the capitalisation of the additional CPT is 290,687.

c) Financial assets

The balance of financial assets on June 30, 2023, in the amount of 40,664, is mainly represented by:

- the net value of shares held by the Company (36,101);
- 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.

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.

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), TERNA (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 relating to the usage rights of assets under leasing - buildings

Leasing buildings

Such assets represent the usage right for the assets the Company has leased in the Platinum Office Building, according to the provisions of IFRS 16 – Leasing Contracts.

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 30 June 2023, the book value of the right of use of the premises leased by the Company in the Platinum office building is 17,893.

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.

Smart SA has entered into a lease agreement consisting of the lease of an office building, with an area of 449.75 sqm, the Forenerg building in Gheorghe Șincai street no. 3, with a value of 53,970 euros/year in the amount of 10 euros/sqm representing 4,497.5 euros/month.

eletrans SA has concluded a lease agreement consisting of the lease of the building, related land and immovable yard, with an estimated area of 1080 sq.m. for rent and a yard for exclusive use of 196 sq.m. located in Stelea Spătaru street no. 12, representing 8,600 euros/month.

On June 30, 2023, the accounting value of the right to use the spaces rented by the Group is in the amount of 19,369.

Car leasing

SMART SA has concluded a financial leasing contract, and the object of the lease is 18 new vehicles. The leasing period is 60 months at a leasing rate of 5,656.82 eur/month. On June 30, the accounting value of the right to use motor vehicles is in the amount of 1,480.

5. TRADE AND OTHER RECEIVABLES

At 30 June 2023 and 31 December 2022, trade and other receivables were as follows:

	30 june 2023	31 december 2022
Trade receivables	1.316.772	2.397.945
Other receivables	144.344	170.993
Down payments to suppliers	80.035	697.081
VAT to recover	255.498	292.265
Adjustments for impairment of uncertain trade receivables	(138.522)	(138.513)
Adjustments for impairment of other uncertain receivables	(76.702)	(76.919)
Total	1.581.425	3.342.852

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The structure of trade receivables is the following:

	30 june 2023	31 december 2022
Clients on the electricity market, of which:	1.309.552	2.392.071
- Clients - operational activities	882.287	1.696.470
- Clients - balancing market	324.242	564.107
- Clients - bonus type support scheme to promote high efficiency cogeneration	103.022	131.493
Clients from other activities	7.221	5.874
Total trade receivables	1.316.772	2.397.945

- 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. 1450/14.06.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As at 30 June 2023, outstanding clients from operating activities decreased compared to 31 December 2022 mainly due to lower energy consumption in the first half of 2023 compared to the second half of 2022.

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

The main clients in total trade receivables are represented by: MAVIR, IBEX, Ciga Energy SA, Hidroelectrica, Cinta Energy SA, RAAN, Electrica Furnizare SA, JAO, OPCOM, Enel Energie SA. Their share is 67.73% of total trade receivables.

- 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"*

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

Clients in the bonus-type support scheme for the promotion of high-efficiency cogeneration show a decrease in receivables on 30 June 2023, mainly due to a decrease in the amount invoiced for the collection of the monthly contribution.

As at 30 June 2023, the Company records receivables of 103,022, represented by invoices issued in relation to the bonus type support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702, respectively from RAAN - 63,467 and CET Govora SA - 13,235;
- undue bonus for 2014 amounting to 3,915, respectively from RAAN - 1,981, CET Govora - 1,934;
- undue bonus for 2015 amounting to 563,899, respectively from CET Govora - 534, Interagro - 30;
- undue bonus for 2020 amounting to 522 from Donau Chem;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 20.966, respectively from: Transenergo Com - 5.882, Petprod - 4.391, Romenergy Industry - 2.681, RAAN - 2.386, UGM Energy - 1.504, CET Govora - 901, KDF Energy - 784 and others.

Up to the date of this financial report, the Company has collected all the receivables related to over-compensated activities on under the support scheme for 2022 (in the amount of 34,134) from CET Govora (13,718) and Electrocentrale București (20.417), as well as the amount of 1,817 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 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", 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.

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 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 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 11,265 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 89,361, but 78,096 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 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 89,361 was registered and according to letter 4162/03.10.2016 whereby the judiciary liquidator notified us only 11,265 were recorded in the additional table in the receivables column resulting from the debtor's continued activity, and 78,096 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 9089/101/2013/a152 and file 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

The attached notes are integrant part of these consolidated interim financial statements

16,950 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 1th 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 capitalise 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 capitalise 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.

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.

The following hearing set in this case is **15.10.2023**

- 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 40,508, 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 40,508.

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, of which 25,557 relate to the support scheme. Mention should be made this receivable amounting to 21,962 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 favour 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 reorganisation 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 28,014 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 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 represents receivable to be cashed from CET Govora under the support scheme amounting to 25,557, corrected with the bonus of 3,369 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

As at 30 June 2023, other receivables in the amount of 144,344 mainly include:

➤ sundry debtors (**105,407**), of which:

- Payment delay penalties calculated on defaulting clients, amounting to 83,295 (of which 35,351 are penalties related to the support scheme). The highest delay penalties were recorded by the following clients: RAAN (16,901), Romelectro (13,424), CET Govora (9,607), Electrocentrale București (9,409), Eco Energy SRL (8,910), Petprod SRL (8,894) and the other customers (8,894), Total Electric Oltenia (3,289), OPCOM (2,956), Electromontaj SA (2,739), ICPE Electrocond (1,004). Impairment allowances were recorded for penalties calculated for late payment of receivables from operational activities;
- compensation owed by suppliers for non-delivery of electricity: Arelco Power (988), Enol Grup (2,541) and Next Energy Partners (8,395). Impairment allowances have been recorded for compensation due from suppliers in operational activities;
- receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517.

➤ prepaid expenses of 11,600 mainly represented by: domestic and international dues (3,537), ANRE

annual contribution for 2023 (2,422), taxes and duties for 2023 (1,823), insurance policies (905), rent and maintenance of office building (744) and others;

- other social claims amounting to 2,309 mainly 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

As at 30 June 2023, down payments paid to suppliers are represented by debtor suppliers for services rendered in the amount of **80,035** and represent mainly amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (52,849 - for ICP and SDAC and 25,367 - 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 neighbouring TSO (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 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*, optimising the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered

VAT to be recovered (255,498) - amount mainly relating to the statements of account for the period March - June 2023 and October 2020.

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

Group's policy is to record impairment adjustments for loss of value in the amount of 100% for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more than 180 days, excluding outstanding receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments on 30 June 2023, calculated for trade receivables and associated penalties, were registered for CET Govora (25,075), Eco Energy SRL (24,736), Petprod SRL (23.540), Arelco Power (14,788), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), Romelectro SA (13,429), Elsaco Energy (9,276), RAAN (8,517), Next Energy Partners SRL (8,395).

The Company has taken the following steps to recover such receivables adjusted for depreciation: legal action, registration in the creditor's list, etc.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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 30 June 2023 and 31 December 2022, cash and cash equivalents were as follows:

	30 june 2023	31 december 2022
Current bank accounts and deposits of which:	499.651	333.515
<i>a) current accounts at banks and deposits current activity</i>	114.589	180.843
<i>b) current accounts at banks and restricted deposits, of which</i>	385.062	152.673
- cash and deposits from high efficiency cogeneration	283.652	96.436
- cash of revenues from the allocation of interconnection capacities used for network investments	21.650	444
- cash from the connection fee	45.662	21.724
- European funds	25	25
- other restricted accounts (energy market guarantees and dividends)	34.072	34.043
Cash desk	228	166
Other cash equivalents	100	0
Total	499.979	333.681

7. SHAREHOLDERS' EQUITIES

In accordance with the provisions of OUG 86/2014 establishing reorganisation 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 reorganisation measures for public central administration and amending and adding certain norms, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganising 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.

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

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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 Depositary 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 30 June 2023, the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds 43,020,309 shares (58.69%), NN Group NV with 4,007 shares.688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,045,987 shares (21.88%) and other shareholders physical entities with 5,475,591 shares (7.47%).

At the end of each reporting period, the Company's fully subscribed and paid-up share capital of 733,031,420 is divided into 73,303,142 ordinary shares with a nominal value of 10 lei/share and corresponds to that registered with the Trade Register Office.

The shareholding structure on 30 June 2023 and 31 December 2022 is as follows:

Shareholder	30 june 2023		31 december 2022	
	Number of shares	% of the share capital	Number of shares	% of the share capital
Romanian State by MECRMA	43.020	58,69%	43.020	58,69%
Other legal person shareholders	16.046	21,88%	16.007	21,83%
PAVAL HOLDING	4.754	6,49%	4.754	6,49%
Privately managed pension fund NN	4.008	5,47%	4.008	5,47%
Other natural person shareholders	5.476	7,47%	5.515	7,52%
Total	73.303	100,00%	73.303	100,00%

The increase in shareholders' equity as at 30 June 2023 compared to 31 December 2022 was mainly due to the recognition in retained earnings of net profit in the amount of 164,081 realised as at 30 June 2023.

Also, the retained result was affected with the amount of 4,683 representing profit tax according to the tax decision issued on 19.06.2023, as a result of the conclusion of the NAFA DGAMC control at the SMART subsidiary.

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 30 June 2023, the deferred **revenues** were as follows:

	30 june 2023	Of which: current part at 30 june 2023	31 december 2022	Of which: current part at 31 december 2022
Deferred revenues – allocation of the interconnection capacity	37.630	37.630	16.227	16.227
Deferred revenues – European funds	1.017	1.017	1.477	1.477
Connection fee funds	281.055	14.422	256.399	14.762
European funds	173.376	4.661	181.972	2.884
Other subsidies	21.848	900	22.472	4.170
Total	514.927	58.629	478.547	39.520

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The evolution of **current deferred revenues** from January to June 2023 is presented as follows:

	30 june 2023	31 december 2022
Opening balance 1 january	39.520	31.738
Cash in advance related to interconnection capacity	133.827	115.266
Proceeds from European funds	-	680
Transfer of long-term deferred revenues (connection tariff)	(1.677)	(197)
Revenues from the use of interconnection capacities	(112.424)	(106.688)
Revenues from European funds	(617)	(1.279)
Balance on the end of period	58.629	39.520

The evolution of **Non-current deferred revenues** from January to June 2023 is presented as follows:

	30 june 2023	31 december 2022
Opening balance 1 january	439.028	443.437
Connection subsidies	92.821	3.145
Non-reimbursable funds	5.567	(9.586)
Non-refundable funds to be repaid	-	-
Transfer from short term deferred revenues	(70.261)	27.535
Subsidies wich resumed into revenues	(10.857)	(25.503)
Balance on the end of period	456.298	439.028

9. BORROWINGS

- **Non-current borrowings**

On 30 June 2023, the value of non-current borrowings decreased compared to 31 December 2022 mainly because of repayments made according to existent loan agreements.

On June 30, 2023 and December 31, 2022, the balances of long-term loans contracted from credit institutions are as follows:

Description	30 june 2023	31 december 2022
BEI 25709	29.872	35.731
BEI 25710	37.862	43.713
Total non-current loans from credit institutions, of which:	67.734	79.444
Less: Current portion of non-current borrowings	(23.933)	(23.856)
Total non-current loans net of current instalments	43.801	55.588

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

	30 june 2023	31 december 2022
From 1 to 2 years	23.933	23.856
From 2 to 5 years	19.868	31.256
More than 5 years	-	476
Total	43.801	55.588

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

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All non-current loans outstanding at 30.06.2023 bear fixed interest rate.

- **Current borrowings**

Current borrowings are detailed as follows:

	30 june 2023	31 december 2022
Current portion of non-current borrowings	23.933	23.856
Short-term bank loans	-	67.618
SMART credit lines	10.801	5.701
Interest related to the non-current and current loans	652	775
Total current borrowings	35.386	97.950

- *Loans contracted for current activities*

On 30.03.2023, Transelectrica entered into credit agreement no. **C624 with Banca Comercială Română** for a period of 12 months in order to finance the support scheme bonus for high efficiency cogeneration, in the form of an overdraft, in the amount of RON 175,000, with an interest rate calculated according to the ROBOR 1M reference rate, plus a margin of 0% 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 Additional Act No. 1 to the credit agreement No. C624 concluded with Banca Comercială Română, having as object the extension of the purpose 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). On June 30, 2023, the line of credit is undrawn.

On 10.03.2022, Transelectrica entered into 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 mil lei with an interest rate based on the ROBOR 1M reference rate, to which a margin of 0.05% is added.

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 liabilities, with a 12-month drawdown period until 09.03.2023;
- 25 million lei in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 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 (use of the credit line until 08.03.2024).

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 with Banca Transilvania, increasing the ceiling for issuing bank letters of guarantee from RON 25 million to RON 40 million (ceiling use until 09.03.2023).

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.

On 19.04.2023, Transelectrica entered into the Addendum No. 3 to the credit agreement No. C588 concluded with Banca Transilvania, regarding the amendment of the guarantee contracts. On June 30, 2023, the line of credit is undrawn.

In November 2021, SMART SA contracted a new revolving credit line facility from Banca Românească in

The attached notes are integrant part of these consolidated interim financial statements

the amount of 12 mil lei to finance current activity and refinance the credit line held at Libra Internet Bank, for a period of 12 months with maturity on November 23, 2022.

On November 22, 2022, the Subsidiary increased the ceiling of the credit line by 3 mil lei to the total value of 15 mil lei and extended its duration by 12 months, the next maturity being on 22.11.2023.

On June 30, 2023, withdrawals were made from the credit line in the amount of 10,801.

10. a. TRADE AND OTHER LIABILITIES

On 30 June 2023 and 31 December 2022, trade and other liabilities were as follows:

	30 june 2023	31 december 2022
Providers - electricity market	703.611	1.956.548
Asset providers	120.622	134.881
Providers of other activities	34.681	34.554
Amounts due to employees	12.671	11.220
Other liabilities	802.175	1.214.971
Total	1.673.759	3.352.175

On 30 June 2023 and 31 December 2022, the liabilities on balance from the electricity market amounting to 703,611 and 1,956,548 respectively, have the following structure:

	30 june 2023	31 december 2022
Providers - electricity market, of wich:		
-providers - operational activity	374.394	1.336.903
-providers - balancing market	301.140	583.098
-providers- bonus type support scheme to promote high efficiency cogeneration	28.077	36.547
Total	703.611	1.956.548

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

The decrease in the liability balance for operational activities was mainly due to the payment in the first half of 2023 of the payment liabilities outstanding on 31 December 2022, mainly resulting from the coupling of electricity markets.

The decrease in the the liability balance of the balancing market was determined by the decrease in the volume of transactions recorded on the balancing market in the first half of 2023 compared to the second half of 2022.

The decrease in 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 June 2023 to December 2022.

On 30 June 2023, there are payment obligations to suppliers (producers) in the amount of 27,120 (RAAN - 23,751 and CET Govora SA - 3,369), representing the monthly cogeneration bonus, the ex-ante overcompensation for 2014 and 2015, and the bonus not paid in 2015. 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.

The 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.

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 40,508, withheld by applying the provisions of article 17 para 5 from Order 116/2013 of ANRE President and the Agreement provisions.

Since ANRE Decision 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 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 30 June 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.

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

	30 june 2023	31 december 2022
Various creditors	413.046	389.853
Client-creditors	282.040	770.851
Dividends to pay	52.181	148
Other liabilities	54.908	54.119
Total	802.175	1.214.971

- "Sundry creditors", amounting to **413,046** at 30 June 2023, mainly represent:

- the net position of the support scheme for high efficiency cogeneration, a liability position amounting to 397.742.

The net support scheme position represents the difference between:

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- 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 ungranted bonus to pay to electricity producers for high efficiency cogeneration that are beneficiaries of the support scheme on the other hand;
- 12,443 study contracts for RET connection solutions,
- 1,524 royalty quarter II 2023 and others.
 - "Client creditors" on 30 June 2023 total **282,040**, of which 281,102 represent amounts received in advance on transactions relating to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from OPCOM (9,467), MAVIR (173,729), IBEX (97,885) and JAO (20).
 - On 30 June 2023, the unpaid dividends owed to the Company's shareholders amounted to 52,181. Such amounts are at the shareholders' disposal by means of the payment agent.
 - Other liabilities" in the amount of **54,908** are mainly represented by the payment bonds of contracts on the electricity market concluded by Company in the amount of 35,175 and non-deductible VAT during the reporting period in the amount of 19,177 and others.

10.b LIABILITIES - LEASING

On June 30, 2023 and December 31, 2022, the liability for fixed assets related to the rights of use of leased assets, according to the provisions of IFRS 16 – Leases, is as follows:

	<u>30 june 2023</u>	<u>31 december 2022</u>
Liabilities - leasing, short term	9.526	9.141
Liabilities - leasing, long term	12.574	15.949
Total	<u>22.100</u>	<u>25.090</u>

On 30 June 2023, the **liability for assets related to the usage rights of leased assets - buildings**, in accordance with IFRS 16 - Leases, amounted to 20,770 of which:

- Current liability: 9,260
- Non-current liability: 11,510

On June 30, 2023, the **debt for fixed assets related to the rights of use of assets leased-vehicles**, according to the provisions of IFRS 16 – Leasing contracts, amounts to 1,330, of which:

- short-term debt: 266
- long-term debt: 1,064

11. PROVISIONS

On 30 June 2023 and 31 December 2022, the provision situation was as follows:

	<u>30 june 2023</u>	<u>31 december 2022</u>
Provisions for litigations	26.060	26.060
Provisions for mandate contracts	39.094	43.339
Other provisions	2.103	2.158
Total	<u>67.257</u>	<u>71.557</u>

Provisions for disputes found on balance at 30.06.2023, amounting to 26,060, are mainly represented by provisions for the following disputes:

- *File No. 36755/3/2018 - Claimant Conaid Company SRL (17.216) - more details on this file are provided in Note 19 - Disputes and Contingencies.*
- *File No 15561/3/2022 - Claimant SMART SA (4.467) - more details on this file are given in Note 19 - Disputes and Contingencies.*
- *File No 3083/3/2020 - Claimant NUCLEARELECTRICA SA (1.473)*

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On 26.06.2020, Nuclearelectrica sued the Company in order to pay 1,290,533 lei representing negative imbalance and 182 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 1,291 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 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 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 39,094, as at 30 June 2023, consist of:

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

"Other provisions" in the amount of 2,103 mainly represents unused holiday leave and electricity for pensioners.

12. OTHER TAXES AND SOCIAL SECURITY LIABILITIES

On 30 June 2023 and 31 December 2022, other taxes and social security liabilities include:

	30 june 2023	31 december 2022
Contribution to the social security funds	11.918	12.849
Payable VAT	1.120	1.105
Salary tax	2.342	2.355
Other tax payable	1.454	1.069
Total	16.834	17.377

On June 30, 2023, the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and paid in July 2023.

13. INCOME TAX

The Company's current and deferred income tax is determined at a statutory rate of 16%.

The income tax expense on June 30, 2023 and June 30, 2022, were as follows:

	30 june 2023	30 june 2022
Expenses with current income tax	(24.820)	(16.319)
Net income from deferred income tax	6.474	9.898
Total	(18.346)	(6.421)

14. OPERATIONAL REVENUES

The tariffs approved by ANRE for services provided on the electricity market for the first half of 2023 and the first half of 2022 are as follows:

	Transmission system average tariff	System service tariff
Order no.67/25.05.2023 for 01 June – 30 June 2023		6,64 ^{*)}
Order no.144/21.12.2022 for 01 Jan – 31 May 2023		7,73
Order no.28/29.03.2023 for 01 Apr – 30 Jun 2023	31,20 ^{**)}	
Order no.33/23.03.2022 for 01 Jan – 31 Mar 2023	28,10	
Order no.33/23.03.2022 for 01 Apr – 30 Jun 2022	28,10	9,32
Order no.124/25.11.2021 for 01 Jan – 31 Mar 2022	23,96	9,32

^{*)} The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that came into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by ANRE;

^{**)} The tariff for the transmission service of 31.20 lei/MWh, in force as of 1 April 2023, includes the main component of 28.61 lei/MWh and the component related to additional costs with CPT of 2.59 lei/MWh (ANRE Order no. 28/2023).

The quantity of electricity delivered to consumers in the first half of 2023 and the first half of 2022 was as follows:

	30 june 2023	30 june 2022
Quantity of electricity delivered to consumers (MWh)	24.971.216	26.903.264

The operating revenues for the first half of 2023 and the first half of 2022 are as follows:

	30 june 2023	30 june 2022
Transmission revenues	747.507	693.803
Revenues from the allocation of interconnection capacities	180.919	126.580
Revenues from reactive energy	7.242	732
Inter TSO Compensation (ITC) revenues	1.983	235
Revenues from transactions with own technological consumption	21.406	11.199
Total revenues from electricity transmission	959.057	832.550
Revenues from system services	189.197	251.675
Emergency energy assistance to neighboring	3.553	-
Income from unintended/intended exchanges	-	45
Total revenues from system services	192.751	251.720
Revenues on the balancing market	1.017.616	1.494.831
Income from other benefits and other operating income	31.281	-
Grid losses anticipatory tariff income	-	-
Other revenues	31.281	38.719
Total revenues	2.200.704	2.617.819

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Revenue from transmission service

Revenues from the transmission service increased in the first half of 2023 compared to the first half of 2022 by 53,705, due to the increase in the average tariff for the transmission service approved by ANRE (according to the previously provided table with ANRE-approved tariffs in the periods under review), while the quantity of electricity delivered to consumers decreased by 7.18%, i.e. by 1,932,045 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities increased in semester I of 2023 compared to semester I of 2022 by 54,338, corresponding to the level of usage of available interconnection capacities by traders in the electricity market.

The market for the allocation of interconnection capacities is fluctuating, with prices changing according to demand and the need for electricity market participants to acquire interconnection capacities. The increase in semester I of 2023 compared to semester I of 2022 is due to both the unit price of electricity which has increased across the European Union, leading to a large price differential between the coupled markets, and the European energy shortage. Implicit allocations, where capacity and energy are foreseen simultaneously, are strongly influenced by electricity price variations on European exchanges.

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

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

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 bids are only on the border with Serbia, and implicit intraday bids (within the SIDC) on the borders with Bulgaria and Hungary.

The use of net revenues from the allocation of interconnection capacities 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 modernisation and development of interconnection capacity with neighbouring 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

Inter TSO Compensation (ITC) revenues were higher in semester I of 2023 compared to semester I of 2022 by 1,748. This revenue comes mainly from scheduled electricity exchanges with perimeter countries (countries that are not part of the ITC mechanism), i.e. Ukraine and Moldova. Starting from 01.09.2022, the tariff for exchanges with perimeter countries changed from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to an increase in revenue compared to the same period last year. In addition, trade with Ukraine was severely reduced in February and March 2022 due to the outbreak of armed conflict in the region, and trade with Moldova only started in October 2022.

Revenues from CPT transactions

Energy trading revenues for CPT were higher in semester I of 2023 compared to semester I of 2022 by 10,207. These revenues come from the sale of surplus energy, resulting as the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market administered by

OPCOM and as the difference between forecast CPT and actual CPT on the Balancing Market, respectively.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required CPT was acquired on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals, while transactions on the Balancing Market were higher than in the previous year, due to the delegation of balancing responsibility to another ERP as of June 2022, as well as due to the fact that several negative balancing price intervals were recorded.

Revenues from system services

Revenues from system services decreased by 62,478 in the first half of 2023 compared to the first half of 2022, due both to the decrease in the tariff approved by ANRE for these services (according to the previously provided table with ANRE-approved tariffs in the periods under review) and to the reduction in the quantity of electricity delivered to consumers by 7.18%, i.e. by 1,932,045 MWh.

For the activity of system services, the specific regulatory framework for this activity contains regularisation mechanisms that ensure compensation for the excess or shortfall of revenue in relation to the level of expenditure required to carry out the activity. Thus, according to ANRE regulations, the surplus/deficit of revenue compared to the recognised costs resulting from the performance of this activity is compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the year in which the surplus/deficit was recorded. The surplus/deficit of revenue over the costs resulting from the performance of this activity is calculated per tariff scheduling period.

Revenues from emergency aid

In May and June 2023, the Company provided emergency aid to Serbia and Ukraine. Thus, in the first half of 2023, revenues from emergency aid in the amount of 3,553 was registered.

Revenue on the balancing market

Revenues on the balancing market decreased in semester I of 2023 compared to semester I of 2022 by 477,215 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;
- the contracting method 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.

15. SYSTEM OPERATION AND BALANCING MARKET EXPENSES

Expenses in semester I of 2023 compared to semester I of 2021 were as follows:

	30 june 2023	30 june 2022
Expenses on own technological consumption	261.205	434.186
Congestion expenses	88	221
Expenses for the electricity consumption in RET substations	25.456	20.628
Expenses regarding functional system services	-	31
ITC expenses (Inter TSO Compensation)	20.321	10.970
Total system operating expenses	307.070	466.036
		-
Expenses regarding system services	230.735	230.820
Balancing market expenses	1.017.157	1.494.866
Total	1.554.962	2.191.722

Expenses on own technological consumption

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

Expenses on own technology consumption was lower by 172,982 in semester I of 2023 compared to semester I of 2022, due to a number of issues as follows:

- given its characteristic features, the Own Technological Consumption (CPT) in the Electricity Transmission Network (RET) strongly depends on meteorological conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA acquired electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- Measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction of demand in the industrial area, and the increase in the share of wind energy, in the context of an atypically warm winter, led to a decrease in the consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of energy purchased on the DAM in the first half of the year was around 50% lower than in the same period of 2022, while remaining higher than in previous years.

Congestion expenses

In the first half of 2023, congestion expenses of 88 were incurred. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered to the Dispersible Units connected in Tariverde station.

Expenses on electricity consumption in RET stations

This expenses increased by 4,829 in semester I of 2023 compared to semester I of 2022, due to the increase in electricity acquisition prices.

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

Inter TSO Compensation (ITC) expenses

ITC expenses are the monthly payment liabilities/collection expenses for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In semester I of 2023, this expense was 9,351 higher than in the same period last year.

Expenses on system services

System services are acquired by the Company from producers in order to ensure the maintenance of the safe operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatcher who is responsible for ensuring the stability and safety of the SEN operation.

The contracting of these services is carried out both in a competitive and regulated regime (based on the decisions of the National Energy Regulatory Authority) in the case of reactive energy reserves.

The acquisition of system 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 semester of 2023, the contracting of system services under the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by the Hydroelectric Power Production Company "Hidroelectrica" SA.

Expenses on system services in semester I of 2023 in the amount of 230,735 was relatively constant compared to the semester I of 2022 outturn. The acquisition prices of system services on the competitive market in semester I of 2023 remained around the values:

- the average acquisition price of the secondary regulation reserve with the value of 79,30 lei/MWh;
- the average acquisition price of the fast tertiary regulation reserve, at increasing power, with the value of 37,95 lei/MWh;
- the average acquisition price of the fast tertiary regulation reserve, at power reduction, with the value of 13,67 lei/MWh.

Also, the first half of 2023 saw a high level of concentration in the system services market for secondary reserve (SR) system services.

For the next period from 2023, it is estimated that a significant impact on the evolution of costs for the purchase of system services through daily and one-way auctions, 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 1,017,157 in semester I of 2023 was 477,709 lower than in semester I of 2022. These expenses result from the notifications/achievements of the participants in this market and are significantly influenced by the evolution of national electricity production and consumption, the European context of the evolution of the electricity market and the way in which the contracting in the markets prior to the balancing market was carried out.

16. AMORTISATION

	30 june 2023	30 june 2022
Expenses with the depreciation of the tangible and intangible fixed assets	132.003	130.453
Expenses with the depreciation of the intangible fixed assets – inclusiv Grid Losses	33.853	-
Expenses with the depreciation of the assets related to the rights of use of the leased assets	4.455	4.681
Total	170.310	135.134

Amortisation of tangible and intangible assets represents the amortisation recorded in respect of the commissioning of investment works and the acceptance of assets.

Amortisation of intangible assets - additional CPT. 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 customers 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 acquisition of electricity made between 1 January 2022 and 31 March 2025 to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised quarterly and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Amortisation expense on intangible assets recognised under IFRS 16 According to IFRS 16 - Leasing contracts - buildings, the right to use the premises leased by the Group in office buildings is recognized as an asset valued at the level of the rent to be paid until the end of the lease contract. The asset recognized according to IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "expenses with depreciation of tangible and intangible assets". There is also a leasing contract for vehicles at the Group level (SMART SA) for which the depreciation expense is calculated.

17. PERSONNEL EXPENSES

	30 june 2023	30 june 2022
Personnel expenses	202.267	168.827
- of which expenses for employees' salaries	173.386	146.113

Total personnel costs incurred in first half of 2023 show an increase compared to the same period of the previous year, mainly due to an increase in some expenses items such as: personnel salary expenses, social expenses, expenses on vouchers granted to employees, expenses for mandate contracts and other committees, commissions, as well as the reversal to revenues of part of the provisions made for executive and non-executive directors dismissed, representing the variable component relating to the allocated and unused OAVT packages for the period of the mandates executed in the period 2013-2017 and the compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with the payments made on the basis of enforceable court judgments received by the Company.

ii) The number of employees

On June 30, 2023 and June 30, 2022, the number of employees with individual employment contracts of indefinite duration is presented as follows:

Number of employees	30 june 2023	30 june 2022
Transelectrica SA	2.033	2.022
Smart SA	588	606
Teletrans SA	225	225

18. OTHER OPERATIONAL EXPENSES

	30 june 2023	30 june 2022
Other expenses with services provided by third parties	56.068	16.361
Postal and telecommunication expenses	555	372
Expenses on rents	3.241	3.041
(Revenues)/ Expense net for impairment adjustments for current assets	(870)	10.608
Other expenses	5.461	775
Total	64.455	31.156

NPG TRANSELECTRICA SA
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(All amounts are in thousand LEI, unless stated otherwise)

In semester I of 2023, this expenses increased by 25,434 compared to semester I of 2022, mainly due to the change in the following expenses items:

- an increase in certain items of expenses, namely: expenses on civil protection and security, expenses on the implementation of pan-European codes, expenses on taxes, duties and assimilated expenses, expenses on international dues, expenses on the recovery of stocks obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, refurbishment, upgrading, etc. The increase in *expenses on taxes, duties and assimilated expenses* is mainly due to the recording of expenses on transfers to the State budget following the recovery of undismantled and unsorted waste from the dismantling of assets belonging to the State's public domain as part of the work to refurbish stations; stamp duty on legal costs.
- recording of the amount of 7,325 under other operating expenses not deductible for tax purposes, mainly representing the recognition on the Company's operating 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" and recording of the related VAT adjustment;
- resuming to revenues of the impairment allowances of the investment objective "Consolidation, modernisation and extension of CNTEE Transelectrica SA - Magheru",
- decrease in (net) operational expenses relating to provisions for other operational expenses.

19. NET FINANCIAL RESULT

	30 june 2023	30 june 2022
Interest revenues	2.691	640
Revenues from exchange rate differences	22.729	3.236
Other financial revenues	1.505	2.294
Total financial revenues	26.925	6.171
		-
Interest expenses	(2.543)	(5.309)
Expenses from exchange rate differences	(22.278)	(4.361)
Other financial expenses	(342)	(5)
Total financial expenses	(25.163)	(9.675)
Net financial result	1.762	(3.504)

On 30 June 2023, the Company recorded a net financial result (profit) in the amount of 1,762, with 5,265 higher than that recorded in the same period of 2022. This was mainly influenced by the interest received during the period under review, but also by the evolution of the exchange rate of the national currency in relation to the foreign currencies in which the Company has contracted bank loans to finance investment programmes.

On 30 June 2023, in the total amount of 2,543 (interest expense), the amount of 480 represents interest calculated on assets related to the usage rights of leased assets - buildings, as required by IFRS 16 - Leases.

The increased level of foreign exchange revenues 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 revenues/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 30 June 2023 compared to that recorded on 30 June 2022 was as follows:

Currency	30 june 2023	30 june 2022
Lei / Euro	4,9634	4,9454
Lei / Dolar SUA	4,5750	4,7424

20. LITIGATIONS AND CONTINGENCIES

➤ Litigation in progress

The management periodically analyzes the situation of ongoing litigation, and after consulting with its legal representatives, decides the need to create provisions for the amounts involved or to present them in the financial statements.

Given the existing information, the Company's management believes that there are no other significant pending litigations in which the Company is a defendant, except for the following:

• RAAN

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file **3616/101/2014** was recorded involving the "claims in the amount of 1,091, value of invoice no. 1300215/31.12.2013", a file in which the Company is the defendant, the plaintiff being the Independent Authority for Nuclear Activities, RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal admitted the request filed by plaintiff RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,091 Lei, constituting the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the court by the decision it would take to allow the appeal as it was filed and reverse the judgment and sentences under appeal and referring the case to the trial court in the territorial jurisdiction for judgement, and stating the compliance with the requirements of Articles 1616 and 1617 of the Civil Code, reason for which it is also required to declare the occurrence of mutual debts compensation and their redemption up to the amount of the smallest of 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 Mehedinti 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 1,091 Lei. The sentence was appealed.

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

Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,497, withheld from payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,497 and did not register it as liability in the support scheme.

The subject of file **9089/101/2013/a152** is objection against the Additional liability table of debtor RAAN, the disputed amount being 89,361 Lei.

Transelectrica SA was recoded with 11,265 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 being 89,361 Lei, but 78,096 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 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. The contestation of the additional liability table as Mehedinti Tribunal admitted the accounting expertise evidence.

On the contestation judgment term 14.06.2018 the decision was taken to suspend it until settlement of file **3014/2/2014** on the docket of the ICCJ, and on 14.02.2019, Mehedinti Tribunal decided joining file 9089/101/2013/A152 to file **9089/101/2013/a140** (pertaining to claims, payment request). Thus file judgment was deferred because the court considered it useful to settle the case by submitting Civil ruling

The attached notes are integrant part of these consolidated interim financial statements

2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE President.

Settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019: It admitted the exception of decline. It partly admits the main issue and associated contestation. It compelled the defendant to pay to the claimant the amount of 16,950 Lei accrued receivable during the procedure, judging to record it in the creditors' table constituted against debtor RAAN by this sum. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1 Lei law court expenses to the claimant. Appeal right was granted. It was pronounced at public hearing. Document: Ruling 163/20.06.2019.

On the 06.11.2019 hearing date the appeal was rejected as groundless; final decision. Ruling 846/06.11.2019.

Transelectrica filed a review request for contradictory decisions registered under file **1711/54/2019** hearing term on 26.03.2020 with the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

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

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did no longer pronounce on its inadmissibility.

Under RAAN's bankruptcy file registered under number **9089/101/2013**, Mehedinti Tribunal deferred the case on 08.10.2020 and 04.02.2021 terms. Settlement in brief: a term was granted to continue liquidation procedures, to represent the debtor's interests in the disputes on the dockets of law courts; to consolidate the creditors' list; to continue public auctions capitalising the debtor's assets.

At 15.06.2023, a deadline was granted for the continuation of the procedure, respectively for the capitalization of the assets, the collection of debts and the fulfillment of the other liquidation operations, and the next deadline is set for the date of **05.10.2023**.

Between RAAN and Transelectrica there are other 4 files under various court terms.

• **COURT OF AUDITORS**

Following an audit carried out in 2013, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during the audit. The decision and ruling issued by the Court of Audit were appealed at the Bucharest Court of Appeals, constituting case no. 1658/2/2014, with the subject of "annulment of audit acts" – Ruling no. 7/20.02.2014 issued by the Court of Auditors.

On 13.06.2018, the claimant's action is partially granted. Annuls in part Conclusion No 7/20.02.2014, Ruling No 37/9.12.2013 and audit report No 35521/6.11.2012 issued by the defendant in relation to the measures ordered through the decision referred to in paragraph 1 above. 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 in the case of invoices issued by FLOREA ADMINISTRARE IMOBILIARĂ SRL". In all other respects, the claimant's action is dismissed as groundless. Approves the technical electroenergetic expertise report prepared in the matter by expert Toaxen Vasile. Orders the defendant to pay the claimant the amount of 121 legal expenses (partial expert fee and judicial stamp duty). Decision document 2771/13.06.2018.

Transelectrica filed an appeal on 14.06.2019.

At the public hearing of 21.10.2020, dismisses the appeals brought by the claimant and the defendant against ruling No 2771 of 13 June 2018 issued by the Bucharest Court of Appeals – Eighth Division Administrative and Fiscal Court - as groundless. Final.

During the audit conducted in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of deficiencies identified during this audit. The Company lodged several appeals against the measures ordered by the Court of Auditors of Romania (CCR) through Ruling no. 8/27.06.2017, requesting their annulment, as well as Ruling no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Audit Report no. 19211/26.05.2017. The appeals were on the docket of the Bucharest Court of Appeals, including case no. 6581/2/2017

concerning the annulment of findings at point 6 as well as the measure ordered at point II.9, for the hearing on 31.03.2023: According to the minutes of 29.03.2023, case no. 6581/2/2017 was assigned to Panel 12 of the Eighth Division of Administrative and Fiscal Court under no. 6581/2/2017. The summary decision: In order to give the parties the opportunity to submit written conclusions and to deliberate, postpones the ruling to the following dates: 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

During the hearing on 26.05.2023, the request was granted. Annulled in part Ruling No 77/03.08.2017, in so far as it rejected point 6 of Appeal No 26140/17.07.2017, Ruling No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point 11.9, and Audit Report No. 19211/26.05.2017 in respect of the findings in point 3.2. Orders the defendant to pay the claimant the total amount of 10 as court expenses, representing judicial stamp duty and the fee of the judicial expert. Subject to appeal within 15 days of communication. Ruling 920 on 26.05.2023

The remaining cases have been definitively settled, through the dismissal by the Bucharest Court of Appeal of the request for annulment and the dismissal of the appeals by the High Court of Cassation and Justice (case no.6574/2/2017 concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, file no.6576/2/2017 concerning the annulment of findings in points 7.1, 7.2 and 8 as well as the measure ordered in point II.10, which became new case no. 2985/1/2021, in which on 24.11.2022 the ICCJ declared null and void the appeal filed by the Company, final, case no.6577/2/2017 on the annulment of the findings in point 13 and the measure ordered in point II.13, now case no.1614/1/2020, case no.6578/2/2017, on the annulment of the findings in point 9 and the measure ordered in point II.11, case no.6580/2/2017 on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, case No 6582/2/2017 on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and case No 6583/2/2017 on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

During the period of January to July 2020, the Court of Auditors of Romania carried out an audit at all the Territorial Transmission Units of NPG Co. Transelectrica, and between 25.05-27.08.2020, the audit continued at the executive headquarters of the Company. The theme of the audit action of the CCR was , "control of the situation, evolution and management of the public and private assets of the state, as well as the legality of the revenue generation and expenses performance for the period 2017-2019" at NPG Co. Transelectrica SA".

The audit action on the above-mentioned topic, which started on 25.05.2020 at the executive headquarters of the Company, was suspended by the Court of Auditors on the grounds of initiating another audit on the topic "control of the management of public resources during the state of emergency". The audit began on 02.06.2020 and was concluded on 26.06.2020.

The Audit Report concluded by the auditors of the CCR on the topic " control of the management of public resources during the state of emergency", report registered with the Company under no. 24225/26.06.2020, did not find any deficiencies, therefore no Decision ordering measures was issued.

After the completion of the audit regarding the management of public and private state assets, as well as the legality of the revenue generation and expenses performance for the period 2017-2019, audit concluded on 06.10.2020, the Audit Report no.40507/06.10.2020 was issued and on 09.11.2020, the Court of Auditors of Romania, through Department IV, issued Decision no. 15 containing 10 measures, with a deadline for implementation on 31.05.2021, which was extended by the CCR at the request of the Company, until 31.12.2021.

The company raised objections and filed Appeal no.50090/26.11.2020 registered at the Court of Auditors under no.139775/26.11.2020, requesting the annulment of the measures. Following the examination and analysis by the CCR auditors of the Appeal filed by the Company, by Conclusion No. 2 of 10.03.2021, the annulment of one of the 10 measures ordered was granted.

On 02.04.2021, the Company filed an appeal for the annulment of the administrative act, case registered at the Bucharest Court of Appeal under no. 2153/2/2021.

During the hearing on 10.12.2021, the CAB dismisses the Company's claim as groundless. Dismisses the request for suspension as groundless. With a right of appeal within 15 days from the communication. There is a right to appeal within 15 days from communication and a right to appeal within 5 days from communication regarding the part of the request concerning suspension. The second appeal request is to be submitted to the Bucharest Court of Appeals.

- **OPCOM**

On the dockets of the Bucharest Court, file no. 22567/3/2019, which is about "claims", file in which the Company is the plaintiff, the defendant being OPCOM SA.

Through the sue petition, the plaintiff NPG Transelectrica SA requested the court that, by the judgment it will pronounce, to order:

- obliging the defendant OPCOM SA to pay the amount of 4,517 RON, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the value of the VAT related to the contribution brought by NPG Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement no. 7181RO/2003, commitment for the financing of the "Electricity Market Project" investment project;

- obliging the defendant OPCOM SA to pay the amount of 1,294 RON related to 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 non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

- obliging the defendant OPCOM SA to pay trial expenses.

At the trial date on 03.07.2020, the court discussed the request of the parties to suspend the trial of file no. 22567/3/2019, formulated by OPCOM reserving judgement.

At the trial date on 17.07.2020, the court pronounced the following solution in short: Suspend the trial of the case until the final settlement of file no. 31001/3/2017, having as its object an action to annul the decision of the General Meeting of Shareholders of Opcom (in which Transelectrica is not a party and in which on 01.02.2021 it was decided to reject the declared appeals, the solution being final).

After the final settlement of file no. 31001/3/2017, CNTEE Transelectrica SA filed a request to reinstate file no. 22567/3/2019, as the reason for suspending the case no longer existed. The Bucharest Court put the case back on the docket, setting a trial date for 05.11.2021.

At this trial date, after the appeal filed in the case, the court gave the floor to the parties on the "exception of the prescription of the material right to action". After the oral submissions by the parties on this exception, the court reserved the judgement, postponing the ruling to 03.12.2021.

On 03.12.2021, the Bucharest Court pronounced the following solution in short: "Admits the exception of the prescription of the substantive right to action. Dismiss the action as time-barred. "Document: Decision 3021/2021 03.12.2021".

The company declared appeal. The court rejects the appeal as unfounded. It obliges the appellant to pay to the respondent the sum of 11 as court costs. With appeal within 30 days from the communication of the decision. Decision 1532/12.10.2022. Transelectrica filed an appeal against the Civil Decision no. 1532/12.10.2022 issued by the CAB, the file being submitted to the ICCJ in the filter procedure with a deadline of **19.09.2023**.

Before the Bucharest Court, file no. **24242/3/2021**, in which the plaintiff is OPCOM SA, and NPG Transelectrica SA is the defendant.

The purpose of this file is to establish the nullity of the act - contribution in kind, materialized through intangible assets, the trading platform - the Commercial Exchange and the Regional Electricity Exchange, financed by loans contracted by NPG Transelectrica SA from IBRD, based on loan agreement no. . 7181RO/17.07.2003, as well as from NPG Transelectrica SA's own sources, which were made on the basis of service contracts and deliverables no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Decision no. 6/15.06.2016 and, subsequently, AGOA Decision no. 2/25.05.2017 and AGOA Decision no. 7/24/05/2018.

At the court date of 11.04.2022, the court discussed the exceptions invoked by NPG Transelectrica SA, by response. Also, at this term, the proposed evidence to be administered in this case was discussed. The court postponed the trial of the case to the fixed term of 22.11.2022, in order to administer the evidence with the financial-accounting expertise to be carried out in this file. After several postponements, the next deadline is set for 27.06.2023 for lack of expert report. At the deadline of 27.06.2023, based on the decision of the General Assembly of Bucharest Court Judges no. 4/20.06.2023, orders the postponement of the case, the next deadline is set for **10.10.2023**.

- **CONAID COMPANY**

In 2013, Conaid Company SRL sued NPG Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensation for the expenses

incurred up to that point in the amount of 17,420 and unrealized profits for the period 2013-2033 in the amount of EUR 722,76 mil. Until this moment, the Company has not concluded an addendum to the connection contract because the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by March 11, 2014, the date on which the technical approval for connection expired. File no. 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Litigation Section, having as its object the obligation to issue an administrative act, the procedural stage – appeal, the trial term being 09.12.2015. At this term, the High Court of Cassation and Justice admitted, in principle, the appeals and set a deadline for the trial, on the merits, of the appeals on April 8, 2016. Complete 4, with the citation of the parties.

The judgment of the case was postponed to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it issued Decision no. 2148/2016, by which it ordered the following: "Rejects the exceptions invoked by the appellant-plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the appellant-defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admits the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the decision of the meeting of February 18, 2014 and the civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Overturns the challenged conclusion and the sentence in part and sends the case to the Bucharest Court – Civil Section VI for the resolution of the plaintiff's action against Transelectrica S.A. Maintains the other provisions of the sentence regarding the plaintiff's action against the National Energy Regulatory Authority. It rejects the appeals declared by the plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Rejects the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the conclusion of the meeting of March 25, 2014, issued by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Definitive. Pronounced in public session, on June 29, 2016.

On the role of the Bucharest Court - VI Civil Section, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception of inadmissibility and rejects the request as inadmissible. It also rejects the request for intervention in the interest of the plaintiff. With appeal within 30 days of communication. The appeal was submitted to the Bucharest Court, Civil Section VI and available to the parties through the registry, on 23.11.2017.

On 02.11.2018, a new summons request filed by Conaid Company SRL, in file no. **36755/3/2018**, by which the plaintiff requested the court to order the obligation of Transelectrica SA to "repair the damage caused to the plaintiff, as a result of the defendant's culpable failure to fulfill its obligations, in the amount of 17,216, consisting of the damage actually suffered and the unrealized benefit, provisionally estimated at 100 thou. euros. Considering the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract no. C154/27.04.2012, and in the situation where the court will consider that, from a formal point of view, the obligation regarding the suspensive conditions cannot be considered fulfilled by the plaintiff, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfillment of the conditions".

At the deadline of 15.10.2019, reject as unfounded the exceptions of lack of active procedural quality and lack of interest. It unites with the fund except for the prescription. With appeal together with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

Grants a deadline for the continuation of the investigation of the process on 26.11.2019, with the summoning of the parties. With appeal together with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

It is postponed for the administration of evidence with expertise and a deadline of 21.01.2020 is granted.

On 21.01.2020, the case is postponed to carry out the expertise and the next term is granted on 31.03.2020.

At the term of 31.03.2020, the short solution was the following: Suspended by law based on art. 42 paragraph 6 of the Decree of the President of Romania 195/2020 regarding the establishment of the state of emergency on the territory of Romania, for the entire period of the state of emergency.

After the court dates of 28.09.2022, 07.12.2022, 22.02.2023, 03.05.2023 in which the case was postponed, the new court date is **13.09.2023**.

• **ROMENERGY INDUSTRY**

File no. 2088/107/2016 before the Alba Tribunal has as its object "Bankruptcy - Application for enrollment in the credal table". Transelectrica submitted an application for registration to the credit table with the amount of 16,112, and the claim was admitted and entered in the preliminary table.

The solution in short: I set a deadline of 14.10.2019, for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts. The judicial liquidator will draw up and submit to the file: - every 15th of the month, for the previous month, the monthly activity reports provided for in paragraph 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the summary report at 120 days, provided by the final part of par. 3 of art. 59 Law 85/2014.

On 11.05.2020, the trial was suspended by right, for the duration of the state of emergency, established on the territory of Romania.

At the deadline of 22.06.2020, the case was postponed. The solution in short: the report on the funds obtained from the liquidation of the debtor's assets and the distribution plan dated 06.03.2020 was approved.

The case was postponed to the deadline of 18.01.2021. The solution in short: Report no. 1334 on the funds obtained from the liquidation of the debtor's assets and Plan no. 1335 distribution of funds.

At the deadline of 16.05.2022, a deadline of 19.09.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

On 19.09.2022, a deadline of 12.12.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the deadline of 12.12.2022, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating associate Bica Rosana. Based on art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy procedure concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the debtor company to be deleted from the trade register. In accordance with the provisions of art. 180 of the law, the syndic judge and the judicial liquidator are relieved of any duties or responsibilities regarding the procedure, the debtor and her assets, creditors and associates. With right of appeal within 7 days of communication through BPI. Procedure for settling appeals against the closing decision.

At the deadline of 04.06.2023, the appeal against Sentence no. 293/F/2022 pronounced by the Alba Court in file no. 2088/107/2016. Definitive. Decision no. 134/06.04.2023.

• **RESITA MUNICIPALITY**

File no. **2494/115/2018*** - file no. **2494/115/2018****, registered on the roll of the Caras Severin Court, is the subject of the summons, by which the plaintiff Resita Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts:

- 2,130, representing the rent for the temporarily occupied land area from the forestry fund related to 2015;

- 2,130, representing land rent related to 2016;

- 2,130, representing land rent related to 2018;

- 2,130, representing land rent related to 2019;

- 2,130, representing land rent related to 2020;

- punitive legal interest from the due date until actual payment.

The solution in short: Accept the exception of territorial non-competence of the Caras-Severin Tribunal. It declines the competence to resolve the request made by the plaintiff Resita Municipality - through the mayor, contrary to the defendant "Transelectrica" SA, in favor of the Bucharest Court. No appeal, according to art. 132 paragraph 3 of the Code of Civil Procedure. Pronounced in public. Decision 313/11.03.2019.

At the deadline of 25.10.2019, the exception of the territorial incompetence of the Bucharest Court is admitted. It declines the competence to resolve the case in favor of the Caras-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caras-Severin Court. Suspend the case and forward the file to the High Court of Cassation and Justice, in order to resolve the negative conflict of jurisdiction. No recourse. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the deadline of 16.07.2020, by decision no. 1578, established the competence to resolve the case in favor of the Caras Severin Court – Civil Section I.

File no. **2494/115/2018**** at the term of 22.03.2021, the short solution is: Suspend the trial of the

summons request filed by the plaintiff Resita Municipality, through the Mayor, in opposition to the defendant "Transelectrica" SA, having as its object claims, in the basis of art. 413 paragraph (1) point 1 of the Civil Code With appeal, how long does the suspension of the course of trial of the trial last, to the hierarchically superior court.

The suspension of the judgement of the case was ordered until the final settlement of file no. 3154/115/2018* of the Caraş Severin Court.

At the trial date on 19.01.2023, the solution in short is: Rejects the exception of the non-stamping of the petition considering that the defendant does not have the necessary capacity to invoke the method of establishing the stamp duty. It rejects the exception of the lateness of the formulation of the amending request of the sue petition. Prolongs the discussion on the exception of the positive effect of res judicata authority until the deadline when the decision of the High Court of Cassation and Justice will be submitted in its entirety in file no. 3154/115/2018**. Prolongs the ruling on the probation requests consisting of the evidence with the defendant's interrogation and the accounting expertise. Postpones the trial of the case and establishes a trial date on 02.03.2023.

At the trial date on 02.03.2023, the solution in short is: "suspends the trial of the sue petition filed by the plaintiff Reşita Municipality, in opposition to the defendant Compania National de Transport al Energiei Electrice "Transelectrica" SA, having as object claims. With the right of appeal throughout the suspension of the trial."

- **NAFA**

In 2017, the general fiscal inspection started at the headquarters of Transelectrica SA on 14.12.2011 was completed, which covered the period from December 2005 to December 2010. The general fiscal inspection began on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA.

As a result of the completion of the control, NAFA - DGAMC has established additional fiscal obligations to be paid by the Company, namely profit tax and VAT, as well as additional fiscal obligations (interests/late increases and late penalties) related to the system services system technology charges (STS) billed by energy suppliers, considered non-deductible following the fiscal inspection.

According to the Taxation Decision no. F-MC 439/30.06.2017 in the total amount of 99,013, NAFA – DGAMC established additional fiscal payment obligations by the Company, in the amount of 35,105, as well as additional fiscal obligations (interest/ late payment increases and delay penalties), in the amount of 63,908.

Mainly, the Fiscal Inspection Report of NAFA recorded the following additional payment obligations: profit tax in the amount of 13,727, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire broke out on the night of June 26-27, 2009, at the workplace in the Millenium Business Center building in Armand Călinescu Street no. 2-4, sector 2, where the Company was operating), documents with special regime.

These invoices were the subject of a dispute with NAFA, which issued a fiscal inspection report on September 20, 2011, which estimated the VAT collected for a number of unused invoices identified as missing.

The company appealed within the legal term, according to OG no. 92/2003 regarding the Fiscal Procedure Code, Taxation Decision no. F-MC 439/30.06.2017.

NAFA issued enforcement title no. 13540/22.08.2017 on the basis of which the additional payment obligations established by the Taxation Decision no. F-MC 439/30.06.2017.

The company requested the cancellation of executive title no. 13540/22.08.2017 at the Court of Appeal - file no. 7141/2/2017. The solution in short: Admits the exception of material incompetence of the Bucharest Court of Appeal - SCAF. It declines in favor of the Bucharest District 1 Court the material competence to resolve the case. No recourse. Pronounced in public session from 08.02.2018. Document: Decision no. 478/2018 of 08.02.2018.

Following the decline of jurisdiction, the case file no. 8993/299/2018, by which the Company challenged the enforced execution started pursuant to enforcement title no. 13540/22.08.2017, which is based on Taxation Decision no. F-MC 439/30.06.2017.

Following the Company's contestation of the fiscal administrative act Decision no. F-MC 439/30.06.2017, NAFA notified the Company Decision no. 122/13.03.2018 rejecting as unfounded the appeal filed by NPG

Transelectrica SA, the decision being received on 16.03.2018, after the submission of the request for summons which is the subject of file no. 1802/2/2018.

The solution in short: Admits the request for suspension of the judgment formulated by the appellants. Based on art. 413 para. (1) point 1 of the procedural code. civil court suspends the trial until the final settlement of file no. 1802/2/2018, pending at the Bucharest Court of Appeal, Section VIII administrative and fiscal litigation. With appeal for the entire duration of the suspension, the request for appeal will be submitted to the District 1 Court of Bucharest. Document: Termination - Suspension 04/17/2018.

The Court of Appeal has file no. **1802/2/2018** by which the Company challenged the fiscal administrative act Decision no. F-MC 439/30.06.2017.

At the court term of 06.11.2018, the administration of evidence was admitted with the expertise in the accounting - taxation specialization.

At the CAB court date of 21.07.2020, the ruling was postponed. On 30.07.2020, the case was put back on the docket, for additional clarifications.

At the deadline of 20.10.2020, the request was partially admitted with the following brief solution: the lis pendens requests were partially admitted.

It was canceled in part Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Resolution of Appeals, Taxation Decision no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Fiscal Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and the Tax Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, in the sense that:

removes the obligation to pay profit tax in the amount of 18,522, VAT in the amount of 5,695 and the related fiscal accessories, in the amount of 48,437, fiscal obligations established for the 349 fiscal invoices with a special regime found to be missing from the applicant's management.

removes the non-deductible nature of the taxable profit calculation of the amount of 27,002, representing the system services invoiced by the energy suppliers, considered non-deductible following the fiscal inspection and the obligation to pay the main and accessory fiscal claims in relation to this amount.

removes the non-deductibility when calculating the taxable profit of the amount of 344, representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount

removes the non-deductibility when calculating the taxable profit of the amount of 230,685, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and ancillary fiscal claims in relation to this amount.

removes the non-deductibility of VAT in the amount of 46, related to the amount of 344, representing "weed removal services" and the obligation to pay the main and ancillary fiscal claims related to this amount.

removes the non-deductible nature of VAT in the amount of 38 related to the amount of 231, representing expenses with products of the promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in I match with this amount.

remove the mention regarding the obligation of the Sibiu Transport Branch within NPG Transelectrica S.A to register the amount of 577 as taxable income, at the latest on 30.06.2010, the date on which the unit's registration was accepted verified at the credit table with this amount, the mention regarding the character of taxable income when calculating the profit of the amount of 577 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 regarding the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d from GD 44/2004 including the methodological norms for the application of Law no. 571/2003, the chapter related to the profit tax, respectively chapter VII the function of the accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European directives and the obligation to pay the main and accessory fiscal claims in relation to this amount.

removed from the Process- Verbally, the finding made regarding "the determination of the deductible value added tax lower than that registered by the plaintiff, thus resulting in a difference in the amount of

13" (annex no. 15) and the obligation to pay the main and accessory fiscal claims in relation to this amount

removes the obligation to pay late penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection, regarding the main fiscal obligations that were maintained to the court by this decision, as established by Taxation Decision no. F-MC 439/3 06.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - Directorate General Administration of Large Taxpayers and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals.

Maintains the other provisions contained in Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals, Decision on imposition no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency of Fiscal Administration – General Directorate for Administration of Large Taxpayers. Rejects the rest of the *lis pendens* requests as unfounded. Rejects as unfounded the request for court costs consisting of the judicial stamp duty. It obliges the defendants, jointly and severally, to pay to the plaintiff court costs in the amount of 4 thou., representing the fee for carrying out the expertise in the accounting-tax specialty, proportional to the admission of the request. With the right of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal. Decision no. 382/20.10.2020.

The parties appealed in March 2022.

At the meeting on 24.05.2022, the CAB rejects as unfounded the request for clarification and completion of the device. Accept the request to correct the material error in the sense that the sums of money as main and accessory tax obligations, related to the 349 tax invoices, as they appear in the contested taxation decision, will be mentioned as correct. Orders the correction of the material error in the sense of removing the wrong name of the plaintiff from the content of the appealed sentence. With recourse within 15 days of communication.

The parties have appealed. The case is in the filter procedure at the ICCJ. Deadline **13.12.2023**.

The company is involved in adversarial litigation with SMART and Teletrans Subsidiaries as follows:

I. Disputes in contradiction with Subsidiary SMART SA

- **File 48509/3/2017 registered with Bucharest Tribunal, Section VI Civil**

File object: NPG Transelectrica SA requests by suit to compel SMART SA to:

- Restitute to our company 7,652, which is added VAT, as prejudice incurred by our company as a result of defendant's enrichment without just cause, in the main, and as undue payment, in the second place;
- Compelling the defendant to pay the unrealised benefits associated to the amount paid as enrichment with no just cause, in principal and as undue payment in the secondary, calculated from the date when the undersigned made the undue payments to the defendant until notifying the law court, in quantum of **2,773**, as well as compelling the defendant to further pay the unrealised benefits until the defendant's actual repayment of the amount representing the principal debt.

File stage: Rejects the summons request as unfounded. With the right of appeal within 30 days from the communication, the appeal request to be submitted to the Bucharest Court - Civil Section VI. Pronounced by making the solution available to the parties through the court registry. Document: Decision 741/12.04.2022. Transelectrica declared appeal, which was rejected on 31.10.2022. On 07/06/2022, Transelectrica filed an appeal, the case has no fixed trial date, the solution being final.

Remarks about the circumstances that initiated the proceedings:

Between 16.01.2017 - 26.05.2017, our Company was subject to a control of Romania's Court of Audit, performed by a team of external public auditors from the Court of Audit's Department IV. After such control they issued the Audit Report recorded in the Company under no. 19211 of 26.05.2017, which our Company contested; later on CCR issued Decision 8/27.06.2017.

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On pages 116-117 of the Audit Report, pt. 9, the Court of Audit's control team retained that in 2014, based on contract **C57/31.01.2012**, Transmission Branches: Bucharest, Pitesti, Sibiu and Constanta of NPG Transelectrica SA, according to the work orders to replace the 220 kV, 110 kV and 245 kV circuit breakers, accepted invoices for payment (with payment statements attached certified by the Transmission Branches and Smart Branches) with work statements elaborated by Smart Branches where breakers procured at overvaluated prices were included under materials, which were added 30% indirect expenses and 5% profit, which led to inefficient utilization of monetary funds in estimated amount of 7,652.

- **File no. 40958/3/2016 – Bucharest Tribunal**

File object:

Transelectrica in its capacity of claimant requests compelling SMART SA to pay 2,797, including VAT + 1,212, representing accessories.

File stage:

TMB settlement: The exception of the prescription of the right to action, invoked by the defendant, was admitted. The action was dismissed as time-barred. The applicant's claim that the defendant should be ordered to pay the costs was rejected as groundless. With appeal within 30 days of notification. Document: Decision 2667/2021 29.10.2021.

CAB solution 10.05.2022: Rejects the appeal as unfounded.

Transelectrica declared an appeal on 16.06.2022, which is in the filter procedure at the ICCJ, with intermediate term **19.09.2023**.

- **File no. 24360/3/2020 – Bucharest Tribunal**

File object:

SMART SA requested the obligation of Transelectrica to pay the amount of 14.75 thou. euros + VAT, eq. 38 concrete foundations, 98.28 thou. euros + VAT, eq. additional works canal execution, 112 + VAT, eq. Mecano type rakes, legal interest.

File stage:

TMB settlement: the extinction prescription exception was allowed. The objection of inadmissibility was qualified as a substantive defense. The action was dismissed as statute-barred, the material right to action. With the right to appeal within 30 days from the notification to the parties. The appeal is to be filed at the headquarters of the Bucharest Tribunal, Civil Section VI. Delivered in open court on May 10, 2021. Document: Decision 1263/2021; SMART filed appeal.

CAB settlement in brief: The appeal has been accepted. The appealed sentence was annulled and, judging on the substance, the exception of the extinctive prescription of the material right to action was admitted. The action was dismissed as time-barred. The appellant's claim that the respondent should be ordered to pay the costs was rejected. With an appeal within 30 days from the notification. The appeal is submitted to CAB - Civil Section VI. Delivered in open court on 11.02.2022. Document: Decision 247/2022.

SMART SA has appealed to the ICCJ. Solution on 11.10.2022: The appeal declared by the appellant-plaintiff SMART SA against civil decision no. 247 A of February 11, 2022 was cancelled, pronounced by the Bucharest Court of Appeal – Civil Section VI. Final.

- **File no. 51633/299/2021 - Bucharest Tribunal**

File object:

SMART SA requested the obligation of Transelectrica to pay the amount of 118 thousand + VAT, representing "expenses with assistance services, engaged on the account of the Company as well as the payment of unrealized benefits (legal interest).

File stage:

Solution of the Court District 3 Bucharest: Rejects, as unfounded, the request. With right of appeal within 30 days of communication. Document: Decision 6134/2022 21.06.2022.

On 02.11.2022 SMART SA filed an appeal against the Civil Sentence no. 6134/21.06.2022 pronounced by the Bucharest District Court 3.

- **File no. 15561/3/2022 - Bucharest Tribunal**

The attached notes are integrant part of these consolidated interim financial statements

File object:

SMART SA requested the obligation of Transelectrica to pay the sum of 4,47 mil regarding the execution of an administrative contract.

File stage: A trial date was set in court on **09.11.2023**.

II. Disputes in contradiction with Subsidiary TELETRANS SA

- **File 16216/3/2017 registered with Bucharest Tribunal, Section VI Civil**

The file received a new number 153/2/2021 at CAB - Administrative and Fiscal Litigation Section

File object:

By its summons Teletrans SA requested the court:

- To ascertain as fully provided the services under contract 03/2007, as added;
- In subsidiary to ascertain that services under contract 03/2007, as added, were provided and partially accepted;
- To oblige Transelectrica to pay 4,649, which is added VAT in amount of 883, representing the amounts of invoices 115/2017, 123/2017 up to 143/2017;
- To oblige Transelectrica to pay 214 thou. Euro which is added VAT, at the exchange rate of the invoice issuance dates, representing the amounts of services provided and partially accepted in the contractual period May 2014 – November 2016, "in subsidiary if request petition II is admitted and not request petition I";

File stage:

Settlement in brief: It admitted the exception of prescription of the material right to the suit regarding fiscal invoices for February – March 2014. It denied the request pertaining to invoices 115/01.03.2015 and 123/01.03.2017 as written off. It denied the remaining request items as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 22.04.2019. Document: Ruling 1064/2019 / 22.04.2019.

The file received a new number 153/2/2021 at CAB - Administrative and Fiscal Litigation Section, in which a negative conflict of competence arose, and the case was submitted to the ICCJ for the establishment of the competent section. The ICCJ has established that the competent section is Section VI of the CAB.

Hearing term: 18.08.2021. Settlement in brief: The objection of inadmissibility of the appeal was allowed. The appeal was dismissed as inadmissible. From the date of communication of the present decision, reported to the provisions of art. 457 paragraph 3 of the Code of Civil Procedure, the term for the exercise of the appeal begins to run. Final. Document: Decision no. 1214 / 06.09.2021.

At Section VI - a of the Bucharest Court of Appeal, the case with the appeal filed by Teletrans SA received number **3684/2/2023**, with a trial date of **17.11.2023**.

Remarks about the circumstances that led to the dispute:

After the control performed in January–March 2017 at Teletrans's the Court of Audit found that Teletrans has not recovered and cashed from Transelectrica the amount of money requested as above.

Contact C03/2007 conditions invoice issuance and acceptance for payment by our Company's representatives from branches and the executive part confirming the mentioned services in each minutes issued by the claimant.

As a result of the improper execution by Teletrans SA of services contracted under C03/2007, the local Minutes of work acceptance were not endorsed by most Transmission Branches, for which reason the Divisions developing contract C03/2007 have not accepted either the centralising monthly Minutes of work acceptance.

➤ **OTHERS**

The Company is involved in significant disputes especially to recover trade receivables (e.g. : Eco Energy SRL , Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galați SA, Independent Authority for Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, Menarom PEC SA Galati and others).

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The Group registered allowances for value losses from clients and other disputed trade receivables, as well as for clients under bankruptcy.

At the same time the Company is involved into disputes with former Directorate and Supervisory Board members pertaining to their mandate contracts concluded by the Company with them. The Company has constituted provision for these disputes.

➤ **Control to the Subsidiaries**

• **SMART SA**

ANAF-DGAMC

On 19.10.2022, the partial tax inspection began, with the objectives - checking the legality and compliance of tax declarations and/or operations relevant to the tax inspection, the correctness and accuracy of the fulfillment of obligations in relation to the establishment of tax bases and main tax obligations looking:

- Value added tax in the period 01/01/2017-31/12/2021
- Profit tax in the period 01/01/2017-31/12/2021
- Verification of compliance with the provisions of fiscal and accounting legislation
- Verification of other issues relevant to taxation, if they are of interest for the application of accounting tax legislation.

As a result of this control, on 19.06.2023, the following were issued: fiscal inspection report F-MC_107, taxation decision F-MC_177 by which fiscal payment obligations were established in the form of an additional taxable base in the amount of 29,268 lei and profit tax in the amount of 4,683 lei and the decision on not changing the tax base F-MC-178.

The Ministry of Finance – DGIEF

On 07/05/2023, the Ministry of Finance through the General Directorate of Economic-Financial Inspection carried out a control at the SMART branch to verify the issues notified by the Government of Romania through the Prime Minister's Control Body according to address 2736/05.08.2020. The control was carried out on the basis of GEO 94/2011, Decision 101/2012, the controlled period being 01.01.2018 – 2023.

➤ **Contingencies**

As at 30 June 2023, **contingent liabilities amount** to 36,303. 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)*

The subject-matter of the case is claims for additional costs relating to the increase in the minimum wage in the construction sector and an order to conclude 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 claimant Electromontaj SA against the defendant Transelectrica SA. Orders the defendant to pay the claimant the amount 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 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 Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the amount 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 amount of 3 lei/month as from 01.01.2019. Dismisses the remainder of the request as groundless. Orders the defendant to pay the claimant the amount of 171 as legal costs. With right of appeal within 10 days of communication. The request to appeal shall be submitted 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."

Transelectrica has appealed. No term set.

- *File No 25896/3/2020 - claimant Electromontaj București (10.000)*

The attached notes are integrant part of these consolidated interim financial statements

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, the case is adjourned.

At the hearing of 16.05.2023, the court adjourns the case to **12.09.2023** to file a reply to the expert objections.

- *File No 27001/3/2021 - claimant Romelectro (3.524)*

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 - Upgrade 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 was adjourned for lack of expert report.

At the hearing on 23.06.2023, a new hearing date is set for **06.10.2023**, to continue the trial.

- *File No 22368/3/2021 - claimant Romelectro (2.276)*

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.

At the hearing on 24 June 2022, dismisses the application as groundless. With appeal within 10 days of service. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Document: Ruling No 1555/2022.

- *File No 30801/3/2021 - claimant Romelectro (2.271)*

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:

- 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;

- to 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 on 14.10.2022, the summary decision: In view of the absence of the expert report, adjourn the case and set the term for 07.04.2023.

At the hearing on 07.04.2023, the summary decision: In order to file the expert's report, adjourn the case to **15.09.2023**.

- *File No 37332/3/2021 - claimant Romelectro (4.434)*

The case concerns claims - GEO 114/2018 for the contract C112/2019 - Refurbishment of the 110kv station of the Porțile de 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 request 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: Ruling 1502/2022 22.06.2022.

- *File No 8193/3/2022 - claimant Tempos Sev (2.437)*

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 defence, 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 defence, 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." Trial date 05.05.2023.

At the hearing on 05.05.2023, the case is adjourned and the date **15.09.2023** is set for the expert evidence.

- *File No 8442/3/2022 - claimant Tempos Sev (1.430)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kv station Hășdat.

At the hearing on 16.09.2022, the joinder is admitted. Refer the case back to the panel first seised 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).

- *. Dosar nr. 8440/3/2022 – reclamant Tempos Sev (2.437)*

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 taking of evidence.

At the hearing on 08.11.2022, the case is adjourned.

The case was redocket and a trial term was set for **12.09.2023**.

- *. File No 527/1285/2021 - claimant ELM Electromontaj Cluj (402)*

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 Electromontaj Cluj S.A. is granted, in contradiction with the defendant 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 (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 14 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 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 Cuj Specialised 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 legal costs and penalties set by the court.

There are currently pending disputes with the Romania Court of Auditors, related to controls carried out in 2013, 2017 and 2020, detailed in the chapter Litigations.

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 have stated that there may be the possibility of additional tax liabilities arising, but that at the present date, these cannot be determined accurately in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

21. AFFILIATED PARTIES

i) Affiliated parties – transactions with Company-owned Subsidiaries

As of June 30, 2023 and June 30, 2022, the balances with the subsidiaries owned by the Company are detailed as follows:

Affiliated entity	Trade receivables		Trade liabilities	
	30 june 2023	31 december 2022	30 june 2023	31 december 2022
FORMENERG SA	-	-	-	-
OPCOM SA	47.112	654.372	72.044	647.260
TOTAL	47.112	654.372	72.044	647.260

Transactions carried out in the first semester of 2023 and the first semester of 2022 with its subsidiaries are detailed as follows:

Affiliated entity	Sales		Procurements	
	30 june 2023	30 june 2022	30 june 2023	30 june 2022
FORMENERG SA	-	-	2	0,3
OPCOM SA	407.817	2.625.286	2.163.844	927.034
TOTAL	407.817	2.625.286	2.163.846	927.034

ii) Affiliated parties – transactions with other state-owned companies

The Company is an entity with majority state capital, and the Company's activities are regulated by ANRE. In accordance with the Concession Agreement, an annual royalty is paid, calculated as 4/1000 of the value of the gross revenues achieved from electricity transport and transit operations, through the national transport systems, under the public ownership of the state (starting on November 12 2020).

iv) Affiliated parties – companies where Company holds participations

Given that the energy sector is undergoing a process of transformation at the European level, focusing on the transition from a predominantly national model of evolution and development of the energy sector, to a model of integrated and coordinated development at the European level, ensuring a unified development at the continental level but also allowing for adaptation to national specifications while pursuing the legitimate interests of the European states, the Company is affiliated to the following entities:

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

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

TSCNET (TSCNET Services GmbH)

It has been set up to serve Transmission System Operators (OTs) in the Central-East-West European region (CORE region) for the coordinated implementation of the European network codes.

Membership is achieved by participation in the shareholding of TSCNET through a share purchase transaction in the company. By Resolution No. 9 of the EGMS of 05 June 2018, the Company's affiliation to the CORE Region Security Coordination Centre, TSCNET, was approved by participating in the share capital with a contribution of EUR 470,500 (1 share - EUR 2,500).

JAO (Joint Allocation Office)

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

Transelectrica has been invited by JAO to become part of its shareholding.

By Resolution no.10 of the EGMS of 20 August 2018, the Company was approved to join the Joint Allocation Office (JAO) shareholding with a cash subscription in the amount of EUR 259,325 and 50 shares were allocated to it.

22. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that the Group 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 Group's internal and external success factors. External success factors - which have an effect on risk reduction in a systematic way - are: decentralisation 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 Group to collection risk are primarily trade receivables and cash and cash equivalents. The Group 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:

	Net value	Net value
	30 june 2023	31 december 2022
Financial assets		
Net trade receivables	1.178.250	2.259.432
Net other receivables and down payments to suppliers	147.677	791.154
VAT to recover	255.498	292.265
Cash and cash equivalents	499.979	333.681
Other financial assets	-	-
Total	2.081.405	3.676.533

The age of **receivables** on the elaboration date of the financial position is provided below:

Gross value	Adjustment of	Gross value 31	Adjustment of
30 june 2023	depreciation	december 2022	depreciation 31
	30 june 2023		december 2022

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023
(All amounts are in thousand LEI, unless stated otherwise)

Not reached to maturity	1.052.511	2.896	2.167.294	439
Due date exceeded 1 – 30 days	29.415	-	149	3
Due date exceeded 31 – 90 days	4.266	2	303	6
Due date exceeded 90 – 180 days	51	17	45	7
Due date exceeded 180 – 270 days	136	29	451	450
Due date exceeded 270 – 365 days	15	49	188	182
More than a year	230.379	135.528	229.514	137.427
Total	1.316.772	138.522	2.397.945	138.513

The age of **other receivables** on the elaboration date of the financial position is provided below:

	Gross value 30 june 2023	Adjustment of depreciation 30 june 2023	Gross value 31 december 2022	Adjustment of depreciation 31 december 2022
Not reached to maturity	374.662	-	1.052.210	35
Due date exceeded 1 – 30 days	233	-	258	-
Due date exceeded 31 – 90 days	381	-	605	-
Due date exceeded 90 – 180 days	746	9	2.507	243
Due date exceeded 180 – 270 days	1.710	-	1.708	171
Due date exceeded 270 – 365 days	319	25	10.098	9.403
More than a year	101.827	76.668	92.953	67.068
Total	479.877	76.702	1.160.339	76.919

Group's policy is to record 100% impairment allowances for loss of value for customers in disputes, 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 Group also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment allowances on 30 June 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (25,075), Eco Energy SRL (24,736), Petprod SRL (23.540), Arelco Power (14,788), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), Romelectro SA (13,429), Elsaco Energy (9,276), RAAN (8,517), Next Energy Partners SRL (8,395).

The Group has taken the following measures to recover the impairment-allowances receivables: legal action, registration in the creditor's list, etc.

The evolution of **impairment allowances for doubtful receivables** is provided as follows:

	30 june 2023	31 december 2022
Opening balance 1 january	138.513	150.558
Recognition of adjustments for impairment	953	2.756
Reversal of adjustments for impairment	943	14.801
Balance on the end of period	138.523	138.513

The evolution of **impairment allowances for other doubtful receivables** is presented as follows:

	30 june 2023	31 december 2022
Opening balance 1 january	76.919	70.987
Recognition of adjustments for impairment	45	11.555
Reversal of adjustments for impairment	262	5.623
Balance on the end of period	76.702	76.919

Financial assets that may subject the Group to collection risk are primarily trade receivables and cash and cash equivalents. The Group 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 impairment allowances, 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.

23. SUBSEQUENT EVENTS

- **OGMS notice 18(21) August 2023**

The Board of Directors of the Company convened the Ordinary General Meeting of Shareholders on 18(21) August 2023 with on the agenda information on the acquisition of products, services and works, commitments involving significant obligations of the Company with a value of more than 5 mil euro, as well as loans and guarantees for loans with a value of less than 50 mil euro.

- **Letter of expectations**

The company informed that on 25 July 2023, the majority shareholder, the Romanian State through the General Secretariat of the Government, in its capacity as public supervisory authority, sent *the Letter of Expectations necessary for the selection and evaluation of the members of the Supervisory Board and the Management Board of the National Electricity Transmission Company Transelectrica S.A. for the period 2023-2027*.

- **Request, majority shareholder, to complete the agenda of the GMS, convened for 18 (21) August 2023**

The company has informed investors that the majority shareholder, the Romanian State, through the General Secretariat of the Government, has requested to add the following item to the agenda of the Ordinary General Meeting of Shareholders scheduled for 18/21.08.2023:

- Completion of point 1 of Decision no. 5 of the AGM of C.N.T.E.E. Transelectrica S.A. of 27 April 2023 by introducing the provisions of para. (3), (4) and (5) of art. 29 of GEO. no. 109/2011 on the corporate governance of public companies, with subsequent amendments and additions, thus, after the addition, the point will have the following content: *"Initiating the selection procedure for the members of the supervisory board of C.N.T.E.E. Transelectrica S.A., with the application of the provisions of art. 29 para. (3), (4) and (5) of O.U.G. no. 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented"*.