



**NPG Co. TRANSELECTRICA  
SA**

**QUARTERLY REPORT  
January – March  
2021**

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

**In accordance with the provisions of article 67 from law 24/2017 on the capital market and  
Regulation 5/2018 issued by the Financial Supervisory Authority (ASF)  
for the time period ended on 31 March 2021**

Date of the report:	14 May 2021
Name of trading company:	NATIONAL POWER GRID COMPANY TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni 2 - 4, postal code 030786
Phone/fax numbers:	004021 303 5611/004021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40/8060/2000
LEI Code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/OUG 627
Share capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of 10 RON/nominal value each, as dematerialised, nominative, ordinary, indivisible and freely transactable shares as of 29.08.2006 under TEL symbol
Market value:	1,913,212,006 RON (26,10 RON/share on 31.03.2021)
Accounting standard applied:	International financial reporting standards
Audit:	The quarterly financial statements elaborated on 31.03.2021 have not been audited

## **RESPONSIBLE PERSONS' STATEMENT**

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the three months' period ended on 31 March 2021 have been elaborated in accordance with the International Accounting Standard 31 "Interim Financial Reporting" and they provide an accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Co. Transelectrica SA.

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

**Bucharest, 10 May 2021**

<b>Cătălin NIȚU</b>	<b>Andreea-Mihaela MIU</b>	<b>Ovidiu ANGHEL</b>	<b>Corneliu-Bogdan MARCU</b>	<b>Marius-Viorel STANCIU</b>
<b>Directorate Chairman</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>	<b>Directorate Member</b>



## Key figures of Q1 2021 vs Q1 2020

### KEY FIGURES

#### FINANCIAL

RON	726 mn	▲	20%	Revenues
			y/y	
RON	160 mn	▼	-2%	EBITDA
			y/y	
RON	82 mn	▲	6%	Net profit
			y/y	
TWh	14.93	▲	4%	Charged energy volume**
			y/y	

#### OPERATIONAL

2.81%	*	▲	0.69 pp	OTC
			y/y	
11.36	TWh	▼	-2%	Transmitted energy***
			y/y	

RON	112 mn	▲	105%	Acquisition of tangible and intangible assets
			y/y	
RON	45.54 mn	▲	35 RON mn	Fixed assets recorded in the accounts (commissioning)
			y/y	

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

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

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

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

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

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



## Financial data

The summary of financial results on 31 March 2021 is provided in the tables below. The financial results have not been audited, and their extended variant of the same period is provided in the Annexes to this Report.

Stand-alone profit or loss statement – unaudited results				
[RON mn]	Q1 2021	Q1 2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	14.93	14.41	0.5	4%
<b>ALLOWED PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>333</b>	<b>317</b>	<b>16</b>	<b>5%</b>
Transmission and other revenues on the electricity market	323	281	42	15%
Functional system services	0.1	27	(27)	(100%)
Other revenues	10	10	1	8%
<b>Operating expenses</b>	<b>211</b>	<b>177</b>	<b>34</b>	<b>19%</b>
System operating expenses	109	81	27	34%
Repairs and maintenance expenses	15	16	(1)	(3%)
Personnel expenses	49	52	(3)	(6%)
Other expenses	38	28	10	38%
<b>EBITDA</b>	<b>122</b>	<b>140</b>	<b>(19)</b>	<b>(13%)</b>
Depreciation	64	68	(4)	(7%)
EBIT	58	72	(14)	(20%)
<b>ZERO PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>393</b>	<b>286</b>	<b>108</b>	<b>38%</b>
Technological system services revenues	173	188	(15)	(8%)
Balancing market revenues	220	98	123	126%
<b>Operating expenses</b>	<b>355</b>	<b>263</b>	<b>92</b>	<b>35%</b>
Technological system services expenses	143	166	(23)	(14%)
Balancing market expenses	212	98	115	118%
EBIT	<b>38</b>	<b>22</b>	<b>16</b>	<b>71%</b>
<b>ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)</b>				
Operating revenues	726	603	123	20%
Operating expenses	567	440	126	29%
<b>EBITDA</b>	<b>160</b>	<b>162</b>	<b>(3)</b>	<b>(2%)</b>
Depreciation	64	68	(4)	(7%)
<b>EBIT</b>	<b>96</b>	<b>94</b>	<b>2</b>	<b>2%</b>
Financial result	(1)	(2)	0	13%
<b>EBT</b>	<b>94</b>	<b>92</b>	<b>2</b>	<b>2%</b>
Income tax	12	15	(3)	(18%)
<b>Net profit</b>	<b>82</b>	<b>77</b>	<b>5</b>	<b>6%</b>

<b>Stand-alone statement of financial position – unaudited results</b>				
[RON mn]	Q1 2021	2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>Non-current assets</b>				
Tangible assets	3,585	3,561	24	1%
Intangible assets	7	7	(0)	(5%)
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	36	38	(2)	(5%)
<b>Total</b>	<b>3,709</b>	<b>3,687</b>	<b>22</b>	<b>1%</b>
<b>Current assets</b>				
Inventories	37	38	(1)	(3%)
Receivables	906	848	58	7%
Profit tax recoverable	-	1	(1)	(100%)
Cash and cash equivalents	401	554	(153)	(28%)
<b>Total</b>	<b>1,344</b>	<b>1,442</b>	<b>(98)</b>	<b>(7%)</b>
<b>Total assets</b>	<b>5,053</b>	<b>5,129</b>	<b>(76)</b>	<b>(1%)</b>
<b>Shareholders' Equity</b>	<b>3,478</b>	<b>3,390</b>	<b>88</b>	<b>3%</b>
<b>Non-current liabilities</b>				
Borrowings	97	102	(5)	(5%)
Other non-current liabilities	574	573	0	0%
<b>Total</b>	<b>671</b>	<b>675</b>	<b>(4)</b>	<b>(1%)</b>
<b>Current liabilities</b>				
Borrowings	25	25	0	1%
Other current liabilities	879	1,039	(159)	(15%)
<b>Total</b>	<b>904</b>	<b>1,064</b>	<b>(159)</b>	<b>(15%)</b>
<b>Total liabilities</b>	<b>1,575</b>	<b>1,738</b>	<b>(163)</b>	<b>(9%)</b>
<b>Total shareholder's equity and liabilities</b>	<b>5,053</b>	<b>5,129</b>	<b>(76)</b>	<b>(1%)</b>

<b>Stand-alone statement of cash flows – unaudited results</b>				
[RON mn]	Q1 2021	Q1 2020	Δ	Δ (%)
Cash flows before changes to working capital	145	161	(17)	(10%)
Cash flows from operating activities	(30)	49	(79)	(161%)
Net cash from operating activities	(34)	46	(79)	(174%)
Net cash used in investing activities	(111)	32	(144)	(443%)
Net cash used in financing activities	(8)	93	(102)	(109%)
<b>Net decrease in cash and cash equivalents</b>	<b>(153)</b>	<b>171</b>	<b>(324)</b>	<b>(190%)</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>554</b>	<b>321</b>	<b>233</b>	<b>73%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>401</b>	<b>492</b>	<b>(91)</b>	<b>(19%)</b>

## OPERATIONAL RESULTS

### Charged volume of electricity

In January – March 2021 the total electricity quantity billed for services provided on the electricity market (14.93 TWh) registered 4% increase in comparison with the same period of 2020 (there is +0.5 TWh difference between the two periods).

### Venituri operaționale

Total operating revenues achieved in Q1 2021 increased by 20% compared to the same period of the previous year (RON 726 mn in Q1 2021 compared to RON 603 mn in Q1 2020), mainly determined by the operational results related to zero profit activities (balancing market) and the amounts of delivered electricity.

The segment of **profit allowed activities** registered a 5% increase in revenues (RON 333 mn in Q1 2021 compared to RON 317 mn in Q1 2020), mainly determined by the 15% increase in transmission revenues and other revenues on the energy market (RON 323 mn in Q1 2021 compared to RON 281 mn in Q1 2020), because of increased electricity quantity delivered to customers, while the average transmission service tariff approved by ANRE increased, but also in the context of implementing the new regulatory package, in particular, *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, as well as *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*.

In July 2020, following ANRE's initiative, a proposal had been made: to harmonize the methodologies for setting the electricity transmission service and system service tariffs (only the component related to the functional system service), namely the *Methodology for setting the electricity transmission service tariffs*, approved by ANRE President Order no. 171/2019 and the *Methodology for setting the the system service tariffs*, approved by ANRE President Order no. 45/2017 (only the component related to the functional system service), with later amendments and additions, with the provisions of the aforementioned European regulations.

Last but not least, when it comes to the same period last year, we must mention the significant impact the Covid-19 pandemic had, as the analysis of Q1 2021 vs Q1 2020 was influenced by it.

Since mid-March 2020 EU member states took restrictive measures to prevent the spreading of 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 generating 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.

In Q1 2021, **revenues from the allocation of interconnection capacity** decreased by 42% compared to last year, in the amount of RON 7.5 mn, corresponding to the utilisation degree of such capacity by the traders on the electricity market.

Reduced revenues from the allocation of interconnection capacity (registered in Q1 2021) 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.

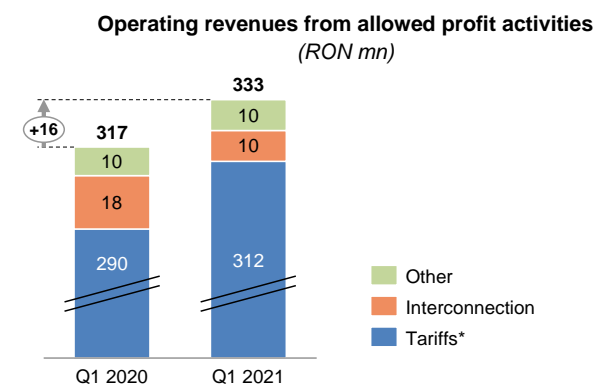
**Revenues from Inter TSO Compensation (ITC)** also registered a decrease of RON 1.5 mn compared to Q1 2020, because the imported/exported/transited electricity was lower than last year, and the applied import/export/transit tariff decreased in Q1 2021 compared to Q1 2020.

**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.

Revenues from OTC transactions were higher by RON 3.9 mn in Q1 2021 compared to Q1 2020 (from RON 2.2 mn in Q1 2020 to RON 6.1 mn in Q1 2021) 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.

Regarding the **revenues from functional system services and unplanned exchanges**, starting with January 1, 2021, the integration of the component related to the functional system service in the transmission service took place, thus, for the period preceding January 1, 2021, a cumulative tariff was calculated for transmission, representing a virtual theoretical tariff calculated by summing the tariffs related to the allowed profit activities, namely the transmission and functional system services (the two tariffs applied to the same amount of electricity taken out from the network).



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

**Revenues from zero-profit activities registered** a 38% increase (RON 393 mn on March 31, 2021 compared to RON 286 mn on March 31, 2020) mainly determined by the RON 123 mn increase of revenues on the balancing market (from RON 98 mn on March 31, 2020 to RON 220 mn on March 31, 2021).

Such increase in the balancing market revenues was mainly owed to the following issues:

- elimination of the offer price limits on the balancing market, according to the Regulation on the operation and settlement of the balancing market and the Regulation on the programming of

- dispatchable generation units, dispatchable consumers and dispatchable storage facilities, approved by ANRE Order no. 61/2020, published in the Official Gazette of Romania no. 287/2020;
- elimination of the obligation to participate on the balancing market, according to the Regulation for calculating and settling imbalances of the balancing responsible parties - single imbalance price and amending some Orders of National Energy Regulatory Authority President, approved by ANRE Order no. 213/2020, published in the Official Gazette no. 1201/2020;
- the transition of the balancing market to the settlement interval of 15 minutes;
- the application of the single settlement price on the balancing market beginning with 1 February 2021;
- 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 negative imbalance registered with the electricity suppliers 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 Q1 2021, **revenues from technological system services** registered an 8% decrease compared to Q1 2020 (RON 173 mn on March 31, 2021 compared to RON 188 mn on March 31, 2020), determined by lower tariffs approved by ANRE for such services while the electricity amount delivered to customers increased 4%.

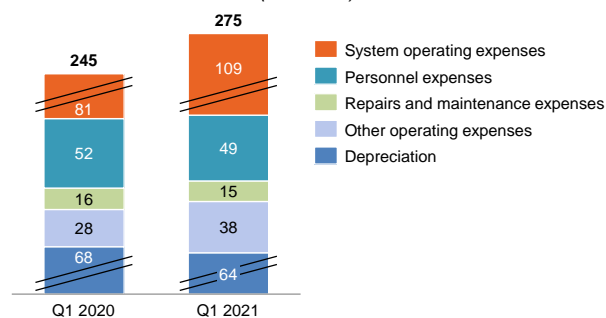
During the studied time interval, revenues from technological system services were RON 30 mn higher in comparison with the expenses made to procure technological system services.

## Operational expenses

Total operational expenses (depreciation included) of January-March 2021 registered 24% increase compared to the same period of last year (RON 631 mn in Q1 2021 in comparison with RON 509 mn in Q1 2020).

As regards the **profit allowed activities** segment, the expenses (depreciation included) registered 12% increase (RON 275 mn in January-March 2021 compared to RON 245 mn in January-March 2020).

Operating expenses from allowed profit activities  
(RON mn)



**OTC:** In Q1 2021, expenses regarding one's own technological consumption was 44% higher (RON 29 mn) compared to Q1 2020, due to the following issues:

- own technological consumption registered in the analysed period was about 28GWh (32%) in January, respectively about 32GWh (44%) in February and about 13GWh (16%) in March higher than previous year;
- the average price of energy purchased on DAM was by RON 20/MWh higher in January 2021 (RON 272.05/MWh) compared to January 2020 (RON 252.33/ MWh), by RON 41.39/MWh higher in February 2021 (RON 235.05/MWh) compared to February 2020 (RON 193.66/MWh) and by RON 122.64/MWh higher in March 2021 (RON 265.62/MWh) compared to March 2020 (RON 142.98 /MWh);
- the average price of energy purchased on the Balancing Market increased by about 11% in January 2021 compared to the similar period of the previous year (from RON 421.85/MWh to RON 472.29/MWh), following important changes on the balancing market starting with September 1, 2020, with the entry into force of ANRE Order no. 61/2020.

Following negative imbalances by over 50% higher than previous year, the expenses registered on the balancing market with the acquisition of the energy necessary to cover OTC were by almost 60% higher.

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 NEMOs – “Nominated 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 Nominated Electricity Market Operators (DEMOS) and the Transmission System Operators (TSOs) 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.

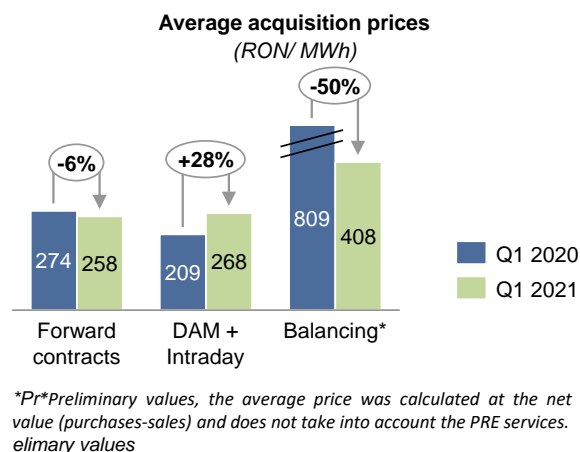
DG ENER considers the sequential implementation of Interim Coupling and CORE Flow Based Market Coupling (Core FB MC) projects is the best way to follow because the Interim Coupling will facilitate the Single Day-Ahead Markets Coupling and especially a geographical extension to all relevant EU frontiers 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** increased by 45% in January-March 2021 compared to Q1 2020 (RON 6 mn lei in Q1 2021 compared to RON 4 mn in Q1 2020) because of higher electricity procurement prices in 2021.

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 demand facility.

**Functional system services:** Associated expenses registered 41% decrease (RON 4 mn in Q1 2021 compared to RON 7 mn in Q1 2020), mainly determined by reduced balancing market expenses regarding the unplanned electricity exchanges with neighbouring countries that are interconnected to SEN and by unplanned exchange expenses on the Day-Ahead Market.

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 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 TSOs of the 35 countries that adhered to this ENTSO-E mechanism.

In Q1 2021, such expenses were 8% lower than in the same period of last year, the difference resulting from regularised estimations of expenses made.

The **zero-profit activities** segment registered 35% cost increase (RON 355 mn lei on March 31, 2021 compared to RON 263 mn lei on March 31, 2020), mainly determined by the increase of expenses on the balancing market.

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.

Starting with 01.02.2021, the acquisition of technological system services is carried out in a competitive manner through daily tenders, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019.

During January-March 2021, technological system services were contracted in regulatory regime only for Reactive Energy, according to ANRE Decision no. 1078/2020, by the Electricity Generation Company in Hydroelectric Power Plants "Hidroelectrica" SA.

The value of expenses regarding technological system services registered in Q1 2021 decreased by 14% compared to Q1 2020 (RON 143 mn in Q1 2021 compared to RON 166 mn in Q1 2020).

The costs of TSS procurement in Q1 2021 was mainly determined by the following factors:

- procurement prices of technological system services were maintained on the competitive market in 2021 around the values recorded in 2020 for the secondary reserve (SR) and fast tertiary reserve (FTR);
- in 2021 there was a high concentration on the market of technological system services by the secondary reserve (SR) type.

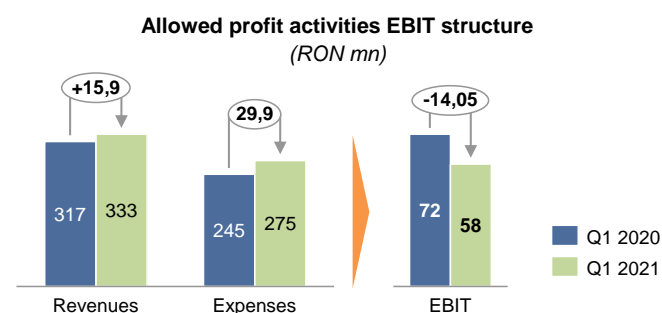
The Company re-invoices technological system services procured from generators to ANRE-licensed electricity suppliers that eventually benefit of such services.

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 58 mn in Q1 2021, decreasing by 20% compared to the one registered in the same period last year.

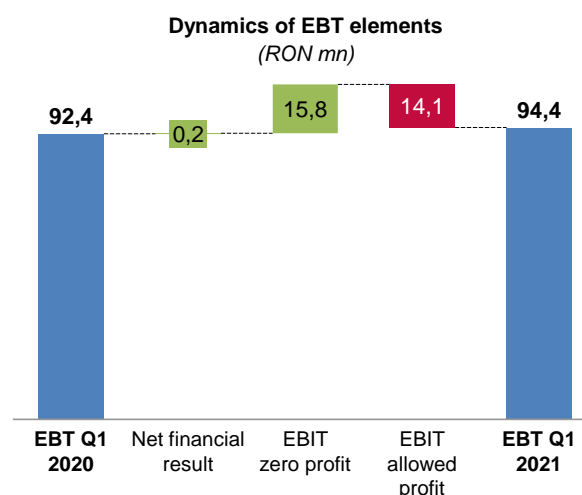


**EBIT** generated by zero-profit activities registered positive result of RON 38 mn, increasing by RON 16 mn compared to the one registered in the same period of last year.

## Gross result (EBT)

Gross profit registered an increase of RON 2 mn, from RON 92 mn in January-March 2020 to RON 94 mn in January-March 2021.

The dynamics between the profit registered in Q1 2021 compared to Q1 2020, broken down by the constitutive profit components is provided in the graph below:

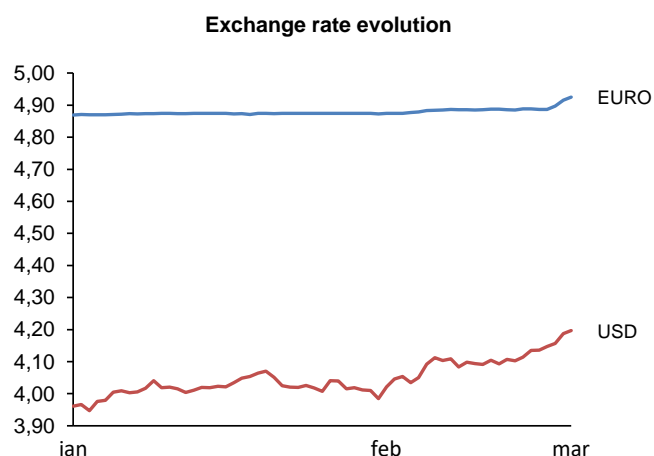


## Financial result

The net financial result registered in Q1 2021 is negative, in the amount of RON 1 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 RON/Euro and RON/USD exchange rates in January - March 2021 is provided in the graph below:



## Net result

Net profit registered growth during the studied time interval and reached to RON 82 mn in Q1 2021, compared to RON 77 mn in Q1 2020.

## FINANCIAL POSITION

### Non-current assets

In Q1 2021, non-current assets registered 1% increase compared to Q1 2020, 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 non-current assets as of March 31, 2021 did not register changes compared to December 31, 2020, remaining in Q1 2021 at the value of RON 82 mn.

### Current assets

Current assets registered a decrease of 7% on March 31, 2021 (RON 1,344 mn) compared to the value recorded on December 31, 2020 (RON 1,442 mn).

**Trade and other receivables** registered an increase by 7% (RON 906 mn on March 31, 2021 from RON 848 mn on December 31, 2020), mainly due to:

- higher volume of transactions on the balancing market in Q1 2021 compared to Q4 2020, which determined higher receivables on balance on 31 March 2021 compared to 31 December 2020.

The main clients on balance on the electricity market are represented by: Electrica Furnizare SA, RAAN, OPCOM SA, MAVIR, E.ON Energie Romania SA, Getica 95

COM, CEZ Vanzare SA, CIGA Energy SA, Cinta Energy SA and Enel Energie SA.

The share of main clients on the electricity market is about 51% in the total trade receivables.

On 31 March 2021 the Company registered about 22% collectable receivables under the bonus type support scheme to promote high efficiency cogeneration 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 GD 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 March 2021 a drop mainly determined by lower values invoiced to collect the monthly contribution.

On 31 March 2021 the Company registered collectable receivables amounting to RON 192 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;
- 2020 overcompensation amounting to RON 16.47 mn from Electrocentrale București;
- 2014 undue bonus amounting to RON 3.91 mn, namely 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 – 0.53 mn, Interagro – RON 0.03 mn;
- 2020 undue bonus amounting to RON 0.52 mn from Donau Chem;
- 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 has fully collected the receivables associated to overcompensating the activities under the 2020 support scheme (RON 16.47 mn) from Electrocentrale București, as well as the amount of RON 11.73 mn from the undue bonus established by ANRE Decisions for 2021, amounting to RON 12.25 mn, from the following

producers: Bepco SRL, Hunedoara Energy Complex, Oltenia Energy Complex, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale București, Electro Energy Sud, Electrouilaj SA, Polytechnic University of Bucharest, Prefab, Soceram SA and Termoficare Oradea.

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 March 2021 amounting to RON 122 mn mainly include:

- sundry debtors (RON 84 mn), of which:
  - late payment penalties amounting to RON 72 mn calculated for defaulting clients (of which RON 35.35 mn are penalties associated to the support scheme). The greatest late payment penalties were registered by the clients: RAAN (RON 16.90 mn), CET Govora (RON 9.60 mn), Electrocentrale București (RON 9.40 mn), Eco Energy SRL (RON 8.90 mn), Petprod SRL (RON 8.89 mn), Romelectro (RON 5.41 mn), Total Electric Oltenia (RON 3.29 mn), OPCOM (RON 1.98 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 0.98 mn and Enol Group RON 2.54 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 4.52 mn;
- deferred expenses amounting to RON 10 mn represented mainly by: ENTSO-E international contribution for 2021 (RON 4.24 mn), ANRE annual contribution for 2021 (RON 2.75 mn), rent and maintenance of office building (RON 0.73 mn), down payments to the contracts concluded with electricity suppliers as necessary to cover one's own technological consumption in future periods, RCA and CASCO policies 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 – Pancevo (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.

## Liabilities

**Non-current liabilities** amounting to RON 671 mn on 31 March 2021 registered 1% decrease in comparison with the value recorded on 31 December 2020.

At the same time, current liabilities also decreased by 15% (from RON 1,064 mn on December 31, 2020 to RON 904 mn on March 31, 2021), mainly due to a lower transaction volume on the balancing market simultaneously with higher monthly bonus related to the support scheme in Q1 2021 compared to 2020.

- As of March 31, 2021 compared to December 31, 2020, **liabilities on balance on the energy market** amount to RON 432 mn compared to RON 468 mn being influenced by:
  - *lower liability balance associated to the balancing market* as determined by the payment of payment obligations on balance on the electricity market on 31 December 2020 at the due date in January 2021.
  - *lower liabilities associated to the support scheme to suppliers (producers)* mainly determined by the payment of the monthly bonus due to RAAN, withheld for compensation.

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

On 31 March 2021 their share in the total electricity suppliers was about 87%.

On 31 March 2021 payment liabilities to suppliers (producers) amounting to RON 37.7 mn were registered (RAAN – RON 34.3 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, 2016 and 2020.

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.

- sundry creditors in the amount of RON 85 mn are mainly represented by:
  - the net position of the support scheme regarding high efficiency cogeneration, liability position, in the amount of RON 79 mn;

The net position of the support scheme is the difference between:

- *the amount of the contribution collected from suppliers of electricity consumers, the overcompensation amount for electricity and heat generation in high-efficiency cogeneration, the undue bonus to be collected from producers, according to ANRE decisions, on one hand, and*
- *the value of the cogeneration bonus, the ante-overcompensation and the unpaid bonus paid to high-efficiency cogeneration energy producers, support scheme beneficiaries, on the other hand.*
- studii pentru interconectarea sincronă a sistemelor din Ucraina și Republica Moldova cu sistemul european continental, redevență trimestrul 1 an 2021 1,2 mil lei , contracte de studii 0,6 mil lei, garanții de participare la licitații și altele.
- other liabilities in the amount of RON 36 mn are mainly represented by the performance guarantees of contracts on the electricity market concluded by NPG Co. Transelectrica SA in the amount of RON 16.7 mn, non-requrable VAT in the reported interval in the amount of RON 18.8 mn and others.

- creditor customers in the amount of RON 67 mn represent deferred amounts collected from MAVIR, OPCOM and IBEX within the transactions related to the price coupling mechanisms 4MMC (4M Market Coupling) and SIDC (Single Intraday Coupling)

**Provisions** registered a drop in Q1 2021 compared to the end of 2020, from RON 98 mn on December 31, 2020 to RON 82 mn on March 31, 2021, a decrease mainly determined by:

- the decrease of the provisions constituted for litigations that on March 31, 2021 are in the amount of RON 48 mn compared to the amount of RON 50 mn registered at the end of 2020
- establishment of a provision for mandate contracts which on March 31, 2021 has a balance of RON 24 mn and mainly represents the remuneration of executive and non-executive directors, remuneration consisting of the variable component related to the OAVT packages allocated and not valued during the mandates of 2013 -2017
- other provisions

## Interest-bearing liabilities

On 31 March 2021 the value of non-current borrowings diminished in comparison with 31 December 2020, mainly due to repayments made according to the existent loan agreements.

## Shareholders' equity

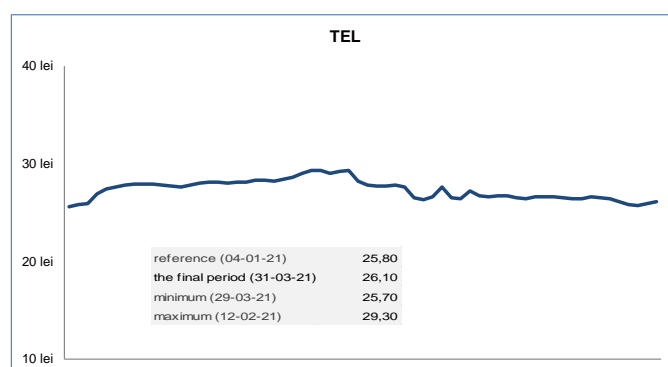
Shareholders' equity increased 3%, mainly determined by registering the net profit amounting to RON 82 mn into retained earnings, made on 31 March 2021.

## DEVELOPMENT OF SHARES

(01-Jan-2021 to 31-March-2021)

2021 began with 25.60 RON/share transaction price. At the end of the time interval stock exchange capitalisation was RON 1,913 mn, with 26.10 RON/share. The minimum transaction price of 25.70 RON/share was registered on 29.03.2021, while the maximum of 29.30 RON/share was reached on 12.02.2021.

The company had the ability to adapt to the economic context generated by the Covid-19 pandemic during 2020, reflected in the stock market by registering a minimum share price of RON 15 in March 2020 and subsequently through appropriate measures to obtain a maximum share price in Q1 2021 of RON 29.30.



During Q1 2021 TEL shares transacted on the Romanian capital market registered 5,138 transactions, with an average of 82 transactions/day and 1,001,380 transacted shares of total value of 27,672 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.

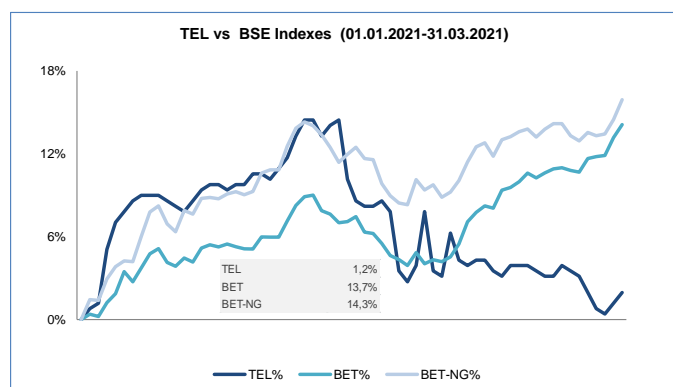
Of these the most representative for the Company are:

- 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 BSE)
- 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 BSE).

In accordance with the latest allowance date registered on 12.03.2021, TEL shares account for 1.84% in the BET index and for 5.32% in the BET-NG index.

TEL share evolved against these two indexes as provided in the graph below:



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.

On 31.03.2021, TEL shares in the structure of the MSCI 100 Frontier Markets index represented 0.03% (22,982 shares).

## MAIN RISKS AND UNCERTAINTIES

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 Q1 2021 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.

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.

In Q1 2021, no problems were encountered in the relationship with banking partners.

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.

In March this year, a credit rating services contract was signed for a period of two years with the international agency Moody's Investors Service.

At the same time, in Q1 2021, the Company maintains its 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.

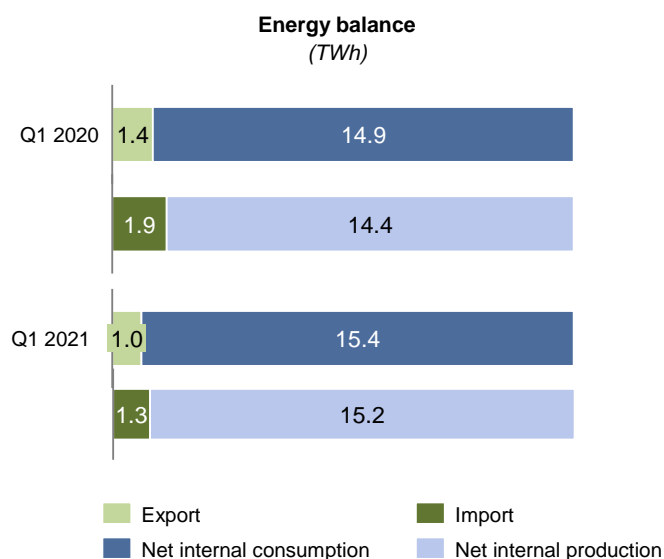


## Operational data

### ENERGY BALANCE WITHIN SEN

Studying the energy balance components evolution in January – March 2021 compared to the last year's same period, the net internal consumption<sup>1</sup> grew by 3.5% and the net electricity output-5.2%.

In Q1 2021, cross-border export physical exchanges recorded a decrease of 27.1% compared to the same period in 2020, while cross-border import flows also decreased by 31.7%.



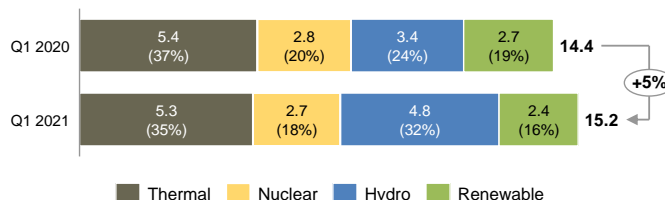
### GENERATION MIX

In the generation mix structure, between January - March 2021 compared to the similar period of 2020, there was a decrease of the thermal component of about 2.5%, of the nuclear component by 6.6% and of the renewable component by 12.2%. Increase was registered from hydro sources, in a percentage of 41%.

Reviewing the shares of the net generation mix components in January - March 2021, one can notice the greatest share (34.8%) is represented by the thermal component followed by the hydro component (31.9%), while the output from renewable and nuclear sources has shares of approximately 15.8% and 17.5% respectively.

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

**Net electricity production mix evolution (TWh)**

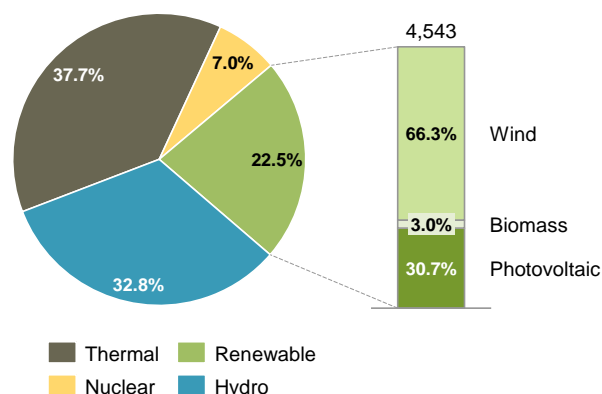


### NATIONAL GENERATION FLEET

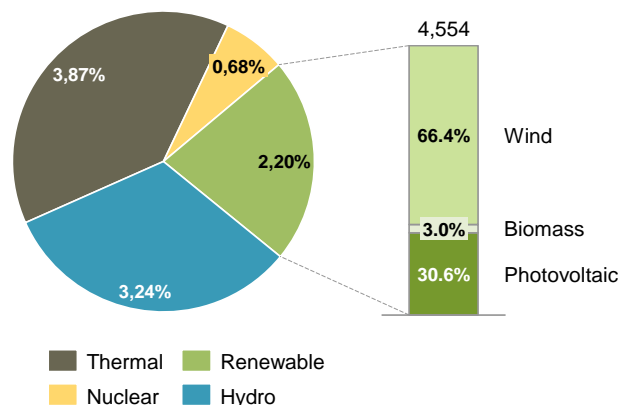
The installed capacity in power parks on renewable sources dropped about 0.2% from 4,554 MW installed on 31 March 2020 to 4,543 MW installed on 31 March 2021.

The installed capacity relating to January – March 2021 versus January – March 2020 is provided below:

**Installed capacity Q1 2021 (20,226 MW, gross)**



**Installed capacity Q1 2020 (20,668 MW, gross)**



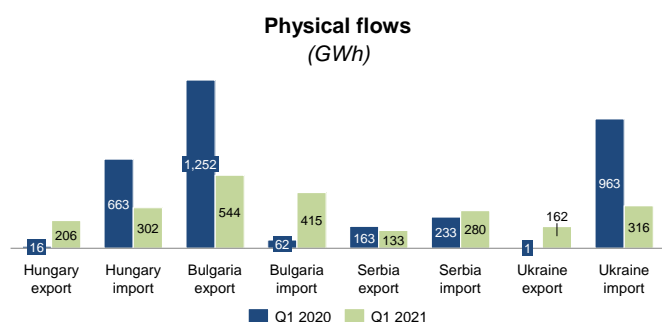
## CROSS-BORDER FLOWS

The distribution of import/export flows on interconnection lines in January - March 2021 compared to January - March 2020 was as follows:

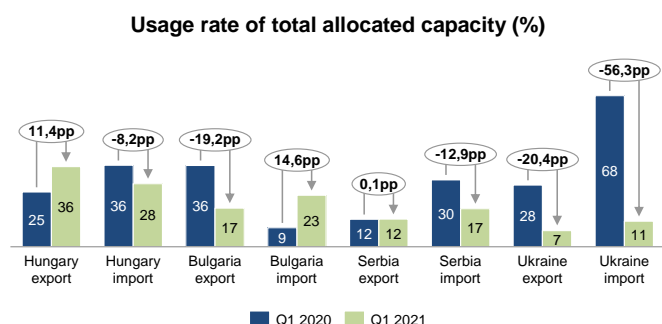
- export decreased on the borders with Serbia and Bulgaria and increased on the borders with Hungary and Ukraine while import increased on the border found within the excess electricity generation area, namely the borders with Serbia and Bulgaria and decreased on the interconnection line found in the deficit electricity generation area, respectively on the borders with Ukraine and Hungary.

Specifically, compared to the period January - March 2020, the physical export flows decreased with Serbia (-19% -31 GWh) and Bulgaria (-57% -708 GWh) and increased on the border with Hungary (+190 GWh) but also with Ukraine (+160 GWh), simultaneously with the increase of physical import flows on the interconnection lines with Serbia (20% +47 GWh) and Bulgaria (+353 GWh), and decreased with Ukraine (-67% -647 GWh), and Hungary (-54% -361 GWh).

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



Between January-March 2021, the use of the capacity totally allocated on interconnection lines for export decreased compared to the same period of 2020 along the Bulgarian and Serbian destinations.



*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.*

In Q1 2021, electricity consumption within SEN registered constant increases, with values of 0.57% in January, 0.93% in February and 8.11% in March, respectively. This increase in consumption was also influenced by the temperatures recorded in Q1 2021 compared to Q1 2020, the weather being significantly colder. Thus, in Q1 2021 the average temperature country-wide was 1.3 °C, compared to 2.7 °C recorded in the similar period of the previous year.

Compared to Q1 2020, there was a general drop in the utilisation degree of the capacity allocated to imports, respectively a decrease of 11% of trade in imports and 1% of transit energy, due to the high hydraulicity recorded during this period country-wide and in terms of higher electricity consumption within Europe compared to the same period in 2020.

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.

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).

Article 16(8) 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

Compared to Q1 2020, in Q1 2021 OTC within RET increased about 30.2%, while the percentage OTC increased from 2.13% to 2.81%.

The factors of significant impact over the OTC in January-March 2021, as for instance precipitation and the distribution of cross-border physical flows are beyond the control of Transelectrica.

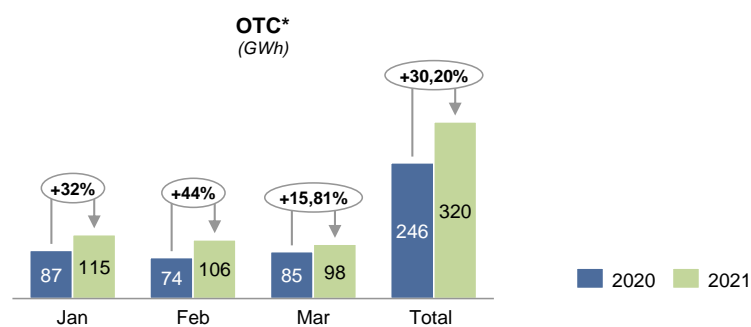
## OTC DEVELOPMENT FACTORS

**In January 2021**, OTC in absolute value increased compared to January 2020 by 32.4%, 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 2.05% in 2020 to 2.94% in 2021. The electricity input into the outline decreased 7.4% in January 2021 (313.6 GWh) compared to the similar period of 2020, as a result of the decrease by approx. 4.7% (155.5 GWh) of the energy received from the producers connected to RET and with approx. 35.2% (284.9 GWh) of the one received from import, amid the increase of approx. 64.4% (126.8 GWh) of energy received from RED. Meteorological conditions were worse and a greater amount of precipitation was registered, determining higher corona losses.

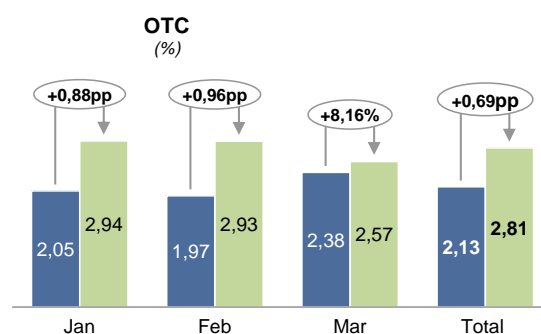
**In February 2021**, OTC in absolute value increased compared to February 2020 by 44.1%, as a result, in particular, of worse output distribution and a more

disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources. The percentage of losses compared to the electricity input into RET outline increased from 1.97% in 2020 to 2.93% in 2021. The electricity input into the outline decreased by 3.3% (124.5 GWh) in February 2021 compared to the period similar to 2020, amid a drop of imports by 43.5% (317.12 GWh) and energy received from RED by 10.17% (26.64 GWh), given the increase in energy received from producers directly connected to RET with 7.94% (219.2 GWh). The weather conditions were better than the previous year, with less rainfall contributing to lower corona losses.

In March 2021, OTC in absolute value increased compared to March 2020 by approx. 15.8%, mainly due to the much more disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources, but also to an increase in transmitted energy, respectively due to more severe weather conditions that led to higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.38% in 2020 to 2.57% in 2021. The electricity input into the outline increased by 7.1% (251.5 GWh) in March 2021 compared to the similar period from 2020, against the background of the increase of energy received from the producers connected directly to RET by 9.31% (258.88 GWh), amid the reduction of import by 1.4% (6.45 GWh) and of energy received from RED by 0,29% (0.97 GWh). The weather conditions were more severe, causing higher corona losses.



\* OTC physical value= OTC purchased value -OTC value sold



**In conclusion**, during Q1 2021, OTC within RET increased by approx. 30.2% compared to the same period in 2020, due to the much more unfavorable distribution of physical flows on the interconnection lines, worse output distribution in the first two months and due

to the more severe weather conditions in January and March, which caused higher corona losses, given that electricity input into the outline decreased by approx. 2%. Compared to the electricity input into the outline, the losses increased from 2.13% to 2.81%.



## Investments

### FIXED ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on March 31, 2021 compared to December 31, 2020 was determined by the increase in the value of tangible assets in progress, simultaneously with the depreciation of tangible assets.

The value of fixed assets registered in accounting-books in January-March 2021 is RON 45.54 mn (RON 10.58 mn in the same period of 2020) increasing by RON 34.96 mn.

As of March 31, 2021, the greatest transfers from tangible assets in progress to tangible assets are represented mainly by the commissioning of investment objectives as follows:

- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Iron Gates – RON 13.74 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 10.04 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 9.92 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;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 1.55 mn;
- Establishing communication between Resita substation and CTSI TTU Timisoara headquarters – RON 1.46 mn;
- Replacing shunt reactor, Substation Arad – RON 1.40 mn;
- Thermal rehabilitation of transformer substation Constanta Nord buildings – RON 0.63 mn;
- Wi-Fi system own network access and internet – RON 0.40 mn;
- IP office telephones – RON 0.18 mn;
- UPS type continuous power supply - 2 pcs., Air conditioning units 14.5 kW - 2 pcs., Air dehumidification unit - 1 pc. – RON 0.12 mn.

### PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in January – March 2021 amounted to RON 111.9 mn, a higher amount compared to the same period of 2020 when procurements were of RON 54.7 mn.

The growth of intangible assets on 31 March 2021 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 March 2021 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 144.07 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 66.96 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 49.26 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;
- Refurbishing the 400/110/20 kV substation Domnesti – RON 42.92 mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 42.42 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 21.31 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 17.19 mn;
- Upgrading the 220/110/20 kV substation Arefu – RON 15.52 mn;
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 14.41 mn;
- 110 kV, 220 kV and 400 kV mobile bays – RON 14.30 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 11.72 mn;

- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 11.60 mn;
- Upgrading the 400/220/110/20 kV substation Munteni – RON 10.64 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 9.39 mn;
- Upgrading the 110 kV & 400 (220 kV) installations of Substation Focsani Vest – RON 8.41 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 8.28 mn;
- Refurbishing the 400/110/20 kV substation Smardan – RON 8.09 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – RON 6.72 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;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 5.77 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 5.11 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;
- Upgrading the 220/110/20kV substation Vetis – primary equipment – RON 4.33 mn;
- Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud – RON 4.25 mn;
- The 400 kV double circuit OHL Gutinas – Smardan – RON 4.19 mn;
- Replacing circuit breakers in electric substations – RON 4.08 mn;
- 400 kV OHL Oradea – Beckescsaba – RON 3.70 mn;
- Refurbishing the 110 kV substation Medgidia Sud – RON 3.64 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;
- Adding new functions to the access control and IT account in the objectives of NPG Co. 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 2.83 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 2.82 mn;
- Integrated security system in electric substations, stage III – RON 2.80 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;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 2.53 mn;
- Refurbishing 220/110 kV Craiova Nord substation – RON 2.26 mn;
- 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;
- Consolidation, upgrade and extension of offices for NPG Co. Transelectrica, Executive branch – RON 1.63 mn;
- The 220 kV double circuit OHL Ostrovu Mare - RET – RON 1.57 mn;
- Integrated security system at the new 400/220/110 kV Banca substation – RON 1.13 mn;
- Implementation of an Electronic Archiving and Document Management system within NPG Co. Transelectrica SA – RON 5.47 mn;
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 0.35 mn.

### INVESTMENT ACTIVITY on 31.03.2021

The detailed investment expenses on 31 March 2021 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 expenses	2021 Investment Programme* (thou. RON)	Achieved 3M (thou. RON)	
			3M 2021	3M 2020
	<b>Grand Total (A+B)</b>	<b>307,211</b>	<b>82,586</b>	<b>52,060</b>
<b>A</b>	<b>Company's own expenses</b>	307,166	82,126	49,179
<b>B</b>	<b>Investments financed from the connection fee</b>	45	460	2.881

\*2021 Annual Investment Plan proposed for SOGA approval

There was 26.9% achievement of the investment programme as of March 31, 2021. Compared to the 2020, the investment expenses made in 2021 increased by 58.6%.

## FINANCIAL INVESTMENTS OF THE COMPANY

Europe-wide, the energy sector is undergoing a change process, with emphasis placed on the transition from a prevailing 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 Coordinating 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 coordinating 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 Q1 2021 are as follows:

- Upgrading 220/110/20 kV Arefu substation – RON 38.6 mn;
- Refurbishing 220/110 kV Filești substation – RON 37.5 mn;
- Acquisition and installation of 21 monitoring systems for the transformation units in Transelectrica substations – RON 10.7 mn.





## Significant events

### JANUARY - MARCH 2021

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

CNTEE Transelectrica SA, in its capacity of Transmission & System Operator from 1 January 2021 provides 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 of 3,000 MW for import in Romania.

The Company has initiated a wide-scale investment programme in the next five years whereby such cross-border capacity will double, which will enable electricity markets coupling Europe-wide, thus contributing to reaching the European Union's objectives, the *Internal electricity market* and *Clean energy for all Europeans*.

At the beginning of 2020 Romania's cross-border capacity was around 2200 MW export / import.

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

On 8 January 2021, 15:05 h an incident occurred in the European interconnected electricity transmission grid, which led to tripping of several pieces of equipment from the transmission networks of both Romania and other countries.

As regards Romania, the north-western part of it was impacted. The Romanian Electricity Transmission Grid was brought back to normal operational conditions around 16:00 h, and all impacted consumers were re-supplied around 16:45 h.

The causes and conditions that led to the occurrence of such incident are studied and identified by the European Association of Transmission & System Operators – ENTSO-E.

- **ENTSO-E investigates the causes that led to splitting in two of the European interconnected grid of 8 January 2021**

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

Thus ENTSO-E is still performing detailed investigation with a view to clear out the conditions and causes leading to such event in the interconnected electricity transmission network.

A final report will be submitted as soon as the incident has been fully understood in accordance with European regulations and norms.

The investigation observes the legal framework according to Regulation (UE) 2017/1485 of the Commission of 2 August 2017 establishing a new guideline regarding the operation of the electricity transmission system whereby the regulatory authorities and ACER are invited to join the TSO-s of the investigation team.

Romania by Transelectrica belongs in the specific working groups and permanently provides data, together with the other European states, which should contribute to showing and explaining the event occurring conditions.

As ENTSO-E member Romania is integrant part of the infrastructure of the European electricity network, and to this effect a coordinated direction is followed in the European power infrastructure.

In case incidents occur comprising malfunctions in the European transmission network, such risk exposure of the interconnected states should be promptly managed.

In accordance with the provisions of the System operation guide, the detailed investigation of this incident includes comprehensive analysis of a great number of real time recordings of protection devices and other electricity system components. ENTSO-E will publish the results of such investigation as soon as the analysis is completed.

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

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

Applying this settlement interval on the electricity market enables transactions much closer to the delivery interval.

The activities and processes necessary to make a transition to the 15 minutes settlement interval have been coordinated by Transelectrica in cooperation with ANRE, OPCOM and all participants on the electricity market.

- **Successful beginning of the common regional testing of the DE-AT-PL-4M MC project (Interim Coupling)**

The Nominated Electricity Market Operators (NEMO) and the Transmission & System Operators (TSO) of Austria, Germany, Poland and the countries of the 4M Market Coupling (4M MC), namely the Czech Republic, Hungary, Romania and Slovakia informed on 1 February 2021 about the successful initiation of the common regional testing of the DE-AT-PL-4M MC project (Interim Coupling) on 25 January 2021.

During this first test phase (Full Integration Testing - FIT) the project parties will perform region-wide functional end-to-end tests, made in order to simulate the generation environment, which should demonstrate functionality between all systems involved in the market coupling. After the successful completion of the FIT phase the project parties will test the operational procedures during the integration testing under simulated conditions (SIT). Such procedural end-to-end tests will be also executed to a wider European level together with all the parties of the Single day-ahead markets coupling (SDAC).

The DE-AT-PL-4M MC project, also called Interim Coupling, aims at connecting the 4M MC borders with the Multi-Regional Coupling (MRC) by introducing the implicit NTC-based capacity allocation to six frontiers (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, and HUAT).

- **Regulated tariffs applicable as of 01 March 2021**

On 25 February 2021 approval was given to the average transmission tariff, the components of the transmission tariff for electricity introducing in the grid (TG) and of electricity taking out of the grid (TL); the system service tariff and the regulated price of reactive electricity, charged by the Company. Consequently the system service tariff applicable as of 1 March 2021 is:

Service	Tariff applicable as of 1 July 2020	Tariff applicable as of 1 March 2021
	Lei/MWh	Lei/MWh
<b>Tariffs of system services:</b>	<b>11.96</b>	<b>10.82</b>

The tariff change was determined by the application of the mechanism correcting significant deviations from the forecast used in the approval of the applicable tariff, in accordance with the regulatory framework issued by the National Regulatory Authority in the Energy domain.

- **Transelectrica invests 42 de million Euros to refurbish two essential substations to close the 400 kV ring in the western part**

On 17 March 2021 the Company informed: “The investment project to complete the 400 kV Banat Ring, part of Romania’s 400 kV Ring is a benchmark of

important progress by refurbishing two key substations: Resita and Timisoara. Such investments of total value of about 42 million Euros will enable closing Romania’s 400 kV Ring in the western area, a strategic project for the safe electricity supply in the country and implicitly for the interconnection with neighbouring systems. Once completing the segment of the 400 kV Overhead Line Oradea Sud-Nadab in 2020, the achievement rate of Romania’s 400 kV Ring has reached 70%”.

- **Updated planning of the tests for DE-AT-PL-4M MC project (Interim Coupling)**

The Nominated Electricity Market Operators (NEMO) and the Transmission & System Operators (TSO) of Austria, Germany, Poland and the countries of the 4M Market Coupling (4M MC), namely the Czech Republic, Hungary, Romania and Slovakia on 18 March 2021 informed the stakeholders about a slight update in the project test planning.

The project parties have successfully completed the first phase of common regional tests (Full Integration Testing - FIT) at the end of February 2021. Having updated the test planning and the alignment with all European TSO-s and NEMO-s from the Single day-ahead markets coupling (SDAC), the second test phase, Simulation Integration Testing - SIT centred on testing the regional operational procedures will begin after mid-March 2021. Project launch is planned on 10 June 2021, provided confirmation is received about technical preparation and legal coverage by all parties.

## LATER EVENTS

- **The 400 kV OHL Cernavoda-Stalpu**

On 8 April 2021 the Company issued press release according to which: building the new 400 kV Overhead Line Cernavoda - Stalpu, an objective of national interest and public utility, co-financed from European funds is progressing at fast pace. At present on this line site extended between localities Stalpu (Buzau) and Cernavoda (Constanta) there is simultaneous work to build the foundations, assemble the towers and install the conductor into seven working points using about 300 workers every day, and 90% of the materials used are Romanian made.

- **Transelectrica built in Sibiu the first live work testing and training grounds of Romania**

The Company informed on 15 April 2021 it completed the construction work of the LST (Live Work) training and testing grounds in Sibiu, the first one of Romania. The space equipped for LST/LW technologies is prepared for practical training sessions. It is part of a wider Company investment initiated in 2017, amounting in total to 5.7 million Lei, which will operationalise the Research & Development Centre for Live Work and Fast

Intervention in SEN Developments. All the facilities of the Sibiu Centre will be commissioned in the second part of 2022.

- **Appointment of provisional Directorate member**

At its reunion of 21 April 2021 the Supervisory Board decided designating Mr. Ovidiu ANGHEL as provisional Directorate member beginning with 21 April 2021. The mandate is granted for 4 months with possible extension with two more months for very sound reasons.

- **Decision 1 of the Shareholders' General Ordinary Assembly of the Company of 27 April 2021**

On 27 April 2021 the Shareholders' General Ordinary Assembly of the Company issued Decision 1 whereby: it did not approve the stand-alone financial statements of the National Power Grid Company Transelectrica SA for 2020 financial year, nor the Company's consolidated financial statements of 2020 financial year, nor the distribution of the accounting profit remaining on 31.12.2020 after deduction of the income tax, nor the distribution of dividends from the profit recorded on 31.12.2020, nor dividends distribution from the retained earnings existent on balance on 31.12.2020 and it did not approve the release of managerial liability of Directorate and Supervisory Board members in 2020 financial year, establishing 04 June 2021 as registration date for the shareholders that will be touched by the effects of such decision of the Shareholders' general ordinary assembly.

- **Financial results in 2020**

On 28 April 2021 Transelectrica informed the investor public about the decisions made by the Shareholders' General Ordinary Assembly under Decision 1 of 27 April 2021, while also communicating the following issues:

The fore-mentioned stand-alone and consolidated financial statements of CNTEE Transelectrica SA as of and for the financial year ended on 31 December 2020, together with the Annual Report and the Annual Consolidated Report have been audited by the Company's Financial Auditor, its opinion being mentioned in the Audit Report without reserve.

On 24 March 2021 the Company's Supervisory Board verified within the limit of its attributions the Company's stand-alone and the consolidated financial statements as of and for the financial year ended on 31 December 2020, acknowledged the Reports of the independent auditor on the Company's stand-alone and consolidated financial statements as of and for the financial year

ended on 31 December 2020 and verified the Annual Report on the individual financial statements, as well as the Annual Report on the Company's consolidated financial statements for the financial year ended on 31 December 2020, and on the same date acknowledged the Note regarding net profit distribution on 31.12.2020.

The communiqué also mentions that on 25 March 2021, in accordance with the Financial Reporting Calendar assumed as per legal provisions Transelectrica published on the Company site the materials submitted for AGOA approval with respect to the Company activities in 2020.

- **Request of the majority shareholder to convene the Shareholders' general ordinary assembly**

Transelectrica informed the investor public that on 28 April 2021 the Company registered the request 20/10221/ T.H.G./27.04.2021 from the Romanian State shareholder legally represented by the Secretariat General of Government, pertaining to convening the Shareholders' general ordinary assembly to resume items 4, 5, 6, 7, 8, 9, 15 and 17 established for the AGOA reunion of 27 April 2021.

- **Decision 2 of the Shareholders' General Ordinary Assembly of the Company of 29 April 2021**

On 29 April 2021 the Shareholders' General Ordinary Assembly of the Company issued Decision 2 whereby: it established the 2021 Investment Plan and the estimations for 2022 and 2023, it approved the Company's 2021 Revenue and Expense Budget and the estimations for 2022 and 2023 and it established 25 May 2021 as registration date for the shareholders that will be touched by the effects of such decision of the Shareholders' general ordinary assembly.

- **Letter of the majority shareholder pertaining to the request to convene AGA disseminated on 28 April 2021**

On 6 May 2021 the Company informed the investor public that on 4 May 2021 it registered a letter from the majority shareholder (legally represented by the Secretariat General of Government) about their request to convene the AGA mentioned in the current report disseminated by means of the capital market institutions on 28-04-2021.

In accordance with article 119 para (2) of the Company Law 31/1990, republished, with later amendments and additions, "The Shareholders' general assembly will be convened within 30 days at the most and will gather within maximum 60 days from request receipt date".



## Other issues

### SHAREHOLDER STRUCTURE

The Company's shareholder structure on 31.03.2021 was the following:

Shareholder name	Number of shares	Share in the total
Romanian State by SGG	43,020,309	58.7%
PAVAL Holding	4,753,567	6.5%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other legal person shareholders	16,506,466	22.5%
Other natural person shareholders	5,015,112	6.8%
<b>Total</b>	<b>73,303,142</b>	<b>100%</b>

### DIRECTORATE MEMBERSHIP

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

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

### TARIFFS

#### **Transmission tariff (transmission service + functional system service)**

With a view to implement the new package of European regulations and especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, as well as *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*, in July 2020 upon ANRE's initiative the methodologies establishing tariffs for electricity transmission services and the tariffs of system services (only the component of functional system services) have been harmonised, namely the *Methodology establishing tariffs for electricity transmission services*, approved by ANRE Order 171/2019 and the *Methodology establishing tariffs of system services*, approved by ANRE Order 45/2017 (only the component of functional system services), as later amended and added, with the provisions of the fore-mentioned European regulations.

To this effect beginning with 01 January 2021 by ANRE Order 153/2020 the *Transmission methodology* establishes the mode to determine regulated revenues and to calculate regulated tariffs for electricity transmission services, which tariffs contain also the component of functional system services. Such uniformity was possible due to similar principles and rules establishing revenues and tariffs.

Taking into account the above and for a good understanding of data to be further provided, in the period before 1 January 2021 a cumulated tariff was calculated for transmission, which represents a virtual theoretical tariff calculated by summing up tariffs of profit-allowed activities, namely transmission and functional system services (the two tariffs were applied to the same quantity of electricity taken out of the network).

Index	Tariff	m.u.	Tariff applied	Tariff applied	Difference (%)
			1 Jul – 31 Dec 2020	1 Jan – 31 Dec 2021	
A	Electricity transmission	Lei/MWh	17.97	20.55	-
B	Functional system services	Lei/MWh	2.49		-
A+B	<b>Cummulated (A+B)</b>	Lei/MWh	20.46	20.55	+0.44%

Thus the factors that significantly contributed to changing the tariffs shown in the table above applicable from 01.01.2021 according to ANRE Order 214 / 09.12.2020 are detailed as follows:

- 1) Difference of linearization in the first year of the 4<sup>th</sup> regulatory period (2020-2024) amounting to 17,009,824 Lei.

The fore-mentioned revenue difference was determined as difference between the cumulated revenue of the two regulated activities and the sum between the linearized revenue set for 2020, strictly established for transmission services and the regulated revenue approved for functional system services.

- 2) Corrected contribution to ANRE budget amounting to 19,326,090 Lei.

Upon the re-alignment made taking into account year 2020 as well, expenses related to the ANRE contribution were reduced to 0.2% of the turnover, compared to the first linearization when it was calculated at 2% according to the applicable ANRE Order of that time.

- 3) The difference between the percentage values of inflation rates in 2020 and 2021 notified by the National Forecast Commission in the 2019 Autumn forecast vs. the 2020 Autumn forecast:

CNP - Autumn forecast, 2019		CNP - Autumn forecast, 2020	
2020	2021	2020	2021
3%	2.8%	2.2%	2.5%

#### **Tariffs of system services (former technological system services)**

In accordance with the provisions of article 47 from the *Methodology establishing tariffs of system services, approved by Order 45/2017 of the president of the National Regulatory Authority in the Energy domain*, with later amendments and additions and according to the expense & revenue analysis associated to system services, transmitted by CNTEE Transelectrica SA according to the provisions of the Guide monitoring

TSO activities and the bid results posted on the website [www.transelectrica.ro](http://www.transelectrica.ro), ANRE ascertained compliance with the review terms for system service tariffs approved for 1 July 2020 – 30 June 2021. Thus as per article 45 of the fore-mentioned Methodology: “*Tariffs of system services can be reviewed at least at 3 months’ intervals if differences are ascertained above 5% between the TSO’s justified revenues and costs of such services in the studied interval*”.

Index	Tariff	m.u.	Tariff applied	Tariff applied	Difference (%)
			1 Jul 2020 - 28 Feb 2021	1 Mar – 31 Dec 2021	
B	System services	Lei/MWh	11.96	10.82	-9.53%

Taking into account the above, the factors with significant contribution in the changed tariffs provided in the table above applicable as of 01.03.2021, according to ANRE Order 9/24.02.2021, are detailed as follows:

- 1) The correction resulting by summing up the corrections of 1 July 2019 – 30 June 2020 and of semester II 2020, January-February 2021, amounts to -93,041,919 Lei. Mention should be made that upon request of CNTEE Transelectrica SA such correction was spread out into 2 equal instalments in order to avoid the significant negative impact which its full application can have.

The second instalment of the correction will be included in the 2022 tariff of system services. Such correction generated a -6.7% tariff drop.

- 2) 3% increase of the electricity quantity that can be billed compared to the forecast used when calculating the preceding tariff, which determined a -2.8% decrease in the approved tariff.

## DISPUTES

The most important disputes impacting the Company are provided further:

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

The Company filed appeal requesting the court to admit it as filed, cancel the decision and rulings appealed against and refer the case to the territorial competent court for judgment, ascertaining the compliance with the requirements in article 1616-1617, Civil Code, for which reason it requested ascertaining the lawful compensation of mutual liabilities and their quenching up to the concurrence of the least amount thereof, namely the total sum the claimant asked in the summons and compel the recurrent - claimant to pay the expenses incurred with this appeal.

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

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled decision 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, which by civil ruling 4406/04.12.2017 decided admitting the request filed by RAAN and obliged Transelectrica to pay 1,090,831.70 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 it has not collected 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 amount 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; receivable occurred during the procedure and decided registering this amount in the creditors' table constituted against debtor RAAN. It denies the other connected requests. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 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 the 06.11.2019 term the appeal was denied as groundless; final sentence. Ruling 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file **1711/54/2019** with hearing

term on 26.03.2020 in the Appeal Court Craiova, which will refer the file to High Court of Cassation and Justice for competent settlement.

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

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

On the hearing term of 03.02.2021 ICCJ admitted the tardive exception of the review request and has no longer pronounced itself on its inadmissibility.

Under RAN's bankruptcy file **9089/101/2013** Mehedinti Tribunal deferred the case both on 08.10.2020 and on 04.02.2021. Settlement in brief: a term was granted to continue the liquidation procedures, represent the debtor's interests in the disputes found on the dockets of law courts; to consolidate the receivables' table, continue measures to recover receivables, continue the public bids pertaining to capitalising 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 - Ruling 2771/13.06.2018

In the public hearing on 21.10.2020 the appeals filed by the claimant and the defendant against sentence 2771 of

13 June 2018 of CAB, Section VIII of administrative & 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

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

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for

transmission services charged by the National Power Grid Company Transelectrica SA and cancelling annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken into calculation for the regulated rate of return (RRR) 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 deferring 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 has not impacted the relationship with ANRE or 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.

On the following term of 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 the Company 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 OPCOM SA, at their meeting of 10.06.2014 decided upon full payment of the fine amounting to 1,031,000 Euro imposed by the Directorate General for Competition, European Commission for breaching of Article 102 of the Treaty on the European Union Functioning, according to the Decision AT 39984 in the antitrust case.

Also OPCOM SA requested the law court to compel the Company paying 84,867.67 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 / 10.10.2016.

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

Hearing term at ICCJ: 13.03.2018. Settlement in brief of ICCJ: It admitted 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 invalidated the decision appealed against and referred the case to the appeal instance for new judgment; final.

On the hearing term of 01.10.2018 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 CNTEE Transelectrica SA filed appeal, which is under screening procedure 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.

On the 16.03.2021 term the court panel denied as groundless the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; final.

In 2014 the Company registered a provision amounting to 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 to provide the expertise and the new term was set on 31.03.2020.

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

*A new hearing term was established on 11.05.2021 – to provide the expertise evidence.*

#### • **FF WIND ENERGY INTERNATIONAL SRL**

File **47332/3/2017** was registered on the docket of Bucharest Tribunal, Section VI Civil whereby Company FF Wind Energy International SRL requested in contradiction with NPG Transelectrica SA cancelling the

one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, and compelling the Company to pay 32,777,167.35 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 at 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 14.09.2021.*

#### • 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 / 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 hearing term of 06.11.2018 the court admitted providing the expertise evidence, in the accounting - fiscal specific domain.

Pronouncement was deferred on CAB's the hearing term of 21.07.2020.

On 30.07.2020 the case was placed 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 litis-pended 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 fiscal 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 litis-pended 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 term was established 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: 22.03.2021 at Caras Severin Tribunal; Settlement: It suspended judging the summons filed by claimant Resita City through the Mayor in contradiction with defendant Transelectrica SA, pertaining to claims in accordance with article 413 para (1) pt. 1 of the Civil Procedural Code. Appeal right was granted during the entire judgment suspension to be referred to the superior law court. Document: Conclusion – Suspension.

- **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 31,181,857.96 to the Company 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 as groundless the cancellation request filed by contestor-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.

A request was submitted under file **18109/3/2020** 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, and for such disputes it updated the provisions representing the value of OAVT-s (options for virtual shares).



## Annexes



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

[RON mn]	Q1 2021	2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	3,585	3,561	24	1%
Intangible assets	7	7	(0)	(5%)
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	36	37	(1)	(3%)
<b>Total non-current assets</b>	<b>3,709</b>	<b>3,687</b>	<b>23</b>	<b>0,6%</b>
<b>Current assets</b>				
Inventories	37	38	(1)	(3%)
Trade and other receivables	906	848	58	7%
Income tax to be recovered	0	1	(1)	(100%)
Cash and cash equivalents	401	554	(153)	(28%)
<b>Total current assets</b>	<b>1,344</b>	<b>1,442</b>	<b>(99)</b>	<b>(7%)</b>
<b>Total assets</b>	<b>5,053</b>	<b>5,129</b>	<b>(76)</b>	<b>(1%)</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share capital, of which	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	138	138	0	0%
Revaluation reserves	824	842	(18)	(2%)
Other reserves	23	17	6	33%
Retained earnings	1,711	1,611	100	6%
<b>Total shareholders' equity</b>	<b>3,478</b>	<b>3,390</b>	<b>88</b>	<b>3%</b>
<b>Non-current liabilities</b>				
Long term deferred revenues	357	352	5	1%
Long term borrowings	97	102	(5)	(5%)
Other loans and assimilated liabilities - Leasing of building	28	31	(3)	(9%)
Deferred tax liability	117	118	(1)	(1%)
Employee benefits liabilities	73	73	0	0%
<b>Total non-current liabilities</b>	<b>671</b>	<b>675</b>	<b>(4)</b>	<b>(1%)</b>
<b>Current liabilities</b>				
Trade and other liabilities	742	888	(146)	(16%)
Other loans and assimilated liabilities - Leasing of building	8	7	1	7%
Other tax and social security liabilities	12	17	(5)	(30%)
Short-term borrowings	25	25	0	1%
Provisions	82	97,6	(16)	(16%)
Short-term deferred revenues	26	29	(3)	(11%)
Income tax payable	10	0	10	n/a
<b>Total current liabilities</b>	<b>904</b>	<b>1,064</b>	<b>(159)</b>	<b>(15%)</b>
<b>Total liabilities</b>	<b>1,575</b>	<b>1,738</b>	<b>(163)</b>	<b>(9%)</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,053</b>	<b>5,129</b>	<b>(76)</b>	<b>(1%)</b>

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

[RON mn]										
Indicator	2019	2020	Q1 2020	Q1 2021	Budgeted Q1 2021	Achieved 2020 vs 2019 (%)	Achieved 2020 vs 2019 (%)	Achieved vs Budgeted Q1 2021	Achieved vs Budgeted Q1 2021 (%)	
0	1	2	3	4	5	6=2-1	7=1/2	8=4-5	9=4/5	
<b>Operating revenues</b>										
Transmission revenues	1,082	1,035	281	323	316	(47)	(4%)	7	2%	
System services revenues	742	795	215	173	170	53	7%	3	2%	
Balancing market revenues	523	495	98	220	146	(28)	(5%)	74	51%	
Other revenues	51	42	10	10	9	(9)	(17%)	1	13%	
<b>Total operating revenues</b>	<b>2,398</b>	<b>2,367</b>	<b>603</b>	<b>726</b>	<b>641</b>	<b>(30)</b>	<b>(1%)</b>	<b>85</b>	<b>13%</b>	
<b>Operating expenses</b>										
System operating expenses	352	310	81	109	97	(42)	(12%)	12	12%	
Balancing market expenses	523	495	98	212	146	(28)	(5%)	66	46%	
Technological system services expenses	676	566	166	143	141	(110)	(16%)	2	2%	
Depreciation and Amortisation	280	268	68	64	67	(12)	(4%)	(3)	(4%)	
Personnel expenses	210	279	52	49	59	69	33%	(10)	(17%)	
Repairs and maintenance expenses	102	98	16	15	17	(4)	(4%)	(2)	(11%)	
Materials and consumables	9	8	2	2	3	(1)	(10%)	(1)	(40%)	
Other operating expenses	130	170	26	37	43	40	31%	(6)	(15%)	
<b>Total operating expenses</b>	<b>2,282</b>	<b>2,194</b>	<b>509</b>	<b>631</b>	<b>572</b>	<b>(88)</b>	<b>(4%)</b>	<b>58</b>	<b>10%</b>	
<b>Operating profit</b>	<b>116</b>	<b>174</b>	<b>94</b>	<b>96</b>	<b>68</b>	<b>58</b>	<b>50%</b>	<b>27</b>	<b>40%</b>	
Financial income	10	10	3	2	2	0	1%	0	1%	
Financial expenses	18	15	4	3	3	(4)	(20%)	(0)	(0%)	
<b>Net finance result</b>	<b>(9)</b>	<b>(5)</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>4</b>	<b>43%</b>	<b>0</b>	<b>2%</b>	
<b>Profit before income tax</b>	<b>107</b>	<b>169</b>	<b>92</b>	<b>94</b>	<b>67</b>	<b>62</b>	<b>58%</b>	<b>27</b>	<b>41%</b>	
Income tax	11	29	15	12	9	18	161%	(3)	(33%)	
<b>Profit</b>	<b>96</b>	<b>140</b>	<b>77</b>	<b>82</b>	<b>57</b>	<b>44</b>	<b>46%</b>	<b>25</b>	<b>44%</b>	

**ANNEX 3: Stand-alone cash flow statement – unaudited**

[RON mn]	Q1 2021	Q1 2020	Δ	Q1 2021 vs 2020 (%)
<b>Cash flows from operational activities</b>				
Profit of the period	82.0	77.2	5	6%
<b>Allowances for:</b>				
Income tax expense	12.4	15.2	(3)	(18%)
Depreciation expense	64.0	66.3	(2)	(4%)
Expenses with adjustments for trade receivables impairment	0.4	0.4	(0)	(10%)
Revenues from reversal of adjustments for trade receivables impairment	(0.8)	(0.7)	(0)	(12%)
Losses on various receivables and payables	0.0	0.0	0	n/a
Net revenues/expenses with adjustments for various debtors impairment	(0.2)	(0.7)	(1)	(133%)
Net expenditures with adjustments for inventories impairment	0.7	(0.0)	1	n/a
Net profit/ loss on sale of tangible assets	0.03	0.02	0	41%
Net expenditures on adjustments of value regarding tangible assets	0.3	0.3	0	0%
Expenses/Revenues regarding provisions for risks and expenses, net	(15.9)	(0.0)	(16)	n/a
Interest expense, interest revenue and unrealised exchange rate gains	1.9	1.9	0	0%
<b>Cash flows before changes to working capital</b>	<b>144.8</b>	<b>161.4</b>	<b>(17)</b>	<b>(10%)</b>
<b>Changes in:</b>				
Clients and assimilated accounts - energy and other activities	(57.7)	(28.2)	(29)	(104%)
Clients – balancing	(3.8)	25.5	(29)	(115%)
Clients – cogeneration	3.3	(7.2)	11	146%
Inventories	1.2	(1.1)	2	214%
Trade and other liabilities - energy and other activities	(78.9)	(42.7)	(36)	(85%)
Liabilities - balancing	(26.0)	(44.1)	18	41%
Liabilities - cogeneration	(10.5)	(12.9)	2	19%
Paid liabilities, ANAF taxation decision	(2.1)	0.0	(2)	n/a
Other loans and assimilated liabilities - Leasing of building	(2.2)	0.0	(2)	n/a
Other taxes and social insurance liabilities	(5.1)	0.4	(5)	n/a
Deferred revenues	7.0	(1.5)	9	558%
<b>Cash flows from operational activities</b>	<b>(30.0)</b>	<b>49.4</b>	<b>(79)</b>	<b>(161%)</b>
Interests paid	(1.0)	(2.1)	1	50%
Income tax paid	(2.5)	(1.7)	(1)	(46%)
<b>Net cash generated from operational activities</b>	<b>(33.5)</b>	<b>45.6</b>	<b>(79)</b>	<b>(174%)</b>
<b>Cash flows from the investment activity</b>				
Acquisition of tangible and intangible assets	(111.9)	(54.7)	(57)	(105%)
Received Interests	0.8	2.1	(1)	(63%)
Received dividends	0.0	0.0	0	n/a
Other financial assets	0.0	85.0	(85)	(100%)
<b>Net cash used in investments</b>	<b>(111.2)</b>	<b>32.4</b>	<b>(144)</b>	<b>(443%)</b>
<b>Cash flows used in financing activities</b>				
Repayments of non-current borrowings	(5.9)	(7.3)	1	20%
Utilisation of the credit line for cogeneration	0.0	130.0	(130)	(100%)
Repayment of the credit line for cogeneration	0.0	(29.5)	30	100%
Leasing of building payments	(2.6)	0.0	(3)	n/a
Dividends paid	(0.0)	(0.0)	0	66%
<b>Net cash used for financing</b>	<b>(8.5)</b>	<b>93.1</b>	<b>(102)</b>	<b>(109%)</b>
<b>Net diminution of cash and cash equivalents</b>	<b>(153.2)</b>	<b>171.1</b>	<b>(324)</b>	<b>(190%)</b>
<b>Cash and cash equivalents on 1 January</b>	<b>554.0</b>	<b>320.8</b>	<b>233</b>	<b>73%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>400.8</b>	<b>491.8</b>	<b>(91)</b>	<b>(19%)</b>

**ANNEX 4: Economic-financial indicators of the reporting period – unaudited**

Indicators	Formula	T1 2021	2020
<b>Current liquidity ratio (x)</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.49	1.36
<b>Indebtedness indicators (x):</b>			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.5%	3.7%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.4%	3.6%
<b>Clients' turnover (days)</b>	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	74.01	83.51
<b>Non-current assets turnover (x)</b>	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.19	0.63

\* 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 2021**

At the time of drafting this report, there are no amended articles of association in 2021.

**ANNEX 6: Appointment / recalling deeds in January – March 2021**

There are no appointment/recalling documents issued between January and March 2021.

**ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q1/2021 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 25/2021	Upgrading 220/110/20 kV Arefu substation	30	38,634	0	Works	Law 99/2016 + GD 394/2016	Open bid
2	C 45/2021	Refurbishing 220/110 kV Filești substation	31	37,512	0	Works	Law 99/2016 + GD 394/2016	Open bid
3	C 67/2021	Acquisition and installation of 21 monitoring systems for the transformation units in Transelectrica substations	42	10,658	0	Works	Law 99/2016 + GD 394/2016	Open bid
4	C 47/2021	Power supply upgrade at UNO-DEN headquarters	12	8,751	0	Works	Law 99/2016 + GD 394/2016	Open bid
5	C 27/2021	Car fuel for the fleet, diesel groups and other tools and equipment belonging to Transelectrica	24	5,347	0	Supply	Law 99/2016 + GD 394/2016	Open bid
6	C 21/2021	Consolidation of servers and data storage network (private cloud)	7	4,671	0	Supply	Law 99/2016 + GD 394/2016	Open bid
7	C 22/2021	Multispectral aerial inspection of overhead power lines (OHL) 110-220-400-750 kV	36	2,887	0	Services	Law 99/2016 + GD 394/2016	Open bid
8	PT 04/1175/2021	Special services of guard, intervention and particular circumstance interventions to the objectives of TTU Pitesti	9	2,292	0	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT preliminary invitation
9	CT 808/2021	Mowing and vegetation removal services in TTU Constanța substations, lot 1 - CE Constanța, lot 2 - CE Tulcea and lot 3 - CE Galați	24	564	0	Services	Law 99/2016 + GD 394/2016	Open bid
10	C 89/2018 AA3	Addendum no. 3 to contract no. C89/2018 "Services for letting office space from OPCOM SA"	36	-	111	Services	Law 99/2016 + GD 394/2016	One's own procedure

## Annex 6 – Glossary

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

