







NPG TRANSELECTRICA SA

**PRELIMINARY REPORT
Q4 & January – December
2020**

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**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 December 2020

Date of the report:	15 February 2021
Name of trading company:	National Power Grid Company Transelectrica SA, company managed under two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru no. 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni no. 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
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000 / OUG 627
Share capital:	733,031,420 Lei, 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 Lei / share nominal value each, which are dematerialised nominative ordinary indivisible freely transactable shares as of 29.08.2006 bearing the TEL symbol
Market value:	1,876,560,435 Lei (25.60 Lei/share on 31.12.2020)
Accounting standard applied:	International Financial Reporting Standards
Audit:	The preliminary financial statements elaborated on 31.12.2020 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 12 months period ended on 31 December 2020 have been elaborated in accordance with Order 2844/2016 of the Public Finance Minister, with later amendments and additions, approving the Accounting Regulations in line with the International Financial Reporting Standards and they provide accurate image in compliance with the real situation of assets, liabilities, 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, 15 February 2021

Catalin NITU	Andreea-Mihaela MIU	Ovidiu ANGHEL	Corneliu-Bogdan MARCU	Marius-Viorel STANCIU
Directorate Chairman	Directorate Member	Directorate Member	Directorate Member	Directorate Member



Key figures 2020

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON 2,368	mn	▼	-1%	Revenues
			y/y	
RON 437	mn	▲	11%	EBITDA
			y/y	
RON 114	mn	▲	18%	Net profit
			y/y	
TWh 53.85		▼	-3%	Charged energy volume**
			y/y	

OPERATIONAL

2.19%	*	▼	- 0.09	pp	OTC
			y/y		
42.86		▼	-1%		Transported energy***
TWh			y/y		

INVESTMENTS

RON 371	mn	▲	53%	Acquisition of tangible and intangible assets
			y/y	
RON 176.5	mn	▲	3%	Fixed assets recorded in the accounts (commissioning)
			y/y	

CPT / 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 mill. Lei 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 December 2020 is provided in the tables below. The financial results have not been audited, and their extended version of the same period is provided in the Annexes to this Report.

Stand-alone profit or loss statement – unaudited results				
[RON mn]	31.12.2020	31.12.2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	53.85	55.34	(1.5)	(3%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	1,198	1,221	(22)	(2%)
Transmission and other revenues on the electricity market	1035	1082	(47)	(4%)
Functional system services	121	88	33	38%
Other revenues	42	51	(9)	(17%)
Operating expenses	869	802	67	8%
System operating expenses	310	352	(42)	(12%)
Repairs and maintenance expenses	97	102	(4)	(4%)
Personnel expenses	297	210	87	41%
Other expenses	165	139	26	19%
EBITDA	329	418	(89)	(21%)
Depreciation	268	280	(12)	(4%)
EBIT	61	138	(77)	(56%)
ZERO PROFIT ACTIVITIES				
Operating revenues	1,170	1,177	(8)	(1%)
Technological system services revenues	674	654	20	3%
Balancing market revenues	495	523	(28)	(5%)
Operating expenses	1,061	1,200	(138)	(12%)
Technological system services expenses	566	676	(111)	(16%)
Balancing market expenses	495	523	(28)	(5%)
EBIT	108	(22)	131	n/a
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	2,368	2,398	(30)	(1%)
Operating expenses	1,930	2,002	(71)	(4%)
EBITDA	437	396	42	11%
Depreciation	268	280	(12)	(4%)
EBIT	169	116	54	46%
Net financial result	(2)	(9)	7	77%
EBT	167	107	60	56%
Income tax	54	11	43	n/a
Net profit	114	96	18	18%

Stand-alone statement of financial position – unaudited results				
[RON mn]	31.12.2020	31.12.2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,567	3,440	128	4%
Intangible assets	7	23	(16)	(70%)
Financial assets	82	82	0.24	0.3%
Assets of the usage rights for leased assets - buildings	42	6	35	n/a
Total	3,698	3,551	147	4.1%
Current assets				
Inventories	42	38	5	13%
Trade and other receivables	829	706	122	17%
Other financial assets	-	85	(85)	n/a
Cash and cash equivalents	554	321	233	73%
Total	1,425	1,150	275	24%
Total assets	5,123	4,700	422	9%
Shareholders' Equity	3,363	3,284	79	2%
Non-current liabilities				
Borrowings	102	123	(21)	(17%)
Other non-current liabilities	546	561	(16)	(3%)
Total	647	684	(37)	(5%)
Current liabilities				
Borrowings	25	56	(31)	(56%)
Other current liabilities	1,087	677	411	61%
Total	1,112	732	380	52%
Total liabilities	1,760	1,416	343	24%
Total shareholder's equity and liabilities	5,123	4,700	422	9%

Stand-alone statement of cash flows – unaudited results				
[RON mn]	2020	2019	Δ	Δ (%)
Cash flows before changes to working capital	487	373	115	31%
Cash flows from operating activities	657	276	381	138%
Net cash from operating activities	602	251	351	140%
Net cash used in investing activities	(279)	(323)	44	14%
Net cash used in financing activities	(90)	(90)	(0)	(0%)
Net increase/decrease in cash and cash equivalents	233	(161)	395	n/a
Cash and cash equivalents as at 1 January	321	482	(161)	(33%)
Cash and cash equivalents at the end of the period	554	321	233	73%

OPERATIONAL RESULTS

Charged volume of electricity

In January – December 2020 the total quantity of electricity billed for services provided on the electricity market (53.85 TWh) registered 3% decrease in comparison with the same period of 2019 (there is a difference of -1.5 TWh between the two time intervals).

Operational revenues

Total operational revenues achieved in 2020 registered slight 1% decrease compared to the previous year (RON 2,368 mn in 2020 compared to RON 2,398 mn in 2019), mainly determined by the operational results related to zero profit activities (balancing market) and to the reduced amounts of delivered electricity.

The segment of **profit allowed activities** registered 2% decrease in revenues (RON 1,198 mn in 2020 compared to RON 1,221 mn in 2019), mainly determined by 4% decrease of transmission revenues and of other revenues on the energy market (RON 1,035 mn in 2020 against RON 1,082 mn in 2019), because of diminished electricity quantity delivered to customers while the average tariff approved by ANRE for such services was about 0.08 ron / MWh higher in 2020 compared to 2019, owing among others to the impact of Covid-19 pandemic.

Since mid-March 2020 EU member states took restrictive measures to prevent spreading Covid-19. These measures included closing down factories, schools, restaurants, coffee shops, hotels and compelling the population to stay indoors.

Many companies reduced their output because there was no demand or their supply chain was broken up. Such measures were valid in European countries throughout April 2020.

The energy sector has sensed as well the coronavirus impact, its negative effects being especially recorded in the renewable sources sector which depends to a large extent on imports for components, first of all from China.

At European level, the pandemic has brought challenges for network operators who have had to manage increased volumes of intermittent renewable energy in a low-demand environment with fewer thermal power plants available for balancing, with networks generally managing to cope with the situation, and demonstrating its ability to cope with the increased influx of renewable energy sources that have sometimes exceeded significant percentages in some Member States.

However, despite high volatility and fluctuating liquidity, the internal market has withstood the turmoil and the energy system has proved resilient faced with the crisis.

In Romania the emergency state ended producing effects beginning with 15 May 2020.

In its capacity of Transmission and System Operator (TSO) Transelectrica has implemented emergency measures to mitigate the Covid-19 impact, such as additional protection measures to minimise the effects over its employees' health and security, to provide business continuity under safe conditions and to also provide continuity of Company objectives.

Beginning with 15 May the emergency state was replaced by the alert state, which relaxed the restrictions and limitations of the emergency period.

As a result of the relaxation of the restrictions both in Europe and in Romania, the electricity consumption registered a revival.

Thus if in April, May and June 2020 consumption drops ranged from -14.73% in April to -11.85% in May, namely -8.05% in June, as of July consumption decreases ranged from -1.80% in July to -2.78% in August and registered slight 0.23% increase in September.

All in all, the third quarter of 2020 ended with low electricity consumption all over Europe in comparison with the third quarter of 2019, however values were closer to those of the previous year (unlike the second quarter, strongly impacted by the Covid-19 crisis).

In the last quarter of 2020 the gross internal consumption of electricity registered enlivenment (except for October that recorded 0.26% decrease), with consumption growths of 2.87% in November, namely 3.30% in December.

However for the entire year consumption registered 3.48% decrease compared to 2019.

In 2020 **revenues from the allocation of interconnection capacity** registered 30% drop amounting to RON 25.5 mn compared to last year, corresponding to the utilisation degree of such capacity by the traders on the electricity market.

Reduced revenues from the allocation of interconnection capacity (registered throughout 2020) are owed to a lower interest of participants to purchase interconnection capacity as electricity was carried mostly inside.

The allocation mechanism of interconnection capacities consists of organising annual, monthly, daily and intraday bids. The annual, monthly and intraday ones are explicit - only the transmission capacity is put to auction - and the daily bids with Hungary are implicit - 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 a common mechanism under a bilateral agreement.

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border and as of 2017 on the Serbian one as well. 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 electricity market participants' needs 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.

Revenues from Inter TSO Compensation (ITC) registered, RON 1.5 mn increase in comparison with 2019 because the imported/exported/transited electricity was higher than last year, and the import/export/transit tariff increased in 2020 compared to 2019.

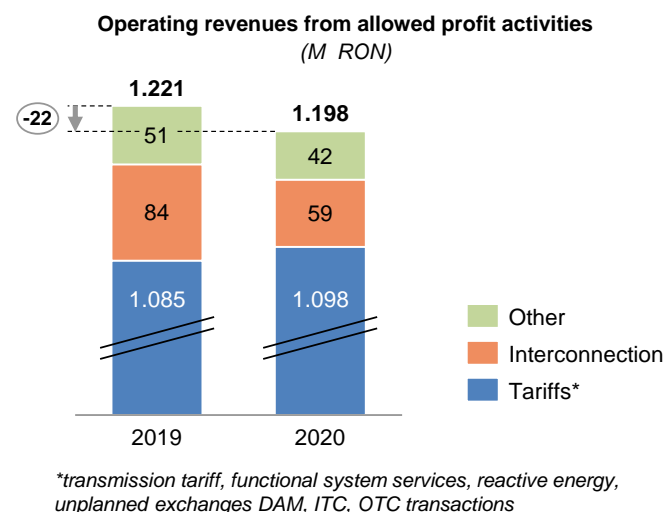
Revenues from electricity transactions for OTC were mainly obtained by selling excess energy on the Intraday Market managed by OPCOM and by means of BRP CIGA Energy on the Balancing Market.

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 16% higher in 2020 compared to 2019 (from RON 7.2 mn in 2019 to RON 9.3 mn in 2020) since the imbalances of Transelectrica were contrary to those of BRP CIGA ENERGY and thus the sale of excess electricity under the BRP was more beneficial than the sale on the Balancing Market.

As prospects for 2021, the main factors that will provide significant impact over the revenues / expenses from electricity transactions for OTC are the legislative changes occurred on the electricity balancing market, applicable from 1 February 2021 (settlement every 15 minutes, applying the single settlement price on the balancing market), the development of Covid-19 pandemic and its management nation-wide.

Revenues from functional system services and unplanned exchanges registered 43% increase compared to 2019, as determined by higher tariffs approved by ANRE for such services when the electricity amount delivered to customers diminished 3%, namely by 1.49 TWh.



Revenues from zero-profit activities registered 1% decrease (RON 1,170 mn on 31 December 2020 compared to RON 1,177 mn on 31 December 2019) mainly determined by 5% decrease of revenues on the balancing market (from RON 523 mn on 31 December 2019 to RON 495 mn on 31 December 2020).

Such reduction of RON 28 mn in the balancing market revenues compared to the same period of last year was mainly owed to the following issues:

- Removing the price limits for the balancing market offers, applicable as of September 2020;

- Removing the obligation to participate on the balancing market, applicable as of September 2020;
- Reduced negative imbalance registered with the electricity suppliers on the balancing market;
- The contracting mode on the markets previous to the balancing one;
- The development of hydraulicity;
- The development of the average deficit price registered on the balancing market;
- Reduced electricity demand (consumption) because of the milder winter;
- Reduced electricity consumption as a result of regulations issued by the Central Public Administration to prevent Covid-19 spreading;

For 2021 it is estimated that the regulations are implemented in the national legislation in accordance with the provisions of the Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 on the electricity market - making settlements at a granularity of 15 minutes, applying a single price for balancing market settlements and the management of COVID-19 spreading nation-wide will have significant impact on the balancing market revenues / expenses.

Company-wide, the balancing market is zero profit activity segment.

Throughout 2020 **revenues from technological system services** registered 3% increase compared to 2019 (RON 674 mn on 31 December 2020 against RON 654 mn on 31 December 2019) determined by higher tariffs approved by ANRE for such services while the electricity amount delivered to customers decreased 3%.

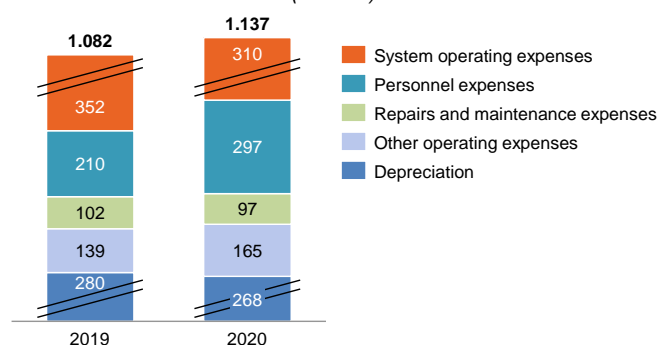
During the studied time interval revenues from technological system services were RON 108 mn higher in comparison with the expenses made to procure technological system services. This sum increases the Company's gross profit registered on 31 December 2020.

Operational expenses

Total operational expenses (depreciation included) of January-December 2020 registered 4% decrease compared to the same period of last year (RON 2,198 mn in comparison with RON 2,282 mn in 2019).

As regards the **profit allowed activities** segment, the expenses (depreciation included) registered 5% increase (RON 1,137 mn in January-December 2020 compared to RON 1,082 mn in January-December 2019).

Operating expenses from allowed profit activities
(M RON)



OTC: In 2020 expenses regarding one's own technological consumption was 11% lower (RON 32.1 mn) compared to 2019 because of the following issues:

- in the epidemiological context generated by the spread of COVID-19 (coronavirus), the DAM average price had a sharp downward trend (about 25%) since January 2020
- the average price of energy purchased on the Balancing Market significantly decreased, in the context of some imbalances of Transelectrica being opposite the imbalances of BRP CIGA ENERGY, thus the balance of imbalances being about half compared to the previous year
- starting with September 1, 2020, ANRE Order no. 61/2020 entered into force, which led to a number of important changes on the balancing market, including the possibility of negative excess prices. In September, such prices were recorded in most of the intervals, which led to an increase in the cost of OTC by the fact that the excess energy sold on the balancing market no longer brings revenue but generates additional costs.

In accordance with the European Union's Regulation 1222/2015 (CACM) – "establishing some guidelines on the allocation of capacităților and congestion management", one of the main obligations resulting in the context of this regulation was to join the short term electricity markets (daily and intraday), which should be met both by DEMOs – "Designated Electricity Market Operators", and by the TSOs – "Transmission System Operators" of Europe.

To this respect the project was initiated to couple the daily electricity markets from EU member states Romania and Bulgaria in 2020, which means coupling the daily electricity markets of the EU member states Romania and Bulgaria.

On 22.09.2020 national regulatory authorities of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely the Czech Republic, Hungary, Romania and Slovakia received from the European

Commission (DG ENER) guidance for the Designated Electricity Market Operators (DEMO) and the Transmission and System Operators (TSO) participating to the DE-AT-PL-4M MC project (also known as “Interim Coupling Project” or “ICP”), which establishes the priority implementation of ICP in due time.

Such guidance was requested by those national regulatory authorities after a few months of discussions, since several involved parties detected hindrances in the local implementation in the first quarter of 2020.

Such blockage is owed to the inter-dependence between projects being developed in parallel such as CORE FB MC, Allegro, NorNed, Polish MNA, thus leading to delayed implementation of the Interim Coupling.

DG ENER considers the sequential implementation of Interim Coupling and CORE Flow Based Market Coupling (Core FB MC) projects is the best way to follow because the Interim Coupling will facilitate the Single Day-Ahead Markets Coupling and especially a geographical extension to all relevant EU frontiers according to the CACM Regulation, during the shortest time possible.

It will also bring the welfare of market participants. DG ENER notified as well that the Interim Coupling will bring added value by making sure the Central and Eastern European countries will not remain isolated, even if other delays were to occur with the implementation of CORE FB.

Moreover it will enable comparison between the flow coupling testing results and the production data from the NTC coupled operation during the external parallel running of CORE FB MC project. Taking into account such guiding received, the estimated launch date of Interim Coupling is forecasted for April 2021.

The next Interim Coupling steps will focus mainly on updating the detailed project roadmap, completing the open issues and internal solution testing (planned now at the beginning of 2021) and tests with external parties.

Expenses for electricity consumption in RET substations registered 21% drop in 2020 compared to 2019 (RON 16.2 mn in 2020 against RON 20.4 mn in 2019) because of lower electricity procurement prices under the 2020 contracts concluded for electricity supply.

With a view to carry out electricity transmission within electric substations and to operate the National Power System Transelectrica should procure electricity to cover the consumption for auxiliary services in high voltage electric substations managed by the Company, namely the consumption of auxiliary services in 81 substations, for each consumption place.

Functional system services: Associated expenses registered 7% decrease (RON 30.5 mn in 2020 compared to RON 32.7 mn in 2019) mainly determined by reduced balancing market expenses regarding the unplanned electricity exchanges with neighbouring countries that are interconnected to SEN.

Such 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 2020 such expenses were 15% lower compared to the same period of last year, and the difference resulted from regularised estimations of expenses made.

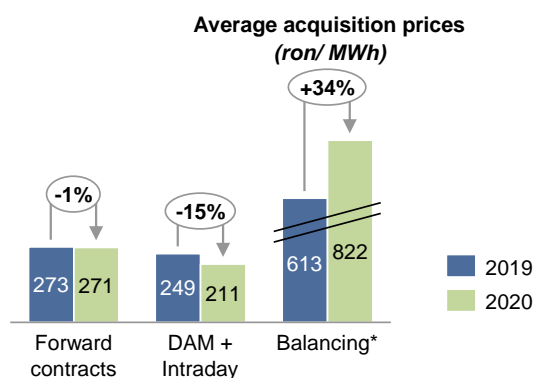
The **zero-profit activities** segment registered 12% cost decrease (RON 1,061 mn on 31 December 2020 compared to RON 1,200 mn on 31 December 2019), mainly determined lower expenses for technological system services.

The Company procures **technological system services** from producers with a view to maintain a safe operation of SEN and the quality parameters of the electricity transmitted, at parameters required by 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;

In 2020 the value of expenses regarding technological system services registered 16% drop in comparison with



*Pr*Preliminary values, the average price was calculated at the net value (purchases-sales) and does not take into account the PRE services. elimary values

those of 2019 (RON 566 mn in 2020 compared to RON 676 mn in 2019)

The costs of TSS procurement in 2020 registered a value mainly determined by the following issues:

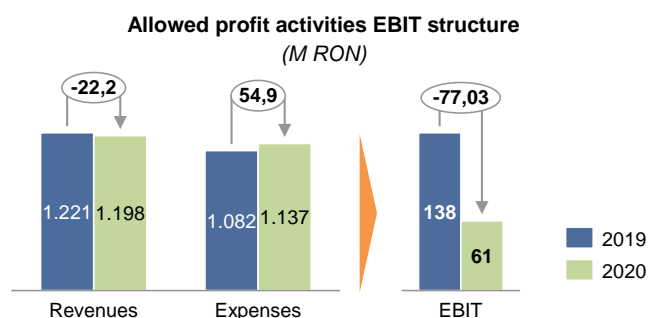
- procurement prices of technological system services were maintained on the competitive market in 2020 around the values recorded in 2019 for the secondary reserve (SR) and fast tertiary reserve (FTR)
- in 2020 there was a high concentration on the market of technological system services by the secondary reserve (SR) and fast tertiary reserve (FTR) service types;

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

For 2021 it is estimated that the regulations are implemented in the national legislation according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019, contracting technological system services at the 15 minutes' settlement interval, making balancing market settlements at 15 minutes' settlement interval and nation-wide development of the electricity saving and consumption will have significant impact on the balancing market revenues/expenses and on the procurement costs of system services all over Transelectrica SA.

Operational result

Profit allowed activities registered positive result of RON 61 mn in 2020, decreasing 55% in comparison with last year's result.

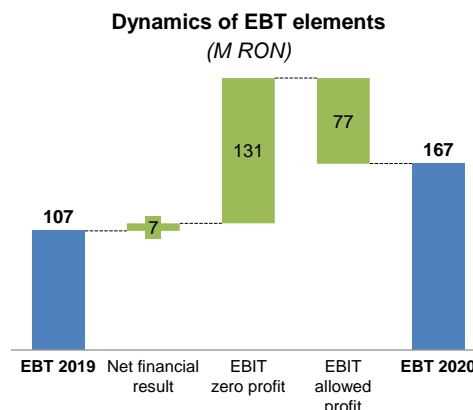


EBIT generated by **zero-profit activities** registered positive result of RON 108 mn compared to the RON 22 mn loss recorded in the same period of last year.

Gross result (EBT)

Gross profit increased RON 60 mn, from RON 107 mn in January-December 2019 to RON 167 mn in January-December 2020.

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

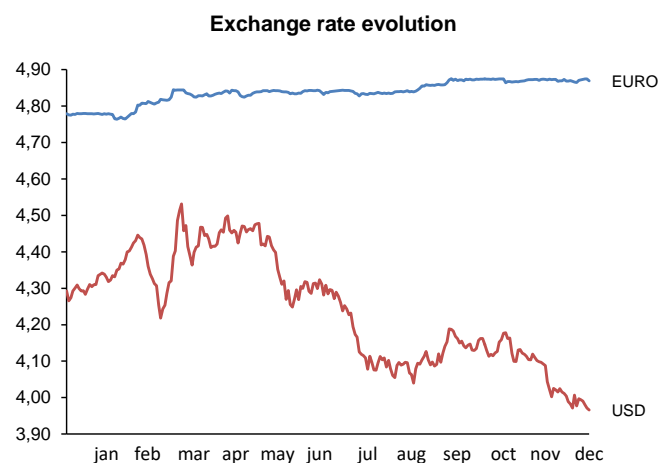


Financial result

The net financial result registered in 2020 is negative, amounting 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 - December 2020 is provided in the graph below:



Net result

Net profit registered growth during the studied time interval and reached to RON 114 mn in 2020 compared to RON 96 mn recorded in 2019.

FINANCIAL POSITION

Non-current assets

In 2020 non-current assets registered 4% increase compared to 2019, against a background of higher tangible assets underway mainly determined by making investments in high voltage electric substations and lines, but also by recognising the utilisation right of assets under leasing – buildings, which means the usage rights of spaces the Company leased in the

Platinum office building according to the provisions of IFRS 16 – Leasing contracts.

Financial non-current assets

Financial assets on 31 December 2020 in comparison with 31 December 2019 registered slight increase, which was determined by the Company's affiliation to the shareholders of the Southeast Electricity Network Coordination Centre (SEleNe CC) Societe Anonyme.

Decision 3 of 6 March 2020 of the Shareholders' General Extraordinary Assembly approved the Company's participation as founder owner to the establishment capital of the Regional Centre coordinating operational security in the coordinated calculation regions of cross-border exchange capacities SEE (Bulgaria, Greece, Romania) and GRIT (Greece-Italy).

Current assets

Current assets grew 24% on 31 December 2020 (RON 1,425 mn) compared to the value registered on 31 December 2019 (RON 1,150 mn).

Trade and other receivables registered 17% growth (RON 829 mn on 31 December 2020 from RON 706 mn on 31 December 2019), mainly because of:

- Higher volume of transactions on the balancing market and on the energy market in quarter IV of 2020 compared to quarter IV of 2019, which determined higher receivables on balance on 31 December 2020 compared to 31 December 2019.

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

The share of main clients on the electricity market is about 50.35% in the total trade receivables.

On 31 December 2020 the Company registered about 23% collectable receivables under the bonus type support scheme to promote high efficiency cogeneration (similar to the period ended on 31 December 2019) from 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".

The clients under the bonus type support scheme to promote high efficiency cogeneration registered on 31

December 2020 growth mainly determined by higher values invoiced to collect the monthly contribution.

On 31 December 2020 the Company registered collectable receivables amounting to RON 195 mn, represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to RON 76.70 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 in sum of 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.

By the date of this report the Company fully collected the receivables associated to overcompensating the activities under the 2019 support scheme (sum of RON 32.33 mn) by means of bank transactions from Electrocentrale Bucharest, as well as the undue bonus established by ANRE Decisions for 2019, amounting to RON 15.49 mn from the following producers: Energy Complex Oltenia, Electrocentrale Bucharest, CET Govora, Energy Complex Hunedoara, Bepco SRL, Modern Calor SA, Soceram SA, Electrouilaj SA, CET Arad, the Polytechnic University of Bucharest, Colonia Cluj Napoca energie SRL and Vest Energo SA.

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, 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 December 2020 amounting to RON 91.71 mn mainly include:

- Sundry debtors (RON 83.1 mn), of which:

- Late payment penalties amounting to RON 74.4 mn calculated for defaulting clients (of which RON 35.3 mn are penalties associated to the support scheme).

The greatest late payment penalties were registered by the 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), Romelectro (RON 3.9 mn), Total Electric Oltenia (RON 3.3 mn), ISPE Design & Consultancy (RON 1.6 mn). Depreciation allowances were registered in case of penalties calculated for late payment of receivables from operational activities;

- Compensations owed by suppliers for their non-delivery of electricity (Arelco Power RON 1 mn and Enol Group RON 2.5 mn). Depreciation allowances were registered for compensations owed by suppliers from operational activities;

- Receivable to collect from OPCOM representing VAT relating to the contribution in kind to the subsidiary's share capital, amounting to RON 4.5 mn;

- Deferred expenses amounting to RON 1.1 mn are mainly represented by: rent and maintenance of office building (RON 0.73 mn), RCA and CASCO policies, down payments to the contracts concluded with electricity suppliers as necessary to cover one's own technological consumption in future periods, and others;

- Other intangible receivables amounting to RON 4.3 mn, of which RON 4.2 mn are securities for temporary land occupation, calculated and withheld according to article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code with a view to carry out the investment objective of the 400 kV OHL Resita – Panchevo (Serbia);

- Other social receivables amounting to RON 3 mn represent medical leaves of absence the employer paid to employees, which will be recovered from the National Health Insurance House and the National Pension and other Social Insurance Rights House, according to applicable legislation;

- VTA to recover (RON 33.9 mn) – amount which was not recovered until the date of this preliminary report.

Liabilities

Non-current liabilities amounting to RON 647.4 mn on 31 December 2020 registered 5% decrease in comparison with the value recorded on 31 December 2019.

At the same time **current liabilities** registered 52% growth (from RON 732.3 mn on 31 December 2019 to RON 1,112.2 mn on 31 December 2020), mainly against a background of higher transaction volume on the balancing market at the same time with lower monthly

bonus associated to the 2020 support scheme compared to 2019.

- On 31 December 2020 compared to 31 December 2019, **liabilities on balance on the energy market** amounted to RON 468.1 mn against RON 390.2 mn, being influenced by:

- *Higher liability balance associated to operational activities* mainly determined by higher payment liabilities on balance on the electricity market on 31 December 2020 upon due date in January 2021;

- *Higher liability balance associated to the balancing market* as determined by higher payment liabilities on balance on the electricity market on 31 December 2020 on due date and by higher volume of transactions on the balancing market in quarter IV 2020 compared to quarter IV 2019;

- *Lower liabilities associated to the support scheme to suppliers (producers)* mainly determined by reduced monthly bonus payable for December 2020 compared to the monthly bonus of December 2019;

Suppliers on the electricity market are mainly represented by: SC Hidroelectrica SA, Electrocentrale Bucharest, OPCOM, Mavir, Energy Complex Oltenia, Energy Complex Hunedoara, OMV Petrom, IBEX, Veolia Energie Prahova, Veolia Energie Iasi, and Ciga Energy.

On 31 December 2020 their share in the total electricity suppliers was about 81%.

On 31 December 2020 payment liabilities to suppliers (producers) amounting to RON 54.6 mn were registered (RAAN – RON 1.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, the 2014 and 2015 ex-ante overcompensation, bonus unpaid in 2015 and 2016.

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

- Other liabilities amounting to RON 19.5 mn are mainly represented by the payment securities of contracts on the electricity market concluded by NPG Transelectrica SA in sum of RON 16.9 mn; non-requirable VAT amounting to RON 1.8 mn in the reported interval and others.

Provisions registered growth at the end of 2020 compared to the end of 2019 from RON 70 mn on 31 December 2019 to RON 122.4 mn on 31 December 2020, increase mainly determined by:

- the update of provisions established for litigations with former members of the Supervisory Board and the Directorate representing the equivalent value of OAVT (virtual actions for options);
- provision constituted for employees' participation to profit related to the financial year 2020;
- provision constituted for the ongoing fiscal inspection action, which aims to verify the VAT for the period 2014-2016, action started in November 2019, estimated to be completed in February 2021 (Opinion no. F-MC-326 / 13.11.2019);
- provision constituted for litigations pending regarding the claims for updating the contracts, with amounts related to increase of the minimum salary in the field of constructions;

Interest-bearing liabilities

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

Shareholders' equity

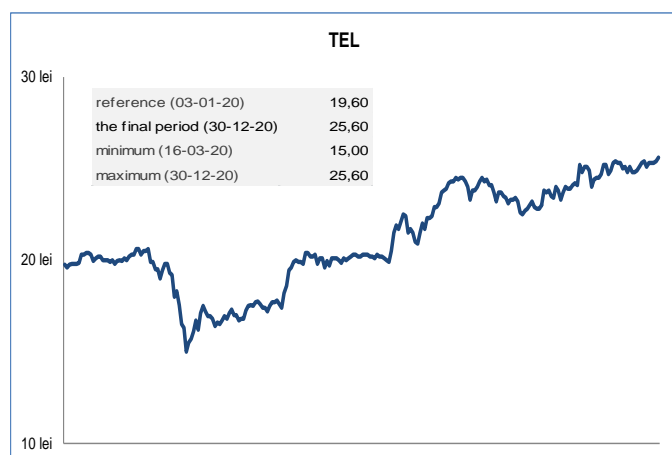
Shareholders' equity increased 2%, mainly determined by registering the net profit amounting to RON 114 mn into retained earnings, made on 31 December 2020.

DEVELOPMENT OF SHARES

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

2020 began with 19.60 RON/share transaction price. At the end of the time interval stock exchange capitalisation was RON 1,877 mn, with 25.60 RON/share. The minimum transaction price of 15.00 RON/share was registered on 16.03.2020, while the maximum of 25.60 RON/share was reached on 30.12.2020.

Mention should be made Romania's capital market was impacted by the Covid-19 pandemy, implicitly by the economic effects generated by it, which was mirrored in the stock exchange indexes and the development of shares from stock exchange listed companies.



During 2020 TEL shares transacted on the Romanian capital market registered 15,592 transactions, with an average of 63 transactions / day and 5,183,060 transacted shares of total value of 111,254 thousand RON.

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

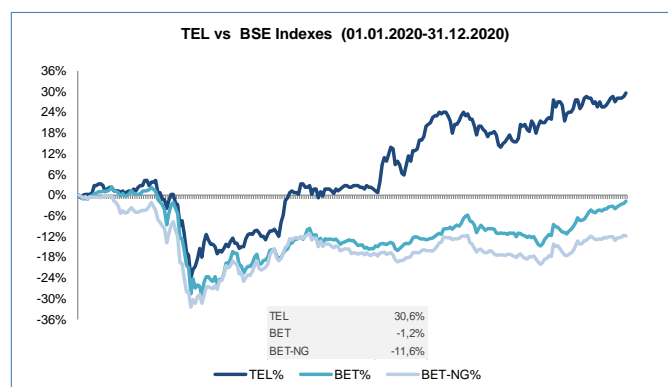
Of these the most representative for the Company are:

- BET index (Bucharest Exchange Trading - reference index of the capital market, showing the development of the most liquid 17 companies listed on the regulated market of BVB)
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectorial index showing the development of energy companies and related utilities, which are listed on the regulated market of BVB).

Beginning with December 2020 worldwide Transelectrica shares belong under the structure of MSCI 100 Frontier Markets index, following the development of the greatest most liquid one hundred companies on the share markets considered as frontier ones, under the criteria of the American company MSCI.

In accordance with the latest allowance date registered on 11.12.2020, TEL shares account for 1.94% in the BET index and for 5.72% in the BET-NG index.

TEL share evolved against these two indexes as 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 regularly systematically analysed for the development of activities and the Risk Register has been constituted 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,
- The provisions of financing agreements: there are clauses in the finance contracts relating to the compliance with certain financial indicators, control change over the Company, *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 obligations,

- 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. In case of the centralised market allocating interconnection capacities the risk was treated by concluding Agreements on allocating capacities with transmission and system operators of neighbouring countries while the interconnection of markets with Hungary, Czech Republic, Slovakia and Poland is under way,
- 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 level of fiscality, including the introduction of new taxes and charges;

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

- The risk of having one's credit rating deteriorated because of worse indicators and macro-political climate and/or worse Company's financial performance. This risk mirrors a complex of factors, with potential effect over higher financing costs on the credit market, which can significantly influence the Company taking into account the substantial volume of capital that needs to be drawn to finance the investment plan in the following years. On the

other hand the Company rating is strongly dependent on Romania's sovereign one;

- The investment risk because of the financial difficulties within subsidiaries owed both to historical liabilities, to the competitive environment and to their own management;
- The impact of Covid 19: in 2020 the EU/EEA & UK countries were faced with the Covid-19 pandemic by higher number of cases, such situation being a major threat to public health. In this context, beyond the economic impact the contagion risk for Company personnel has been and still is a high one; The Company took all measures in order to limit the impact over personnel.

Strategic risks:

- Carrying out the Annual Investment Plan under the scheduled quantitative and qualitative levels;
- Incompliance with EU regulations;
- Failure to provide security to classified information;
- Incomplete achievement of RET Maintenance Plan;
- Impacting the personnel's health and security;
- Difficulties in recruiting, professional training and motivating the personnel;
- Exceeding the terms of work phases or performing low quality work;

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.

Throughout 2020 the Company did not find it impossible to comply with its financial liabilities.

As such there are no risks and uncertainties for the following months of 2021 financial year, others than the ones provided above, which might impact the Company's liquidity.

In collection terms the Company registered no delays in quarter IV 2020 but there were requests from the suppliers that were faced with liquidity issues to make payments before the due date.

The Company was not a second found in the situation of not meeting its financial liabilities, but on the contrary it benefits of very good liquidity.

During 2020 no issues occurred in its relation with bank partners. On 03.02.2020 the "First Demand Guarantee Agreement" was issued by BNP Paribas in favour of IEB according to contract C997/20.12.2019 signed between Traselectrica and BNP Paribas to secure the IEB 25710/2010 credit for 3 years.

In conclusion treasury activities were not impacted by the epidemiologic context generated by Covid-19 spreading; as a matter of fact one can notice the net profit grew, being higher than the current year's budget.

At the same time the Company obtained for the third consecutive year the Ba1 rating (Corporate Family Rating) with positive outlook from Moody's Investors Service, which translates by low business risk profile taking into account the Company's strategic importance, by permanent improvement of the regulatory framework and the benefit given by the governmental support in case of financial difficulties.

Getting the Ba1 rating with positive outlook consolidates a favourable position towards the Company's capacity to cover its present and future financial liabilities, showing that Traselectrica has sound financial profile with low leverage and strong stable predictable financial values.

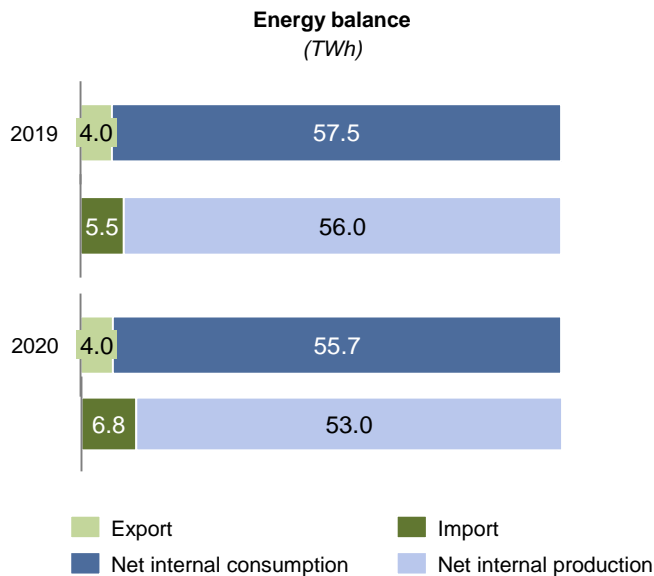


Operational data

ENERGY BALANCE WITHIN SEN

Studying the energy balance components evolution in January – December 2020 compared to the last year's same period, the net internal consumption¹ dropped 3.1% and the net electricity output – 5.4%.

At the end of 2020 cross-border export physical exchanges behaved in linear mode being only 0.1% higher than the same period of 2019, while cross-border import flows increased 23.1%.



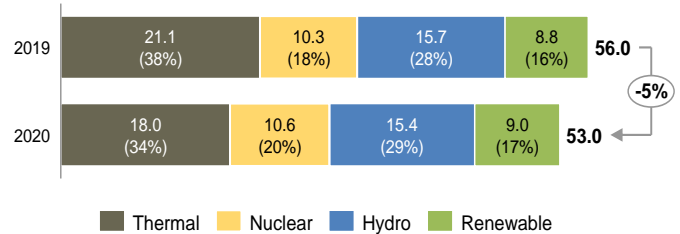
GENERATION MIX

The generation mix structure in January – December 2020 compared to the same period of 2019 about 15% drop was registered for the thermal component and 1.7% in the hydro component. The contribution of the renewable and nuclear sources grew 2.1%, namely 2%.

Reviewing the shares of the net generation mix components in January – December 2020 one can notice the greatest share (33.9%) is represented by the thermal component, followed by the hydro component (29.1%), while the output from renewable and nuclear sources has shares of 17% and namely 19.9%.

¹ 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

Net electricity production mix evolution (TWh)

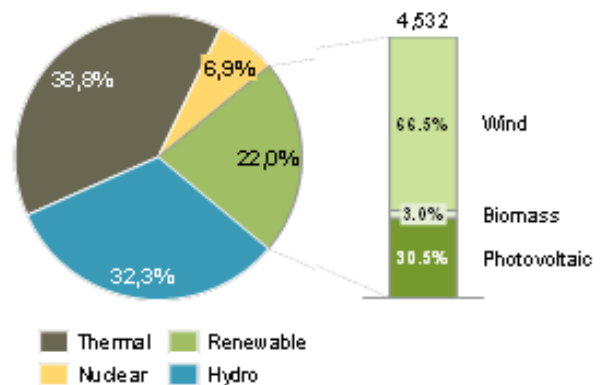


NATIONAL GENERATION FLEET

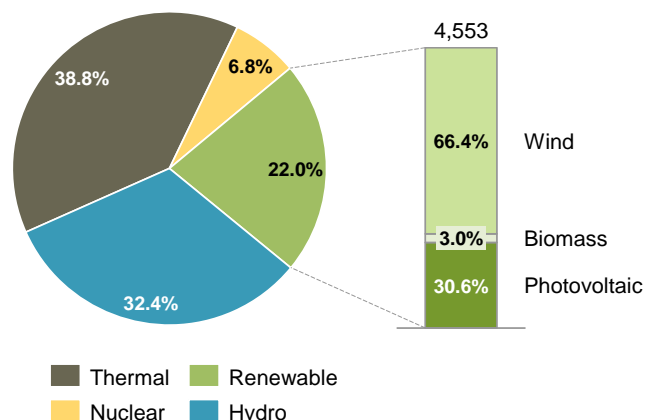
The installed capacity in power parks on renewable sources dropped about 0.4% from 4,553 MW installed on 31 December 2019 to 4,532 MW installed in December 2020.

The installed capacity relating to January – December 2020 versus January – December 2019 is provided below:

Installed capacity, 2020 (20,582 MW, gross)



Installed capacity, 2019 (20,696 MW, gross)



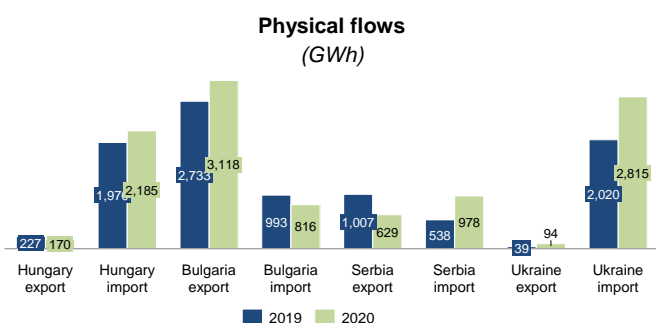
CROSS-BORDER FLOWS

The distribution of import/export flows on interconnection lines in January - December 2020 compared to 2019 was as follows:

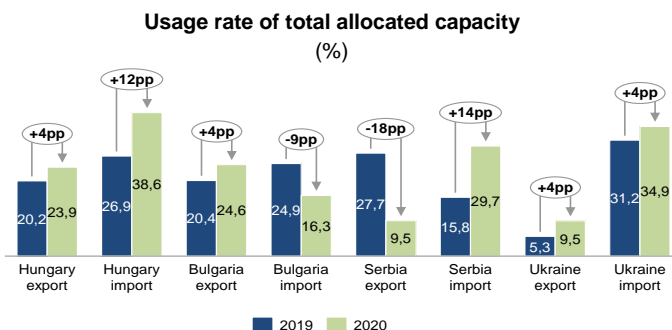
Export decreased on the Serbian and Hungarian borders and increased on the Bulgarian and Ukrainian frontiers, while import increased on the border found within the excess electricity generation area, namely the borders with Serbia and Hungary, but also on the interconnection line found in the deficit electricity generation area, namely the Ukrainian border, but it decreased on the Bulgarian border.

In concrete terms compared to January - December 2019 physical export flows decreased for Serbia (-37% -378 GWh) and Hungary (-27% -56 GWh) and increased for Bulgaria (14% +384 GWh) but also for Ukraine (141% +55 GWh), while physical import flows grew on the interconnection lines with Serbia (82% +441 GWh), Hungary (11% +215 GWh), Ukraine (39% +796 GWh) and dropped on the Bulgarian relation (-18% -177 GWh).

Both import and export physical flows on each border are provided below:



In January - December 2020 the use of the capacity totally allocated on interconnection lines for export decreased in comparison with the same period of 2019 along the Serbian destination.



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.

If we compare the last quarter of 2020 with the same period of last year trade exchanges for export grew 12%, the import ones -24% and transited energy -69%, against the background of a domestic higher hydraulicity in October but lower in November and December and higher European electricity consumption in comparison with the same period of 2019 (except for October).

Nevertheless the utilisation level of the capacity allocated for export was lower and that for import did not vary significantly compared to the same period of 2019, when the capacity allocated to import and especially to export was higher than in the last quarter of 2019.

In accordance with article 14(7) of Regulation (EU) 2019/943, the Transmission System Operator (TSO) NPG Transelectrica SA reports the structural congestion identified within the bidding area Romania and between this area and the adjoining bidding areas according to Regulation (EU) 2015/1222 of 24 July 2015 establishing guidelines on capacity allocation and congestion management (hereinafter called CACM Regulation).

In the context of enforcing the general capacity allocation and congestion management principles provided in article 16(8) of the same regulation, it is provided that transmission system operators (TSO) do not limit the volume of interconnection capacity to be provided to market participants in order to solve an internal congestion within their own bidding area or as a mode to manage the flows of internal transactions of bidding areas.

The same article also provides such requirement is considered fulfilled if a minimum level is reached in the available capacity for cross-border trade. Such level is 70% of the transmission capacity (hereinafter called the 70% requirement) while observing the operational security limits.

In order to secure the compliance with the provisions of article 16(8) Transelectrica provides the results of the study on the structural congestions within SEN according to article 14(7) of Regulation (EU) 2019/943.

Such report on structural congestions is transmitted to the National Regulatory Authority for Energy (hereinafter called ANRE) for approval in accordance with article 14(7) of Regulation (EU) 2019/943.

When the report has been approved by ANRE as competent authority the Ministry of Economy, Energy and Business Environment (hereinafter called MEEMA), according to the process provided in article 14(7) of Regulation (UE) 2019/943 should decide the manner of solving such structural congestions.

Romania can adopt either a national or multinational action plan in accordance with article 15 of Regulation (EU) 2019/943, or review and change the configuration of its bidding area.

In case of an action plan the available capacity for cross-border trade should be gradually increased by linear trajectory in order to provide compliance latest 31.12.2025 with the minimum level of available capacity for cross-border trade (70% requirement) provided in article 16(8) of Regulation (EU) 2019/943.

By transmitting this report to ANRE Transelectrica detects the structural congestions in the electricity transmission grid in the context of applying the minimum capacity according to article 16(8) of Regulation (EU) 2019/943 and requests approval to transmit it to MEEMA.

Providing the required report is considered preliminary condition for the Romanian State to decide either establishing an action plan as per article 15, or reviewing and changing the bidding area according to article 14(8) of Regulation (EU) 2019/943.

The provisions of article 16(8) from Regulation (EU) 2019/943 se aplică pentru cele două regiuni de calcul de capacitate din care face parte Transelectrica:

- Core region with the RO – HU border and
- SEE region with the RO – BG frontier;

Structural congestions are mainly situated in the western and south-western areas of SEN. They occur both because the electricity network in this area operates mainly at 220 kV, and the cross-border exchanges are focussed in this region (there are no synchronous interconnections between the northern and eastern parts of SEN).

Structural congestions can be removed and the available capacity for cross-border trade can be increased by means of investments into RET.

Commissioning the 400 kV OHL Nadab – Oradea Sud will lead to un-looping the 110 kV zones Arad and Oradea and thus to removing the structural congestion caused by the 110 kV OHL Salonta – Chisinau Cris. It will also eliminate the structural congestion caused by the 400 MVA, 400/220 kV AT Rosiori.

The other structural congestions will be eliminated when the project converting the 220 kV axis Porțile de Fier – Resita – Timisoara – Arad to 400 kV has been completed.

With a view to reach the 70% requirement according to article 16(8) of Regulation (EU) 2019/943 there is also need for the investment projects- the 400 kV double circuit OHL Cernavoda – Stalpu with one input/output circuit in substation Gura Ialomitei and converting the

Brazi Vest – Teleajen – Stalpu axis to 400 kV, as well as completing the 400 kV double circuit OHL (one circuit has been equipped) Smardan – Gutinas.

Transelectrica SA in its capacity of Transmission System Operator is investing to increase the interconnection capacity and to enable Romania to import more electricity.

Thus, beginning with 1 January 2021 it will provide significant cross-border capacity with the countries it operates interconnected with – Bulgaria, Hungary, Serbia and Ukraine – of 2,800 MW for export from Romania and 3,000 MW for import in Romania.

In the following five years such cross-border capacity will double by means of the wide investment programme assumed by the Company, which will enable developing the electricity markets coupling Europe-wide, thus contributing to reaching the European Union's objectives "Internal electricity market" and "Clean energy for all Europeans".

ONE'S OWN TECHNOLOGICAL CONSUMPTION

In comparison with 2019 in 2020 OTC within RET decreased about 4.9%, while the percentage OTC diminished from 2.27% to 2.19%.

The factors of significant impact over the OTC in January – December 2020, as for instance precipitation and the distribution of cross-border physical flows are beyond the control of Transelectrica.

OTC DEVELOPMENT FACTORS

In January 2020 OTC in absolute value dropped 9.4% compared to January 2019 due to better import/export physical flows and a more advantageous output distribution, which led to reduced electricity transmission to long distance from sources and due to better meteorological conditions in terms of 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 same period of 2019, due to about 2.7% growth (85.7 GWh) of the electricity received from producers connected to RET and about 9% (61.7 GWh) of the imported amounts, against the background of around 23.4% drop (60 GWh) of the 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 dropped by 8.8% compared to February 2019 as a result of better import/export physical flows, which 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 grew 8.27% (286.32 GWh) in February 2020 compared to the same period of 2019, against the background of 4.25% (122,475 GWh) reduced electricity amount received from the producers directly connected to RET and of 4.04% (11,021 GWh) received from RED, while import grew 136.11% (419,816 GWh). Meteorological conditions were bad as the amount 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 due to better import/export physical flows, which led to reduced electricity transmission to long distance from sources. The percentage of losses compared to the electricity input into RET outline decreased from 2.40% 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 same period of 2019, against a background of 5.34% (156,824 GWh) reduced electricity amount received from producers directly connected to RET while import grew 32.16% (108,903 GWh) as well as the electricity received from RED by 7.93% (24,202 GWh). Meteorological conditions were bad, the amount of precipitation registered was higher than last year and determined higher corona losses.

In April 2020 OTC in absolute value dropped 24.9% compared to April 2019 as a result of reduced electricity transmitted against the background of low consumption owing to the coronavirus pandemic, the better generation distribution which led to reduced electricity transmission to long distance from sources, but also better meteorological conditions in terms of precipitation, which determined lower corona losses. The percentage of losses compared to the electricity input into RET outline decreased from 2.39% in 2019 to 2.07% in 2020. The electricity input into the outline dropped 13% in April 2020 (435.3 GWh) compared to the same period of 2019 ca after about 19.2% (525.5 GWh) drop in the electricity amount received from producers connected to RET and about 5.6% (15.6 GWh) decrease of the amount received from RED, against a background of about 31.3% (105.7 GWh) growth of the electricity amount from import. Meteorological conditions were good and the precipitation amount registered was lower than last year, contributing to reduced corona losses.

In May 2020 OTC in absolute value dropped 13.8% compared to May 2019 as a result of reduced electricity transmitted against a background of reduced electricity consumption because of the coronavirus pandemic, of better import/export physical flows on the lines in north-western SEN and better generation distribution which led to reduced electricity transmission to long distance from

sources, but also better meteorological conditions in terms of precipitation, which determined lower corona losses. The percentage of losses compared to the electricity input into RET outline decreased from 2.49% in 2019 to 2.21% in 2020. The electricity input into the outline decreased 2.8% (91 GWh) in May 2020 compared to the same period of 2019, against the background of 9.95% (249.8 GWh) reduced amount of electricity received from producers directly connected to RET and the 45.3% (211.8 GWh) lower amount received from RED while import grew 153.2% (370.6 GWh). Meteorological conditions were good, the precipitation amount registered was lower than last year and contributed to reduced corona losses.

In June 2020 OTC in absolute value dropped about 10.5% compared to June 2019, especially after the electricity amount transmitted got reduced against a background of lower electricity consumption because of the coronavirus pandemic and better import/export physical flows on the lines of north-western SEN, which reduced the electricity transmitted to long distance from sources. The percentage of losses compared to the electricity input into RET outline decreased from 2.38% in 2019 to 2.34% in 2020. The electricity input into the outline decreased 8.7% (285.2 GWh) in June 2020 compared to the same period of 2019, against a background of 19.5% (534.8 GWh) reduced electricity received from producers directly connected to RET and 16.7% (68.5 GWh) lower electricity received from RED, while import grew 230.6% (318.1 GWh). Meteorological conditions were similar, and the same were corona losses.

Consumption drops ranged from -14.7% in April, -11.9% in May, but also in June 2020 compared to 2019.

The electricity generation also registered lower values compared to 2019 ranging from -17.5% in April, -22.3% in May, which could be also found in June.

In the first semester of 2020 the electricity consumption registered -6.5% decrease in comparison with the same period of last year, while generation dropped -11.7%.

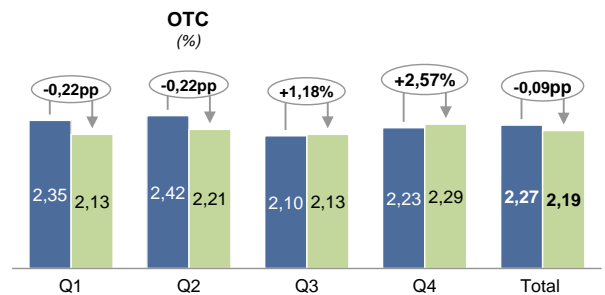
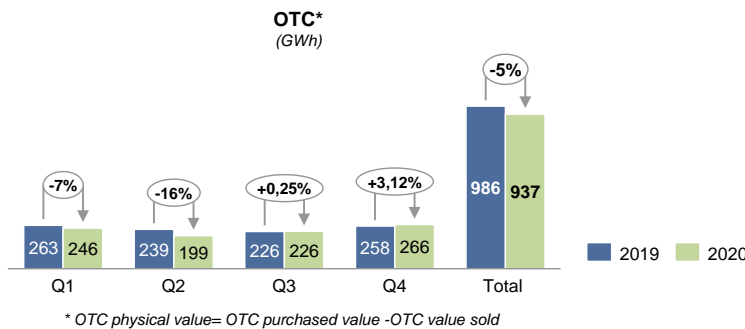
In July 2020 OTC in absolute value increased 1.6% compared to July 2019 as a result of worse physical flows on the interconnection lines, which has led to reduced electricity transmission to distance from sources but also of worse meteorological conditions, which determined higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 1.93% in 2019 to 2.11% in 2020. The electricity input into the outline decreased 7.2% in July 2020 (258.4 GWh) compared to the same period of 2019, after about 12.6% (376 GWh) drop in the electricity received from RET-connected producers, against a background of around 3.5% (16,528 GWh) lower electricity amount from import and about 64.2% (100,718

GWh) of that received from RED. Meteorological conditions were worse than last year and the greater precipitation amount determined higher corona losses.

In August 2020 OTC in absolute value decreased 9.3% compared to August 2019 due to better output distribution, which led to reduced electricity transmitted to distance from sources. The percentage of losses compared to the electricity input into RET outline decreased from 2.26% in 2019 to 2.05% in 2020. The electricity input into the outline increased 0.3% (12.5 GWh) in August 2020 compared to the same period of 2019, against a background of 6.87% (190.5 GWh) higher electricity received from producers directly connected to RET and 17.96% (29.5 GWh) higher amount received from RED, while import dropped 31.85% (207.5 GWh). Meteorological conditions were similar to last year; the registered amount of precipitation

had no significant impact over loss variation by corona effects.

In September 2020 OTC in absolute value increased about 9.4% compared to September 2019, especially after greater electricity amounts transmitted and worse meteorological conditions, which determined higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.11% in 2019 to 2.22% in 2020. The electricity input into the outline increased 4.2% (148.2 GWh) in September 2020 compared to the same period of 2019, against a background of 7.7% (210.8 GWh) higher electricity received from producers directly connected to RET and 49.3% (77.1 GWh) higher amount received from RED, while import dropped 22.1% (139.7 GWh). The meteorological conditions were bad and determined higher corona losses.



In October 2020 OTC in absolute value increased 19.7% compared to October 2019 as a result of worse output distribution and a more disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources but also meteorological conditions were also worse, determining higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.04% in 2019 to 2.45% in 2020. The electricity input into the outline decreased 0.4% in October 2020 (15.4 GWh) compared to the same month of 2019, as a result of about 0.59% (174.13 GWh) decrease of electricity received from RET-connected producers, against a background of about 0.97% (63.68 GWh) higher electricity from import and about 6.5% (95.07 GWh) higher amount received from RED. Meteorological conditions were worse and a greater amount of precipitation was registered, determining higher corona losses.

losses. The percentage of losses compared to the electricity input into RET outline decreased from 2.45% in 2019 to 2.09% in 2020. The electricity input into the outline increased 0.2% (6.89 GWh) in November 2020 compared to the same period of 2019, while import increased 3.37% (162.07 GWh), and 0.32% (98.77 GWh) reduced electricity was received from producers directly connected to RET and 2.58% (56.41 GWh) lower amount was received from RED. Meteorological conditions were better than last year; smaller amounts of precipitation contributed to lower corona losses.

In November 2020 OTC in absolute value decreased 14.8% compared to November 2019 as a result of better distribution of the output and of physical flows on interconnection lines, which led to reduced electricity transmitted to distance from sources, and better meteorological conditions determined lower corona

In December 2020 OTC in absolute value increased about 7.60% compared to December 2019 as a result of greater transmitted electricity amounts, worse distribution of the output and of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources; as well as the worse meteorological conditions, which determined higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.20% in 2019 to 2.33% in 2020. The electricity input into the outline increased 1.8% (71 GWh) in December 2020 compared to the same period of 2019, against a background of 0.18% (57.67 GWh) higher electricity received from producers directly connected to RET and

0.78% (18.86 GWh) greater amount received from RED while import decreased 0.1% (5.53 GWh). Meteorological conditions were bad and determined higher corona losses.

Mention should be made the values of December 2020 are preliminary. They will be updated after the date of this report.

In conclusion, *in quarter I 2020* OTC within RET decreased about 6.6 % compared to the same period of 2019, especially due to better import/export physical flows that led to reduced electricity transmitted to distance from sources and also due to better meteorological conditions of January 2020, which determined lower corona losses. Losses decreased from 2.35% to 2.13% as compared to the electricity input into the outline.

In quarter II 2020 OTC within RET decreased about 16.4% compared with the same period of 2019, especially because of reduced electricity transmitted against a background of reduced electricity consumption owing to the coronavirus pandemy, of better import/export physical flows on the interconnection lines of

north - western SEN and better output distribution, which led to reduced electricity transmitted to distance from sources; better meteorological conditions determine lower corona losses. Losses decreased from 2.42% to 2.21% against the electricity injected into the outline.

Overall in *quarter III 2020* OTC within RET increased about 0.3% compared to the same period of 2019, especially as a result of higher electricity transmitted and worse meteorological conditions, which determined higher corona losses. Losses increased from 2.10% to 2.13% as compared to the electricity input into the outline.

In quarter IV 2020 OTC within RET increased about 3.1% compared to the same period of 2019, as a result of higher electricity transmitted, worse distribution of the output and of physical flows on interconnection lines and also owing to bad meteorological conditions, which determined higher corona losses. Losses increased from 2.23% to 2.29% as compared to 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 December 2020 compared to 31 December 2019 was mainly determined by completed investments in the high voltage substations and electric lines.

The value of non-current assets registered in accounting books in January-December 2020 was RON 176.5 mn (RON 170.9 mn in the same period of 2019) thus increasing RON 5.6 mn.

On 31 December 2020 the greatest transfers from tangible assets in progress to tangible assets are represented mainly by the commissioning of investment objectives as follows:

- Replacing the EMS SCADA AREVA system components - software & hardware components – RON 31.86 mn;
- Refurbishing the 220/110 kV substation Craiova Nord – RON 26.55 mn;
- Refurbishing the 400/110/20 kV substation Domnesti – RON 19.36 mn;
- Replacing AT and transformers in electric substations - stage 2, step 2, LOT 1 & LOT 2 – RON 16.86 mn;
- 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest & Bradu – RON 13.35 mn;
- Refurbishing the 220/110 kV substation Otelarie Hunedoara – RON 11.83 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 9.43 mn;
- Research & development Centre of LW technologies and fast intervention into SEN - Centre Building – RON 5.77 mn;
- Integrated security system in electric substations, stage IV – RON 5.18 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 4.97 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 4.51 mn;
- Changes to the 400/220/110 kV OHL to achieve the Break-through project of Blvd N. Grigorescu - Splai Dudescu – RON 3.97 mn;
- Upgrading the 400/220/110/20 kV substation Munteni – RON 3.87 mn;
- Upgrading the teleprotection telecommunication system in Substation Cernavoda – RON 3.76 mn;
- Upgrading the building of DET Timisoara – RON 1.92 mn;
- By-passing the 400 kV networks on segment 2, lot 2, found in Olt County to build the express Craiova-Pitesti road; the 400 kV simple circuit OHL Slatina-Bucharest South – RON 1.69 mn;
- Computation technique - hardware & software - Desktop PC – RON 1.64 mn;
- Upgrading the 220 kV OHL Cetate – Calafat – RON 1.17 mn;
- Consolidating towers of panel 381 - 390 from the 400 kV OHL Bradu - Brasov – RON 0.98 mn;
- Air conditioning installations for the server rooms of UNO-DEN – RON 0.92 mn;
- Space development to relocate and modernise CTSI, ground floor of industrial building 2 of UTT Timisoara – RON 0.82 mn;
- Replacing circuit breakers in electric substations – RON 0.73 mn;
- Changes to the 400 kV OHL Urechesi - Domnesti to achieve the coexistence terms – RON 0.58 mn;
- Check-up and test equipment – RON 0.43 mn;
- Special intervention towers type Universal Guyed Portal for 220-400 kV, including prefabricated foundations – RON 0.40 mn;
- Providing safe supply of the 220 Vdc auxiliary services in Substation Fantanele by replacing condenser batteries and resizing the capacity of accumulator battery 2 – RON 0.38 mn;
- Upgrading the hardware and software platforms of SCADA system from Substation Stuparei – RON 0.36 mn;
- Production hall for aluminium parts found in locality Bradu, village Geamana, str. Drumul 23, no. 44, Arges County – RON 0.33 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 0.29 mn;
- The fully equipped automatic gas-fired 400 kW thermal plant for the building located in Blvd Hristo Botev 16-18, Bucharest 3 – RON 0.28 mn;
- Thermal rehabilitation of the Annex Building, Control Block of Substation Isaccea – RON 0.26 mn;
- Replacing the 220 V accumulator battery 1 in the 220/110 kV substation Mintia – RON 0.25 mn;

- Upgrading the road system, communal route, Fort Street, Domnesti commune, Ilfov County – RON 0.22 mn;
- Videoconference terminal for the TSCNET network, to be installed in UNO-DEN – RON 0.16 mn;
- Hydrocarbon (oil) separator for the concreted platform of substation Tulcea Vest – RON 0.15 mn;
- Professional air conditioning units for the IT&C technological rooms of DET-s Bacau, Cluj and Craiova – RON 0.14 mn;
- UPS-type direct electric supply source - 2 pcs., 14.5 kW air conditioning units - 2 pcs., air de-humidification unit -1 pc – RON 0.12 mn.
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 14.41 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 13.87 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 11.28 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 11.15 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 10.96 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 10.63 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 9.49 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut; upgrading the command control system of the 400/220/110/6 kV substation Iernut – RON 8.70 mn;
- Upgrading the 110 kV & 400 (220 kV) installations of Substation Focsani Vest – RON 8.18 mn;
- Refurbishing the 400/110/20 kV substation Smardan – RON 8.09 mn;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 7.12 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – RON 6.63 mn;
- The 400 kV OHL Gadalin - Suceava, including SEN interconnection – RON 6.04 mn;
- HVDC Link 400 kV (submarine cable Romania - Turkey) – RON 5.85 mn;
- Free up the location and achieving the coexistence terms with the 400 kV installations of NPG Transelectrica SA in communes Letea Veche and Saucesti, Bacau County (execution) – RON 5.70 mn;
- Refurbishing the 110 kV substation Timisoara and converting the Iron Gates - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV substation Timisoara – RON 4.87 mn;
- Integrated security system in electric substations, stage IV – RON 4.82 mn;
- The 400 kV OHL Suceava - Balti for the project section on Romanian territory - RON 4.44 mn;
- The 400 kV double circuit OHL Gutinas – Smardan – RON 4.18 mn;
- Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud – RON 3.96 mn;
- The 400 kV simple circuit OHL Oradea Sud - Nadab - Bekescsaba, final stage: section in-

PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in January - December 2020 amounted to RON 370.9 mn, a higher amount compared to the same period of 2019 when procurements were of RON 241.7 mn.

The growth of intangible assets on 31 December 2020 is mainly represented by the recognition of the usage right for assets under leasing – buildings. It represents the utilisation rights of spaces the Company leased in the Platinum office building according to the provisions of IFRS 16 – Leasing contracts.

The balance of tangible and intangible assets in progress on 31 December 2020 is represented by ongoing projects, of which the most significant are:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – RON 112.06 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I- the 400 kV simple circuit OHL Iron Gates - (Anina) - Resita – RON 62.00 mn;
- Connecting to RET the 300 MW Ivesti WPP, the 88 MW WPP Falciu 1 and 18 MW WPP Falciu 2 by the new (400)/220/110 kV substation Banca – RON 46.88 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 42.05 mn;
- Refurbishing the 400/110/20 kV substation Domnesti (BA Dec. 5/19.05.2010) – RON 40.36 mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 41.04 mn;
- Upgrading the 220/110/20 kV substation Arefu – RON 15.50 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 15.25 mn;

- between towers 1-42 (48) and the 400 kV OHL Oradea Sud – Nadab – RON 3.70 mn;
- Refurbishing the 110 kV substation Medgidia Sud – RON 3.50 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara - Sacalaz – RON 3.34 mn;
- Replacing circuit breakers in electric substations – RON 3.32 mn;
- Upgrading the 220/110/20kV substation Vetis – primary equipment – RON 3.35 mn;
- Adding new functions to the access control and IT account in the objectives of NPG Transelectrica SA – RON 3.20 mn;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita County, by building a 110 kV bay in the 400/110 kV subst. Gura Ialomitei – RON 2.89 mn;
- 400 kV mobile bays to connect bus-bars in the 400 kV substations Bradu & Sibiu Sud – RON 2.81 mn;
- Integrated security system in electric substations, stage III (BA Dec. 2/2008) – RON 2.80 mn;
- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Iron Gates – RON 2.68 mn;
- Bypassing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV subst. Ostrovul Mare – RON 2.58 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 2.55 mn;
- Moving and protecting HV electric grids (220 kV – 400 kV) – Brasov -Cluj - Bors Motorway, section 1C – Sighisoara - Targu Mures, sub-sections 2 & 3 Targu Mures – Ungheni I - Ogra – RON 2.36 mn;
- The 400 kV OHL Oradea – Beckescsaba – RON 1.83 mn;
- Optical fibre communication achieved between substation Pitesti Sud and the remote control & installation supervision centre of UTT Pitesti (SF) – RON 1.71 mn;
- The 220 kV double circuit OHL Ostrovu Mare - RET (BA Dec. 17/2007) – RON 1.57 mn;
- Consolidation, upgrade and extension of offices for NPG Transelectrica, Executive branch – RON 1.63 mn;
- Replacing shunt reactor, Substation Arad – RON 1.40 mn
- The 400 kV substation Stalpu – RON 1.11 mn;
- Replacing the EMS SCADA AREVA system components – software & hardware components – RON 5.07 mn;

INVESTMENT ACTIVITY ON 31.12.2020

The detailed investment expenses on 31 December 2020 by the 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)	
			12M 2020	12M 2019
	Grand Total (A+B)	384,111	360,420	251,285
A	Company's own expenses	368,284	345,523	245,059
B	Investments financed from the connection fee	15,827	14,897	6,226

*2020 Annual Investment Programme, revision A11

There was 93.8% achievement of the investment plan on 31 December 2020. In comparison with the achievements in the 12M 2019, investment expenses in 12M 2020 grew 43%.

FINANCIAL INVESTMENTS OF THE COMPANY

Europe-wide, the energy sector is undergoing a change process, with emphasis placed on the transition from a prevalingly national model to develop the energy sector to an integrated development model coordinated at European level, which is meant to provide uniform development all over the Continent but also to get it adapted to national specificities while also following the legitimate interests of European states.

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

- **TSCNET**
- **JAO**
- **SEE RSC**

TSCNET (TSCNET Services GmbH)

It was constituted in order to serve the Transmission System Operators (TSO) of the eastern-central-western European region (CORE) with a view to implement in coordinated manner the European network codes. The affiliation is achieved by joining the shareholders of TSCNET and purchasing shares in the company.

Decision 9 of AGEA of 05 June 2018 approved the Company's affiliation to the Security coordinating Centre of CORE region, TSCNET by participating to the share capital with 470,500 Euro (1 share – 2,500 EUR).

JAO (Joint Allocation Office)

Beginning with 2019 auctions allocating the long-term capacities are performed in coordinated mode by JAO,

which was designated Operator of the Single Allocation Platform (SAP).

Transelectrica was invited by JAO to be a part of its shareholders.

Decision 10 of AGEA of 20 August 2018 approved the Company's affiliation to the shareholders of the Joint Allocation Office (JAO) with cash subscription amounting to 259,325 Euro, being allotted 50 shares.

SEE RSC (Security Coordonating Centre in south-eastern Europe)

Through the Romanian – Bulgarian border Romania is part of the coordinated calculation region of cross-border capacities in south-eastern Europe („SEE”). In terms of regional coordination services for operational security, this region will be served by an independent legal entity that will act as regional centre coordonating operational security (hereinafter called SEE RSC).

Company's affiliation to the shareholders of SEE RSC became effective beginning with 22.05.2020 by cash subscription amounting to 50,000 Euros, being allotted 50,000 shares.

CONTRACTUAL ISSUES

The most important investment contracts signed in 2020 are as follows:

- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV / the 400/220/110 kV substation Resita – RON 103.8 mn;
- Refurbishing the 220/110/20 kV substation Baru Mare – RON 58.9 mn;
- Connecting the 400 kV OHL Isaccea-Varna and the 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud, stage I, extending the 400 kV substation Medgidia Sud – RON 2.4 mn.



Significant events

JANUARY - DECEMBER 2020

- **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; such appointment became effective on 07 January 2020 once he had signed the mandate acceptance statement before the notary public.

- **Giving up the mandate of provisional Directorate member**

Mr. Ioan FOLESCU gave up his mandate of provisional Directorate member in the Company beginning with 09 January 2020, according to 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; such appointment became effective on 10 January 2020 once he had signed 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 of the Supervisory Board is as follows:

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

Nomination and Remuneration Committee:

- Oleg BURLACU - chairman
- Ciprian Constantin DUMITRU - member

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

- **New tariffs applicable as of 16 January 2020**

The Official Gazette no. 28/16.01.2020 published ANRE Order 10/2020 amending ANRE Order 218/2019 approving the average tariff of transmission services, the transmission tariff components 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 provisional Supervisory Board member mandate**

Mr. Jean BADEA gave up the entrusted mandate of provisional Supervisory Board member in the Company beginning with 04 February 2020, according to the communication registered on 03 February 2020 in the Company.

- **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 she had signed 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; such appointment became effective on 13 February 2020 once he had signed the mandate acceptance statement before the notary public.

- **Completing the membership of Consultative committees within the Supervisory Board**

Decision 20/2020 of the Supervisory Board appointed Mr. Mircea Cristian STAICU and Mrs. Mihaela CONSTANTINOVICI as members in the Nomination and Remuneration Committee and in the Energy Security Committee, and Mrs. Mihaela CONSTANTINOVICI as member in the Audit Committee.

The membership of consultative committees of the Supervisory Board is as follows:

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

Nomination and Remuneration 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 the Ascertaining and penalising minutes 14107/2020, whereby it found NPG Transelectrica SA violated the provisions of article 34 para (2) of the Electricity and natural gas law 123/2012. The Company has contested 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 Company's Shareholders' General Ordinary Assembly of 06 March 2020

In accordance with AGOA Decision 1 of 06 March 2020 the following persons have been 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 Plan was established for 2020 financial year and the estimations for 2021 and 2022, also approving the Company's Revenue and expense budget for 2020 and the amendment of article 5.2 let (b) from the mandate contract version approved by AGOA Decision 31/26.11.2019; it approved cancelling Decision 3 of 9/26.09.2017 of the Shareholders' general assembly and cancelling Decision 23/20.09.2019 of the same assembly.

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

AGEA Decision 3 of 06 March 2020 approved amending article 7 para (2) item 1 of the Articles of association, replacing the phrase "Romanian State through the Ministry of Economy" by the phrase "Romanian State through the Secretariat General of the Government" and it approved the participation of the National Power Grid Company Transelectrica SA to establishing the regional operational security coordination centre serving the coordinated calculation regions for cross-border transmission capacities in SEE (Bulgaria, Greece, Romania) and GRIT (Greece, Italy), in Greece, Saloniki.

• Business continuity in the context of COVID-19

On 18 March 2020 the Company issued a communiqué about its continued activities in the context of Covid-19 whereby it notified about its elaboration and application of the action plan on business and operations continuity, as necessary to provide safe operation of the National Power System (SEN) in the epidemiologic context generated by Covid-19 (coronavirus) spreading.

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

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

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

• Changes in the Directorate membership

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

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

It 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 amending licence 161 for provision of electricity transmission services, whereby it extended its validity until 22.12.2025.

- **Signing the contract of support services**

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

- **Recommendations addressed to 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 the electronic / remote interaction means for the AGOA reunion convened on 28/29 April 2020 with a view to limit Covid-19 spreading.

- **Decision 5 of the Company's Shareholders' General Ordinary Assembly of 28 April 2020**

In accordance with AGOA Decision 5 of 28 April 2020 the Company's 2019 stand-alone and consolidated financial statements were approved; approval was also given to profit, to constituting reserves from the revenues obtained from the allocation of transmission capacities on interconnection lines in 2019 and to covering the loss from actuarial losses of the surplus revaluation reserves taxable upon destination change; dividends distribution was approved from the retained earnings existent on balance on 31.12.2019. Liability discharge was approved as well for the Directorate and Supervisory Board members in 2019 financial year, establishing 03 June 2020 as "ex date" and 25 June 2020 as "payment date" of dividends distributed from the retained earnings existent on 31.12.2019.

- **Reconfirmation of rating, positive outlook**

On 06 May 2020 the International Rating Agency Moody's Investors Service reconfirmed the Company's rating Ba1 (Corporate Family Rating) with positive outlook for the third consecutive year; such rating mirrors a low business risk profile. Moreover the individual Company rating (Baseline Credit Assessments) improved, being upgraded from Ba2 to Ba1. The individual rating is a company's intrinsic capability to cope with financial commitments without governmental support.

- **Transelectrica's affiliation to SEE RSC**

Beginning with 22.05.2020 the Company's affiliation to the shareholders of the Regional Operational Security

Coordination Centre of the south-eastern European Region (SEE RSC) 'Southeast Electricity Network Coordination Centre (SeleNeCC) Cociete Anonyme' became effective with cash subscription amounting to 50,000 Euro, thus the Company was allotted 50,000 shares.

- **Payment procedure of dividends**

On 27 May 2020, according to AGOA Decision of 28 April 2020, the Company transmitted the payment procedure for the dividends distributed from the retained earnings found on balance on 31.12.2019. Dividend were paid beginning with 25 June 2020 (payment date) to the shareholders registered on 04 June 2020 in the Company's Shareholder Register, with ex-date on 03 June 2020, by means of the Central Depository SA.

- **Decision 6 of the Company's Shareholders' General Ordinary Assembly of 28 May 2020**

The majority shareholder, the Romanian State through the Secretariat General of the Government requested adding the AGOA reunion's agenda scheduled on 28/29.05.2020 with the appointment of certain provisional Supervisory Board members in the Company beginning with 30 May 2020 and establishing the mandate term. The proposals of the Secretariat General of the Government for provisional Supervisory Board members were as follows:

- Adrian GOICEA
- Luiza POPESCU
- Oleg BURLACU
- Jean-Valentin COMANESCU
- Mihaela CONSTANTINOVICI
- Ciprian Constantin DUMITRU
- Mircea Cristian STAIUCU

AGOA Decision 6 of 28 May 2020 approved the appointment of the persons nominated in the proposals of the Secretariat General of the Government for four months, beginning with 30 May 2020 until 29 September 2020.

- **Decision 7 of the Company's Shareholders' General Extraordinary Assembly of 28 May 2020**

AGEA Decision 7 of 28 May 2020 approved the principle indexation of the Company's share capital with the contribution in kind represented by the value of 17 lands, which the Company obtained ownership certificates for and the submission to the Trade Register of the proposal to designate JPA Audit & Consultancy SRL as ANEVAR-licensed valuator to assess according to legal terms the contribution in kind that indexed the share capital; and it approved, with the Supervisory Board's agreement, establishing or cancelling secondary offices (subsidiaries, territorial units, representation offices, agencies or any similar units with no legal personality).

• **Appointing the Chairman and approving the Consultative Committees' membership in the Supervisory Board**

In accordance with the statutory legal attributions the Supervisory Board, having met on 02.02.2020 elected Mr. Adrian GOICEA as Supervisory Board Chairman and designated the members of Consultative committees of the Supervisory Board as follows:

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
- Ciprian Constantin DUMITRU - 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

• **Reorganisation by cancelling, namely establishing Company secondary offices on 10.06.2020 and enforcing the amendments in the Articles of Association approved by HAGEA nr.7/28.05.2020, on the same date**

On 02 June 2020 the registration was admitted with the National Office of the Trade Register, Trade Register Office from Bucharest Tribunal, of Directorate Decisions 116/2020 and 117/2020 which, beginning with 10 June 2020 approved cancelling the secondary offices with no legal personality- namely Transmission Branch Bacau, Transmission Branch Bucharest, Transmission Branch Cluj, Transmission Branch Craiova, Transmission Branch Constanta, Transmission Branch Timisoara, Transmission Branch Pitesti, Transmission Branch Sibiu and establishing the following secondary offices with no legal personality, namely Territorial Transmission Unit Bacau, Territorial Transmission Unit Bucharest, Territorial Transmission Unit Cluj, Territorial Transmission Unit Craiova, Territorial Transmission Unit Constanta, Territorial Transmission Unit Timisoara,

Territorial Transmission Unit Pitesti, and Territorial Transmission Unit Sibiu. The amendments in the Articles of Association approved by HAGEA 7/28.05.2020 will become effective beginning with 10 June 2020.

• **Appointment of provisional Directorate members**

The Supervisory Board at its meeting of 09 June 2020 designated as provisional Directorate members, beginning with 21 June the following person:

- Catalin NITU
- Ionut-Bogdan GRECIA,
- Andreea-Mihaela MIU,
- Marius-Viorel STANCIU
- Corneliu Bogdan MARCU.

The mandate is granted for four months beginning with 21 iune 2020 with possible extension for two more months on sound grounds; however the mandate term will not exceed the completion date of the selection procedure for Directorate members in the Company according to the terms of OUG 109/2011, if the procedure is completed within this time interval.

At the same time the Supervisory Board appointed Mr. Catalin NITU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – “CEO” – of the Company.

• **Regulated tariffs applicable as of 01 July 2020**

The Official Gazette no. 567/30.06.2020 published Order 142 amending Order 218/2019 of ANRE president approving the average tariff of transmission services, the transmission tariff components 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.

Tariffs of system services valid beginning with 01 July 2020 are as follows:

Service	Tariff applicable from 01 July 2019	Tariff applicable from 01 July 2020	Difference
	RON/MWh	RON/MWh	%
Tariff for system services, of which	14.89	14.45	▼2.96
I. Functional system services	1.84	2.49	▲35.32
II. Technological system services	13.05	11.96	▼8.32

- **Letter of expectations for Transelectrica SA**

On 15 July 2020 the Secretariat General of the Government in its capacity of superior public authority transmitted to the Company the Letter of expectations establishing the shareholders' desires regarding the performance of NPG Transelectrica SA, of the Supervisory Board and Directorate for four years, after adding the agenda of the Shareholders' general ordinary assembly convened on 31 July 2020/ 03 August 2020.

- **Transelectrica, founder TSO of the Electricity Network Coordination Centre in south-eastern Europe**

On 27 July 2020 the Transmission System Operators of Greece (IPTO), Italy (TERNA SpA), Romania (Transelectrica) and Bulgaria (ESO-EAD) notified the establishment of the Electricity Network Coordination Centre in south-eastern Europe ("CC SEleNe") in Tessoniki, Greece. The four TSO participate equally to the share capital of the new Company.

- **Resuming the execution of the Oradea - Nadab segment**

On 29 July 2020 the Company signed a contract to complete the Oradea Sud – Nadab segment, part of the 400 kV OHL Oradea - Bekescsaba. The work value exceeds 4 million RON and the project will be completed within 12 months by Electromontaj SA.

- **Decision 8 of AGOA of 31 July 2020**

AGOA Decision 8 of 31 July 2020 approved launching the selection procedure for Supervisory Board members in the Company in accordance with the provisions of article 29 para (1), para (2) and para (5) of Governmental Emergency Ordinance 109/2011 on the corporative governance of public enterprises, approved with amendments and additions by Law 111/2016; it also approved the candidates' and the Supervisory Board's profile for member positions in the Supervisory Board.

- **Failure in the Electric Transformer Substation Alba-Iulia**

On 11 September 2020 at 12:46 h a failure occurred in the 220/110/20 kV electric transformer Substation Alba-Iulia which supplied electricity to areas delimited by Alba Iulia City, for 46 minutes. The disconnected consumption was about 10 MW, and electricity supply to consumers was resumed at 13:32 h.

The incident occurred during planned maintenance.

- **Major shares of PAVAL HOLDING SRL and DEDEMAN SRL (over 5% of the share capital of TEL)**

On 25 September 2020 Transelectrica notified the major holdings of PAVAL HOLDING SRL and DEDEMAN SRL

(over 5% of the share capital of TEL). Thus according to the Notifications received:

- After the transaction of 18 September 2020 DEDEMAN SRL yielded part of its voting rights to an affiliated company. Thus the percentage of voting rights held by DEDEMAN SRL after such transaction decreased below 5%, namely to 2.058% iar PAVĂL HOLDING SRL deține 4,085% și PIF INDUSTRIAL SRL deține 0,341% din drepturile de vot;

- After the transaction of 22 September 2020 DEDEMAN SRL yielded to PAVAL HOLDING SRL the 2.058% of the share capital of TEL. Thus PAVAL HOLDING SRL acquired over 5% of the shares issued by Transelectrica, namely 6.143% of the share capital of TEL.

Consequently the percentage held jointly is 6.484% of the share capital of Transelectrica SA, namely PAVAL HOLDING SRL by 6.143% and PIF INDUSTRIAL SRL by 0.341%.

- **Decisions 9 and 10 of AGOA of 28 September 2020**

Decisions 9 and 10 of 28 September 2020 approved the appointment of Supervisory Board members in the National Power Grid Company Transelectrica SA beginning with 30 September 2020 for 4 (four) years, it established the remuneration of Supervisory Board members and approved the form of the mandate contract to be concluded with Supervisory Board members, which was the one proposed by the Romanian State shareholder through the Secterariat General of the Government.

- **Accepting the mandates of Supervisory Board members, electing the Supervisory Board Chairman and the membership of the Board's consultative committees**

Supervisory Board members appointed under Decision 9 of 28 September 2020 by the Shareholders' General Ordinary Assembly signed the acceptance of mandates on 30 September 2020, and their appointment became effective the same day.

Also the Supervisory Board having met on 30 September 2020 elected Mr. Adrian GOICEA as Supervisory Board Chairman and designated the members of consultative committees in the Supervisory Board as follows:

Nomination and Remuneration Committee:

- Oleg BURLACU - chairman
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Luiza POPESCU - member
- Ciprian Constantin DUMITRU - member

- Mircea Cristian STAICU - member
- Mihaela POPESCU - member

Audit Committee:

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

Energy Security Committee:

- Luiza POPESCU - chairperson
- Ciprian Constantin DUMITRU - member
- Adrian GOICEA - member
- Oleg BURLACU - member
- Mihaela POPESCU - member

- **Hiring announcement for Directorate member of Transelectrica**

On 1 October 2020 the Company notified it initiated the recruitment and selection of candidates to be nominated as Directorate members of the Company. The hiring announcement comprised the candidates' recruitment and selection stages, the participation terms, the submission of candidature files, the documents necessary for candidature submission, the selection criteria and other information.

- **Fifth edition of the International 'Regional South-East European Conference – RSEEC 2020'**

On 12 October 2020 was the opening session of the Internationale 'Regional South-East European Conference – RSEEC 2020' which was carried out online on 12-14 October 2020.

The RSEEC 2020 Conference is a biennial event organised by the National Romanian Committee of CIGRE (International Council of Large Electricity Systems), with the support from the National Power Grid Company Transelectrica SA and of the Polytechnic University of Bucharest as co-organisers, representing a major event of the energy domain, providing the opportunity to Romanian power engineers and business environment to submit their work and research results.

Papers and tutorials were submitted at this event, which debated seasonal topics such as technological condition for the future electricity networks; new equipment; environment and sustainability; active transmission and distribution networks; smart cities, key factor of electricity for society's development.

- **Transelectrica – consistent contribution to the equipment of SCADA laboratory from UPB**

The opening of the fifth edition of the International 'Regional South-East European Conference – RSEEC 2020' before Mr. Antonel TANASE, Secretary General of

Romania's Government, with minister accreditation, occasioned also inaugurating the first SCADA Laboratory in the Polytechnic University of Bucharest.

NPG Transelectrica SA has provided the equipment of such laboratory, with the contribution of SIEMENS Energy Romania, but also of other companies active in the energy sector such as Siemens Romania and Eneroptim, under partnership with the Polytechnic University of Bucharest.

The SCADA Laboratory includes a microstation constituted of command - control - protection equipment using digital technology, similar to the best-in-class installations currently operating within NPG Transelectrica SA, in order to provide safe operation of electricity transmission.

- **Extending the mandates of provisional Directorate members**

Taking into account the mandates of provisional Directorate members reached their term on 20 October 2020, the Supervisory Board having met on 12 October 2020 extended the mandates of the following Directorate members:

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

by two months beginning with 21 October 2020.

The mandate term of provisional Directorate members will not exceed the completion date of the selection procedure for Directorate members in the National Power Grid Company Transelectrica SA according to the terms of OUG 109/2011, if the procedure is completed within this time interval.

The Board also elected Mr. Catalin NITU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – 'CEO' – of the National Power Grid Company Transelectrica SA, for two months beginning with 21 October 2020.

- **Giving up the mandate of provisional Directorate member**

Mr. Ionut-Bogdan GRECIA gave up the entrusted mandate of provisional Directorate member in the Company beginning with 27 October 2020, according to the communication registered in the Company. Beginning with 28 October the Directorate performed activities with the members remaining in office on the communiqué date.

- **Appointment of provisional Directorate member**

On 29 October 2020 Mr. Ovidiu ANGHEL was appointed provisional Directorate member with mandate term until

20 December 2020; such appointment became effective on 30 October 2020 when he had signed the mandate acceptance statement before the notary publicv.

- **Appointment of Directorate members, mandate term of 4 years**

The Supervisory Board having met on 16 November 2020, after the selection procedure of candidates to fill the positions of Directorate members in the Company, appointed the following persons beginning with 17 October 2020 for 4 (four) years, namely from 17 October 2020 to 16 November 2024, according to article 23 para (2) of the Articles of Association:

- Catalin NITU
- Andreea-Mihaela MIU
- Corneliu Bogdan MARCU
- Marius Viorel STANCIU

and elected Mr. Catalin NITU as Directorate Chairman. At the same time a request was made to elaborate and submit a proposal for the management component of the administration plan during mandate and submit it to the Supervisory Board.

- **Failure in the electricity network in Substation Fundeni**

On 24 November 2020 around 8:26 h a failure occurred in the electricity transmission grid in the 220/110 kV electric transformer Substation Fundeni, which impacted the supply of certain substations of the distribution operator from northern-easter Bucharest City. The greatest part of consumption was re-supplied by 8:37 h, full resupply being achieved at 8:46 h. Preliminary checks detected a technical cause in the secondary circuits. The 220/110 kV electric transformer Substation Fundeni was refurbished in 2005-2007.

- **Publishing the 2020-2024 Administration Plan of Transelectrica**

On 10 December the Company's 2020-2024 Administration Plan was published, structured by two components, namely the administration component elaborated by the Supervisory Board and the management component elaborated by Directorate members, which can be consulted on the Company's site.

- **New tariffs applicable as of 1 January 2021**

The Official Gazette no. 1213/11.12.2020 published ANRE Order 214/09.12.2020 approving the average tariff of transmission services, the transmission tariff components introducing electricity in the grid (TG) and taking electricity out of the grid (TL), providing the tariffs of system services and the regulated price of reactive electricity charged by the Company. Consequently the regulated tariffs associated to the electricity transmission

services and system services and applicable beginning with 1 January 2021 are as follows:

Service	Tariff applicable from 01 July 2020	Tariff applicable from 01 January 2021
	RON/MWh	RON/MWh
Tariff of transmission services	17.97	20.55
Tariff of system services, of which	14.45	11.96
I. Functional system services	2.49	-
II. Technological system services	11.96	11.96

- **Extending the mandate of Directorate member**

The Supervisory Board having met on 14 December 2020 extended the mandate of Mr. Ovidiu ANGHEL for 4 (four) months beginning with 21 December 2020, with possible extension for two more months on sound grounds. The mandate term will not exceed the completion date of the selection procedure for Directorate members in the Company, appointment to become effective on signing date of the mandate acceptance statement before the notary public, but no sooner than 21.12.2020.

- **Decision 11 of AGOA of 21 December 2020**

In accordance with AGOA Decision 11, on 21 December 2020 the Shareholders' General Assembly approved the financial and non-financial performance indicators resulting from the administration plan; it approved the fixed gross monthly remuneration of Supervisory Board members, the general limits of the remuneration and of the other benefits granted to Directorate members; it approved the content of the addendum to the mandate contract concluded between Supervisory Board members and the Company having the form proposed by the Romanian State shareholder through the Secretary General of the Government.

- **Decision 12 of AGEA of 21 December 2020**

AGEA Decision 12 of 21 December 2020 approved the "2020 - 2029 Development Plan of the electricity transmission network, main coordinates" and amended articles 20, 21 of the Company's Articles of Association by additions regarding the Supervisory Board's activities.

- **Commissioning the 400 kV OHL Oradea Sud – Nadab**

The 400 kV overhead line Oradea Sud – Nadab was commissioned on 23 December 2020, thus enabling the commercial operation of the entire 400 kV segment

Oradea Sud – Nadab – Bekescsaba (Hungary). The investment amounting to 4 million RON was completed six months before the contractual term, work being executed by SC Electromontaj SA Bucharest. Building this line segment will enable increasing the cross-border capacity with Hungary at 1000 MW.

- **Transelectrica significantly increases its cross-border capacity beginning with 1 January 2021**

NPG Transelectrica SA, in its capacity of Transmission System Operator, beginning with 1 January 2021 provides significant cross-border capacity with the countries it operate interconnected with – Bulgaria, Hungary, Serbia and Ukraine – of 2,800 MW for export from Romania and of 3,000 MW for import in Romania.

In the following five years such cross-border capacity will double by means of the wide investment programme assumed by the Company, which will enable developing the electricity markets coupling Europe-wide, thus contributing to reaching the European Union's objectives "Internal electricity market" and "Clean energy for all Europeans".

At the beginning of 2020 the cross-border capacity provided by Romania was about 2200 MW export/import.

LATER EVENTS

- **Incident in the European electricity transmission network**

Friday, 8 January 2021, at 15:05 h an incident occurred in the interconnected European transmission network, which led to tripping several pieces of equipment in the electricity transmission grids of both Romania and other countries.

As regards Romania, the country's north-western area was impacted. The Romanian Electricity Transmission Grid recovered its normal operational conditions around 16:00 h, all impacted consumers being resupplied around 16:45 h.

The occurrence causes and conditions of this incident are studied and reviewed by the Association of Transmission System Operators from Europe, namely ENTSO-E.

- **ENTSO-E investigates the causes leading to the decoupling into two areas of the interconnected European electricity network on 8 January 2021**

The European Association of Transmission System Operators from Europe (ENTSO-E) published on 16 January 2021 the first conclusions of the preliminary analysis on the event that occurred Europe-wide on 8 January 2021 and impacted north-western Romania.

Thus ENTSO-E is performing detailed inquiry with a view to explain the conditions and causes leading to such an event in the interconnected electricity transmission network.

A final report will be submitted as soon as a full picture of the incident has been made in accordance with European regulations and norms.

The inquiry targets the legal framework according to Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on the electricity transmission system operation, whereby the national regulatory authorities and ACER are invited to join the TSO-s in the investigation team.

Romania, through Transelectrica, is part of specific working groups and permanently provides data, together with the other European countries, to contribute to outlining and explaining the conditions of event occurrence.

As ENTSO-E member Romania is integrant part of the European electricity network infrastructure and in this respect a coordinated direction is followed for the European energy infrastructure.

In the event of incident occurrences including malfunctions in the European transmission network, the risk exposure of interconnected states should be managed promptly.

In accordance with the provisions of the System Operation Guide the detailed investigation of this event includes a great number of real time registrations from protection devices and other components of the electricity system. ENTSO-E will publish the results of this investigation as soon as the study is completed.

- **15 minutes' settlement on the balancing market**

Beginning with 1 February 2021 Romania's electricity market passed from settlement every hour to 15 minutes settlement interval according to European Regulation 2195/2017 and European Regulation 943/2019 transposed in the Romanian legislation by means of ANRE Order 63/2020.

Implementing this settlement interval of the electricity market enables a transition much closer to the delivery period.

The actions and processes necessary for such transition to the 15 minutes' settlement were coordinated by Transelectrica in cooperation with ANRE, OPCOM and all electricity market participants.



Other issues

SHAREHOLDERS STRUCTURE

On 31.12.2020 the structure of Company shareholders was the following:

Shareholder name	No. of shares	Shares in total
Romanian State	43,020,309	58.7%
PAVAL Holding	4,753,567	6.5%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,305,068	22.2%
Other shareholders - natural persons	5,216,510	7.1%
Total	73,303,142	100%

TARIFFS

During 2020 in order to implement the new package of European regulations and especially Regulation (EU) 2019/943 and Regulation (EU) 2017/2195, the methodologies establishing tariffs of electricity transmission services and system service tariffs pentru serviciul de sistem, namely the Methodology establishing the electricity transmission service tariffs, approved by Order 171/2019 of ANRE president and the Methodology establishing system service tariffs approved by Order 45/2017 of ANRE president, with later amendments, have been hamonized with the provisions of fore-mentioned European regulations.

To this effect Order 153/2020 of ANRE president amending and adding the Methodology establishing the electricity transmission service tariffs approved by Order 171/2019 of the president of the National Regulatory Authority for Energy has integrated the component of functional system services in the transmission services, such unification being possible because of similar principles and rules when establishing revenues and tariffs.

At the same time Order 180/2020 of ANRE president modificarea Methodology establishing system service tariffs approved by Order 45/2017 of the president of the National Regulatory Authority for Energy has amended the Methodology establishing system service tariffs approved by Order 45/2017 of ANRE president, with later amendments, namely it removed the provisions on the principles and rules establishing the

DIRECTORATE MEMBERSHIP

On the date of this report the Directorate membership is as follows:

Catalin NITU	Directorate Chairman
Andreea - Mihaela MIU	Directorate Member
Ovidiu ANGHEL	Directorate Member
Corneliu-Bogdan MARCU	Directorate Member
Marius Viorel STANCIU	Directorate Member

tariffs of functional system services, which were resumed in Order 153/2020 of ANRE president.

Thus beginning with 1 January 2021 the tariffs of system services provided by the TSO will be calculated using only the regulated revenue approved for procurement of services called technological system services.

The tariffs of system services are those approved under Order 142/29.06.2020 of the president of the National Regulatory Authority for Energy amending Order 218/2019 of the president of the National Regulatory Authority for Energy approving average tariffs of transmission services, the transmission tariff components introducing electricity in the grid (TG) and taking electricity out of the grid (TL), the system service tariffs and the regulated price of reactive electricity, as charged by the Company. It was established beginning with 1 July 2020, in accordance with the provisions of the Methodology establishing system service tariffs approved by Order 45/2017 of the president of the National Regulatory Authority for Energy, with later additions.

Tariffs of electricity transmission services proposed for 2021 are provided in ANRE Order 214/09.12.2020 approving average tariffs of transmission services, the transmission tariff components introducing electricity in the grid (TG) and taking electricity out of the grid (TL), the system service tariffs and the regulated price of reactive electricity, as charged by Transelectrica.

The factors with significant contribution to changing the tariffs at the last review operated by ANRE for tariffs applied on 01.07.2020 according to ANRE Order 142/29.06.2020 are detailed as follows:

Index	Tariff	m.u	Approved value		
			1 Jan - 15 Jan 2020	16 Jan-30 Jun 2020	1 Jul-31 Dec 2020
A	Electricity transmission	RON/MWh	18.33	17.97	17.97
B	System services, of which:	RON/MWh	14.89	14.89	14.45
C	Functional services system	RON/MWh	1.84	1.84	2.49
D	Technological services system	RON/MWh	13.05	13.05	11.96

Functional system services

Tariff growth (+35.3%) is explained through the inflation forecasted 2.9% for the 1 July 2020 - 30 June 2021 tariff year, the 26% growth of regulated revenues and the 6.5% decrease in the forecasted billed electricity amount.

When establishing the regulated revenue of the 1 July 2020 - 30 June 2021 tariff year ANRE made corrections according to applicable regulations and accepted increasing the regulated costs forecast and decreasing the billed quantity forecasted by Transelectrica. The factors taken into calculation to establish the regulated revenue were as follows:

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

a) Final corrections related to the difference between estimated costs and revenues and those achieved in 1 July 2018 - 30 June 2019 amounting to +15.7 mill RON;

b) Partial corrections related to the difference between estimated costs and revenues and those achieved in 1 July 2019 - 30 June 2020 amounting to +11.6 mill RON;

2. Annual forecast of costs recognised in the regulated revenues approved for 1 July 2020 - 30 June 2021 is 19% higher in nominal terms than the annual cost forecast included in the previous tariff for 1 July 2019 - 30 June 2020. This growth was generated by higher costs of unplanned exchanges, the costs of regulated depreciations, the costs determined by European codes implementation etc.

3. As a result of economic effects generated by Covid-19 pandemy, the electricity amount that can be billed upon grid extraction was reduced from 56 TWh in the forecast of the previous tariff year to 52.3 TWh for 1 July 2020 - 30 June 2021. In case the quantity of electricity that can be billed upon grid extraction would have been

recognised by ANRE for 1 July 2020 - 30 June 2021 at the same value as that for 1 July 2019 - 30 June 2020 (56 TWh) its impact over tariff is +6.9%.

Technological system services

The annual forecast of costs recognised in the new tariff to procure technological system services in the 1 July 2020 - 30 June 2021 tariff year is 42.1 mill. RON smaller since the provisions of the Emergency Ordinance 26/2018 on taking certain measures for safe electricity supply were outdated, which provided in article 1, para (1) that in order to maintain a safe operation of the National Power System the Energy Complex Company Hunedoara SA is obliged to provide technological system services to the Transmission system operator at least for 400 MW electric power. Thus reserves will be procured only by bids organised by the Company.

The contribution of such changes is – 14.3% compared to the previous tariff that covered a positive ex-post correction and a correction of the revenue forecast from penalties;

2. As a result of economic effects generated by Covid-19 pandemy, the electricity amount that can be billed upon grid extraction was reduced from 56 TWh in the forecast of the previous tariff year to 52.3 TWh for 1 July 2020 - 30 June 2021. In case the quantity of electricity that can be billed upon grid extraction would have been recognised by ANRE for 1 July 2020 - 30 June 2021 at the same value as that for 1 July 2019 - 30 June 2020 (56 TWh) its impact over tariff is +5.9%.

SIGNIFICANT TRANSACTIONS

In accordance with the provisions of article 82 from Law 24/2017 regarding significant transactions concluded with affiliated parties, it has been reported in current reports in January-September 2020:

- Current report, 06 January 2020 - addendum 6 to contract C256/2014 concluded on 23.12.2019 with subsidiary Teletrans SA as provider.
- Current report, 16 April 2020 - contract C75/14.04.2020 concluded with subsidiary Teletrans SA as provider.

DISPUTES

The most important disputes impacting the Company are provided below:

Note: To facilitate reading and understanding, all amounts of this chapter are expressed in Lei/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 Lei, 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 Lei, the amount under invoice 1300215/31.12.2013.

The Company filed appeal requesting the court to admit it as filed, to 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 Lei. 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 on time the due cogeneration bonus amounting to 3,496,914 Lei, withheld by the Company on behalf of uncashed receivables. The Company refused paying the amount of 3,496,914 Lei, 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 sum being 89,360,986 Lei.

Transelectrica SA was recorded with only 11,264,777 Lei 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 Lei. But the remaining 78,096,209 Lei 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 Lei 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.

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

On 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 no. 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.

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

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

On 03.02.2021 hearing term ICCJ admitted the exception of late review request and has not pronounced on its inadmissibility.

Under RAAN's bankruptcy file registered under no. 9089/101/2013 Mehedinti Tribunal on 08.10.2020 deferred the case. Settlement in brief: a term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts, to consolidate the credits, to continue the measures meant to recover receivables and the public bids to capitalise the debtor's assets. The following term was established on **03.06.2021**.

▪ 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 Lei to the claimant as law court expenses (in part expert fees and judiciary stamp tax). Document granted - ruling 2771/13.06.2018.

At the public hearing of 21.10.2020 the appeals filed by the claimant and the defendant against sentence 2771 of 13 June 2018 by CAB, Section VIII administrative and fiscal disputes; final.

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 (2 files: 6576/2/2017 on cancelling the findings of 7.1, 7.2. and 8, and the measure decided in item II.10, term 20.01.2021, denying the inadmissibility exceptions, invoked in the objection; the request is denied as groundless and file 6581/2/2017 on cancelling the findings in item 6 and the measure decided in item II.9, with hearing term on 12.03.2021), on the docket of the High Court of Cassation and Justice (4 files: 6577/2/2017 on cancelling the findings in item 13 and the measure provided in item II.13, which became file 1614/1/2020 with hearing term set on 27.01.2022; file 6578/2/2017 on cancelling the findings in item 9 and the measure provided in item II.11, hearing term on 08.06.2022; file 6574/2/2017 on cancelling the findings in item 5.2 and the measure provided in item II.8, hearing term on 20.04.2021). Three files were settled for final by cancellation request denied by the Appeal Court Bucharest and appeals denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings in item 5.1 and the measure provided in items II.7 and II.8; file 6582/2/2017 on cancelling the findings in item 11 and the measure provided in item I.5; file 6580/2/2017 on cancelling the findings in item 10 and the measure provided in item II.12).

▪ 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 (β) 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 (RRR¹) 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.

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 and 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.

At the following term on 12.05.2020 the file was suspended during the entire emergency state.

On 23.06.2020 the case was deferred to enable the parties to get acquainted with the answer to objections. Also on the 21.07.2020 hearing term the case was deferred and the settlement was: letter to the expert to show up in court.

On 06.10.2020 the request was denied with the following settlement in brief: the inadmissibility exception was denied as groundless; the entire case was denied as groundless; appeal within 15 days from notification. It was pronounced by placing the settlement to the parties' disposal by the court clerk; ruling 362/2020.

On the 11.01.2021 hearing term the addition request was admitted; the decision was issued to add the device of civil ruling 362/06.10.2020 with the settlement pronounced on the accessory intervention request, meaning: the accessory intervention request filed by intervenient ALRO SA to support defendant ANRE was admitted; appeal right granted within 15 days from notification, to be submitted to the Appeal Court Bucharest.

• **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 Lei 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 file 40814/3/2014.

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.

¹ 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: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

Also OPCOM SA requested the law court to compel the Company paying 84,867.67 Lei 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 Lei.

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 Lei 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: Ruling 1517/2016 of 10.10.2016.

OPCOM SA 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 Lei as law suit expenses to the respondent in appeal-claimant. Appeal right was granted within 30 days from notification.

On 27.11.2018 NPG Transelectrica SA filed appeal, which is under screening with the ICCJ.

ICCJ settlement of 30.06.2020 was the following: the parties will be notified the report about the principle admissibility of the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil, mentioning they are entitled to submit an opinion on the report within 10 days from notification.

On the 10.11.2020 term the ICCJ settlement was: it admitted in principle the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest. The new hearing term was established on **09.03.2021**.

In 2014 the Company registered a provision of 2,670,029 Lei for the dispute with Subsidiary OPCOM SA.

File 17765-3-2019 pertains to compelling defendant OPCOM SA to pay 4,517,460 Lei 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 Lei 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 Lei - 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.

TMB settlement in the request on cancellation: on the 17.11.2020 it denied both cancellation requests as groundless. It denied as groundless the requests of both parties to compel the other to pay law suit expenses; final. It was pronounced by placing the settlement at the parties' disposal by the court clerk. Document: Ruling 2221/2020 / 17.11.2020.

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 Lei 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 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro... taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant's obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms".

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

It established the term on 26.11.2019 to continue investigating the case and summon the parties; appeal

right on the same date with the main issue. It was pronounced by placing the settlement to the parties' disposal by means of the court clerk.

On 21.01.2020 the case was deferred in order to perform the expertise and the next term is set on 31.03.2020.

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

The new hearing term was established on 16.02.2021 – to provide the expertise evidence.

▪ **FF WIND ENERGY INTERNAȚIONAL 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 Lei 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.

On the 12.05.2020 hearing term the parties are notified the report on the principle admissibility of the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest, Section VI Civil, mentioning they are entitled to submit an opinion on the report within 10 days from notification.

On the 13.10.2020 hearing term the settlement was: screen – in principle it admitted the appeal request with the following details: the appeal nullity exception was

denied invoked by the recurrent-defendant Transelectrica SA by contestation. It admitted in principle the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

The next hearing term was set on 30.03.2021.

▪ **ANAF**

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.

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

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

ANAF's Tax inspection report mainly records the following additional payment liabilities: corporate tax amounting to 13,726,800 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office 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 ANAF, the latter sending a tax inspection report on 20 September 2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

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

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

The Company requested cancelling 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 of 08.02.2018.

After such declination of competence file 8993/299/2018 was registered on the docket of Law Court of Bucharest 1 whereby the Company contested the enforcement 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 ANAF 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.

On CAB's hearing term on 21.07.2020 pronouncement was deferred.

On 30.07.2020 the case was replaced back on the docket for additional explanations.

On the 20.10.2020 term the request was partly admitted with the following settlement in brief: the litispended requests were partly admitted; Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning: - it removes the paying liability of the income tax amounting to 18,522,280 Lei, VAT in sum of 5,694,636 Lei and fiscal accessories pertaining to such main fiscale debts in quantum of

48,436,653 Lei, fiscal obligations established for the 349 fiscal invoices of special regime found as missing from the claimant's books; it removed the non-deductible nature of 27,001,727 Lei when calculating the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount; it removes the non-deductible nature of 343,629.91 Lei when calculating the taxable income, sum representing "weed-removing services" and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of 230,685,49 Lei when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removes the non-deductible nature of VAT in quantum of 46,417.1 Lei pertaining to 343,629.91 Lei, representing "weed-removal services" and payment obligations of the main fiscal arrears and accessories of this amount; it removed the non-deductible nature of VAT in quantum of 37,693.88 Lei pertaining to 230,685.49 Lei representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount; it removed the mention about obliging the Transmission Branch Sibiu of NPG Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors' table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 Lei when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, chapter on the income tax, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum; it removed the Minutes ascertaining the "determination of the deductible value added tax lower than that recorded by the claimant, thus a difference of 13,141 Lei resulting" (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount; it removed the payment obligation for delay penalties of penalising juridical regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal obligations maintained by judgment in this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate

Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division. It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers. It denies the other litispended as groundless. It denies as groundless the request to grant court expenses as judiciary stamp tax. It compels the defendants to jointly pay to the claimant the law court expenses amounting to 4000 Lei, representing fee for the accounting-fiscal expertise, in proportion to request admission. Appeal right was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; Ruling 382/20.10.2020

▪ 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 Lei; 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 15th day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

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

On 11.05.2020 judgment was suspended of full right during the emergency state instituted in Romania.

On the 22.06.2020 term the case was deferred. Settlement in brief: the report was approved pertaining to the funds obtained by liquidating the debtor’s assets and the 03.06.2020 distribution plan.

On the 18.01.2021 term the case was deferred. Settlement in brief: Report 1334 was approved on the funds obtained by liquidating the debtor’s assets and Plan 1335 of funds distribution. A new term was set on **24.05.2021** to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

▪ DAGESH ROM

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

TMB settlement

It compelled the claimant to pay 2,250 Lei 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.

CAB settlement:

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 Lei as service fee difference for 2012 and 76,265.23 Lei 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 Lei 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.

▪ RESITA CITY

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 Lei representing rent for the land temporarily taken up from the forest fund in 2015;

- 2,129,765.86 Lei representing land rent for 2016;

- 2,129,765.86 Lei 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.

On the 16.07.2020 term the High Court of Cassation and Justice decided by ruling 1578 the settlement competence in favour of Caras Severin Tribunal, Section I civil; final.

File **2494/115/2018****. Term: 16.11.2020 at Caras Severin Tribunal. Settlement in brief: the case deferral request was admitted filed by the claimant's representative to study the deeds submitted upon this term to the case file by the defendant's representative. It prorogates pronouncement on the suspension request filed by defendant Transelectrica SA to the next hearing term on **08.02.2021**

▪ 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 Lei) 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 Lei.

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 Lei at the exchange rate 1 Euro = 4.4458 Lei) 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 Lei at the exchange rate 4.4041 Lei / Euro) representing unreturned down payment secured under the security letter BR-1500520/29.07.2015; 200 Lei 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 31.2 mill Lei. 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 Lei into 3 equal monthly instalments due on the 20th day of each month, beginning to November 2019, in quantum of 61,930.10 Lei 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.

On the 18.05.2020 hearing term the appeal was denied as groundless; appeal right was granted within 30 days from notification; Ruling 287/18.05.2020.

Under file **18109/3/2020** a request was submitted to cancel reviewing file 35865/3/2018. On the 02.12.2020 term the review was denied as inadmissible; final; Ruling 2428/02.12.2020

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. The Company has constituted provision for such disputes.



Annexes

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

[RON mn]	31.12.2020	31.12.2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,567	3,440	128	4%
Intangible assets	7	23	(16)	(70%)
Financial assets	82	82	0.24	0.3%
Assets of the usage rights for leased assets - buildings	42	6	35	n/a
Total non-current assets	3,698	3,551	147	4.1%
Current assets				
Inventories	42	38	5	13%
Trade and other receivables	829	706	122	17%
Other financial assets	0	85	(85)	n/a
Cash and cash equivalents	554	321	233	73%
Total current assets	1,425	1,150	275	24%
Total assets	5,123	4,700	422	9%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
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	842	922	(81)	(9%)
Other reserves	17	16	2	11%
Retained earnings	1,592	1,434	158	11%
Total shareholders' equity	3,363	3,284	79	2%
Non-current liabilities				
Long term deferred revenues	348	361	(13)	(4%)
Long term borrowings	102	123	(21)	(17%)
Deferred tax liability	134	137	(3)	(2%)
Employee benefits liabilities	64	64	(0)	n/a
Total non-current liabilities	647	684	(37)	(5%)
Current liabilities				
Trade and other liabilities	866	556	309	56%
Other loans and assimilated liabilities - Leasing of building	42	6	35	n/a
Other tax and social security liabilities	17	9	8	94%
Short-term borrowings	25	56	(31)	(56%)
Provisions	122	70	52	75%
Short-term deferred revenues	33	37	(4)	(11%)
Income tax payable	8	(2)	10	n/a
Total current liabilities	1,112	732	380	52%
Total liabilities	1,760	1,416	343	24%
Total shareholders' equity and liabilities	5,123	4,700	422	9%

ANNEX 2: Stand-alone profit or loss statement – non-audited

[RON mn]							
Indicator	31.12.2020	31.12.2019	Budgeted 2020	Achieved 2020 vs 2019	Achieved 2020 vs 2019 (%)	Achieved vs Budgeted 2020	Achieved vs Budgeted 2020 (%)
0	1	2	3	4=1-2	5=1/2	6=1-3	7=1/3
Operating revenues							
Transmission revenues	1,035	1,082	1,088	(47)	(4%)	(53)	(5%)
System services revenues	795	742	875	53	7%	(80)	(9%)
Balancing market revenues	495	523	791	(28)	(5%)	(295)	(37%)
Other revenues	42	51	55	(9)	(17%)	(13)	(23%)
Total operating revenues	2,368	2,398	2,808	(30)	(1%)	(440)	(16%)
Operating expenses							
System operating expenses	310	352	363	(42)	(12%)	(54)	(15%)
Balancing market expenses	495	523	791	(28)	(5%)	(295)	(37%)
Technological system services expenses	566	676	740	(111)	(16%)	(175)	(24%)
Depreciation and Amortisation	268	280	270	(12)	(4%)	(2)	(1%)
Personnel expenses	297	210	272	87	41%	25	9%
Repairs and maintenance expenses	97	102	102	(4)	(4%)	(4)	(4%)
Materials and consumables	8	9	14	(1)	(10%)	(6)	(45%)
Other operating expenses	158	130	147	27	21%	11	7%
Total operating expenses	2,198	2,282	2,699	(83)	(4%)	(500)	(19%)
Operating profit	169	116	109	54	46%	60	55%
Financial income	10	10	8	0	1%	2	21%
Financial expenses	12	18	13	(7)	(36%)	(1)	(8%)
Net finance result	(2)	(9)	(5)	7	77%	3	57%
Profit before income tax	167	107	104	60	56%	63	60%
Income tax	54	11	16	43	n/a	38	n/a
Net profit	114	96	88	18	18%	26	30%

ANNEX 3: Stand-alone cash flow statement – non-audited

[RON mn]	2020	2019	Δ	2020 vs 2019 (%)
Cash flows from operational activities				
Profit of the period	113.7	96.0	18	18%
Allowances for:				
Income tax expense	53.8	11.0	43	387%
Depreciation expense	259.5	271.6	(12)	(4%)
Expenses with adjustments for trade receivables impairment	1.4	5.9	(5)	(77%)
Revenues from reversal of adjustments for trade receivables impairment	(2.3)	(10.0)	8	77%
Losses on various receivables and payables	0.0	9.3	(9)	(100%)
Net revenues with adjustments for various debtors impairment	4.4	(3.5)	8	223%
Net expenditures with adjustments for inventories impairment	0.4	0.0	0	n/a
Net profit/ loss on sale of tangible assets	0.42	0.4	0	18%
Net expenditures on adjustments of value regarding tangible assets	1.2	10.4	(9)	(88%)
Expenses/Revenues regarding provisions for risks and expenses, net	52.6	(27.6)	80	291%
Interest expense, interest revenue and unrealised exchange rate gains	2.5	9.0	(6)	(72%)
Cash flows before changes to working capital	487.5	372.5	115	31%
Changes in:				
Clients and assimilated accounts - energy and other activities	(61.3)	64.5	(126)	(195%)
Clients – balancing	(45.2)	267.3	(313)	(117%)
Clients – cogeneration	(20.0)	24.1	(44)	(183%)
Inventories	(4.8)	(2.8)	(2)	(75%)
Trade and other liabilities - energy and other activities	264.8	(73.1)	338	462%
Liabilities - balancing	63.3	(305.8)	369	121%
Liabilities - cogeneration	(20.7)	(38.1)	17	46%
Paid liabilities, ANAF taxation decision	0.0	(2.8)	3	100%
Other taxes and social insurance liabilities	8.3	(1.3)	10	735%
Deferred revenues	(15.3)	(29.1)	14	47%
Cash flows from operational activities	656.5	275.6	381	138%
Interests paid	(6.9)	(8.9)	2	22%
Income tax paid	(47.4)	(15.6)	(32)	(203%)
Net cash generated from operational activities	602.2	251.1	351	140%
Cash flows from the investment activity				
Acquisition of tangible and intangible assets	(370.9)	(241.7)	(129)	(53%)
Participation titles held in SELENE CC Societe Anonyme	(0.2)	0.0	(0)	n/a
Participation titles held in Joint Allocation Office SA	0.0	(1.2)	1	100%
Received Interests	7.2	5.0	2	44%
Receipts from the sale of tangible assets	0.0	0.01	(0)	(100%)
Received dividends	0.0	0.1	(0)	(99%)
Other financial assets	85.0	(85.0)	170	200%
Net cash used in investments	(279.0)	(322.8)	44	14%
Cash flows used in financing activities				
Repayments of non-current borrowings	(24.9)	(52.2)	27	52%
Utilisation of the credit line for cogeneration	0.0	29.5	(30)	(100%)
Bond repayment	(29.5)	0.0	(30)	n/a
Dividends paid	(35.6)	(67.0)	31	47%
Net cash used for financing	(90.0)	(89.7)	(0)	(0%)
Net diminution of cash and cash equivalents	233.2	(161.4)	395	245%
Cash and cash equivalents on 1 January	320.8	482.2	(161)	(33%)
Cash and cash equivalents at the end of the period	554.0	320.8	233	73%

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	31.12.2020	31.12.2019
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.28	1.57
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.8%	5.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.6%	5.2%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	83.53	98.45
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.63	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

- Amending article 7 para (2) item 1 in the Articles of association by replacing the phrase "Romanian State through the Ministry of Economy" by the phrase "Romanian State through the Secretariat General of the Government" approved by AGEA Decision 3 of 06 March 2020;
- Amending the title of article 3 in the Articles of association by replacing the phrase "Company Offices, Subsidiaries, Branches and secondary offices" with "Company Offices, Subsidiaries, Secondary offices";
 - Amending paragraph (3) of Article 3, the new phrase being: "(3) Transelectrica includes in its structure subsidiaries organised as joint-stock companies, namely Electricity Market Operator Company Opcom SA, Company of Maintenance Services for the Electricity Transmission Networks Smart SA, Training Company of Power Engineers in Romania FORMENERG SA, Company of Telecommunication Services and Information Technology in Electricity Transmission Networks TELETRANS SA, Trading Company Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest, Subsidiary Company ICEMENERG-SERVICE SA Bucharest, as well as secondary offices without legal personality for transmission and dispatcher activities, provided in Annex 1 to these Articles of association";
 - Amending paragraph (4) of Article 3, the new phrase being: "(4) The Company can also establish other secondary offices as well without legal personality, situated in other towns and cities in the country and abroad, which will be organised as territorial units, representation offices, agencies, working locations or any other units without legal personality in accordance with legal terms";
 - Amending letter f) of paragraph (3) in Article 21, the new phrase being: "f) establishing or cancelling of secondary offices of the Company, in the country or abroad (branches, territorial units, representation offices, agencies or other similar units without legal personality)";
 - Amending let. (i) of Article 25, the new phrase being: "(i) approving with the Supervisory's Board agreement the establishment or cancellation of secondary offices (branches, territorial units, representation offices, agencies or other similar units without legal personality)";
 - Amending paragraph (3) of Article 26, the new phrase being: "(3) The managers of branches, territorial units or other Company secondary offices will not have the capacity to represent the Company in commercial transactions unless the representation capacity has been delegated in express manner by the Directorate and only within the competency limits established by the Directorate";
 - Amending paragraph (2) of Article 30, the new phrase being: "(2) Personnel hiring and lay-off in the branches or territorial units of Transelectrica are performed by the manager of the secondary office within the limits of competence delegated by the Directorate";
 - Amending the Title of Annex 1, the new phrase being: "LIST including the territorial transmission units, system operators and subsidiaries of the National Power Grid Company Transelectrica SA";
 - Amending item 1 of Annex 1, the new phrase being:

“1. Territorial Transmission Units of Transelectrica

No.	Name of the Territorial transmission unit	Locality	Offices
1.	Territorial Transmission Unit Bacau	Bacau	Str. Oituz no. 41
2.	Territorial Transmission Unit Bucharest	Bucharest	Sos. Stefan cel Mare no. 1A, district 1
3.	Territorial Transmission Unit Cluj	Cluj	Str. Memorandumului no. 27
4.	Territorial Transmission Unit Craiova	Craiova	Str. Brestei no. 5
5.	Territorial Transmission Unit Timisoara	Timisoara	Str. Piata Romanilor no. 11
6.	Territorial Transmission Unit Constanta	Constanta	Blvd. Alexandru Lapusneanu no. 195 A, bl. LAV1, ground floor & mezanine
7.	Territorial Transmission Unit Pitesti	Pitesti	Str. Fratii Golesti no. 25 B
8.	Territorial Transmission Unit Sibiu	Sibiu	Blvd. Corneliu Coposu no. 3

All these amendments were approved under AGEA Decision 7 of 28 May 2020.

- Amending article 20 of the Company's Articles of Association by adding a new paragraph - paragraph (16) with the following wording:
 - *(16) The Supervisory Board can establish consultative committees, including at least 2 board members that will be entrusted with making investigations and elaborating recommendations for the board. It is compulsory that the Board establish the audit committee and the nomination and remuneration committee.*
- Amending article 21 of the Company's Articles of Association by adding a new paragraph - paragraph (5) with the following wording:
 - *(5) The Supervisory Board approves the Company's transactions with the affiliated parties in the law-provided cases and conditions.*

All these amendment were approved under AGEA Decision 12 of 21 December 2020.

ANNEX 6: Appointment / recalling deeds in January – December 2020

Directorate

- In accordance with CS (Supervisory Board) Decision 2/09.01.2020
 - Supervisory Board members acknowledge Mr. Ioan FOLESCU's renouncement to his provisional Directorate member mandate beginning with 09.01.2020.
- In accordance with CS Decision 3/09.01.2020
 - Supervisory Board members designated Mr. Corneliu-Bogdan MARCU as provisional Directorate member beginning with data de 09.01.2020 until 20 April 2020.
- In accordance with CS Decision 30/08.04.2020
 - Supervisory Board members decided with vote unanimity to extend by two months, beginning with 21 April 2020 until 20 June 2020 of provisional Directorate member mandates of the following members: Catalin NITU, Ionut-Bogdan GRECIA, Andreea-Mihaela MIU, and Bogdan MARCU,
 - They designated Mr. Marius Viorel STANCIU as provisional Directorate member beginning with 21 April 2020 until 20 June 2020.
- In accordance with CS Decision 42/09.06.2020
 - They designated as provisional Directorate members the following members: Catalin NITU, Ionut-Bogdan GRECIA, Andreea-Mihaela MIU, Bogdan MARCU and Marius Viorel STANCIU for four months beginning with 21 June 2020 with possible mandate extension upon sound grounds for two more months, which will not exceed the completion date of selection procedure for Directorate members in the Company, according to OUG 109/2011
- In accordance with CS Decision 57/12.10.2020
 - Supervisory Board members decided with vote unanimity to extend by two months, beginning with data de 21 October 2020 until 20 December 2020 the provisional Directorate member mandates of the following

members: Catalin NITU, Ionut-Bogdan GRECIA, Andreea-Mihaela MIU, Marius Viorel STANCIU and Bogdan MARCU.

- In accordance with CS Decision 67/27.10.2020
 - Supervisory Board members acknowledge Mr. Ionut-Bogdan Grecia's renouncement to his provisional Directorate member mandate beginning with 27 October 2020.
- In accordance with CS Decision 68/29.10.2020
 - Supervisory Board members designated Mr. Ovidiu ANGHEL as provisional Directorate member beginning with 30 October 2020 until 20 December 2020.
- In accordance with CS Decision 73/16.11.2020
 - They approved appointing Directorate members with four years' mandate term beginning with 17 November 2020 for the following persons: Catalin NITU, Andreea-Mihaela MIU, Corneliu-Bogdan MARCU and Marius Viorel STANCIU.
 - Mr. Catalin NITU is elected Directorate Chairman;
- In accordance with CS Decision 76/14.12.2020
 - Supervisory Board members designated Mr. Ovidiu ANGHEL as provisional Directorate member with four months' mandate term beginning with data de 21 December 2020 with possible mandate extension upon sound grounds for two more months, however such will not exceed the completion date of selection procedure for Directorate members in the Company according to OUG 109/2011.

Supervisory Board

- In accordance with CS Decision 1/06.01.2020 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 of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with CS Decision 16/06.02.2020
 - In accordance with letter 4657/03.02.2020 Mr. Jean BADEA gave up beginning with 04.02.2019 his provisional Supervisory Board member mandate in the Company.
- In accordance with CS Decision 18/07.01.2020 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 of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with CS Decision 19/11.02.2020 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 of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with AGOA Decision 4/26 March 2020
 - Mandate extension is approved for provisional Supervisory Board members with four months beginning with 30 March 2020 until 29 May 2020 for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Valentin Jean COMANESCU, Mihaela CONSTANTINOVICI, Ciprian Constantin DUMITRU, and Mircea Cristian STAICU.
- In accordance with AGOA Decision 6/28 mai 2020
 - Mandate extension is approved for provisional Supervisory Board members with four months beginning with 30 May 2020 until 29 September 2020 for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Jean-Valentin COMĂNESCU, Mihaela CONSTANTINOVICI, Ciprian Constantin DUMITRU, and Mircea Cristian STAICU.
- In accordance with CS Decision 40/02.06.2020
 - Mr. Adrian GOICEA is elected Supervisory Board Chairman.
- In accordance with AGOA Decisions 9 and 10 / 28 September 2020
 - Appointment of Supervisory Board members is approved with four years' mandate beginning with 30 September 2020 for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Jean-Valentin COMĂNESCU, Mihaela POPESCU, Ciprian Constantin DUMITRU, and Mircea Cristian STAICU.
- In accordance with CS Decision 52/30.09.2020
 - Mr. Adrian GOICEA is elected Supervisory Board Chairman.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q4/ 2020 to procure assets, services and work, which value is above 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 293/2020	Converting the Iron Gates-Resita-Timisoara-Sacalaz-Arad axis to 400 kV / the 400/220/110 kV substation Resita	28	103.823	-	Work	Law 99/2016 + HG 394/2016	Open bid
2	C 356/2020	Upgrading the 220/110 kV substation Dumbrava	24	16.779	-	Work	Law 99/2016 + HG 394/2016	Open bid
3	C 243/2020	Pilot project - refurbishing the 220/110/20 kV substation Alba Iulia using the digital substation concept (design)	18	2.600	-	Services	Law 99/2016 + HG 394/2016	Open bid
4	CJ 15/2020	Maintenance services for OHL passage corridors in areas with tree vegetation	36	1.497	-	Services	Law 99/2016 + HG 394/2016	Open bid
5	PT 54/13717/2020	Special services of guard, intervention and particular circumstance interventions to the objectives of UTT Pitesti	3	767	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation to competitive bid
6	C 05/2009 AA9	Addendum 9 to contract 05/2009 - "Services providing business continuity and recovery after disasters"	9	659	-	Services	Law 114/2011	Negotiation WITHOUT preliminary invitation
7	BC 378/2020	Services of tree vegetation removal from the OHL passage corridor managed by UTT Bucharet	12	531	-	Services	Law 99/2016 + HG 394/2016	Open bid
8	C 262/2020	Design services to carry out the feasibility study for the system monitoring electricity quality (PQMS), the CS and neutral PT to perform PQMS and CS for post-guarantee maintenance of PQMS	9	518	-	Services	Law 99/2016 + HG 394/2016	Open bid

Annex 6 – Glossary

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

