

**No. 801/20.05.2021**

## **NOTE**

### **Regarding approval of the Shareholders' General Assembly for dividends distribution from the retained result existent on balance on 31.12.2020**

In accordance with article 14, para (1) let. b) from the Articles of Association of CNTEE Transelectrica SA updated by AGEA Decision 12/21.12.2020, we **submit to approval by the Shareholders' General Assembly the distribution of 20,524,880 Lei as dividends from the result carried forward, namely from the balance of account 1175.02 "reserves representing surplus achieved from revaluation reserves not taxable when changing their destination"**.

In consideration of such proposal the following issues have been analysed:

- I. The applicable legal framework;
- II. Financial analysis of monetary availability existent in the Company's accounts on 31.12.2020;
- III. Compliance with the condition to correspond in accounting terms to the balance of "Retained result" and "Other reserves" accounts and establishing the value of reserves that can be distributed.

#### **I. Applicable legal framework**

The normative framework governing the dividends determination and payment consists of the Company Law **31/1990**.

In article 67 of Law 31/1990 dividends are defined as a profit quota. The procedure determining them is regulated in article 67 para (2) corroborated with article 111 of Law 31/1990 and provides the Shareholders' General Ordinary Assembly's competence to set the dividend.

Beginning with 30 March 2017 **OUG 29/2017** became applicable, amending article 1 para (1) let. g) of Governmental Ordinance 64/2001 on profit distribution in national societies, national companies and trading companies with full or majority state capital, and in independent authorities to amend article 1 para (2) and (3) from Emergency Governmental Ordinance 109/2011 regarding corporative governance of public enterprises **that contains**, among others, the **following provisions**:

- a) **The amounts distributed in previous years to reserves, existent on the enforcement date of such ordinance, can be redistributed as dividends** beginning with the approval of 2016 financial statements.
- b) As of the approval on 2016 financial statements, the **retained result on balance on 31 December each year can be distributed as dividends**, applicable provisions as well for the result carried forward and shown in 2016 financial statements.

**II. Financial analysis of monetary availability existent in Company's accounts on 31.12.2020**

In consideration of the above financial analysis has been performed on the monetary availability existent in Company's accounts on 31.12.2020, which is as follows:

	<b>Lei</b>
Total monetary availability existent in accounts, of which:	554,003,528
Monetary availability at Company disposal	283,310,759
Restricted cash	270,692,769

**From the available cash** the Company has current payment liabilities to provide the current capital for operational activities (providing electricity transmission services, system services, balancing market administration, current expenses representing salaries, utilities, rents, and maintenance) as well as for payment of ongoing investments.

**Restricted cash represents amounts transiting the accounts of Transelectrica**, the Company being scheme administrator or resulting from activities and liabilities ensuing of the secondary legislation, as applicable. In consequence the **Company cannot change the destination of such funds but is obliged to manage them (input – output)**, amounts coming from the support scheme for cogeneration activities, balancing market, connection tariff, indemnities for energy markets etc.). Moreover, in case the Company profit is above the regulated level (compulsory terms provided in the regulatory framework), it is recovered by ANRE by means of subsequent tariff reductions.

Thus the Company's financial analysis showed the amount which can be distributed to shareholders is 20,524,880 Lei.

When establishing such value the following have been taken into calculation:

- ❖ Value of reserves found in Shareholders' Equities;
- ❖ Monetary availability at Company disposal;
- ❖ Finance source for expenses from one's own sources, as necessary to accomplish the Investment Plan proposed in 2021.

AGA by Decision should establish the concrete precise sum to be distributed as dividend (the Romanian state will actually cash about 58.69% of this established amount, in proportion to the share package held).

When the AGA decision is passed regarding distribution of any amount as dividends the Company becomes holder of a certain liquid demandable payment obligation on the date provided in such decision.

The necessary monetary funds should be available in actual mode in the Company's accounts as cash in order to cover such obligation.

**III. Compliance with the condition to correspond in accounting terms to the balance of "Retained result" and "Other reserves" accounts**

In accordance with the provisions of applicable legislation only the shareholders of CNTEE Transelectrica SA have the prerogative to pass AGA decision regarding distribution as dividends of any amount, provided it can correspond in accounting term with the balance of "Other reserves" and "Retained result" accounts.

The amount corresponding to retained result (ct. 117) amounted to 694.815.614 Lei on 31.12.2020 and is provided in the following table:

Accounting account	TOTAL "Retained result representing surplus achieved from revaluation reserves" existent in the Company's accounting accounts and sub-accounts on 31.12.2020	694.815.614
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1175	Retained result representing surplus achieved from revaluation reserves, of which:	694.815.614
1175.01	Surplus achieved from revaluation reserves - taxable when changing its destination	629.341.807
1175.02	Surplus achieved from revaluation reserves - <b>non-taxable when changing its destination</b>	65.473.807

Taking into account the deadlines and calendar dates established in accordance with the incident legislation, the Management Board is unable to objectively enter on the agenda, as requested by the majority shareholder by address no. 20/10221/THG, registered in the Company with no. 670 / 27.04.2021, points 15 and 17, respectively the establishment of the ex-date on 03.06.2021 and the payment date on 25.06.2021.

#### **IV. Proposals**

Taking into account the above and in accordance with article 14, para (1) let. b) from the Articles of Association of CNTEE Transelectrica SA updated by AGEA Decision 12/21.12.2020, we **submit to approval of the Shareholders' General Assembly the following:**

- a) Distribution of dividends in quantum of 20,524,880 Lei from account 1175.02 "reserves representing surplus achieved from revaluation reserves not taxable when changing their destination";**
- b) Approving the distribution of 0.28 Lei/share gross dividend to all shareholders recorded on the registration date 20 July 2021, ex-date 19 July 2021 and 09 August 2021 payment inception date.**

The details of the payment procedure will be notified to the investor public after approval of AGOA on 22/23.06.2021 by communiqué disseminated by means of the capital market institutions, in a nation-wide spread newspaper and published on site [www.transelectrica.ro](http://www.transelectrica.ro), section Investor Relations/Shares/Dividends.

#### **DIRECTORATE,**

**Chairman**

**Catalin  
NITU**

**Member**

**Andreea-Mihaela  
MIU**

**Member**

**Ovidiu  
ANGHEL**

**Member**

**Corneliu-Bogdan  
MARCUS**

**Member**

**Marius-Viorel  
STANCIU**