



Transelectrica®
Societate Administrată în Sistem Dualist

Compania Națională de Transport al Energiei Electrice
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NOTE

Regarding approval of the Shareholders' General Assembly for
distribution of the net profit on 31 December 2020

In accordance with article 14, para (1) let. b) from the Articles of Association of CNTEE Transelectrica SA updated by AGEA Decision 12/21.12.2020, we **submit to approval by the Shareholders' General Assembly the distribution of net profit on 31 December 2020**, taking into consideration the following issues:

In accordance with the provisions of MFP Order 881/2012, CNTEE Transelectrica SA applied, beginning with 2012 financial year, the International Financial Reporting Standards (IFRS) when elaborating the annual individual (stand-alone) statements.

The stand-alone financial statements on 31 December 2020 have been elaborated in accordance with the International Financial Reporting Standards approved by Order 2844/2016 of the Minister of Public Finance, with later amendments and additions.

The accounting profit that CNTEE Transelectrica SA registered on 31 December 2020, which is proposed for distribution, amounted to 149,807,813, higher by 9,914,684 compared to the net accounting profit because 9,914,684 representing the employees' participation to profit has been registered as provision in the 2020 expenses.

Under such circumstances the proposed distribution to legal destinations of the net accounting profit left after income tax on 31 December 2020, amounting to 149,807,813 Lei, is the following:

Destination	Amount (Lei)
Accounting profit remaining after income tax on 31 December 2020 (including the provision for employees' participation to profit)	149,807,813
<i>Distribution of remaining accounting profit to these destinations:</i>	
Legal reserve (5%)	8,436,752
Other reserves representing provided fiscal facilities – exempting from payment the reinvested profit	52,079,305
Other law-provided destinations - revenues achieved in 2019 from allocation of interconnection capacity (net of income tax and legal reserve)	40,202,063
Employees' participation to profit (provision expense in 2020)	9,914,684
Dividends owed to shareholders	39,175,009
Undistributed profit	-

The proposed distribution of accounting profit remaining after deduction of the income tax on 31 December 2020 was done in accordance with the provisions of applicable legislation, namely:

- OG 64/2001 on profit distribution in national societies, national companies and trading companies with full or majority state capital, and in independent authorities, approved with amendments by Law 769/2001, with later amendments and additions;
- OMFP 144/2005 – approving the Specifications to determine amounts used in profit distribution according to OG 64/2001 on profit distribution in national societies, national companies and trading companies with full or majority state capital, and in independent authorities, approved with amendments by Law 769/2001, with later amendments and additions;
- OMFP 128/2005 regarding certain accounting regulations applicable to economic agents;
- Law 227/2015 on the Fiscal Code, with later amendments and additions;
- Regulation (EC) 714/2009 of the European Parliament and the Council of 13 July 2009 regarding the network access conditions for cross-border electricity exchanges and cancelling Regulation (EC) 1228/2003;
- ANRE Order 171/2019, with later amendments and additions approving the Methodology establishing tariffs for electricity transmission services;
- Referral paper to approve the average tariffs of transmission services, tariff components when introducing electricity into the grid (Tg) and when taking out electricity from the grid (TI) and the price of reactive electricity for CNTEE Transelectrica SA, valid as of 1 January 2020, transmitted by ANRE with letter 110892/23.12.2019;
- The revenue and expense budget approved by AGA Decision 2/06.03.2020;

The 2020 accounting profit remaining after deduction of income tax was distributed to the following destinations:

a) Legal reserve amounting to 8,436,752 - determined at 5% according to the provisions of article 26 para (1) let. a) of Law 227/2015 on the Fiscal Code, with later amendments and additions;

b) Other reserves representing law-provided fiscal facilities amounting to 52,079,305 - represented by tax payment exemption for reinvested profit, in accordance with the provisions of article 22 of Law 227/2015 on the Fiscal Code, with later amendments and additions;

c) Other law-provided distributions amounting to 40,202,063 - represented by revenues achieved in 2020 from the allocation of interconnection capacities (amounts net of income tax and of legal reserve), distributed according to the provisions of article 1 let. d) from OG 64/2001 on profit distribution in national societies, national companies and trading companies with full or majority state capital, and in independent authorities, with later amendments and additions, corroborated with the provisions of Regulation (EC) 714/2009 and of ANRE Order 171/2019, which provide that revenues from the allocation of interconnection capacities are used in order to make network investments or to maintain or increase interconnection capacities.

In 2020 revenues were achieved from the allocation of interconnection capacities amounting to 58,725,474 Lei. When distributing such revenues from the allocation of interconnection capacities achieved in 2020 towards “other law-provided distributions” the negative correction of the regulated revenue amounting to 8,346,949 was taken into consideration as correction element coming from the tariff interval 1 July 2018 - 30 June 2019, applied by ANRE when

determining the average tariff for electricity transmission in 2020. Therefore the sum 8,346,949 corrects the minus revenues using the allocation of interconnection capacities performed in 2020 and does not become financing source for investments into maintaining and/or increasing the cross-border interconnection capacity of Romania's electricity transmission network.

Under such circumstances, the **revenues achieved in 2020 from the allocation of interconnection capacities** (amounts net of the income tax and legal reserve), amount to **40,202,063** Lei (according to the annex) and are to be distributed to reserve constitution with a view to make network investments to maintain or increase interconnection capacities according to Regulation (EC) 714/2009 and ANRE Order 171/2019.

d) Employees' participation to profit amounting to 9,914,684 – to the extent of 10% of the net profit, but no more than the level of a basic average monthly salary in the Company in 2020 multiplied by the average number of personnel in 2020, according to the provisions of OG 64/2001 on profit distribution in national societies, national companies and trading companies with full or majority state capital, and in independent authorities, approved with amendments by Law 769/2001, with later amendments and additions and the provisions of OMFP 144/2205 approving the Specifications to determine amounts used in profit distribution according to OG 64/2001.

Employees' participation to profit was shown in the 2020 financial statements by constituting a provision for employees' participation to profit, according to the provisions of OMFP 128/2005 regarding certain accounting regulations applicable to economic agents.

e) Dividends owed to shareholders amounting to 39,175,009 – representing the difference between the accounting profit remaining after deduction of the income tax and the coverage of destinations provided in items a), b) and c).

The value of gross dividends owed to shareholders was determined depending on the following issues:

- Number of shares existing on the elaboration date of 2020 financial statements, namely 73,303,142 shares;
- Gross dividends per share established with three decimal figures after the point;

DIRECTORATE

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

Endorsed,		Elaborated,	
Director, DJC Adina DAVID	Manager DCSJ Alina-Elena FILIPOIU	Director, UEFA Ana-Iuliana DINU	f. Manager DC Georgiana-Beatrice STEFAN – Head of BCC

Distribution to reserves for reinvested profit(after fiscal facilities) in 2020

Crt. No.	Indicator	Q I 2020	Q II 2020	Q III 2020	Q IV 2020	Total 2020
1.	Gross profit for the period 2020	94,902,192	33,475,580	69,690,280	(9,965,168)	188,102,884
2.	Profit tax for 2020 (before fiscal facilities)	20,095,511	19,373,116	18,148,732	2,644,381	60,261,738
3.	Total value for investments (equipment)	8,686,544	28,922,751	17,211,027	46,322,116	101,142,437
4.	Value of asset for determing fiscal facilities (expenses incurred after July 1, 2014)	8,686,544	28,922,751	17,211,027	-	54,820,321
5.	Comparing gross profit with investment values in order to determine if gross profit (row 1) covers investments made after 1 July 2014 (row 4)	Yes	Yes	Yes	No	
6.	Profit tax exempted (row 4*16%)	1,389,847	4,627,640	2,753,764	-	8,771,251
7.	Profit tax 2020 (after fiscal facilities)(row 2- row 6)	18,705,664	14,745,475	15,394,967	2,644,381	51,490,487
8.	Legal reserve (5% calculated for row 4)	434,327	1,446,138	860,551	-	2,741,016
9.	Distribution of exempt profit to reserves (rd.4-rd.8)	8,252,217	27,476,613	16,350,475	-	52,079,305

UEFA Director

Ana-Iuliana DINU

DC f.Manager

Georgiana-Beatrice ȘTEFAN

– Head of BCC

**Distribution of revenues from the allocation of interconnection capacity in 2020
to be allocated as financing sources of investment to increase interconnection capacity with neighboring systems
(net amounts of the income tax and legal reserve)**

Crt. No.	Revenues from the allocation of interconnection capacity	Achieved 2020	Tax deductions		Revenues from the allocation of interconnection capacity to be allocated as financing sources of investment to increase interconnection capacity with neighboring systems (net amounts of the income tax and legal reserve)
			Legal reserve 5%	Income tax 16%	
0	1	2	3 = 2*5%	4 = (2-3)*16%	5 = 2-3-4
1	Revenues from the allocation of interconnection capacity	58,725,474	2,936,274	8,926,272.06	46,862,928
2	Negative correction applied by ANRE to revenues from the allocation of interconnection capacity (ANRE address no. 110892/23.12.2019)	(8,346,949)	(417,347)	(1,268,736)	(6,660,865)
3	Total (row 1 + row 2)	50,378,525	2,518,926	7,657,536	40,202,063

UEFA Director
Ana-Iuliana DINU

DC f. Manager
Georgiana-Beatrice ȘTEFAN - Head of BCC