



**NPG TRANSELECTRICA SA**

**QUARTERLY REPORT**

**January – March**

**2020**

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**QUARTERLY REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES  
OF NPG TRANSELECTRICA SA**

**In accordance with the provisions of article 67 from law 24/ 2017 on the capital market and  
Regulation 5/ 2018 issued by the Financial Supervisory Authority (ASF)**

**For the time period ended on 31 March 2020**

Date of the report:	15 May 2020
Name of trading company:	NATIONAL POWER GRID COMPANY TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni 2 - 4, postal code 030786
Phone / fax numbers:	004021 303 5611 / 004021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40 / 8060 / 2000
RON code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000 / OUG 627
Share capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of 10 RON / nominal value each, as dematerialised, nominative, ordinary, indivisible and freely transactable shares as of 29.08.2006 under TEL symbol
Market value:	1,231,492,786 RON (16.80 RON/share on 31.03.2020)
Accounting standard applied:	International financial reporting standards
Audit:	The quarterly financial statements elaborated on 31.03.2020 have not been audited

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

## **RESPONSIBLE PERSONS' STATEMENT**

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the three months' period ended on 31 March 2020 have been elaborated in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and they provide accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Transelectrica SA.

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

**Bucharest, 11 May 2020**

<b>Catalin NITU</b>	<b>Andreea-Mihaela MIU</b>	<b>Bogdan-Ionut GRECIA</b>	<b>Corneliu-Bogdan MARCU</b>	<b>Marius-Viorel STANCIU</b>
<b>Directorate Chairman</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>



## Key figures of Q1 2020 vs Q1 2019

### KEY FIGURES

#### FINANCIAL HIGHLIGHTS

RON	<b>603</b>	mn	▼	<b>-7%</b>	<b>Revenues</b>
				y/y	
RON	<b>162</b>	mn	▲	<b>40%</b>	<b>EBITDA</b>
				y/y	
RON	<b>77</b>	mn	▲	<b>103%</b>	<b>Net profit</b>
				y/y	
TWh	<b>14,41</b>		▼	<b>-1.8%</b>	<b>Charged energy volume**</b>
				y/y	

#### OPERATIONAL

<b>2.13%</b>	*	▼	<b>-0,22</b>	pp	<b>OTC</b>
			y/y		
<b>11.55</b>		▲	<b>3%</b>		<b>Transported energy***</b>
TWh			y/y		

#### INVESTMENTS

RON	<b>55</b>	mn	▲	<b>12%</b>	<b>Acquisition of tangible and intangible assets</b>
				y/y	
RON	<b>10.58</b>	mn			<b>Fixed assets recorded in the accounts (commissioning)</b>

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

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

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

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

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



## Financial data

The summary of financial results on 31 March 2020 is provided in the tables below. The financial results have not been audited, and their extended variant of the same period is provided in the Annexes to this Report.

Stand-alone profit or loss statement				
[mn RON]	Q1 2020	Q1 2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	14.41	14.68	(0.27)	(1.8%)
<b>ALLOWED PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>317</b>	<b>317</b>	<b>(0)</b>	<b>(0%)</b>
Transmission and other revenues on the electricity market	281	290	(9)	(3%)
Functional system services	27	17	10	59%
Other revenues	10	10	(1)	n/a
<b>Operating expenses</b>	<b>177</b>	<b>173</b>	<b>4</b>	<b>2%</b>
System operating expenses	81	101	(20)	(19%)
Repairs and maintenance expenses	16	20	(4)	(19%)
Personnel expenses	52	48	4	9%
Other expenses	28	5	23	472%
<b>EBITDA</b>	<b>140</b>	<b>144</b>	<b>(4)</b>	<b>(3%)</b>
Depreciation	68	72	(4)	(5%)
EBIT	72	72	(0)	(0%)
<b>ZERO PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>286</b>	<b>332</b>	<b>(46)</b>	<b>(14%)</b>
Technological system services revenues	188	157	32	20%
Balancing market revenues	98	175	(78)	(44%)
<b>Operating expenses</b>	<b>263</b>	<b>360</b>	<b>(96)</b>	<b>(27%)</b>
Technological system services expenses	166	185	(19)	(10%)
Balancing market expenses	98	175	(78)	(44%)
EBIT	22	(28)	51	n/a
<b>ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)</b>				
Operating revenues	603	649	(46)	(7%)
Operating expenses	440	533	(93)	(17%)
<b>EBITDA</b>	<b>162</b>	<b>116</b>	<b>47</b>	<b>40%</b>
Depreciation	68	72	(4)	(5%)
<b>EBIT</b>	<b>94</b>	<b>44</b>	<b>51</b>	<b>116%</b>
Net financial result	(2)	(4)	2	61%
<b>EBT</b>	<b>92</b>	<b>39</b>	<b>53</b>	<b>134%</b>
Income tax	15	1	14	n/a
<b>Net profit</b>	<b>77</b>	<b>38</b>	<b>39</b>	<b>103%</b>

Stand-alone statement of financial position				
[mn RON]	Q1 2020	2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>Non-current assets</b>				
Tangible assets	3,426	3,440	(14)	(0.4%)
Intangible assets	25	23	1	6%
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	4	6	(2)	(33%)
<b>Total</b>	<b>3,536</b>	<b>3,551</b>	<b>(14)</b>	<b>(0.4%)</b>
<b>Current assets</b>				
Inventories	39	38	1	3%
Trade and other receivables	716	706	9	1%
Other financial assets	-	85	(85)	n/a
Cash and cash equivalents	492	321	171	53%
<b>Total</b>	<b>1,246</b>	<b>1,150</b>	<b>96</b>	<b>8%</b>
<b>Total assets</b>	<b>4,782</b>	<b>4,700</b>	<b>82</b>	<b>2%</b>
<b>Shareholders' Equity</b>	<b>3,361</b>	<b>3,284</b>	<b>76</b>	<b>2%</b>
<b>Non-current liabilities</b>				
Borrowings	118	123	(5)	(4%)
Other non-current liabilities	495	561	(66)	(12%)
<b>Total</b>	<b>614</b>	<b>684</b>	<b>(70)</b>	<b>(10%)</b>
<b>Current liabilities</b>				
Borrowings	155	56	99	179%
Other current liabilities	653	677	(23)	(3%)
<b>Total</b>	<b>808</b>	<b>732</b>	<b>76</b>	<b>10%</b>
<b>Total liabilities</b>	<b>1,422</b>	<b>1,416</b>	<b>5</b>	<b>0.4%</b>
<b>Total shareholder's equity and liabilities</b>	<b>4,782</b>	<b>4,700</b>	<b>82</b>	<b>2%</b>

Stand-alone statement of cash flows				
[mn RON]	Q1 2020	Q1 2019	Δ	Δ (%)
Cash flows before changes to working capital	161	84	77	92%
Cash flows from operating activities	49	(153)	202	132%
Net cash from operating activities	46	(157)	202	n/a
Net cash used in investing activities	32	(48)	80	168%
Net cash used in financing activities	93	(100)	193	193%
<b>Net increase/decrease in cash and cash equivalents</b>	<b>171</b>	<b>(305)</b>	<b>476</b>	<b>156%</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>321</b>	<b>482</b>	<b>(161)</b>	<b>(33%)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>492</b>	<b>178</b>	<b>314</b>	<b>177%</b>

## OPERATIONAL RESULTS

### Charged volume of electricity

In January – March 2020 the total electricity quantity billed for services provided on the electricity market (14.41 TWh) registered 1.8% decrease in comparison with the same period of 2019 (there is -0.27 TWh difference between the two periods).

### Operational revenues

Total operational revenues achieved in quarter I 2020 registered 7% decrease in comparison with the same period of last year (RON 649 mn on 31 March 2019 compared to RON 603 mn on 31 March 2020), mainly determined by the operational revenues associated to zero profit activities (balancing market).

The segment of **profit allowed activity** registered an insignificant decrease in revenue (RON 317.3 mn on 31 March 2019 compared to RON 371.1 mn on 31 March 2020), mainly determined by 3% reduction of transmission revenues and of other revenues on the electricity market (RON 290 mn in Q1 2019 compared to RON 281 mn in Q1 2020), resulting from diminished electricity quantities delivered to consumers and from a reduced average tariff approved by ANRE for transmission services.

In quarter I 2020 revenues from the allocation of interconnection capacities registered 21% decrease amounting to RON 4,8 mn in comparison with the same period of last year, corresponding to the utilisation degree of available interconnection capacities by traders on the electricity market.

The allocation mechanism of interconnection capacities consists of organising annual, monthly, daily and intraday bids. The annual, monthly and intraday ones are explicit, as only the transmission capacity is put to auction while the daily bids with Hungary are implicit, as capacity is simultaneously allocated together with the electricity by means of the coupling mechanism.

Beginning with 19 November 2014 the regional energy exchange was established by Romania, Hungary, the Czech Republic and Slovakia, which means these four countries should reach to a single electricity price for the quantities transacted on spot markets. The capacity allocation between Romania and Hungary, the only country of the other 3 Romania has frontier with, is performed by the transmission operators: Transelectrica and MAVIR, by means of common mechanism under a bilateral agreement.

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border, and on the Serbian one as well as of 2017. In accordance with such principle the participants that do not use the capacities

they won at annual and monthly bids are remunerated (by Transelectrica) for this capacity. The unused capacity is later sold under daily bids. The sense is reversed on the Hungarian border, meaning MAVIR is remunerating the participants for unused capacities.

The market allocating the interconnection capacities is fluctuating, as prices evolve depending on demand and on the needs of electricity market participants to procure interconnection capacity.

Beginning with November 2019 the 2nd wave was launched under the single European coupling solution for intraday markets (SIDC – Single Intraday Coupling).

The single mechanism of intraday markets coupling provides continuous matching of sale and purchase offers from market participants from a bidding zone with sale and purchase offers from within their own bidding zones and any other bidding zone with available cross-border capacity. Thus intraday explicit bids take place only on the Serbian border, while they are implicit on the Bulgarian and Hungarian frontiers (under SIDC).

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

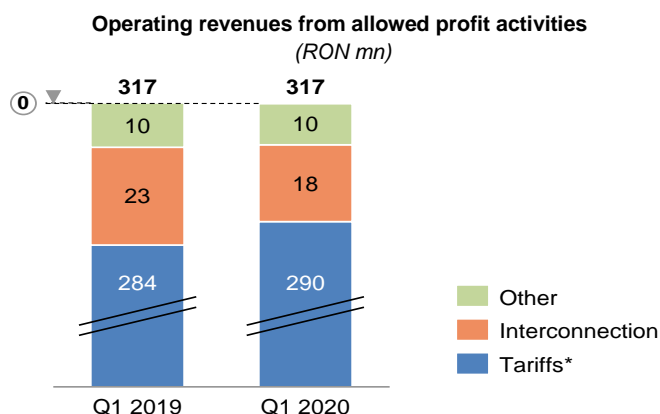
Inter TSO Compensation (ITC) revenues registered increase amounting to RON 1.4 mn in quarter I 2020 compared to quarter I 2019 because the electricity quantity imported / exported / transited was greater than last year, and the applied import / export / transit tariff grew from 0.6 Euro/MWh to 0.8 Euro/MWh.

Revenues from energy transactions for OTC were mainly obtained by selling the excess electricity on the Intraday Market managed by OPCOM and using PRE (BRP) CIGA Energy on the Balancing Market.

At the end of November 2019 the coupled operation of intraday markets was launched Europe-wide under the XBID/SIDC project, which provided higher market liquidity and diversified products that are transacted.

Revenues from OTC transactions were 6% greater during the studied period of 2020 in comparison with the similar one of 2019 because the imbalances of Transelectrica were in contrary direction with the imbalances of PRE (BRP) CIGA ENERGY and therefore the sale of excess electricity by means of the PRE / BRP was more beneficial than selling it on the Balancing Market.





\*transmission tariff, functional system services, reactive energy, unplanned exchanges DAM, ITC, OTC transactions

**Revenues from zero-profit activities** registered 14% decrease (RON 286 mn on 31 March 2020 compared to RON 332 mn on 31 March 2019) mainly determined by 44% lower revenues on the balancing market (from RON 175 mn on 31 March 2019 to RON 98 mn on 31 March 2020).

The reduction of such revenues with RON 78 mn in comparison with the same period of last year was mainly owed to the following aspects:

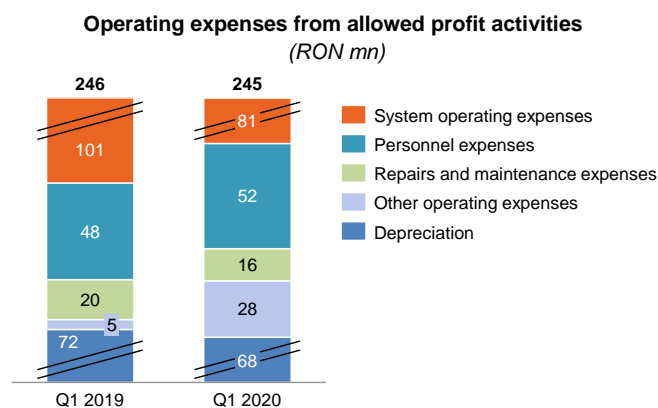
- Decrease of the negative imbalance registered by the electricity suppliers on the balancing market;
- The mode of contracting on the markets previous to the balancing one;
- The development of rainfalls and flow rates;
- The development of the average deficit price registered on the balancing market;
- Reduced electricity demand during a milder winter;
- Reduced electricity consumption according to the regulations issued by the Public Central Administration to prevent Covid-19 spreading.

During the first quarter of 2020 revenues from technological system services registered 20% increase in comparison with the same period of 2019 (RON 188 mn on 31 March 2020 compared to RON 157 mn on 31 March 2019) as determined by a higher tariff approved by ANRE for such services when the electricity quantity delivered to consumers diminished 1.8%.

### Operational expenses

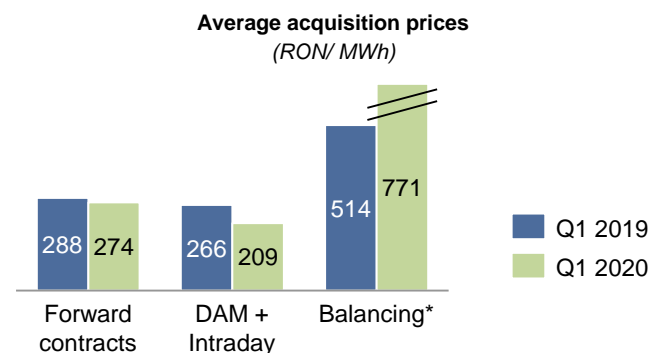
Total operational expenses (including amortisement) made in the first quarter of 2020 registered 16% decrease in comparison with the similar period of last year (RON 509 mn compared to RON 605 mn in Q1 2019).

As regards the segment of **profit allowed activities** expenses (including amortisement) registered insignificant decrease (RON 245 mn in Q1 2020 compared to RON 246 mn in Q1 2019).



**OTC:** In quarter I 2020 expenses with one's own technological consumption were RON 16 mn smaller in comparison with quarter I 2019 because of the following aspects:

- The average price of contracts concluded on the PCCB providing delivery in quarter I 2020 was of RON 273.62, 5% lower than the price of quarter I 2019;
- The average price on the PZU / DAM provided a marked decreasing trend beginning with January 2020, reaching a minimum of RON 142.98 in March. In the epidemiologic context generated by the Covid-19 spreading, the average price was about 23% smaller than in the same period of last year;



**Expenses with electricity consumption within RET substations:** they registered 35% decrease in quarter I 2020 in comparison with the same period of last year (RON 4 mn in January – March 2020 compared to RON 6 mn in January-March 2019) because of smaller electricity procurement prices which were used in the electricity supply contracts concluded for 2020.

In view of performing electricity transmission within electric substation and of operating the National Power System under safety conditions Transelectrica should procure electricity in order to cover the consumption of auxiliary services from high voltage electric substations managed by the Company, namely the consumption of auxiliary services from 81 electric substations, for each consumption place.

**Functional system services:** Associated expenses registered 36% decrease (RON 6.6 mn in Q1 2020 compared to RON 10.3 mn in Q1 2019), mainly determined by reduced balancing market expenses and lower day-ahead market expenses regarding unplanned electricity exchanges with the neighbouring countries that are interconnected to SEN.

These expenses represent uncontracted international exchanges of electricity with neighbouring countries and expenses with unplanned exchanges on the day-ahead market.

#### Inter TSO Compensation (ITC) expenses:

Monthly payment obligations / collection rights of each transmission and system operator (TSO) are established under the compensation / settlement mechanism for the effects of using the electricity transmission grid (RET) to transit electricity in-between the TSO-s of the 35 countries that adhered to this ENTSO-E mechanism.

In quarter I 2020 such expenses were RON 4.3 mn greater than in the similar period of last year, the difference resulting from regularized expense estimations made in quarter I 2019.

The **zero-profit activity** segment registered 27% cost drop (RON 263 mn on 31 March 2020 in comparison with RON 360 mn on 31 March 2019), mainly determined by reduced expenses on the balancing market.

The Company procures **technological system services** from producers with a view to maintain a safe operation of SEN and provide qualitative electricity transmitted at parameters provided in the applicable technical norms.

Such services are contracted as follows:

- Under regulated regime according to Governmental Decisions and the Decisions of the National Regulatory Authority in the Energy domain (ANRE);
- By means of competitive mechanisms;

The value of expenses regarding technological system services in Q1 2020 registered 10% drop in comparison with those from the same period of 2019 (RON 166 mn in Q1 2020 compared to RON 185 mn in Q1 2019)

The value of costs to procure STS in January – March 2020 was mainly determined by the following factors:

- Procurement prices of technological system services on the competitive market for the replacement reserve (RTL) in quarter I 2020 were smaller compared to the procurement prices in the same period of 2019, because of a greater competition for this kind of reserve;

- Procurement prices of technological system services on the competitive market in quarter I 2020 maintained around the values registered in the same period of 2019 for frequency restoration reserve (RS) and fast tertiary reserve (RTR);

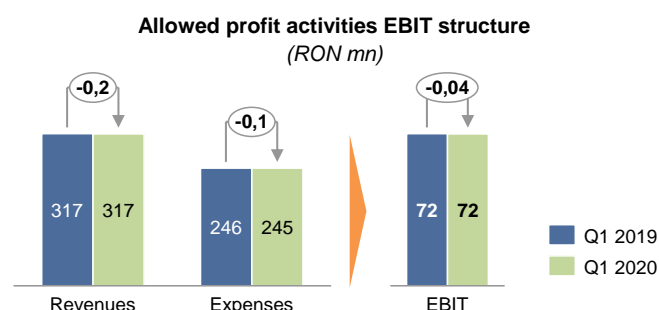
- In quarter I 2020 a high concentration was recorded on the technological system services by types of services frequency restoration reserve (RS) and fast tertiary reserve (RTR).

The Company re-invoices the technological system services procured from generators to ANRE-licensed electricity suppliers, which eventually benefit of such services.

In the following period of 2020 estimations are that regulations to be implemented in the national legislation in accordance with the provisions of Regulation (EU) 943 of the European Parliament and Council of 5 June 2019 and the development of management for COVID-19 spreading country-wide will have significant impact on the development of costs to procure system services in all the Company.

#### Operational result

**Profit allowed activities** registered positive result of RON 72 mn in quarter I 2020, similar to that registered in the same period of last year.



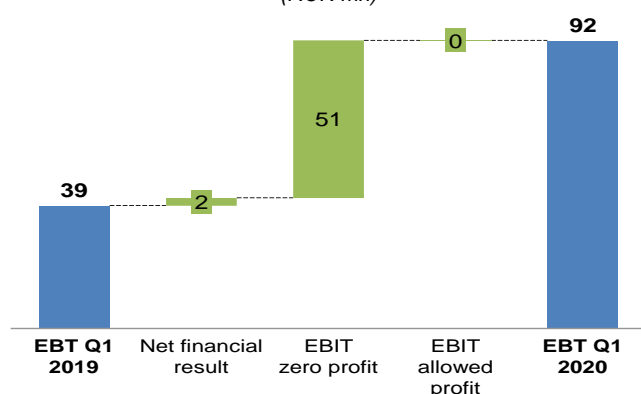
**EBIT generated by zero-profit activities** registered positive result of RON 22 mn compared to the RON 28 mn loss registered in the same period of last year.

#### Gross result (EBT)

The gross profit registered 134% increase from RON 39 mn in quarter I 2019 to RON 92 mn in quarter I 2020.

The dynamics between the profit registered in Q1 2020 compared to that of Q1 2019, broken down by the constitutive profit components are provided in the graph below:

Dynamics of EBT elements  
(RON mn)

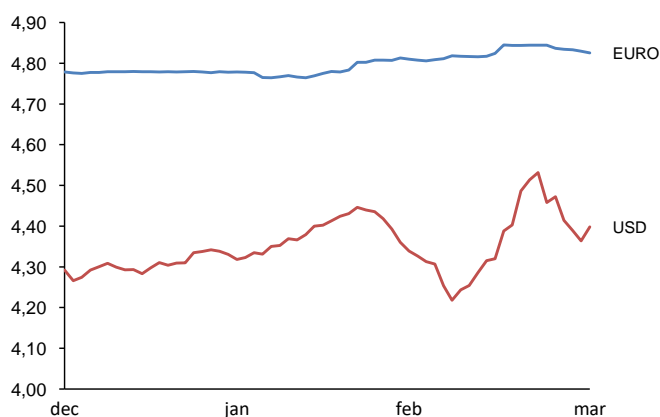


## Financial result

The net financial result registered in quarter I 2020 is negative and amounted to RON 2 mn. It has been mainly influenced by the development of the national currency's exchange rate in comparison with Euro, currency which the Company has contracted bank loans in to finance its investment programmes.

The development of the Leu/Euro and Leu/USD exchange rates in January - March 2020 is provided in the graph below.

Exchange rate evolution



## Net result

The net profit registered growth reaching to RON 77 mn in quarter I 2020, compared to RON 38 mn in quarter I 2019.

## FINANCIAL POSITION

### Non-current assets

They registered about 14% drop in January-March 2020 compared to 2019, against the background of reduced tangible assets determined by the registration of amortisement.

Intangible assets registered slight decrease in the studied period mainly due to recognising the usage

rights of spaces the Company leased in the Platinum office building.

### Current assets

They registered 8% increase on 31 March 2020 (RON 1,246 mn) in comparison with the value registered on 31 December 2019 (RON 1,150 mn).

**Trade receivables** registered 8% diminution (RON 684 mn on 31 March 2020 from RON 745 mn on 31 December 2019), mainly because of:

- Collecting receivables under invoices issued for the electricity market;
- Reduced transaction volume on the balancing market in quarter I 2020 compared to quarter IV 2019, which determined decrease of receivables on balance on 31 March 2020 compared to 31 December 2019.

The main clients on balance on the electricity market are represented by: RAAN, Electrica Furnizare, Enel Energie Muntenia SA, E.ON Energie Romania SA, Enel Energie SA, OPCOM, MAVIR, MET Romania Energy, Alro SA and Petrpod SRL

The share of main clients on the electricity market is about 47% of the total trade receivables.

**Collectable receivables from the bonus type support scheme** to promote high efficiency cogeneration covered 27% on 31 March 2020 (23% on 31 December 2019) of the total trade receivables.

The Company carries out activities associated to the bonus type support scheme to promote high efficiency cogeneration as administrator of such support scheme in accordance with the provisions of HGR 1215/2009, "the main attributions being to collect monthly the cogeneration contribution and to pay bonuses every month".

Clients under the bonus type support scheme to promote high efficiency cogeneration registered increase on 31 March 2020 mainly determined by higher invoiced values for the collection of monthly contribution.

On 31 March 2020 the Company registered collectable receivables amounting to RON 182 mn, represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to RON 76.7 mn, namely from RAAN – RON 63.46 mn and CET Govora SA – RON 13.23 mn;
- 2014 undue bonus amounting to RON 3.91 mn from RAAN – RON 1.98 mn and CET Govora – RON 1.93 mn;
- 2015 undue bonus amounting to RON 0.56 mn, namely from CET Govora – RON 0.53 mn and Interagro – RON 0.03 mn;

- Cogeneration contribution amounting to RON 21.20 mn not collected from the suppliers of electricity consumers, namely from: Transenergo Com – RON 5.88 mn, PetProd – RON 4.39 mn, Romenergy Industry – RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.50 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

To liquidate receivables generated by overcompensation and undue bonus the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators (RAAN, Electrocentrale Bucharest, and CET Govora) that did not agree with this manner to extinguish mutual receivables and liabilities the Company has applied and further applies the provisions of article 17 para 5 of Order 116/2013 of ANRE president approving the Regulation on 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.

**Other receivables** on 31 March 2020 amounted to RON 204.8 mn and included in the main:

- Sundry debtors (RON 187 mn), of which:
  - Payment delay penalties amounting to RON 70.9 mn calculated for defaulting clients (of which RON 35.3 mn represent penalties associated to the support scheme). The greatest payment delay penalties were registered by the following clients: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Total Electric Oltenia (RON 3.2 mn), and ICPE Electrocond Technologies (RON 1 mn). Depreciation allowances were registered in case of penalties calculated for late payment of receivables from operational activities;
  - Negative difference between the invoices issued in order to collect the cogeneration contribution and the bonus granted according to ANRE decisions (RON 107.8 mn);
  - Compensations amounting to RON 3.5 mn owed by suppliers for non-delivered electricity (Arelco Power - RON 1 mn and Enol Group – RON 2.5 mn). Depreciation allowances were registered for the compensations owed by suppliers from operational activities;
  - Receivable to collect from OPCOM in sum of RON 5.8 mn, of which RON 4.5 mn is VAT for the contribution in kind to the subsidiary's share capital and RON 1.3 mn represent penalties;
- Deferred expenses amounting to RON 11 mn, mainly represented by: ENTSO-E international subscription

for 2020 (RON 3.9 mn); annual ANRE contribution for 2020 (RON 3.7 mn); down payments under contracts concluded with electricity suppliers, as necessary to cover one's own technological consumption during the future time periods (RON 0.52 mn); lease to DAGESH ROM SRL (RON 0.54 mn) and others;

- Other intangible receivables amounting to RON 4.3 mn, of which RON 4.2 mn represent securities for temporary land occupation calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code, with a view to achieve the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);
- Other social receivables amounting to RON 1.7 mn representing medical leaves of absence the employer paid to employees, which will be recovered from the National Health Insurance House according to applicable legislation.

## Liabilities

**Non-current liabilities** amounting to RON 614 mn on 31 March 2020 registered 70% decrease after repayments made according to existent loan agreements and diminished deferred revenues.

At the same time **current liabilities** registered 10% increase (from RON 732 mn on 31 December 2019 to RON 808 mn on 31 March 2020), mainly against the background of greater borrowings and interest rates segment associated to high efficiency cogeneration.

- On 31 March 2020 in comparison with 31 December 2019 **liabilities on balance on the electricity market** amounted to RON 297.2 mn compared to RON 390.2 mn, being influenced by:
  - *Reduced balance of liabilities on the balancing market* which was determined by paying in quarter I the payment liabilities on balance on the electricity market on 31 December 2019 with due date in January 2020, and by a reduced volume of transactions on the balancing market in quarter I 2020 compared to quarter IV 2019.

Suppliers on the electricity market are mainly represented by: SC Hidroelectrică SA, Electrocentrale Bucharest, OPCOM, Energy Complex Oltenia, Mavir, Energy Complex Hunedoara, Veolia Energie Prahova, Veolia Energie Iasi, Termoficare Oradea, and CET Govora. On 31 March 2020 their share in the total number of electricity suppliers was about 83% of the electricity market.

- *Reduced balance of liabilities associated to operational activities* mainly determined by paying in quarter I 2020

the payment liabilities on balance on the electricity market on 31 December 2019;

- *Decrease of liabilities associated to the support scheme* to suppliers (producers), mainly determined by paying the liability corresponding to the monthly bonus for March 2020 compared to the monthly bonus for December 2019.

On 31 March 2020 payment liabilities were registered to suppliers (producers) amounting to RON 54.6 mn (RAAN – RON 51.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, 2014 & 2015 ex-ante-overcompensation, and unpaid bonus for 2015 and 2016.

The amounts representing Company liabilities to RAAN and CET Govora associated to the support scheme were withheld for payment according to article 17 para 5 of Order 116/2013 of ANRE president, since suppliers (producers) register payment liabilities towards the Company under the bonus type support scheme.

- Other liabilities amounting to RON 32.3 mn are mainly represented by the performance bonds of contracts on the electricity market concluded by NPG Transelectrica SA and amounting to RON 15.5 mn; the utilisation right amounting to RON 4.2 mn during the lease contract of the spaces the Company leased in the Platinum office building (contract C217/2015 concluded with Dagesh Rom SRL), according to the provisions of IFRS 16 – Leasing contracts, as well as non-required VAT amounting to RON 12.1 mn.

- Dividends owed to Company shareholders on 31 March 2020 but unpaid amount to RON 0.6 mn, being at the shareholders' disposal by means of the payment agent.

**Provisions** had lineal development from RON 70.017 mn on 31 December 2019 to RON 70.014 mn on 31 March 2020, mainly determined by the provisions constituted for the disputes with Conaid Company SRL, Resita City, National Authority of Forests Romsilva, the differend with subsidiary OPCOM and other provisions represented by provisions registered for holidays not taken and payable VAT provision estimated for the fiscal audit in progress, Notice F-MC-326/13.11.2019\_TVA period 2014-2016.

### Interest-bearing liabilities

On 31 March 2020 the value of non-current borrowings diminished in comparison with 31 December 2019 mainly because of the repayments made according to existent loan agreements.

## Shareholders' equity

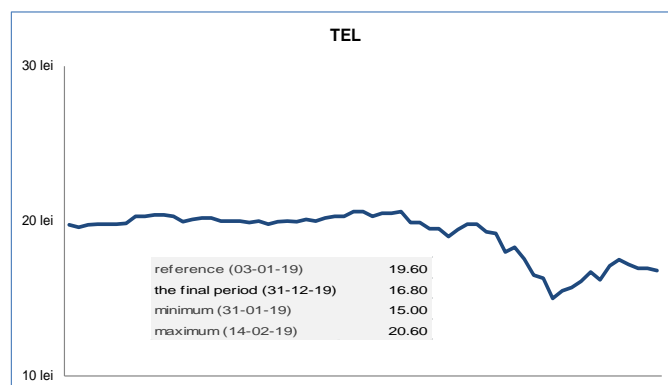
Shareholders' equities registered 2% increase, mainly determined by the registration of net profit amounting to RON 77.2 mn achieved on 31 March 2020 into retained earnings, and by capitalising the surplus achieved from revaluation reserves amounting to RON 21.9 mn.

### DEVELOPMENT OF SHARES

(01-Jan-2020 to 31-March-2020)

The year 2020 started with a trading price of 19.60 RON/share. At the end of this period the stock exchange capitalisation was of RON 1,231 mn, with 16.80 RON/share. The minimum transaction price of 15.00 RON/share was registered on 16.03.2020, and the maximum of 20.60 RON/share was reached on 21.02.2020.

Mention should be made that Romania's capital market was impacted in the end of the studied period by the occurrence of COVID-19 pandemic, implicitly by its economic effects which were mirrored in the stock exchange indexes and by the shares development of stock-listed companies.



In the first quarter of 2020 TEL shares transacted on Romania's capital market registered 4,522 transactions with an average of 72.94 transactions / day and 1,451,288 shares transacted in total amount of 29,308 thousand RON.

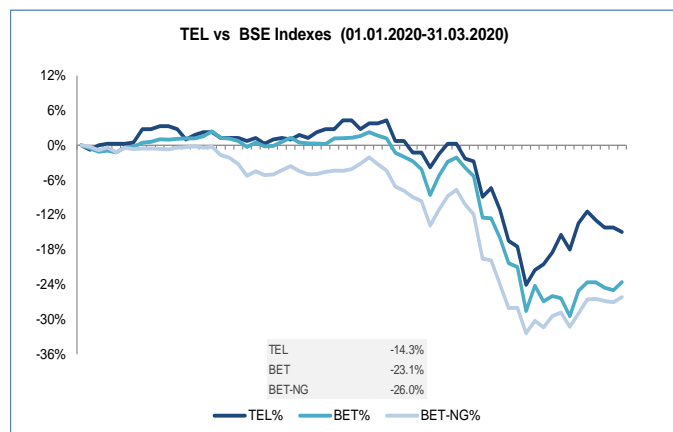
Transelectrica shares are included in the structure of the following stock exchange indexes: BET, BET-BK, BET-NG, BET-TR, BET-XT, BET-XT-TR, and BETPlus.

From among these the most representative for the Company are:

- BET (Bucharest Exchange Trading - reference index of the capital market showing the development of the most liquid 16 companies listed on BVB's regulated market)
- BET-NG (Bucharest Exchange Trading Energy & Related Utilities - sectoral index showing the development of energy companies and associated utilities listed on BVB's regulated market).

In accordance with the latest adjustment date registered on 13.03.2020, TEL shares hold 1.56% of BET index and 4.64% of BET-NG index.

The development of TEL shares against the two indexes is provided in the graph below:



## MAIN RISKS AND UNCERTAINTIES

The environment the Company operates in provides uncertainty such as threats for objective achievement or opportunities.

Obviously, knowing such threats enables their hierarchical classification depending on their occurrence, on the magnitude of their impact over objectives and on the costs associated to the measures meant to reduce occurrence hazards or to limit unwanted consequences.

Within Transelectrica risks are periodically systematically analysed for the development of activities and the Risk Register has been established for detected risks, with the proper Action Plan meant to delimit the possible consequences of such risks in accordance with legal provisions.

Among the elements that can influence the Company's liquidity are the following:

- Interest rate fluctuation,
- Exchange rate variation,
- Provisions from financing agreements: financing contracts include clauses with respect to observing certain financial indicators, changes occurring in the control over the Company, and pari passu clauses.

- Breaching such clauses can entail, based on preliminary notification and a reasonable amount of time, anticipated payment of the credit; certain credits have penalising clauses in case of anticipated repayment. To date the Company has never received a notification of anticipated repayment for its failure to comply with assumed obligation,
- Credit risk: the Company bears financial loss because of a contractual partner's incapacity or refusal to perform contractual obligations. Such risk results mainly from trade receivables, cash and cash equivalents,
- Risk of not collecting securities under investment projects: the main cause of such risk results from bank or insurance companies that provide security services without complying with the assumed obligations under the indemnity instruments they have issued,
- The fiscalism level, including the introduction of new taxes and charges.

The Company does not stop at treating the consequences of likely occurring events but it also performs reactive management, implementing measures meant to mitigate risk occurrence. At the same time as provided by standards periodical review of risks leads to re-allocation of resources in compliance with changed hierarchical classifications and implicitly - priorities.

The Company pays proper attention to analysing the risk environment and detects in due time the possible risks that might occur in the future and their approach should be prepared beforehand.

In January-March 2020 the Company has not faced impossible situations preventing it to comply with financial obligations.

Therefore there are no risks and uncertainties for the following months of 2020 financial year, other than those previously described which might impact the Company's liquidity.



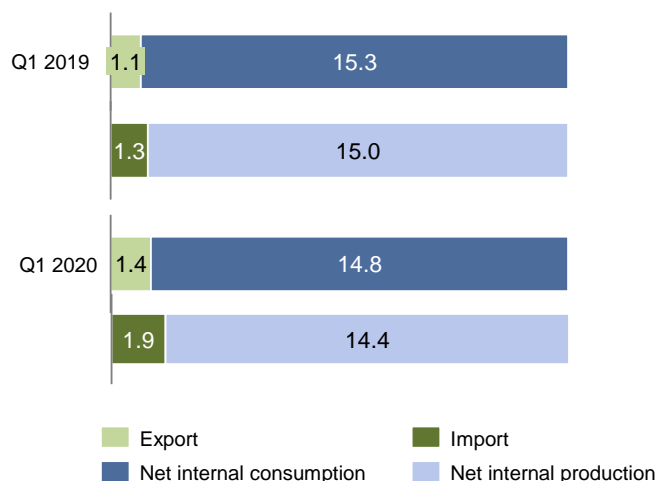
## Operational data

### ENERGY BALANCE WITHIN SEN

Analysing the development of components from the energy balance in January – March 2020 in comparison with the same period of last year, the net internal consumption<sup>1</sup> decreased 2.9% and the net electricity output dropped 4.5%.

Cross-border physical export exchanges grew 32.5% compared to the similar period of 2019, while cross-border import flows also registered 44.3% increase.

Energy balance  
(TWh)

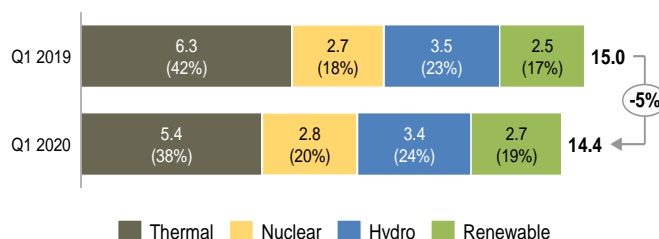


### GENERATION MIX

In January – March 2020 compared to the similar period of 2019, the generation mix provided about 14.2% drop in the thermal component, the hydropower component decreased 1.7%. The contribution of renewable and nuclear sources increased 6.4% and 3.8%.

Analysing the shares of components in the net generation mix of January – March 2020 the greatest share (37.7%) is represented by the thermal component, which is followed by the hydropower component (23.7%), and the electricity generated from renewable and nuclear sources account for about 18.8% and namely 19.8%.

Net electricity production mix evolution  
(TWh)



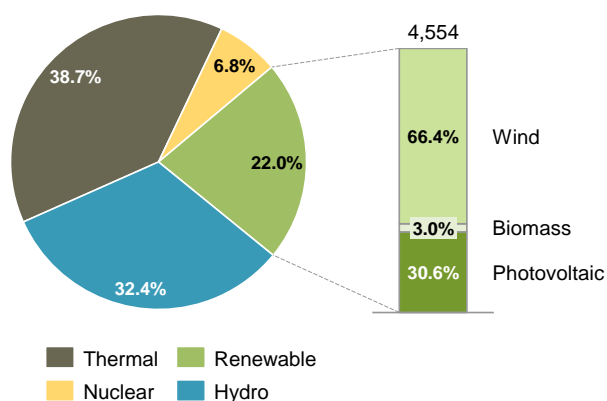
### NATIONAL GENERATION FLEET

The installed capacity in power parks generating from renewable sources increased about 0.2%, from 4,546 MW installed on 31 March 2019 to 4,554 MW installed on 31 March 2020.

The installed capacity within the National Power System of approximately 24,600\* MW does not mirror reality because there were many unavailable units in the electric power plants, and they could no longer operate for reasons such as: high technical wear; incompliance with environmental requirements; low efficiency; high generation costs, namely financial difficulties of holding entities.

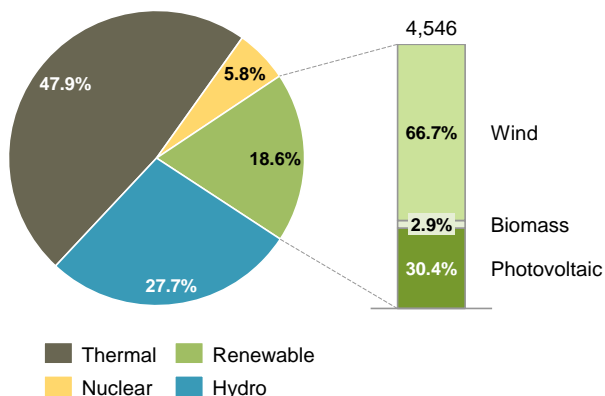
The installed capacity in January – March 2020 versus January - March 2019 is provided below:

Installed power 2020 (20,668 MW, gross)

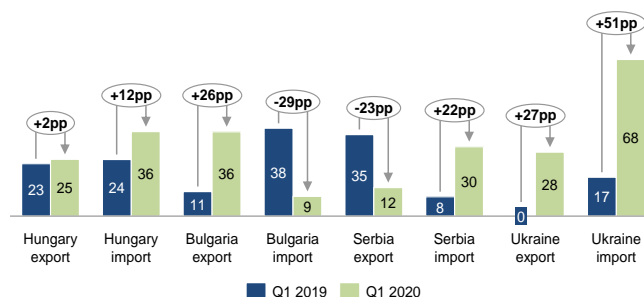


<sup>1</sup> Values do not include the consumption of auxiliary services from electricity generating plants; the net consumption value includes the losses of transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations

Installed power, 2019 (24,406\* MW, gross)



Usage rate of total allocated capacity (%)



The utilisation degree of total capacity rights on a border and direction represents the ratio expressed in percentage between the electricity from the commercial exchanges made (notified) during a month and the electricity corresponding to the total capacity rights.

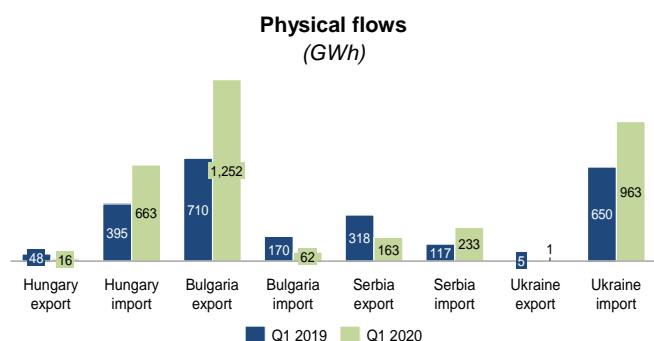
## CROSS-BORDER FLOWS

The distribution of import / export physical flows on interconnection lines in January - March 2020 compared to the same period of 2019 is the following:

- Export decreased on the Serbian, Hungarian and Ukrainian borders and increased on the Bulgarian frontier, and import decreased on the Bulgarian border and significantly increased on the interconnection lines situated within deficit electricity generation areas (on the Hungarian and Ukrainian borders), with also 99% growth on the interconnection line located in the excess electricity generation area, namely the Serbian border).

In concrete terms compared to January - March 2019 physical export flows dropped with Serbia (48.7% -155 GWh), Hungary (66.8% - 32 GWh) and Ukraine (72.7% - 3 GWh), and increased with Bulgaria (76.4% +542 GWh) at the same time with a significant growth of physical import flows on the interconnection lines with Serbia (99.1% +116 GWh), Hungary (68.1% +269 GWh) and Ukraine (42.8% +313 GWh), while for Bulgaria they decreased (63.3% -108 GWh).

Physical flows are provided below, both import and export on each border:



In January - March 2020 the utilisation degree of the total allocated capacities on interconnection lines for export has decreased in comparison with the same period of 2019 as regards Serbia.

## ONE'S OWN TECHNOLOGICAL CONSUMPTION

In comparison with January - March 2019, in January - March 2020 OTC within RET decreased about 6.6% while the percentage OTC dropped from 2.35% to 2.13%.

The factors that significantly influenced the OTC in January – March 2020, for instance precipitation and the distribution of cross-border physical flows are beyond the control of Tranelectrica.

## OTC DEVELOPMENT FACTORS

**In January 2020** OTC in absolute value decreased 9.4% compared to January 2019 because of favourable import / export physical flows and a better distribution of output, which have led to reduced electricity transmission at long distance from sources, but also due to better meteorological conditions as regards precipitation, which determined lower corona losses. The percentage of losses compared to the electricity input into RET outline decreased from 2.31% in 2019 to 2.05% in 2020. The electricity input into the outline increased 2.1% in January 2020 (87.341 GWh) compared to the similar period of 2019 because of about 2.7% (85.7 GWh) increase of electricity received from producers connected to RET and about 9% (61.7 GWh) of the imported one, against the background of about 23.4% (60 GWh) reduced amount of electricity received from RED. Meteorological conditions were good and the precipitation amount registered was lower than last year, contributing to reduced corona losses.

**In February 2020** OTC in absolute value decreased 8.8% compared to February 2019 because of better import/export physical flows, which have led to reduced electricity transmission to long distance from sources. The percentage of losses compared to the electricity input into RET outline decreased from 2.34% in 2019 to 1.97 in 2020. The electricity input into the outline

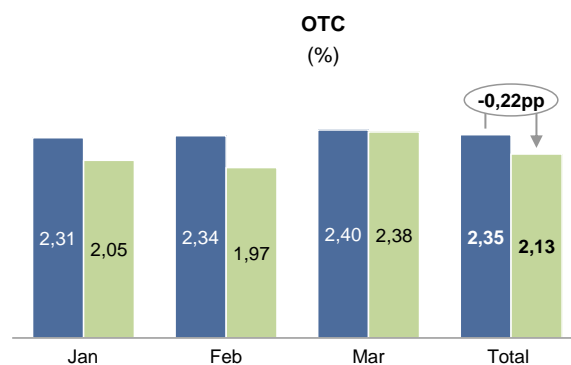
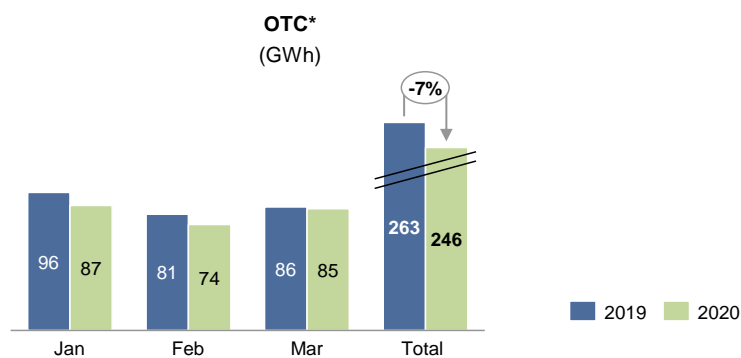


increased 8.27% (286.32 GWh) in February 2020 compared to the similar period of 2019, against the background of 4.25% reduced electricity received from producers connected directly to RET (122.475 GWh) and the electricity received from RED by 4.04% (11.021 GWh), while import increased 136.11% (419.816 GWh). Meteorological conditions were bad and the quantity of precipitation registered was higher than last year, determining higher corona losses.

**In March 2020** OTC in absolute value decreased about 1.6% compared to March 2019, especially because of better import/export flows, which have led to reduced electricity transmission at long distance from sources. The percentage of losses compared to the electricity input into RET outline decreased from 2.40% in 2019 to 2.38% in 2020. The electricity input into the outline decreased 0.66% (23.719 GWh) in March 2020 compared to the similar period of 2019, against the

background of 5.34% reduced electricity received from producers directly connected to RET (156.824 GWh) when import grew 32.16% (108.903 GWh) and the electricity received from RED – 7.93% (24.202 GWh). Meteorological conditions were bad as the amount of precipitation registered was higher than last year, determining higher corona losses.

**In conclusion in quarter I 2020** OTC within RET decreased about 6.6% in comparison with the similar period of 2019, especially because of better import / export flows, which have led to reduced electricity transmission to distance against sources and due to good meteorological conditions from January 2020, which determined reduced corona losses. Losses decreased from 2.35% to 2.13% as against the electricity input into the outline.





## Investments

### NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The reduction in the total value of tangible assets on 31 March 2020 in comparison with 31 December 2019 was determined by the registration of amortisement for such assets.

The value of non-current assets registered in accounting books in quarter I 2020 was of RON 10.8 mn (RON 1.5 mn in quarter I 2019), increasing RON 9.1 mn.

At the same time mention should be made in 2019 land were revaluated, being tangible assets classified in the Group 2 – Technical installations & means of transport and the useful lifecycles were reviewed for tangible assets classified in Group 1- Constructions and in Group 2- Technical installations & means of transport on 31.12.2019; the reduction in the total value of tangible assets on 31 March 2020 compared to 31 December 2019 was determined by the registration of amortisement for such assets.

In quarter I 2020 the greatest transfers from tangible assets in progress to tangible assets are represented mainly by the commissioning of investment objectives as follows:

- 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu – RON 4.3 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 3.9 mn;
- Computation technique, hardware & software, desktop PC – RON 0.7 mn;
- Changes to the 400 kV OHL Urechesi - Domnesti to fulfil the coexistence conditions – RON 0.6 mn;
- Providing safe supply of 220 V dc auxiliary services in Substation Fantanele by replacing the accumulator batteries and resizing the capacity of Battery 2 – RON 0.4 mn;
- Upgrading the road system in the commune, Fort street, commune Domnesti, Ilfov County – RON 0.2 mn;
- Videoconference terminal for the TSCNET network to be installed at UNO-DEN – RON 0.2 mn.

### PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in January - March 2020 amounted to RON 54.7 mn,

increasing compared to the same period of 2019 when procurements amounted to RON 48.8 mn.

The balance of tangible and intangible asset under execution on 31 March 2020 is represented by the projects in progress, of which the most significant are provided below:

- Connecting to RET the 300 MW WPP Ivesti, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 through the new (400)/220/110 kV substation Banca – RON 46.9 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - 400 kV OHL simple circuit Portile de Fier - (Anina) – Resita – RON 43.7 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrogea into the 400 kV substation Medgidia Sud – RON 35.3 mn;
- Refurbishing the 400/110/20 kV substation Domnesti (BA Dec. 5 / 19.05.2010) – RON 25.3 mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 19.6 mn;
- Upgrading the 220/110/20 kV substation Arefu – RON 15.5 mn;
- Extending the business continuity and post-disaster recovery services to the Executive – RON 14.4 mn;
- 110 kV, 220 kV & 400 kV mobile bays – RON 14.3 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 13 mn;
- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – RON 12.9 mn;
- Refurbishing the 220 kV substation Otelarie Hunedoara – RON 11.8 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 11.5 mn;
- Replacing the EMS SCADA AREVA components. software & hardware – RON 11.5 mn;
- Replacing autotransformers and transformers in electric substations, stage 2, step 2 - LOT 1 - LOT 2 – RON 11.5 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 10 mn;
- Refurbishing the 220/110 kV substation Craiova Nord – RON 9.9 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 9.6 mn;

- Integrated security system in electric substations, stage IV – RON 8 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – RON 6.6 mn;
- The 400 kV OHL Gadalin - Suceava, including its interconnection to SEN – RON 6 mn;
- 400 kV HVDC Link (submarine cable Romania - Turkey) – RON 5.9 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 5.1 mn;
- Research & development Centre for live work technologies and fast intervention to SEN, Centre building – RON 4.9 mn;
- The 400 kV OHL Suceava - Balti for the project segment on Romania's territory – RON 4.4 mn;
- The 400 kV double circuit OHL Gutinas – Smardan – RON 4.1 mn;
- Changes to the 400, 220, 110 kV OHL-s to pierce Blvd. N. Grigorescu - Splai Dudescu – RON 4 mn;
- Upgrading the remote control & telecommunication system in the 400 kV substation Cernavoda – RON 3.7 mn;
- Replacing circuit breakers in electric substations – RON 3.7 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara – Sacalaz – RON 3,3 mn;
- Adding new functions to the control & computerised access supervision system in the objectives of NPG Transelectrica SA – RON 3.2 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 3.1 mn;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita County, by making a 110 kV bay in the 400/110 kV substation Gura Ialomitei – RON 2.9 mn;
- Integrated security system in electric substations, stage III – RON 2.8 mn;
- By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare – RON 2.6 mn;
- Refurbishing the 400/110/20 kV substation Smardan – RON 2.6 mn;
- Connecting to RET the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County, by building a 110 kV line bay in the 220/110 kV substation FAI – RON 2.5 mn;
- Installing the 250 MVA T3 in the 400/110 kV substation Sibiu Sud – RON 2.2 mn;
- Upgrading the 110 kV & 400 (220 kV) installations in Substation Focsani Vest – RON 2.1 mn;
- Replacing the 400/400/160 MVA 400/231/22 kV AT 3 ATUS - SF in the 400/220 kV substation Portile de Fier – RON 1.9 mn;
- Consolidating, upgrading and extending the offices of NPG Transelectrica, Executive – RON 1.6 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 1.6 mn;
- Upgrade the DET Timisoara building – RON 1.6 mn;
- The 220 kV double circuit OHL Ostrovu Mare - RET – RON 1.5 mn;
- Integrated security system in the new 400/220/110 kV substation Banca – RON 1.1 mn;
- Optical fibre communication in the 220/110/20 kV substation Pitesti Sud and the remote control centre of ST Pitesti (SF) – RON 1.1 mn;
- The 400 kV substation Stalpu – RON 1.1 mn;
- 400 kV OHL Oradea – Beckescsaba – RON 1 mn.

### INVESTMENT ACTIVITY ON 31.03.2020

The detailed investment expenses on 31 March 2020 by main chapters of the annual investment plan correlated to the main chapters of the Company's Development Plan are as follows:

No.	Types of expenditures	2020 Investment Programme (thou. RON)	Achieved (thou. RON)	
			Q1 2020	Q1 2019
	<b>Grand Total (A+B)</b>	<b>377,886</b>	<b>52,060</b>	<b>30,301</b>
<b>A</b>	<b>Company's own expenses</b>	368,284	49,179	29,918
<b>B</b>	<b>Investments financed from the connection fee</b>	9,602	2,881	383

\* 2020 Annual Investment Programme, revision A3

The achievement of the investment plan on 31 March 2020 was 13.8%. In comparison with the 2019 achievements, 2020 investment expenses grew 72%.

### CONTRACTUAL ASPECTS

The most important investment contracts signed in January - March 2020 are:

- Research & development centre for live working technologies (LST) and fast SEN intervention, stage 2 – RON 4.2 mn;
- Air conditioning installations in the server rooms within UNO DEN – RON 0.9 mn;
- Upgrading the hardware & software platforms of the SCADA system, substation Stuparei – RON 0.5 mn.



## Significant events

### JANUARY - MARCH 2020 EVENTS

#### • Appointment of provisional Supervisory Board member

On 06 January 2020 Mr. Ciprian Constantin DUMITRU was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. His appointment became effective on 07 January 2020 once signing the mandate acceptance statement before the notary public.

#### • Giving up the mandate of provisional Directorate member

Mr. Ioan FOLESCU renounced the mandate entrusted as provisional Directorate member of the Company beginning with 09 January 2020, in accordance with what has been written in the communication registered in the Company on 08 January 2020.

#### • Appointment of provisional Directorate member

On 09 January 2020 Mr. Corneliu-Bogdan MARCU was appointed provisional Directorate member, with mandate term until 20 April 2020. His appointment became effective on 10 January 2020 once signing the mandate acceptance statement before the notary public.

#### • Completing the membership of Consultative committees within the Supervisory Board

The Supervisory Board having met on 13.01.2020 appointed Mrs. Luiza POPESCU as Chairperson of the Nomination committee and designated Mr. Ciprian Constantin DUMITRU as member in the Nomination and remuneration committee and in the Energy security committee, thus the membership of consultative committees within the Supervisory Board being:

Nomination and remuneration committee:

- Luiza POPESCU - chairperson
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Oleg BURLACU – member
- Ciprian Constantin DUMITRU - member
- Jean BADEA – member

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU - member

Energy security committee:

- Oleg BURLACU – chairman
- Ciprian Constantin DUMITRU - member

- Adrian GOICEA – member
- Luiza POPESCU - member
- Jean - Valentin COMANESCU – member
- Jean BADEA – member

#### • New tariff applicable from 16 January 2020

Romania's Official Gazette 28/16.01.2020 published ANRE Order 10/2020 amending ANRE Order 218/2019 approving the average tariff of transmission services, the components of the transmission tariff introducing electricity in the grid (TG) and taking electricity out of the grid (TL), providing the tariffs for system services and the regulated price of reactive electricity charged by the Company. Regulated tariffs of electricity transmission and system services are applicable beginning with 16 January 2020.

#### • Giving up the mandate of provisional Supervisory Board member

Mr. Jean BADEA renounced the mandate entrusted as provisional Supervisory Board member in the Company beginning with 04 February 2020, in accordance with what has been written in the communication registered in the Company on 03 February 2020.

#### • Appointment of provisional Supervisory Board member

On 07 February 2020 Mrs. Mihaela CONSTANTINOVICI was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. Her appointment became effective on 10 February 2020 once signing the mandate acceptance statement before the notary public.

#### • Appointment of provisional Supervisory Board member

Mr. Mircea Cristian STAICU was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. His appointment became effective on 13 February 2020 once signing the mandate acceptance statement before the notary public.

#### • Completing the membership of Consultative committees within the Supervisory Board

The Supervisory Board member designated Mr. Mircea Cristian STAICU by Decision 20/2020 as member in the Nomination & remuneration committee and in the Energy security committee of the Supervisory Board; Mrs. Mihaela CONSTANTINOVICI as member in the Nomination & remuneration committee and in the Energy security committee of the Supervisory Board;

Mrs. Mihaela CONSTANTINOVICI as member in the Audit committee of the Supervisory Board.

The membership of consultative committees within the Supervisory Board is therefore the following:

Nomination and remuneration committee:

- Luiza POPESCU - chairperson
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Oleg BURLACU – member
- Ciprian Constantin DUMITRU - member
- Mircea Cristian STAICU – member
- Mihaela CONSTANTINOVICI – member

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU - member
- Mihaela CONSTANTINOVICI – member

Energy security committee:

- Oleg BURLACU – chairman
- Ciprian Constantin DUMITRU - member
- Adrian GOICEA – member
- Luiza POPESCU - member
- Jean - Valentin COMANESCU – member
- Mircea Cristian STAICU – member
- Mihaela CONSTANTINOVICI – member

#### • ANRE sanction

On 19 February 2020 ANRE issued Minutes 14107/2020 ascertaining and sanctioning, whereby it found NPG Transelectrica SA trespassed the provisions of article 34 para (2) of the Electricity and natural gas law 123/2012. The Company is contesting the ANRE sanction provided as warning and on 25 February 2020 obtained the cancellation of the minutes ascertaining and sanctioning the offences.

#### • Decisions 1 & 2 of the Shareholders' General Ordinary Assembly of the Company / 06 March 2020

In accordance with AGOA Decision 1 of 06 March 2020 the following persons were designated as provisional Supervisory Board members, with mandate term until 29.03.2020:

- Ciprian Constantin DUMITRU,
- Mircea Cristian STAICU,
- Mihaela CONSTANTINOVICI,

In accordance with AGOA Decision 2 of 06 March 2020 the Investment Programme is established for 2020 financial year and the estimations for 2021 & 2022; the Company's 2020 Revenue and expense budget is approved; the amendment of article 5.2 let. (b) from the mandate contract approved by AGOA Decision

31/26.11.2019 is approved; cancelling Decision 9/26.09.2017 of the Shareholders' general assembly is approved; cancelling Decision 23/20.09.2019 of the Shareholders' general assembly is approved.

#### • Decision 3 of the Shareholders' General Extraordinary Assembly of the Company / 06 March 2020

In accordance with AGEA Decision 3 of 06 March 2020 amendment of article 7 para (2) pct. 1 from the Articles of association is approved by replacing the phrase "Romanian State through the Ministry of Economy" with the phrase "Romanian State through the Secretariat General of the Government" approved by AGEA decision 3 of 06 March 2020 and the participation of the National Power Grid Company Transelectrica SA is approved to the establishment of the regional coordination centre 2 of operational security, which will serve the coordinated cross-border capacity calculation regions SEE (Bulgaria, Greece, and Romania) and GRIT (Greece and Italy) in Greece, Salonika.

#### • Continued activity in context of COVID-19

On 18 March 2020 the Company issued a communiqué with respect to continuing the activities in the context of COVID-19 whereby it informed it has adopted and applies the action plan for continued activity and necessary operations to provide safe running of the National Power System (SEN) in the epidemiologic context generated by COVID-19 (coronavirus) spreading.

#### • Decision 4 of the Shareholders' General Ordinary Assembly of the Company / 26 March 2020

In accordance with AGOA Decision 4 of 26 March 2020 the mandates of the following provisional Supervisory Board members were extended until 29 May 2020:

- Adrian Goicea,
- Luiza Popescu,
- Oleg Burlacu,
- Valentin Jean Comanescu,
- Mihaela Constantinovici
- Ciprian Constantin Dumitru
- Mircea Cristian Staicu

## LATER EVENTS

#### • Changes in the Directorate membership

On 08 April 2020 the Supervisory Board decided extending the mandates of provisional Directorate members with two months for the following persons:

- Catalin NITU
- Ionut-Bogdan GRECIA,
- Andreea-Mihaela MIU,
- Corneliu Bogdan MARCU

It has also designated Mr. Marius Viorel STANCIU as provisional Directorate member beginning with 21 April 2020 for two months and elected Mr. Catalin NITU as Directorate Chairman beginning with 21 April 2020, for two months.

- **ANRE decision amending licence 161 for provision of electricity transmission services**

On 08 April 2020 ANRE issued decision 571 with respect to amending licence 161 for provision of electricity transmission services whereby it extends its validity until 22.12.2025.

- **Signature of contract for support services**

The Company announced that on 16 April 2020 it signed with subsidiary Teletrans a contract of support services to build and operate electronic communication networks in view of operating the excess optical fibre capacity of Transelectrica.

- **Recommendations for shareholders in the context of COVID-19**

On 23 April 2020 the Company issued a communiqué with recommendations addressed to shareholders with respect to using electronic means / interaction at distance in order to keep the AGOA reunion convened on 28/29 April 2020 in view of limiting the COVID-19 spreading.

- **Reconfirmation of rating, positive outlook**

On 06 May 2020 the International Rating Agency Moody's Investors Service reconfirmed the third consecutive year the Company's rating Ba1 (Corporate Family Rating) with positive outlook showing a low business risk profile. In addition the Company's individual rating (Baseline Credit Assessments) improved, rising from Ba2 to Ba1. The individual rating represents a company's intrinsic capacity to cope with financial commitments without governmental support.



## Other issues

### SHAREHOLDERS STRUCTURE

On 31.03.2020 the structure of Company shareholders was the following:

Shareholder name	No. of shares	Shares in total
Romanian State	43,020,309	58.7%
Dedeman SRL	4,503,567	6.1%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,190,049	22.8%
Other shareholders - natural persons	5,581,529	7.6%
<b>Total</b>	<b>73,303,142</b>	<b>100%</b>

### DIRECTORATE MEMBERSHIP

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

Catalin NITU	Directorate Chairman
Andreea - Mihaela MIU	Directorate Member
Ionut-Bogdan GRECIA	Directorate Member
Corneliu-Bogdan MARCU	Directorate Member
Marius Viorel STANCIU	Directorate Member

### TARIFFS

The factors with significant contribution to changing the tariffs at the last review operated by ANRE for tariffs\* applicable as of 01.01.2020 until 15.01.2020, according to ANRE Order 218/11.12.2019 are detailed below:

Index	Tariff	m.u.	Approved value	Approved value	Approved value	Difference %
			1 Jul-31 Dec 2019	1 Jan-15 Jan 2020*	16 Jan-31 Dec 2020**	
<b>A</b>	Electricity transmission	RON/MWh	<b>17.68</b>	<b>18.33</b>	<b>17.97</b>	<b>+3.68%</b>
<b>B</b>	Functional system services	RON/MWh	<b>1.84</b>	<b>1.84</b>	<b>1.84</b>	-
<b>C</b>	Technological system services	RON/MWh	<b>13.05</b>	<b>13.05</b>	<b>13.05</b>	-

Note: Transmission tariff\*\* reduction by 1.96% beginning with 16.01.2020 (compared to the tariff\* approved on 1 January 2020) is owed to the reduced monetary contribution owed by NPG Transelectrica SA to ANRE's budget in 2020, from 2.0% to 0.2%, according to ANRE Order 10/15.01.2020

#### Electricity transmission services

Tariff\* increase (+3.68%) is explained by the influence of the 3% inflation forecasted in 2020 and by 0.6% increase of the regulated revenues calculated after applying the corrections provided in the methodology.

When establishing the regulated revenue for 2020 ANRE achieved corrections according to applicable regulations and accepted increased forecast of regulated costs and the reduction of the quantity that can be billed forecasted by Transelectrica. The following factors have been taken into calculation to establish the regulated revenue:

1. Ex-post corrections – applied in order to compensate the differences between the forecasted values used for tariff calculation in the previous tariff years and the actual values recorded, namely:

a) Final corrections associated to the difference between the estimated costs and revenues and those achieved for year 1 July 2018 - 30 June 2019, amounting to +35,310,432.00 RON;

b) Half result of corrections associated to the difference between the estimated and achieved values for year 1 July 2017 - 30 June 2018, amounting to +9,476,609 RON;

c) Recalculating the correction in the uncontrollable operation and maintenance costs associated to the tariff year 1 July 2017 - 30 June 2018 amounting to +11,443,780 RON.

2. Ex-post corrections – applied to the investment plan approved by ANRE, the output of non-current assets, the non-current assets under conservation and those leased to third parties for the 3rd regulatory period. The value of such ex-post corrections is -216,006,453.00 RON.

3. Ex-post corrections – applied relating to the difference between the forecasted controllable operation and maintenance, which do not represent efficiency gain amounting to -164,220,587 RON.

4. The annual forecast of recognised costs in the initial target revenue (before applying the corrections) approved for 2020 is 7.6% higher in nominal terms of 2019 than the annual cost forecast included in the previous tariff for semester II 2019.

5. The quantity of electricity that can be billed upon grid extraction was reduced from 56 TWh in semester II 2019 (28 TWh\*2) to 55.6 TWh in 2020). In the scenario where the quantity of electricity that can be billed upon grid extraction would be recognised by ANRE for 2020 with the same value as that in semester II 2019 (28 TWh \* 2) its impact over the tariff is +0.6%.

Note that, given the application of the lineal factor the effect of corrections in the determination of applicable tariff (provided previously in items 1, 2 and 3) diminished, being only „distributed” during the entire 4th regulatory period. Taking into account the 3% inflation rate forecasted for 2020 and the electricity quantity of 55.6 TWh forecasted to be taken out of networks, a 2020 tariff follows (in nominal terms) of 18.33 RON/MWh.

## SIGNIFICANT TRANSACTIONS

In accordance with the provisions of article 82 of Law 24/2017 regarding the significant transactions concluded with affiliated parties in the first quarter of 2020 Current reports included:

- Current report of 06 January 2020 – addendum 6 to contract C256/2014 was concluded on 23.12.2019 with subsidiary Teletrans SA as provider.

## DISPUTES

The most important disputes impacting the Company are provided further:

*Note: To facilitate reading and understanding, all amounts of this chapter are expressed in RON/Euro*

### ▪ RAAN

File 3616/101/2014 was registered on the docket of Mehedinti Tribunal, Section II Civil, Administrative and Fiscal Disputes pertaining to “claims amounting to 1,090,831.70 RON, value of invoice 1300215/31.12.2013”, file in which the Company is defendant, the claimant being the Autonomous Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal decided admitting the request filed by claimant RAAN and compelling the Company to pay 1,090,831.70 RON, the amount under invoice 1300215/31.12.2013.

The Company filed appeal requesting the court to admit it as filed, cancel the decision and rulings appealed against and refer the case to the territorial competent court for judgment, ascertaining the compliance with the requirements in article 1616-1617, Civil Code, for which reason it requested ascertaining the lawful compensation of mutual liabilities and their quenching

up to the concurrence of the least amount thereof, namely the total sum the claimant asked in the summons and compel the recurrent - claimant to pay the expenses incurred with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided cancelling decision 843/2015 and referring the case for re-judgment to the same instance, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled decision 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, which by civil ruling 4406/04.12.2017 decided admitting the request filed by RAAN and obliged Transelectrica to pay 1,090,831.70 RON. This sentence was contested by appeal. The hearing term was set on 13.12.2018.



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

Under such circumstances RAAN calculated penalties for its not collecting the due cogeneration bonus amounting to 3,496,914 RON, withheld by the Company on behalf of uncashed receivables. The Company refused paying the amount of 3,496,914 RON, which was not registered as liability under the support scheme.

File 9089/101/2013/a152 pertained to contestation against the additional Receivables Table and against debtor RAAN, the disputed amount being 89,360,986 RON.

Transelectrica SA was recorded with only 11,264,777 RON in the table of debtor RAAN, in the receivables category resulting from the debtors' continued activities, although the Company requested the amount of 89,360,986 RON. But the remaining 78,096,209 RON were not registered in the preliminary receivables table on reason that "they are not found as payable liability in the accounting books of RAAN." Moreover the judiciary liquidator considered the request to record the amount of 78,096,209 RON as being late since it related to 2011 – 2013, for which reason the receivable statement should have been expressed when the insolvency procedure was opened, namely on 18.09.2013. Contestation was submitted against the preliminary receivables table and Mehedinti Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 hearing term the case judgment was suspended until settlement of file 3014/2/2014 found on the docket of the High Court of Cassation and Justice, and on 14.02.2019 Mehedinti Tribunal decided connecting the fore-mentioned file to the one marked 9089/101/2013/a140 (pertaining to claims – payment demand). Thus case judgment was postponed since the instance considered it useful for case settlement to present Civil decision 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 743/2014.

The settlement of Mehedinti Tribunal by Decision 163 / 20.06.2019 is the following: 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 RON 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. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 RON to the claimant

as law court expenses. Appeal right is granted. It was pronounced at public hearing; Document - Ruling 163/20.06.2019.

On the 06.11.2019 term the appeal was denied as groundless; final decision; Ruling 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file 1711/54/2019 with hearing term on 26.03.2020 in the Appeal Court Craiova, which will refer the file to High Court of Cassation and Justice for competent settlement.

Under RAAN's bankruptcy file registered under no. 9089/101/2013 Mehedinti Tribunal established the hearing term on 26.03.2020 to continue the procedure. *The court decided to suspend request judgment during the emergency state.*

#### ▪ COURT OF AUDIT

Following an audit performed in 2013, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. The decision and protocol issued by the Court of Audit have been appealed before the Appeal Court of Bucharest, file 1658/2/2014 being constituted, which pertained to "cancelling the control deeds" – Conclusion 7/20.02.2014 issued by the Court of Audit.

On 13.06.2018 the claimant's case was partly admitted. It cancels conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 elaborated by the defendant with respect to the measures included in the fore-mentioned decision in items 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 partly the measure of item II.13 meaning to remove the phrase "including what has been found about the invoices issued by FLOREA ADMINSTRARE IMOBILIARA SRL". It denies the other request of the claimant as groundless. It acknowledged the electric power technical expertise report executed for the case by expert Toaxen Vasile. It compels the defendant to pay 121,375 RON to the claimant as law court expenses (in part expert fees and judiciary stamp tax). Document granted - ruling 2771/13.06.2018.

Transelectrica filed appeal on 14.06.2019. The following term was established on 28.10.2021.

Following an audit performed in 2017, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. NPG Transelectrica SA elaborated 8 contestations against the measures decided by Romania's Court of Audit (CCR) under Decision 8/27.06.2017, requesting its cancellation and that of conclusion 77/03.08.2017, registered in the

Company under no. 29117/08.08.2017, as well as the Audit report 19211/26.05.2017.

*Contestations are under settlement on the docket of the Appeal Court Bucharest and of the High Court of Cassation and Justice, with terms after 2019, namely in 2020-2021.*

#### ▪ ANRE

NPG Transelectrica SA filed complaint against Order 51/26.06.2014 of ANRE President, registered with ANRE under no. 47714/4.08.2014, and an appeal before the Appeal Court Bucharest under file 4921/2/2014, requesting either the amendment of the aforementioned Order or the issuance of a new one, which should recalculate the RRR value at the level of 9.87% (recalculated with a ( $\beta$ ) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for 2013 and in the first semester of 2014.

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancellation of annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken into calculation for the regulated rate of return (RRR<sup>1</sup>) by ANRE in accordance with the Methodology establishing the tariff for electricity transmission services approved under ANRE Order 53/ 2013 ("Methodology"), have determined a RRR value of 7.7%.

On the 27.03.2018 hearing term the expert fee established on the claimant's behalf was paid and a letter will be transmitted to the expert in order to elaborate the approved expertise report and submit it to the file.

On the 25.09.2018 hearing term the settlement in brief was to return by letter to the expert, with a view to elaborate the expertise report and submit it to the file, also mentioning it is impossible to submit the expertise report until the hearing term, which reason will decide postponing the case.

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<sup>1</sup> RRR - The Regulated Rate of Return is found in specific literature under the short name of WACC – Weighted Average Cost of Capital – and the formula of the two indicators is resemblant:  $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

On the 22.01.2019 hearing term the instance approved in principle the accessory intervention request in the defendant's interest (ANRE), expressed by the intervenient ALRO SA, appeal granted with the substance matter. On 25.06.2019 the decision was taken to defer the case in order to enable the parties to get acquainted with the content of the expertise report, therefore a new judgment term was granted on 10.09.2019.

On the 10.09.2019 hearing term taking into account the request from the claimant's representative to get acquainted with the content of objections expressed by the intervenient and to enable an answer to such objections, also specifying the claimant submitted meeting notices accompanied by writs requiring translation, it admitted the case deferral request and decided setting a new hearing term on 03.12.2019.

This dispute did not impact the relationship with ANRE nor the Company's financial results.

On the 03.12.2019 hearing term the case was postponed and a new hearing term was established in order to resume the letter to the expert in order to submit an answer to objections, specifying to come to court at the following hearing term. It will notify to the expert to transmit a copy of his answer to objections to each party before the hearing term.

*The following term is on 12.05.2020.*

#### ▪ OPCOM

On 24.11.2014 the Electricity and Natural Gas Market Operator OPCOM SA summoned NPG Transelectrica SA in order to compel it paying the amount of 582,086 Euro (2,585,162 RON at the National Bank of Romania exchange rate of 24.11.2014), representing the amount paid by it as fine, from the fine total amounting to 1,031,000 Euro, such request being included in file40814/3/2014.

Previously, the Shareholders' General Assembly of the subsidiary SC OPCOM SA, at their meeting of 10.06.2014 decided upon full payment of the fine amounting to 1,031,000 euro imposed by the Directorate General for Competition, European Commission for breaching of Article 102 of the Treaty on the European Union Functioning, according to the Decision AT 39984 in the antitrust case.

Also OPCOM SA requested the law court to compel the Company paying 84,867.67 RON as legal interest related to the 11.06.2014 – 24.11.2014 time interval, which was added the law court expenses amounting to 37,828 RON.

The case instituted by OPCOM SA is the subject of file 40814/3/2014, on the docket of Bucharest Tribunal,

Section VI Civil, pertaining to claims, subject matter - dispute with professionals.

On 24.07.2015 during the law court session the instance admitted the summons filed by claimant Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA and obliged the defendant to pay 582,086.31 Euro to the claimant which was the amount the claimant has paid instead of the defendant from the sum of the 1,031,000 Euro fine applied by Decision of the European Commission on 05.03.2014 in the case AT.39984, as well as the legal interest associated to 582,086.31 Euro, calculated from 11.06.2014 until actual payment. The instance also obliged the defendant payment 37,828 RON as law court expenses, with appeal right within 30 days from notification. Transelectrica SA filed appeal against ruling 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

The Appeal Court's settlement in brief: it admits the appeal, it changes entirely the civil ruling appealed against, meaning it denies the suing as groundless. It compels the recurrent-claimant to pay law suit expenses amounting to 16,129 to the defendant, representing judiciary stamp fee. Appeal right within 30 days from notification. It was pronounced at public hearing on 10.10.2016. Document: Decision 1517/2016 din 10.10.2016.

OPCOM S.A filed appeal which was registered with the High Court of Cassation and Justice.

Hearing term of the HCCJ: 13.03.2018. The High Court of Cassation and Justice's settlement in brief: It admits the appeal filed by the recurrent-claimant Electricity and Natural Gas Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It invalidates the decision appealed against and referred the case to the appeal instance for new judgment; final.

On the 01.10.2018 hearing term the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 RON as law suit expenses to the respondent in appeal-claimant. Appeal right granted within 30 days from notification.

On 27.11.2018 NPG Transelectrica SA filed appeal which is under screening procedure with the HCCJ.

In 2014 the Company registered a provision amounting to 2,670,029 RON for the dispute with Subsidiary OPCOM SA.

File 17765-3-2019 pertains to compelling defendant OPCOM SA to pay 4,517,460 RON under the invoice

series TEL 16 AAA 19533/29.07.2016, representing VAT value associated to the contribution of NPG Transelectrica SA to the share capital of OPCOM SA, issued under the Loan Contract 7181RO/2003, commitment to finance the investment "Electricity Market Project", compelling OPCOM SA to pay 1,293,778.27 RON under invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019 representing penalty legal interest calculated for the failure to pay in due time invoice TEL 16 AAA 19533/29.07.2016.

The amount of 4,517,460 RON - the main debt pertaining to point 1 of this case represents VAT associated to the share capital indexation of OPCOM SA by contribution in kind, substantiated by received intangible assets corresponding to stage I A & stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the hearing term of 27.09.2019 the exception of inadmissibility and the exception of prescription are denied as groundless. It denies the request as groundless. It denies as groundless the creditor's request to compel the debtor paying law suit expenses. Cancellation request granted within 10 days from notification to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019, file 34249/3/2019, settlement in brief: Taking into account the provisions of article 94 para 3 from Internal Order Regulation of Law Courts, approved by CSM decision 1375/2015, according to which the appeal modes declared against the same ruling are settled by the initial panel and taking into consideration both the creditor and the debtor filed cancellation requests against the hearing conclusion 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decided referring this file to settlement by the first panel assigned with settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely Panel 11 AO initially attributed file **34022/3/2019** with respect to cancellation request.

*On 06.05.2020 the file was suspended because of the emergency state.*

#### ▪ **CONAID COMPANY SRL**

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 an requested compensations amounting to 17,419,508 RON for the expenses incurred until that date, as well as unachieved 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 conditions 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. On the date of these financial statements the amounts claimed by Conaid Company SRL were considered as contingent liabilities because it is unlikely to require resource output including economic benefit in order to settle such obligation, and the amount of such obligation cannot be assessed with sufficient credibility. File 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, pertaining to obligation to issue administrative deed; case stage - appeal with hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and established the hearing term on 08 April 2016 for the main issue of such. Judge panel 4 ruled, with the parties summoned.

Case judgment was deferred to 17.06.2016, when the instance again deferred pronouncement until 29.06.2016, when it pronounced Decision 2148/2016 stating as follows: "It denies the exceptions claimed by the recurrent-claimant 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 National Power Grid Company Transelectrica SA against the hearing conclusion on 18 February 2014 and civil ruling 1866 / 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of administrative & 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 maintained the other provisions of the sentence as regards the claimant's case 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.

On the docket of Bucharest Tribunal, Section VI Civil the case was registered under no. 12107/3/2017. The Tribunal's Civil ruling 4364/23.11.2017 admits the inadmissibility exception and denies the request as

inadmissible. It also denies the intervention request to the claimant's interest. Appeal right is granted within 30 days from notification. Appeal was filed to Bucharest Tribunal, Section VI Civil and the court clerk office put it at the parties' disposal on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a new suing request was filed by Conaid Company SRL under file 36755/3/2018, by which the claimant requested the court to compel Transelectrica SA to "repair the prejudice caused to the claimant as a result of the defendant's culpable non-execution of obligations in quantum of 17,216,093.43 RON, 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 in order to make the expertise and the following term was set on 31.03.2020.

*On the 31.03.2020 term the file was suspended during the entire emergency state.*

#### ▪ **FF WIND ENERGY INTERNATIONAL SRL**

File **47332/3/2017** was registered on the docket of Bucharest Tribunal, Section VI Civil whereby Company FF Wind Energy International SRL requested in contradiction with NPG Transelectrica SA cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, and compelling the Company to pay 32,777,167.35 RON as prejudice following contract termination as well as 45,000,000 Euro, representing the

devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the 28.12.2018 hearing term the instance denied the suing as specified as being groundless. It ascertained the defendant had not requested law suit expenses. Appeal right granted within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds were submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891/ 28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was judged on 18.06.2019, while pronouncement was deferred until 23.07.2019, when the settlement in brief was the following: „It denies the appeal as groundless. Appeal right is granted within 30 days from notification. The appeal will be submitted to the Appeal Court Bucharest, pending nullity. It was pronounced at public hearing. Document: Ruling 1191/23.07.2019”.

*FF Wind filed appeal, which is under screening procedure with the High Court of Cassation and Justice.*

#### ▪ NAFA

A general fiscal inspection was conducted in the offices of Transelectrica SA targeting the time interval December 2005 – December 2010. Such fiscal general audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

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

NAFA'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 from Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

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

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

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

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

After such declination of competence file 8993/299/2018 was registered on the docket of Law Court of Bucharest 1 whereby the Company contested the enforcement made under 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 NAFA notified the Company Decision 122/13.03.2018 whereby it rejected as groundless the contestation filed by NPG 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) 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 file **1802/2/2018** is found on the docket the Appeal Court by which the Company contested the administrative fiscal Decision F-MC 439/30.06.2017.

On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain.

*The next hearing term was established on 12.05.2020.*

#### ▪ ROMENERGY INDUSTRY

File **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 mill RON; the receivable was admitted and recorded 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 15<sup>th</sup> 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.

At the deadline of 27.01.2020 a verification deadline is set for 11.05.2020 for the continuation of the bankruptcy procedure by capitalising the assets and recovering the receivables. The judiciary liquidator will draw up and submit to the file: - in each of 15<sup>th</sup> day of the month for the previous month the monthly activity reports provided by par. 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the synthesis at 120 days, provided by the final part of par.3 of art.59 Law 85/2014

#### ▪ **DAGESH ROM**

File **17284/3/2015** on the docket of Bucharest Tribunal / Appeal Court pertained to: claims amounting to 2,784,950 RON, representing lease indexation and delay penalties for such rent indexation + 168,500 RON representing a difference of service fee and delay penalties.

##### *Settlement of TMB*

It compelled the claimant to pay 2,250 RON as law suit expenses to the defendant.

Appeal right was granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing; ruling 7230/15.11.2016.

*Settlement of CAB:* Dagesh filed appeal on 04.10.2017. Settlement in brief: It admitted the appeal. It partly changed the contested ruling; it partly admitted the summons, namely it compelled the defendant to pay 76,265.23 RON as service fee difference for 2012 and 76,265.23 RON as related delay penalties. It maintained the other ruling provisions appealed against. It compelled the recurrent defendant paying to the recurrent claimant 31,877.45 RON as law suit expenses, for first instance and appeal; appeal right within 30 days from notification. Appeal will be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 810/20.04.2018. It denied the appeals as groundless; final.

#### ▪ **MUNICIPIUL REȘIȚA**

File **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 RON representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 RON representing land rent for 2016;
- 2,129,765.86 RON representing land rent for 2018;
- 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 NPG 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 by Ruling 2376/25.10.2019.

#### ▪ **ELCEN**

By appealing the judicial administrator's decision to refuse to answer the payment request under file **6642/3/2018** registered with the Bucharest Tribunal, Transelectrica asked that ELCEN SA, a debtor under the insolvency procedure, should be compelled to pay 56,680,387 RON, i.e. the equivalent value of the over-compensation, based on Decision 476/30.03.2017 of ANRE President.

Settlement in brief of Bucharest Tribunal: It rejected as unfounded the exception for the late appeal invoked by the defendant ELCEN in the appeal. It admitted the appeal filed against the measure of the judiciary administrator. It compels the debtor to pay the appellant the amount of 56,680,387 RON, i.e. the non-paid difference for the Overcompensation decision 476/30.03.2017 and the invoice series TEL17COG 17948/30.03.2017. It admits the request to compel the debtor to pay legal expenses.

It compels the debtor to pay the appellant 2500 RON as legal expenses, representing a stamp fee and a provisional expertise fee. Appeal right granted within 7 days from notification. Appeal to be submitted to Bucharest Tribunal, Section VII Civil. It was ruled at public hearing on 21.12.2018. Document: civil ruling 7834/21.12.2018.

*Elcen filed appeal, which was denied as groundless by ruling 1035/11.06.2019; final.*

#### ▪ ASITO KAPITAL SA

On 01.07.2017 the Company filed summons with respect to issuing payment ordinance, case under file 24552/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, requesting the instance to pronounce decision compelling debtor ASITO KAPITAL SA to pay 7,058,773.36 Euro (equivalent to 31,180,857.96 RON) representing security policies for down payments BR 1500544/18.11.2015 and BR 1500520/29.07.2015.

Taking into account the cancellation request filed by ASITO KAPITAL SA against decision 4067/2017 the Company constituted a provision for disputes amounting to 31.180.858 RON.

Settlement in brief: It admits the request and orders the debtor to pay 2,237,750.83 Euro within 20 days from receipt of this decision (equivalent of 9,948,592.64 RON at the exchange rate 1 Euro = 4.4458 RON) representing unreturned down payment secured under the security letter BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 RON at the exchange rate 4.4041 RON / Euro) representing unreturned down payment secured under the security letter BR-1500520/29.07.2015; 200 RON as law suit expenses. Cancellation request right is granted in 10 days from notification.

Ruling 4067/07.11.2017 was drafted and notified to both parties on 17.10.2018.

On 01.11.2018 Decision 4067/07.11.2017 was legalised and submitted to BEJ Raileanu in view of executing the enforcement title.

On 06.11.2018, ASITO KAPITAL SA paid the Company the amount of 31,181,857.96 as follows:

- 21,233,265.32 according to Civil Ruling 4067/2017 (4,821,022.53 EUR at 4.4041 / 1 LEU);
- 9,948,592.64 according to Civil Ruling 4067/2017 (2,237,750.83 EUR at 4.4458 / 1 LEU).

In case of file 35865/3/2018 (former file 24552/3/2017) the hearing term was set on 19.02.2019 to settle the cancellation request for the payment ordinance providing return of RON 31.2 mn. Pronouncement was deferred on 20.03.2019.

On the 19.02.2019 term when the juridical inquiry ended and the floor was given to the parties for exceptions, evidence and the case substance matter the instance deferred pronouncement twice until 20.03.2019. After deliberation Bucharest Tribunal pronounced the following settlement in brief:

- It denied the request with respect to reversing the enforcement as inadmissible.
- It denied as groundless the request to return the stamp tax relating to the request with respect to reversing the enforcement.
- It denied the cancellation request filed by the contester-debtor ASITO KAPITAL SA against Civil ruling 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil under file 24552/3/2017, in contradiction with the recurrent - creditor National Power Grid Company TRANSELECTRICA SA as groundless; final. It was pronounced at public hearing on 20.03.2019.

Document: Ruling 743/2019 /20.03.2019.

The court clerk office certificate issued on 18.04.2019 by Bucharest Tribunal, Section VI Civil certified Ruling 743/2019 /20.03.2019.

On 04.10.2019 Asito Kapital filed appeal against Civil Sentence 3840/19.12.2018 and the file was submitted to the Appeal Court Bucharest to settle such appeal; the hearing term has not been set to date. Transelectrica filed contestation within the legal term and the hearing term has to be set.

On the 11.11.2019 term the case was deferred. Settlement in brief: It admits the request; it spreads out the stamp judiciary fee owed by the complainers under this case in quantum of 185,790.30 RON into 3 equal monthly instalments due on the 20<sup>th</sup> day of each month, beginning to November 2019, in quantum of 61,930.10 RON each. Re-examination request right was granted within 15 days from notification.

On 17.02.2020 the case file was deferred taking into account Decision 3/06.02.2020 of the General assembly of judges from the Appeal Court Bucharest, deciding to continue the protest forms previously applied which consisted in suspending the activity beginning with 22.01.2020, except for urgent cases of civil law.

*The following hearing term was set on 18.05.2020.*

At the same time the Company is also involved in disputes with former Directorate and Supervisory Board members as regards their mandate contracts concluded with the Company.



## Annexes



**ANNEX 1: Stand-alone statement of financial position**

[mn RON]	Q1 2020	2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	3,426	3,440	(14)	(0%)
Intangible assets	25	23	1	6%
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	4	6	(2)	(33%)
<b>Total non-current assets</b>	<b>3,536</b>	<b>3,551</b>	<b>(14)</b>	<b>(0%)</b>
<b>Current assets</b>				
Inventories	39	38	1	3%
Trade and other receivables	716	706	9	1%
Other financial assets	0	85	(85)	n/a
Cash and cash equivalents	492	321	171	53%
<b>Total current assets</b>	<b>1,246</b>	<b>1,150</b>	<b>96</b>	<b>8%</b>
<b>Total assets</b>	<b>4,782</b>	<b>4,700</b>	<b>82</b>	<b>2%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	129	129	0	0%
Revaluation reserves	901	922	(22)	(2%)
Other reserves	16	16	0	0%
Retained earnings	1,532	1,434	98	7%
<b>Total shareholders' equity</b>	<b>3,361</b>	<b>3,284</b>	<b>76</b>	<b>2%</b>
<b>Non-current liabilities</b>				
Long term deferred revenues	297	361	(64)	(18%)
Long term borrowings	118	123	(5)	(4%)
Deferred tax liability	135	137	(2)	(1%)
Employee benefits liabilities	64	64	(0)	(0%)
<b>Total non-current liabilities</b>	<b>614</b>	<b>684</b>	<b>(70)</b>	<b>(10%)</b>
<b>Current liabilities</b>				
Trade and other liabilities	456	556	(100)	(18%)
Other loans and assimilated liabilities - Leasing of building	4	6	(2)	(33%)
Other tax and social security liabilities	9	9	0	5%
Short-term borrowings	155	56	99	179%
Provisions	70,0	70,0	(0)	(0%)
Short-term deferred revenues	100	37	62	168%
Income tax payable	14	(2)	16	n/a
<b>Total current liabilities</b>	<b>808</b>	<b>732</b>	<b>76</b>	<b>10%</b>
<b>Total liabilities</b>	<b>1,422</b>	<b>1,416</b>	<b>5</b>	<b>0%</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,782</b>	<b>4,700</b>	<b>82</b>	<b>2%</b>

**ANNEX 2: Stand-alone profit or loss statement**

[mn RON]										
Indicator	2019	2018	Q1 2020	Q1 2019	Budgeted T1 2020	Achieved 2020 vs 2019	Achieved 2020 vs 2019 (%)	Achieved vs Budgeted 2020	Achieved vs Budgeted 2020 (%)	
0	1	2	3	4	5	6=3-4	7=3/4	8=3-5	9=3/5	
<b>Operating revenues</b>										
Transmission revenues	1,082	1,070	281	290	275	(9)	(3%)	6	2%	
System services revenues	742	702	215	173	213	42	24%	2	1%	
Balancing market revenues	523	904	98	175	205	(78)	(44%)	(107)	(52%)	
Other revenues	51	46	10	10	13	(1)	(8%)	(4)	(29%)	
<b>Total operating revenues</b>	<b>2,398</b>	<b>2,722</b>	<b>603</b>	<b>649</b>	<b>706</b>	<b>(46)</b>	<b>(7%)</b>	<b>(104)</b>	<b>(15%)</b>	
<b>Operating expenses</b>										
System operating expenses	352	309	81	101	104	(20)	(19%)	(23)	(22%)	
Balancing market expenses	523	904	98	175	205	(78)	(44%)	(107)	(52%)	
Technological system services expenses	676	678	166	185	189	(19)	(10%)	(23)	(12%)	
Depreciation and Amortisation	280	298	68	72	66	(4)	(5%)	3	4%	
Personnel expenses	212	189	52	48	53	4	9%	(1)	(3%)	
Repairs and maintenance expenses	102	91	16	20	15	(4)	(19%)	1	4%	
Materials and consumables	9	12	2	2	3	0	4%	(1)	(47%)	
Other operating expenses	118	141	26	3	37	23	705%	(10)	(29%)	
<b>Total operating expenses</b>	<b>2,271</b>	<b>2,620</b>	<b>509</b>	<b>605</b>	<b>671</b>	<b>(97)</b>	<b>(16%)</b>	<b>(162)</b>	<b>(24%)</b>	
<b>Operating profit</b>	<b>126</b>	<b>101</b>	<b>94</b>	<b>44</b>	<b>36</b>	<b>51</b>	<b>116%</b>	<b>58</b>	<b>164%</b>	
Finance income	10	17	3	3	2	(0)	(16%)	0	16%	
Finance expenses	17	25	4	7	5	(3)	(42%)	(1)	(11%)	
<b>Net finance result</b>	<b>(7)</b>	<b>(8)</b>	<b>(2)</b>	<b>(4)</b>	<b>(2)</b>	<b>2</b>	<b>61%</b>	<b>1</b>	<b>35%</b>	
<b>Profit before income tax</b>	<b>119</b>	<b>93</b>	<b>92</b>	<b>39</b>	<b>33</b>	<b>53</b>	<b>134%</b>	<b>59</b>	<b>179%</b>	
Income tax	15	12	15	1	5	14	n/a	10	182%	
<b>Net profit</b>	<b>104</b>	<b>81</b>	<b>77</b>	<b>38</b>	<b>28</b>	<b>39</b>	<b>103%</b>	<b>49</b>	<b>179%</b>	

### ANNEX 3: Stand-alone cash flow statement

[mn RON]	Q1 2020	Q1 2019	Δ	2020 vs 2019 (%)
<b>Cash flows from operational activities</b>				
Profit of the period	77.2	38.0	39	103%
Income tax expense	15.2	1.4	14	n/a
Amortisement expense	66.3	70.2	(4)	(5%)
Expenses with adjustments for trade receivables impairment	0.4	2.9	(2)	(85%)
Revenues from reversal of adjustments for trade receivables impairment	(0.7)	(1.8)	1	59%
Net revenues with adjustments for various debtors impairment	0.7	(1.0)	2	174%
Net expenditures with adjustments for inventories impairment	(0.0)	(0.2)	0	82%
Net profit/ loss on sale of tangible assets	0.02	0.0	0	n/a
Net expenditures on adjustments of value regarding tangible assets	0.3	1.1	(1)	(72%)
Expenses/Revenues regarding provisions for risks and expenses, net	(0.0)	(31.2)	31	n/a
Interest expense, interest revenue and unrealised exchange rate gains	1.9	4.4	(3)	(58%)
<b>Cash flows before changes to working capital</b>	<b>161.4</b>	<b>83.9</b>	<b>77</b>	<b>92%</b>
<b>Changes in:</b>				
Clients and assimilated accounts - energy and other activities	(28.2)	(78.7)	50	64%
Clients – balancing	25.5	289.3	(264)	(91%)
Clients – cogeneration	(7.2)	(23.4)	16	69%
Inventories	(1.1)	(0.2)	(1)	(n/a)
Trade and other liabilities - energy and other activities	(42.7)	(74.9)	32	43%
Liabilities - balancing	(44.1)	(341.6)	297	87%
Liabilities - cogeneration	(12.9)	3.2	(16)	n/a
Other taxes and social insurance liabilities	0.4	(2.1)	3	119%
Deferred revenues	(1.5)	(8.4)	7	82%
<b>Cash flows from operational activities</b>	<b>49.4</b>	<b>(152.7)</b>	<b>202</b>	<b>132%</b>
Interests paid	(2.1)	(1.8)	(0)	(18%)
Income tax paid	(1.7)	(2.4)	1	29%
<b>Net cash generated from operational activities</b>	<b>45.6</b>	<b>(156.9)</b>	<b>202</b>	<b>129%</b>
<b>Cash flows from the investment activity</b>				
Acquisition of tangible and intangible assets	(54.7)	(48.8)	(6)	(12%)
Received Interests	2.1	1.2	1	75%
Other financial assets	85.0	0.0	85	n/a
<b>Net cash used in the investment activity</b>	<b>32.4</b>	<b>(47.6)</b>	<b>80</b>	<b>168%</b>
<b>Cash flows used in financing activities</b>				
Repayments of non-current borrowings	(7.3)	(33.8)	26	78%
Utilisation of the credit line for cogeneration	130.0	0.0	130	n/a
Bond repayment	(29.5)	0.0	(30)	n/a
Dividends paid	(0.0)	(66.3)	66	100%
<b>Net cash used in financing activities</b>	<b>93.1</b>	<b>(100.1)</b>	<b>193</b>	<b>193%</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>171.1</b>	<b>(304.5)</b>	<b>476</b>	<b>156%</b>
<b>Cash and cash equivalents as at January 1<sup>st</sup></b>	<b>320.8</b>	<b>482.2</b>	<b>(161)</b>	<b>(33%)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>491.8</b>	<b>177.6</b>	<b>314</b>	<b>177%</b>

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

Indicators	Formula	Q1 2020	2019
<b>Current liquidity ratio (x)</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.54	1.57
<b>Indebtedness indicators (x):</b>			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	8.1%	5.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	7.5%	5.2%
<b>Clients' turnover (days)</b>	$\frac{\text{Average client balance}^* \times \text{no. days}}{\text{Turnover}}$	70.26	98.46
<b>Non-current assets turnover (x)</b>	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.17	0.66

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

#### ANNEX 5: Amending the Company's Articles of Association in 2020

Amendment of article 7 para (2) point 1 from the Articles of association by replacing the phrase "Romanian State through the Ministry of Economy" with the phrase "Romanian State through the Secretariat General of the Government" approved by decision 3 of AGEA on 06 March 2020.

#### ANNEX 6: Appointment / recalling deeds in 2020

##### Directorate

- In accordance with Decision 2/09.01.2020 of CS
  - Supervisory Board members acknowledged the renouncement to Mr. Ioan FOLESCU's mandate of provisional Directorate member beginning with 09.01.2020.
- In accordance with Decision 3/09.01.2020
  - Supervisory Board members designated Mr. Corneliu-Bogdan MARCU as provisional Directorate member from 09.01.2020 until 20 April 2020.
- In accordance with Decision 30/08.04.2020 of CS
  - Mr. Marius Viorel STANCIU was designated as provisional Directorate member from 21 April until 20 June 2020.

##### Supervisory Board

- In accordance with Decision 1/06.01.2020 of CS and AGOA Decision 1/06 March 2020
  - Mr. Ciprian Constantin DUMITRU was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with Decision 16/06.02.2020 of CS
  - In accordance with letter 4657/03.02.2020 Mr. Jean BADEA gave up as of 04.02.2019 his mandate of provisional Supervisory Board member in the Company.
- In accordance with Decision 18/07.01.2020 of CS and AGOA Decision 1/06 March 2020
  - Mrs. Mihaela CONSTANTINOVICI was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with Decision 19/11.02.2020 of CS and AGOA Decision 1/06 March 2020
  - Mr. Mircea Cristian STAICU was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.

**ANNEX 7 REPORT (according to HAGEA 4/29.04.2015) on the contracts signed in quarter I/ 2020 to procure assets, services and work, which value is higher than 500,000 Euro/purchase (for assets and work) and above 100,000 Euro/purchase (for services)**

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				thousand RON	thousand Euro			
0	1	2	3	4	5	6	7	8
1	C 50/2020	Installation / disassembling work to the system of emergency intervention poles	48	9.680	-	Work	Law 99/2016 + HG 394/2016	Open bid
2	SB 10/2020	Research and development centre for live work technologies (LW) and fast intervention into SEN - stage 2	24	4.274	-	Work	Law 99/2016 + HG 394/2016	Simplified procedure
3	C 52/2020	Bank revolving credit line necessary to provide the operation of the support scheme under optimum conditions	12	3.913	-	Services	Law 99/2016 + HG 394/2016	One's own procedure
4	C 47/2020	Technical support services associated to Oracle licenses	36	2.336	-	Services	Law 99/2016 + HG 394/2016	Open bid
5	BC 630/2020	Cleaning services within the offices of TB Bucharest and centres	24	593	-	Services	Law 99/2016 + HG 394/2016	Open bid
6	CR 16/2020	Maintenance services for the passage ways of OHL-s in areas with tree vegetation	12	528	-	Services	Law 99/2016 + HG 394/2016	Open bid

## Annex 6 – Glossary

<b>ANRE</b>	National Regulatory Authority in the Electricity domain
<b>BAR / RAB</b>	Regulated asset base
<b>BVB</b>	Bucharest Stock Exchange, operator of the regulated market where the Shares are transacted
<b>EEC</b>	European Economic Community
<b>Company, CNTEE, TEL</b>	National Power Grid Company Transelectrica SA
<b>OTC</b>	One's own Technological Consumption (grid losses)
<b>CS</b>	Supervisory Board
<b>DEN</b>	National Power Dispatcher
<b>EBIT</b>	Operational profit before interest and income tax
<b>EBITDA</b>	Operational profit before interest, income tax and amortisement
<b>EBT</b>	Operational profit before income tax
<b>ENTSOE</b>	European Network of Transmission and System Operators for Electricity
<b>HG</b>	Governmental decision
<b>IFRS</b>	International Financial Reporting Standards
<b>LEA / OHL</b>	Overhead lines
<b>RON</b>	Romania's official currency
<b>MFP</b>	Ministry of Public Finance
<b>MO</b>	Romania's Official Gazette
<b>OG</b>	Governmental ordinance
<b>OPCOM</b>	Operator of Romania's Electricity Market OPCOM SA
<b>OUG</b>	Governmental emergency ordinance
<b>PZU / DAM</b>	Day-ahead Market
<b>RET</b>	Electricity Transmission Grid, electric network of national and strategic interest and nominal line voltage above 110 kV
<b>SEN</b>	National Power Sector
<b>RS</b>	Secondary control – frequency restoration reserve
<b>RTL</b>	Slow tertiary control – replacement reserve
<b>SMART</b>	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
<b>SSF</b>	Functional system services
<b>SST</b>	Technological system services
<b>TEL</b>	Stock exchange indicator for Transelectrica
<b>TSR</b>	Total shareholders' return
<b>EU</b>	European Union
<b>u.m. / m.u.</b>	Measuring unit
<b>USD or US dollars</b>	American dollar, official currency of the United States of America
<b>WACC</b>	Weighted average cost of capital

