

Nr. 22524/28.05.2021

**To the:** Romanian State legally represented by the Secretariat General of Government, Company shareholder

**Copy to:** Shareholders recorded in the Company's Shareholders' Register at the end of 11.06.2021 (reference date)

**Ref.:** Letter from the Secretariat General of Government with respect to requests pertaining to the agenda of the Company's Shareholders' general ordinary assembly convened on 22.06.2021 (first convocation) – 23.06.2021 (second convocation) - **letter 20/2692/THG/26.05.2021** registered under no. 22524/26.05.2021 in the Company.

In accordance with article 198<sup>1</sup> from ASF Regulation 5/2018 on the issuers of financial instruments and market operations, each Company shareholder is entitled to send questions with respect to the items in the agenda of general assembly, with the Company's correlative obligation to answer such shareholder questions. Consequently we are further briefly providing the shareholder's requests and the answers of CNTEE Transelectrica SA as question & answer:

No.	Question / request of shareholder	Answer of TEL
1.	Transmitting the check-up balance for the financial statements rejected in AGOA reunion of 27.04.2021	The Company's check-up balance does not represent public data / information included both in the periodical reporting of 2020 and in the quarterly / half-yearly reports according to applicable legislation. They belong in the confidential information class.
2.	Transmitting the check-up balance for the financial	In addition to what has been provided in the answer to item 1, mention should be made the

<sup>1</sup> Article 198 of ASF Regulation 5/2018:

“(1) Each shareholder is entitled to send questions about the items in the agenda of the general assembly. The Company is obliged to answer the questions transmitted by shareholders.

(2) The right to ask questions and the obligation to answer them can depend on the measures companies can take in order to provide the shareholders' interests, the good running and preparation of general assemblies, and to protect the confidentiality and the trading interests of companies. The companies can elaborate a general answer for the questions with the same content. An answer is considered to have been provided if the pertinent information is available on the company's internet page as question-answer”.

	statements proposed in AGOA reunion of 22/23.06.2021	stand-alone and consolidated financial statements concluded for the financial year 2020, submitted to shareholders as AGOA materials for 22/23-06-2021, underwent no changes compared to the materials provided for AGOA of 27.04.2021.
3.	Transmitting annex 2 of the achieved BVC in 2020, drawn up according to the new financial statements provided	<p>The execution of the Revenue and expense budget in format OMFP 3818/2019 is not public.</p> <p>But the Budget approved for 2021 provides the detailed economic-financial indicators achieved in 2020, in correlation with the financial statements ended on 31.12.2020 and submitted to AGA approval. This one is public and posted on the Company's site (we attach annex 2 to BVC approved for 2021).</p>
4.	Transmitting the break-down and justification of amounts set as provisions in 2020	<p>The break-down and justification of amounts constituted as provisions in 2020 do not represent public data / information included both in the periodical reporting of 2020 and in the quarterly / half-yearly reports.</p> <p>The situation of provisions is provided in the stand-alone financial statements, namely in the explanatory note 15 including the balance and its structure on 31 December 2020 vs. 31 December 2019.</p> <p>We are also submitting the answer of BDO Audit SRL about the estimated provision constituted by the Company in December 2020 for employees' participation to profit: <i>employees' participation to profit is shown in accounts by constituting a provision of estimated sums representing the gross amounts of employees, and the obligations towards employees related to their participation to profit shall be pointed out in accounting books on behalf of wage expenses in the following year after the financial statements' year at their approved amount, while resuming the constituted provision into revenues.</i></p> <p>To support them we are also providing answer 768937/25-05-2021 from the Ministry of Finance, General Directorate for Management of Specifically Regulated Domains, registered under no. 22286/25-05-2021 in the Company,</p>

		with respect to the accounting treatment applicable to a provision constituted for employees' participation to profit when the Company applies OMFP 2844/2016 approving the Accounting Regulations compliant with the International Financial Reporting Standards, with later amendments and additions.
5.	Transmitting the updated Report of the independent auditor, in the context of new proposed amounts of profit distribution for employees' participation to profit, correlated with the provisions constituted within the achievements of 2020	There is just one Report of the independent auditor BDO, placed at the disposal of shareholders of CNTEE Transelectrica SA, registered under no. 12372/19.03.2021, both at AGOA of 27-04-2021 and at AGOA of 22/23-06-2021.
6.	Have there been other additional controls of managerial bodies from CNTEE Transelectrica SA and requesting to transmit the reports of such controls to SGG	Additional verifications and the capitalisation of their results are applied the provisions of article 4 para (1) & (2) of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions <sup>2</sup> .
7.	Financial statements for 2020 financial year have not been appropriated by the Supervisory Board, in which respect the shareholder requests their appropriation by the Supervisory Board	We provide hereby attached Decision 10/2021 of the Supervisory Board registered under no. 13209/24-03-2021 in the Company, whereby in according with article 21 para 1 let. j) of the Articles of Association, the Supervisory Board verified the Company's stand-alone and consolidated financial statements as of and for the financial year ended on 31-12-2020
<p>In the context of submitting for approval the Company's stand-alone and consolidated financial statements as of and for the financial year ended on 31-12-2020, subject of the above requests / questions of the Company shareholder, we can additionally provide as follows:</p> <ul style="list-style-type: none"> <li>✓ In accordance with the provisions of OMFP 881/2012 CNTEE Transelectrica SA applies beginning with 2012 financial year the International Financial Reporting Standards (IFRS) when elaborating its annual individual (stand-alone) financial statements.</li> <li>✓ <b>The stand-alone financial statements of 31 December 2020 have been elaborated in accordance with Accounting Regulations compliant with the International Financial Reporting Standards approved by Order 2844/2016 of the Ministry of Public Finance</b>, with later amendments and additions.</li> </ul>		

<sup>2</sup> Article 4 of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions

"(1) The superior public authority and the Ministry of Public Finance cannot interfere in the management and governance of the public enterprise. (...)

(2) The competence to make administration and governance decisions in the public enterprise and the liability, according to legal provisions, for their effects devolves on the board of administration and directors, in case governance attributions have been delegated to them or, as the case may be, to the supervisory board and to the directorate".

- ✓ They have been audited by an external auditor, according to applicable legislation, and then audit report 12372 of 19.03.2021 was issued.
- ✓ In accordance with article 14 para (1) let a) from the Articles of Association of CNTEE Transelectrica SA: *“The shareholders’ general ordinary assembly discuss, approve or modify the annual financial statements based on reports submitted by the Directorate, the Supervisory Board and the financial auditor”*. In this respect AGA can decide to amend the annual financial statements. The Company can execute a new set of financial statements, elaborated in accordance with AGA decision **not in compliance with Accounting Regulations compliant with the International Financial Reporting Standards approved by Order 2844/2016 of the Ministry of Public Finance**, with later amendments and additions. This will lead to losing the financial auditor’s opinion, issued on 19.03.2021.

With highest consideration,

**Catalin NITU**  
**Directorate Chairman**  
**Executive Director General**

**Ovidiu ANGHEL**  
**Directorate Member**

**Corneliu-Bogdan MARCU**  
**Directorate Member**

**Andreea-Mihaela MIU**  
**Directorate Member**

**Marius Viorel STANCIU**  
**Directorate Member**

Detailing the economic-financial indicators provided in the revenue and expense budget of 2021 and its distribution by quarters

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No.			Line no.	Achieved in 2019	Provisions for 2020			Proposals for 2021				%	%
					Approved		Achieved	of which:					
					acc. to AGA Decision 2/06.03.2020	as per Directorate approval		Q I	Cumulated Q II	Cumulated Q III	Year		
0	1	2	3	3a	4	4a	5	6a	6b	6c	6	7	8
I.		TOTAL REVENUES (Ln.1=Ln.2+Ln.22)	1	2,407,433	2,815,814	2,815,814	2,377,190	642,300	1,178,774	1,722,216	2,377,190	100.00	98.74
	1	Total operational revenues (Ln.2=Ln.3+Ln.8+Ln.9+Ln.12+Ln.13+Ln.14), of which:	2	2,397,710	2,807,688	2,807,688	2,367,395	640,500	1,175,224	1,717,466	2,369,240	100.08	98.74
	a)	din producția vândută (Ln.3=Ln.4+Ln.5+Ln.6+Ln.7), of which:	3	2,350,880	2,759,958	2,759,958	2,326,823	631,703	1,154,827	1,686,844	2,328,297	100.06	98.98
	a1)	from sale of products	4										
	a2)	from services provided on the electricity market	5	2,346,778	2,752,916	2,752,916	2,325,276	631,438	1,154,013	1,685,631	2,326,435	100.05	99.08
	a3)	from royalties and rents	6	0	24	24	5	0	0	0	0	n/a	n/a
	a4)	other revenues	7	4,102	7,018	7,018	1,542	265	814	1,213	1,862	120.75	37.59
	b)	from sale of merchandise	8										
	c)	from subsidies and transfers of operation related to the net turnover (Ln.9=Ln.10+Ln.11), of which:	9										
	c1	subsidies, acc. to applicable legal provisions	10										
	c2	transfers, acc. to applicable legal provisions	11										
	d)	from production of assets	12										
	e)	revenues related to the cost of production in progress	13										
	f)	other operational revenues (Ln.15+Ln.16+Ln.19+Ln.20+Ln.21), of which:	14	46,830	47,730	47,730	40,572	8,797	20,397	30,622	40,943	100.91	86.64
	f1)	from fines and penalties	15	81	45	45	77	0	0	0	0	0.00	95.06
	f2)	from asset sales and other capital operations (Ln.16=Ln.17+Ln.18), of which:	16										
		- tangible assets	17										
		- intangible assets	18										
	f3)	from subsidies for investments	19	29,623	30,247	30,247	22,628	5,460	11,817	17,730	23,365	103.26	76.39
	f4)	from capitalisation of CO2 certificates	20										
	f5)	other revenues	21	17,126	17,438	17,438	17,867	3,337	8,580	12,892	17,578	98.38	104.33
	2	Financial revenues (Ln.22=Ln.23+Ln.24+Ln.25+Ln.26+Ln.27), of which:	22	9,723	8,126	8,126	9,795	1,800	3,550	4,750	7,950	81.16	100.74
	a)	from financial assets	23	134	0		2		0	0	0	0.00	1.49
	b)	from financial investments	24										
	c)	from exchange rate differences	25	4,168	2,923	2,923	2,735	550	1,250	2,050	2,500	91.41	65.62
	d)	from interest rates	26	5,389	5,200	5,200	6,786	1,250	2,200	2,500	5,250	77.37	125.92
	e)	other financial revenues	27	32	3	3	272	0	100	200	200	73.53	850.00
II		TOTAL EXPENSES (Ln.28=Ln.29+Ln.130)	28	2,300,353	2,711,351	2,711,351	2,208,455	575,356	1,115,643	1,656,616	2,296,276	103.98	96.01
	1	Operational expenses (Ln.29=Ln.30+Ln.78+Ln.85+Ln.113), of which:	29	2,281,882	2,698,606	2,698,606	2,193,646	572,150	1,108,948	1,646,907	2,284,136	104.13	96.13
	A.	Expenses with goods and services (Ln.30=Ln.31+Ln.31a+Ln.39+Ln.45), of which:	30	1,743,637	2,132,065	2,122,377	1,555,632	429,009	821,200	1,213,551	1,697,010	109.09	89.22
	A0	Expenses on the energy market	31	1,551,314	1,903,396	1,894,224	1,370,861	383,431	714,009	1,040,915	1,467,891	107.08	88.37
	A1	Expenses regarding inventories (Ln.31a=Ln.32+Ln.33+Ln.36+Ln.37+Ln.38), of which:	31a	12,959	24,471	22,235	9,855	4,432	8,851	12,646	16,456	166.98	76.05
	a)	expenses with raw materials	32										
	b)	expenses with consumable materials, of which:	33	8,735	17,111	14,691	4,966	2,574	4,654	7,083	9,211	185.48	56.85
	b1)	expenses with spare parts	34	652	966	966	464	158	292	402	516	111.21	71.17
	b2)	fuel expenses	35	3,521	4,918	4,918	2,882	1,147	1,928	2,604	3,802	131.92	81.85
	c)	expenses regarding materials such as inventory	36	964	3,397	3,581	1,400	785	2,161	2,587	3,221	230.07	145.23
	d)	expenses regarding electricity and water	37	3,260	3,963	3,963	3,489	1,073	2,036	2,976	4,024	115.33	107.02
	e)	expenses regarding merchandise	38										

No.			Line no.	Achieved in 2019	Provisions for 2020			Proposals for 2021				%	%
					Approved		Achieved	of which:					
					acc. to AGA Decision 2/06.03.2020	as per Directorate approval		Q I	Cumulated Q II	Cumulated Q III	Year		
0	1	2	3	3a	4	4a	5	6a	6b	6c	6	7=6/5	8=5/3a
	A2	Expenses regarding services provided by third parties (Ln.39=Ln.40+Ln.41+Ln.44), of which:	39	133,424	134,338	135,738	128,382	25,516	65,527	111,014	145,764	113.54	96.22
	a)	expenses with maintenance and repairs	40	132,387	132,508	133,908	127,319	25,045	64,758	109,937	144,383	113.40	96.17
	b)	expenses regarding rents (Ln.41=Ln.42+Ln.43) of which:	41	396	638	638	426	259	373	487	604	141.78	107.58
	b1)	- to operators with full/majority state capital	42										
	b2)	- to operators with private capital	43	396	638	638	426	259	373	487	604	141.78	107.58
	c)	insurance premiums	44	641	1,192	1,192	637	212	396	590	777	121.98	99.38
	A3	Expenses with other services provided by third parties (Ln.45=Ln.46+Ln.47+Ln.49+Ln.56+Ln.61+Ln.62+Ln.66+Ln.67+Ln.68+Ln.77), of which:	45	45,940	69,860	70,180	46,534	15,630	32,813	48,976	66,899	143.76	101.29
	a)	expenses with co-workers	46										
	b)	expenses regarding commissions and fee, of which:	47	13	149	149	8	11	19	25	29	362.50	61.54
	b1)	juridical consultancy expenses	48										
	c)	protocol, advertisement and publicity expenses (Ln.50+Ln.52), of which:	49	658	800	800	356	103	255	457	810	227.53	54.10
	c1)	protocol expenses, of which:	50	658	800	800	356	100	250	450	800	224.72	54.10
		- tickets according to Law 193/2006, with later amendments	51										
	c2)	advertisement and publicity expenses, of which:	52					3	5	7	10	n/a	n/a
		- tickets for advertisement and publicity expenses, according to Law 193/2006, with later amendments	53										
		- tickets for marketing campaigns, market study, promotion on existent or new markets, according to Law 193/2006, with later amendments	54										
		- products promotion expenses	55										
	d)	Sponsorships expenses, according to OUG 2/2015 (Ln.56=Ln.57+Ln.58+Ln.60), of which:	56	714	900	1,100	1,004	260	520	800	1,100	109.56	140.62
	d1)	sponsorship expenses in medical and health domain	57	290	360	457	407	104	208	320	440	108.11	140.34
	d2)	sponsorship expenses in education, training, social and sports, of which:	58	270	360	440	515	104	208	320	440	85.44	190.74
		- for sporting clubs	59										
	d3)	sponsorship expenses for other actions and activities	60	154	180	203	82	52	104	160	220	268.29	53.25
	e)	transportation expenses of goods and persons	61	1,116	1,368	1,368	1,005	426	801	1,175	1,555	154.73	90.05
	f)	travel, secondment, transfer, of which:	62	5,423	6,990	6,464	2,015	656	1,329	2,159	2,945	146.15	37.16
		- per diem expenses (Ln.63=Ln.64+Ln.65), of which:	63	1,920	2,414	2,414	866	271	473	732	902	104.16	45.10
		- internal	64	1,733	2,184	2,184	835	270	461	687	842	100.84	48.18
		- external	65	187	230	230	31	1	12	45	60	193.55	16.58
	g)	postal and telecommunication fee expenses	66	898	1,324	1,324	795	264	535	812	1,090	137.11	88.53
	h)	bank services and assimilated payments	67	545	1,188	1,188	571	120	263	425	695	121.72	104.77
	i)	other expenses with services provided by third parties, of which:	68	20,716	25,466	25,466	22,634	6,202	12,608	19,153	25,538	112.83	109.26
	i1)	insurance and guard expenses	69	20,320	24,366	24,366	22,323	6,118	12,352	18,645	24,938	111.71	109.86
	i2)	expenses for maintenance and keeping in operation the computation technique	70										
	i3)	professional training expenses	71	396	1,100	1,100	311	84	256	508	600	192.93	78.54
	i4)	expenses with revaluation of tangible and intangible assets, of which:	72										
		- associated to goods such as public domain assets	73										
	i5)	expenses with provisions by subsidiaries	74										
	i6)	expenses regarding recruitment and managerial personnel placement acc. to Governmental emergency ordinance 109/2011	75										
	i7)	announcement expenses for auctions and other notifications	76										
	j)	other expenses	77	15,857	31,675	32,321	18,146	7,588	16,483	23,970	33,137	182.61	114.44
	B	Expenses with taxes și vărsăminte asimilate (Ln.78=Ln.79+Ln.80+Ln.81+Ln.82+Ln.83+Ln.84), of which:	78	50,023	19,456	20,874	20,644	8,663	14,122	19,760	25,122	121.69	41.27
	a)	tax expenses for operational activities of mineral resources	79										
	b)	royalty expenses for concession of public assets and mineral resources e	80	989	1,006	1,006	1,402	1,339	2,424	3,530	4,692	334.66	141.76
	c)	licence fee expenses	81	35,462	3,660	6,019	6,021	916	1,832	2,748	3,664	60.85	16.98
	d)	licensing fee expenses	82										
	e)	environmental tax expenses	83	82	243	243	27	54	55	57	57	211.11	32.93

No.			Line no.	Achieved in 2019	Provisions for 2020			Proposals for 2021				7=6/5	8=5/3a
					Approved		Achieved	of which:					
					acc. to AGA Decision 2/06.03.2020	as per Directorate approval		Q I	Cumulated Q II	Cumulated Q III	Year		
0	1	2	3	3a	4	4a	5	6a	6b	6c	6	7	8
	f)	other tax and charge expenses	84	13,490	14,547	13,606	13,194	6,354	9,811	13,425	16,709	126.64	97.81
	C. Personnel expenses (Ln.85=Ln.86+Ln.99+Ln.103+Ln.112), of which:		85	212,457	262,976	262,976	262,520	65,800	145,904	215,822	285,060	108.59	123.56
	C0	Salary like expenses (Ln.86=Ln.87+ Ln.91)	86	200,825	245,067	245,067	244,832	59,884	131,984	194,397	256,811	104.89	121.91
	C1	Salary expenses (Ln.87=Ln.88+Ln.89+Ln.90), of which:	87	176,823	212,216	215,416	215,196	53,033	108,450	163,867	219,286	101.90	121.70
	a)	basic salaries	88	137,637	169,773	169,773	147,616	42,426	86,760	131,094	175,429	118.84	107.25
	b)	indexations, premiums and other bonuses related to basic salary (as per the CCM)	89	38,220	42,443	45,643	67,580	10,607	21,690	32,773	43,857	64.90	176.82
	c)	other bonuses (as per the CCM)	90	966					0	0			
	C2	Bonuses (Ln.91=Ln.92+Ln.95+Ln.96+Ln.97+ Ln.98), of which:	91	24,002	32,851	29,651	29,636	6,851	23,534	30,530	37,525	126.62	123.47
	a)	social expenses provided in article 25 of Law 227/2015 on the Fiscal Code *), with later amendments and additions, of which:	92	8,553	10,611	10,611	10,602	2,652	5,423	8,194	10,964	103.41	123.96
		- kindergarden vouchers as per Law 193/2006, with later amendments;	93										
		- voucher tickets for social expenses as per Law 193/2006, with later amendments;	94										
	b)	meal tickets;	95	6,177	10,374	7,289	7,283	2,423	4,846	7,269	9,692	133.08	117.91
	c)	holiday vouchers;	96	4,035	4,861	4,275	4,275	0	0	0	0	0.00	105.95
	d)	expenses regarding employees' participation to the profit obtained last year	97	0				0	9,663	9,663	9,663		
	e)	other expenses as per the CCM	98	5,237	7,005	6,472	6,472	1,751	3,502	5,254	7,006	108.25	123.58
	f)	COVID 19 expenses - Taxable food advantage				1,004	1,004	0	0	0	0	0.00	n/a
	g)	employee testing expenses - Covid-19					0	25	100	150	200	n/a	n/a
	C3	Other personnel expenses (Ln.99=Ln.100+Ln.101+Ln.102), of which:	99	46	100	100	0	0	0	300	300	n/a	n/a
	a)	expenses with compensating payments regarding personnel layoffs	100										
	b)	expenses with salary rights owed under judiciary decisions	101	46	100	100	0	0	0	300	300	n/a	n/a
	c)	salary like expenses related to restructuring, privatisation, special administrator, other commissions and committees	102										
	C4	Expenses of the mandate contract and of other management & control bodies, commissions and committees (Ln.103=Ln.104+Ln.107+Ln.110+ Ln.111), of which:	103	2,338	3,635	3,635	3,120	2,066	4,699	6,765	8,831	283.04	133.45
	a)	for directors/directorate	104	1,851	2,560	2,560	1,962	1,398	3,029	4,427	5,825	296.89	106.00
		- fixed component	105	1,851	2,560	2,560	1,962	699	1,398	2,097	2,796	142.51	106.00
		- variable component	106		0	0	0	699	1,631	2,330	3,029	n/a	n/a
	b)	for the board of administration/supervisory board, of which:	107	487	1,075	1,075	1,158	668	1,670	2,338	3,006	259.59	237.78
		- fixed component	108	487	1,075	1,075	1,158	334	668	1,002	1,336	115.37	237.78
		- variable component	109		0	0	0	334	1,002	1,336	1,670	n/a	n/a
	c)	for auditors	110										
	d)	for other commissions and committees constituted according to legal provisions	111										
	C5	Expenses with contributions owed by the employer	112	9,248	14,174	14,174	14,568	3,850	9,221	14,360	19,118	131.23	157.53
	D.	Other operational expenses (Ln.113=Ln.114+Ln.117+Ln.118+Ln.119+Ln.120+Ln.121), of which:	113	275,765	284,109	292,379	354,850	68,678	127,722	197,774	276,944	78.05	128.68
	a)	increases and penalties (Ln.114=Ln.115+Ln.116), of which:	114	616	0	0	14	0	0	0	0	0.00	2.27
		- to the consolidated general budget	115										
		- to other creditors	116	616				0	0	0	0	n/a	0.00
	b)	expenses with non-current assets	117	355	914	914	419	3,427	3,315	3,876	5,316	1268.74	118.03
	c)	expenses with transfers for personnel payment	118										
	d)	other expenses	119	20,106	9,538	11,808	34,905	7,372	17,965	27,926	34,997	100.26	173.60
	d1)	expenses generated by the COVID 19 pandemic	119a			2,249	1,183	60	1,079	1,625	1,672	141.34	n/a
	e)	amortisement expenses with tangible and intangible assets	120	280,042	263,717	269,717	267,865	66,727	135,329	204,124	272,969	101.91	95.65
		- amortisement expenses for tangible and intangible assets	120a	271,604	254,805	260,805	259,548	64,468	130,784	197,293	263,852	101.66	95.56

No.			Line no.	Achieved in 2019	Provisions for 2020			Proposals for 2021				%	%
					Approved		Achieved	of which:					
					acc. to AGA Decision 2/06.03.2020	as per Directorate approval		Q I	Cumulated Q II	Cumulated Q III	Year		
0	1	2	3	3a	4	4a	5	6a	6b	6c	6	7	8
		- amortisement expenses of intangible asset recognised as per IFRS 16	120b	8,438	8,912	8,912	8,317	2,259	4,545	6,831	9,117	109.62	n/a
	f)	allowances and depreciations for value losses and provisions (Ln.121=Ln.122-Ln.125), of which:	121	-25,354	9,940	9,940	51,647	-8,848	-28,887	-38,152	-36,338	-70.36	-203.70
	f1)	expenses regarding adjustments and provisions	122	29,635	9,940	9,940	76,530	40	80	420	8,981	11.74	258.24
	f1.1)	- provisions regarding employees' participation to profit	123		9,915	9,915	9,915	0	0	0	0	n/a	n/a
	f1.2)	- provisions related to the mandate contract	124				4,660	0	0	0	8,521	182.85	n/a
	f2)	revenues from provisions and adjustments for depreciation or value losses, of which:	125	54,989	0	0	24,883	8,888	28,967	38,572	45,319	182.13	45.25
	f2.1)	from provision cancellation (Ln.126=Ln.127+Ln.128+Ln.129), of which:	126	54,989	0	0	24,883	8,888	28,967	38,572	45,319	182.13	45.25
		- from employees' participation to profit	127				0	0	9,915	9,915	9,915	n/a	n/a
		- from depreciation of tangible and current assets	128	16,224	0	0	3,198	0	0	0	0	0.00	19.71
		- revenues from other provisions	129	38,765	0	0	21,685	8,888	19,052	28,657	35,404	163.26	55.94
2		Financial expenses (Ln.130=Ln.131+Ln.134+Ln.137), of which:	130	18,471	12,745	12,745	14,809	3,206	6,695	9,709	12,140	81.98	80.17
	a)	interest rate expenses, of which:	131	10,208	10,544	10,544	9,744	1,806	3,945	6,075	8,106	83.19	95.45
	a1)	credits for investments	132	5,798	4,964	4,964	4,988	1,156	2,230	3,295	4,262	85.45	86.03
	a2)	credits for current activities	133	4,410	5,580	5,580	1,719	650	1,715	2,780	3,844	223.62	38.98
	b)	expenses due to exchange rate differences, of which:	134	8,263	2,201	2,201	5,065	1,400	2,750	3,634	4,034	79.64	61.30
	b1)	credits for investments	135	8,263	2,201	2,201	5,065	1,400	2,750	3,634	4,034	79.64	61.30
	b2)	credits for current activities	136										
	c)	other financial expenses	137										
III		GROSS RESULT (profit/loss) (Ln.138=Ln.1-Ln.28)	138	107,080	104,463	104,463	168,735	66,944	63,131	65,600	80,914	47.95	157.58
		non-taxable revenues	139	62,670	7,800	7,800	65,120	18,255	36,510	54,765	73,021	112.13	103.91
		fiscally non-deductible expenses	140	61,434	28,661	28,661	176,050	30,201	60,402	90,603	120,806	68.62	286.57
IV		CURRENT INCOME TAX	141	11,049	20,076	20,076	48,210	10,711	11,611	13,236	15,686	32.54	436.33
V		FOUNDATION DATA											
	1	Total operational expenses, of which: (Ln.2)	142	2,397,710	2,807,688	2,807,688	2,367,395	640,500	1,175,224	1,717,466	2,369,240	100.08	98.74
	a)	- revenues from subsidies and transfers	143										
	b)	- other revenues not taken into calculation when determining labour productivity and the gross result, as per the annual State budget law	144				81,175						
	2	Total operational expenses, of which: (Ln.29)	145	2,281,882	2,698,606	2,698,606	2,193,646	572,150	1,108,948	1,646,907	2,284,136	104.13	96.13
	a)	- other operational expenses not taken into calculation when determining the gross result achieved in the previous year, as per the annual state budget law	146										
	3	Salary like expenses (Ln.86), of which: **)	147	200,825	245,067	245,067	244,832	59,884	131,984	194,397	256,811	104.89	121.91
	a)	increases of the gross average gain per employee due to indexing the country's minimum basic gross salary guaranteed for payment and other salary like expenses, only for the personnel falling under such regulations	147a)										
	b)	increases of salary like expenses related to reunifying them along the entire 2021, determined after granting salary increases or/and augmenting the personnel number in 2020	147b)								7,070		
	c)	increase of salary like expenses after legislative amendments on compulsory social contributions	147c)										
	4	No. of personnel forecasted at year end	148	2,180	2,180	2,180	2,180	2,180	2,180	2,180	2,180	100.00	100.00
	5	Average number of employees	149	2,027	2,180	2,180	2,021	2,021	2,060	2,080	2,092	103.51	99.70
	6 a)	Average monthly gain per employee (Lei/person) determined using salary like expenses (Ln.147/Ln.149)/12*1000)	150	8,256	9,368	9,368	10,095	x	x	x	10,230	101.33	122.28
	b)	Average monthly gain per employee (Lei/person) determined using salary like expenses, as per OG 26/2013 [(Ln.147 – Ln.92* - Ln.97)/Ln.149]/12*1000	151	7,905	8,962	8,962	9,658	x	x	x	9,408	97.41	122.18
	c)	Average monthly gain per employee (Lei/person) determined using salary like expenses, recalculated as per OG 26/2013 and the annual state budget law	152	7,905	8,962	8,962	9,658	x	x	x	9,512	98.48	122.18



No.			Line no.	Achieved in 2019	Provisions for 2020			Proposals for 2021				%	%
					Approved		Achieved	of which:					
					acc. to AGA Decision 2/06.03.2020	as per Directorate approval		Q I	Cumulated Q II	Cumulated Q III	Year		
0	1	2	3	3a	4	4a	5	6a	6b	6c	6	7=6/5	8=5/3a
	7	a) Labour productivity in value units per total average personnel (thousand Lei/person) (Ln.2/Ln.149)	153	1,183	1,288	1,288	1,171	x	x	x	1,133	96.68	99.03
		b) Labour productivity in value units per total average personnel recalculated as per the annual state budget law	154	1,183	1,288	1,288	1,131	x	x	x	1,133	100.11	95.63
		c) Labour productivity in physical units per total average personnel (quantity of finished products/person) W=QPF/Ln.149	155					x	x	x			
		c1) Calculation items of labour productivity in physical units, of which	156					x	x	x			
		- quantity of finished products (QPF)	157					x	x	x			
		- average price (p)	158					x	x	x			
		- value=QPF x p	159					x	x	x			
		- share in total operational revenues = Ln.157/Ln.2	160					x	x	x			
	8	Outstanding payments	161	0	0	0	0	0	0	0	0	n/a	n/a
	9	Outstanding liabilities, of which:	162	121,821	118,542	118,542	121,480	121,450	120,100	118,536	117,836	97.00	99.72
		- from operators with full/majority state capital	163	20,054			22,861	22,850	22,500	22,000	21,575	94.37	114.00
		- from operators with private capita	164	101,767			98,619	98,600	97,600	96,536	96,261	97.61	96.91
		- from the state budget	165										
		- from the local budget	166										
		- from other entities	167										
	10	Credits to finance current activities (balance left to reimburse)	168										
	11	Total redistributions/distributions as per OUG 29/2017 from:	169		6,650	6,650	0	0	0	0	0	n/a	n/a
		- other reserves	170		6,650	6,650	0	0	0	0	0	n/a	n/a
		- retained result	171										

\*) within the limit provided in article 25 para 3 let. b of Law 227/2015 on the Fiscal Code, with later amendments and additions

\*\*) with distinct marks for the amounts not taken into calculation when determining the increase of the gross average monthly gain provided in the annual state budget law

DIRECTORATE,

**Chairman,**  
Cătălin NIȚU

**Member,**  
Andreea-Mihaela MIU

**Member,**  
Ovidiu ANGHEL

**Member,**  
Corneliu-Bogdan MARCU

**Member,**  
Marius-Viorel STANCIU

## **Ministry of Finance**

### **General Division Management of Specific Regulated Areas**

#### **National Power Grid Company Transelectrica SA**

**To the attention of Mr. Cătălin NIȚU – Directorate Chairman**

Address: 2-4 Olteni Street, Bucharest 3, postal code 030786

No. 768.937/25.05.2021

Dear Sir,

Regarding address no. 373/2021 by which you request clarification regarding the correctness of the Company's interpretation of the application of the provisions of art. 2 of Order 128/2005, we communicate the following:

Based on the information presented by you, our understanding is that the opinion is requested regarding the accounting treatment applicable to the provision established for employees' profit-sharing, provided that the company applies the provisions of the Accounting Regulations compliant with the International Financial Reporting Standards, approved by the Order of the Minister of Public Finance no. 2844/2016, with later amendments and additions.

Therefore, the particulars presented below in our answer take into account the accounting regulations applicable to the company, and not the accounting regulations regarding the stand-alone annual financial statements and the consolidated financial statements, approved by the Order of the Minister of Public Finance no. 1802/2014, with later amendments and additions.

Thus, according to the provisions of item 126 of the accounting regulations approved by OMPF no. 2844/2016, with later amendments and additions:

- (1) Premiums representing the personnel profit-sharing, granted according to the law, and which do not meet the conditions to be recognised as liabilities, are recognised as a provision under the conditions provided by IAS 37.
- (2) In the financial statements of the financial year for which the premiums provided in para. (1) are proposed, their equivalent value is reflected as a provision, the expense resulting from the service provided by the employee. The provision is to be resumed in the financial year in which these premiums are granted.

In accordance with items 14 and 17 of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision must be recognised if:

- (a) a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event);
- (b) it is probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation; and
- (c) a reliable estimate of the obligation's value can be made.

If these conditions are not met, no provision should be recognised.

A past event that generates a current liability is called a binding event. For an event to be a binding one, the entity must have no realistic alternative other than settling the liability generated by the event in question. This situation occurs only:

- (a) where the settlement of the obligation can be enforced by law; or
- (b) in the case of a constructive obligation, where the event (which may be an action of the entity) creates valid expectations in other parties that the entity will discharge the obligation.

According to item 36 of the same standard, the amount recognised as a provision must be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

We also specify that according to art. 2 of OMPF no. 2844/2016, with later amendments and additions, the accounting regulations approved by this order apply together with Accounting Law no. 82/1991, republished, with later amendments and additions, with the International Financial Reporting Standards, as well as with other applicable legal provisions, in order to ensure a high degree of transparency and comparability of the annual financial statements.

We appreciate, in this context, that the provisions listed in the Order of the Minister of Public Finance no. 128/2005 regarding some accounting regulations applicable to the economic agents, with later amendments and additions, on the accounting treatment applicable to the provision for employees' profit-sharing are similar to those set out in the mentioned accounting regulations.

Yours sincerely,

**Dumitru Pîrvulescu**

General Director

**SUPERVISORY BOARD**

**No. \_\_\_\_\_ / \_\_\_\_\_.03.2021**

## **DECISION No. 10**

The Supervisory Board of the National Power Grid Company Transelectrica SA, having met on 24.03.2021 in reunion, by common agreement,

Taking into account the recommendations of the Audit Committee assembled on 24.03.2021,

In accordance with the Articles of association of the National Power Grid Company Transelectrica SA,

When the provisions regarding the number of favourable votes to take a decision are observed, on **24.03.2021**

### **DECIDED:**

**Art. 1** The stand-alone financial statements as of and for the financial year ended on 31 December 2020 submitted under no. 12080/19.03.2021 have been verified.

**Art. 2** The consolidated financial statements as of and for the financial year ended on 31 December 2020 submitted under no. 12412/19.03.2021 have been verified.

**Art. 3** Acknowledging the independent auditor's Report about the stand-alone financial statements for the year ended 31 December 2020, registered under no. 12372/19.03.2021.

**Art. 4** Acknowledging the independent auditor's Report about the consolidated financial statements for the year ended 31 December 2020, registered under no. 12411/19.03.2021.

**Art. 5** The Annual Report was verified about the Company's stand-alone financial statements for the financial year ended on 31 December 2020.

**Art. 6** The Annual Report was verified about the Company's consolidated financial statements for the financial year ended on 31 December 2020.

**Art. 7** Note 12085/19.03.2021 about net profit distribution on 31 December 2020 is acknowledged.

**Art. 8** Approving the final form of the Supervisory Board's Activity Report in the 2<sup>nd</sup> semester of 2020 elaborated according to the provisions of article 55 from OUG 109/2011 on the corporative governance of public enterprises.

**Art. 9** Acknowledging the 2020 Sustainability Report registered under no. 11290/15.03.2021.

**Art. 10** Acknowledging the consolidated Non-financial Report of 2020 registered under no. 11290/15.03.2021

**Art. 11** Acknowledging the 2020 Report of the Audit Committee from the Supervisory Board with respect to the internal audit and significant risk management systems within CNTEE Transelectrica SA, elaborated according to the provisions of the new Corporative Governance Code of the Bucharest Stock Exchange.

**Art. 12** Acknowledging the 2020 Report of the Nomination and Remuneration Committee.

**Supervisory Board Chairman,  
Adrian GOICEA**

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