








**NPG Co. TRANSELECTRICA
SA**

**QUARTERLY REPORT
January – September
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 30 September 2021**

Date of the report:	12 November 2021
Name of trading company:	NPG Co. TRANSELECTRICA SA, company managed under two-tier system
Headquarters:	Bucharest 1, Blvd. General Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni 2 - 4, postal code 030786
Phone/fax numbers:	021 303 5611/021 303 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/GEO 627
Share capital:	RON 733,031,420, 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 RON 10/share nominal value each, in dematerialised nominative ordinary indivisible freely marketable form as of 29.08.2006, TEL symbol
Market value:	RON 1,722,623,837 (RON 23.50/share as of 30.09.2021)
Accounting standard applied:	International financial reporting standards
Audit:	The quarterly financial statements elaborated on 30.09.2021 have not been audited. The amounts corresponding to December 31, 2020 are audited by the external financial auditor.

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the 9 months' period ended on 30 September 2021 have been elaborated in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and they provide 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, 05 November 2021

**Bogdan
TONCESCU**

**Directorate
Chairman**

**Adrian
MORARU**

**Directorate
Member**

**Ionuț-Bogdan
GRECIA**

**Directorate
Member**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Marius-Viorel
STANCIU**

**Directorate
Member**



Key figures of 9M 2021 vs 9M 2020

KEY FIGURES

FINANCIAL

RON	2,282 mn	▲	37%	Revenues
			y/y	
RON	296 mn	▼	-26%	EBITDA
			y/y	
RON	81 mn	▼	-47%	Net profit
			y/y	
TWh	41.93	▲	6%	Charged energy volume**
			y/y	

OPERATIONAL

2.48%	*	▲	0.33 pp	OTC
			y/y	
32.34	TWh	▲	4%	Transmitted energy***
			y/y	

INVESTMENTS

RON	358 mn	▲	67%	Acquisition of tangible and intangible assets
			y/y	
RON	102.05 mn	▲	39%	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 and calculated percentages.



Financial data

The summary of the financial results on 30 September 2021 is provided in the tables below. The financial results have not been audited, and their extended variant of the same period is shown in the Annexes to this Report.

Stand-alone profit or loss statement – unaudited results				
[RON mn]	9M 2021	9M 2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	41.93	39.48	2.44	6%
PROFIT-ALLOWED ACTIVITIES				
Operating revenues	952	876	76	9%
Transmission and other revenues on the electricity market	910	759	152	20%
Functional system services	12	84	(72)	(86%)
Other revenues	29	33	(4)	(12%)
Operating expenses	687	555	133	24%
System operating expenses	325	218	108	49%
Repairs and maintenance expenses	65	66	(1)	(1%)
Personnel expenses	178	176	2	1%
Other expenses	118	95	24	25%
EBITDA	264	321	(57)	(18%)
Depreciation	196	202	(6)	(3%)
EBIT	68	119	(50)	(43%)
ZERO PROFIT ACTIVITIES				
Operating revenues	1,330	788	542	69%
Technological system services revenues	467	502	(35)	(7%)
Balancing market revenues	863	286	577	202%
Operating expenses	1,299	708	591	84%
Technological system services expenses	448	422	26	6%
Balancing market expenses	851	286	565	197%
EBIT	32	80	(49)	(61%)
ALL ACTIVITIES (PROFIT-ALLOWED AND ZERO PROFIT)				
Operating revenues	2,282	1,664	618	37%
Operating expenses	1,986	1,262	724	57%
EBITDA	296	401	(106)	(26%)
Depreciation	196	202	(6)	(3%)
EBIT	100	199	(99)	(50%)
Net financial result	(3)	(2)	(0.8)	(41%)
EBT	97	197	(100)	(51%)
Income tax	16	45	(29)	(64%)
Net profit	81	152	(72)	(47%)

Stand-alone statement of financial position				
[RON mn]	9M 2021	Y 2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,757	3,561	196	5%
Assets of the usage rights for leased assets - buildings	32	38	(6)	(16%)
Intangible assets	6	7	(1)	(9%)
Financial assets	82	82	0	0%
Total	3,876	3,687	189	5%
Current assets				
Inventories	41	38	3	7%
Trade and other receivables	1,103	848	255	30%
Profit tax recoverable	3	1	2	136%
Cash and cash equivalents	399	554	(155)	(28%)
Total	1,546	1,442	105	7%
Total assets	5,423	5,129	294	6%
Shareholders' Equity	3,423	3,395	28	1%
Non-current liabilities				
Long-term borrowings	85	102	(16)	(16%)
Other non-current liabilities	661	574	87	15%
Total	747	676	71	10%
Current liabilities				
Short-term borrowings	25	25	0	1%
Other current liabilities	1,228	1,033	195	19%
Total	1,253	1,058	195	18%
Total liabilities	1,999	1,733	266	15%
Total shareholder's equity and liabilities	5,423	5,129	294	6%

Stand-alone statement of cash flows – unaudited results				
[RON mn]	9M 2021	9M 2020	Δ	Δ (%)
Cash flows before changes to working capital	291	385	(94)	(24%)
Cash flows from operating activities	222	396	(174)	(44%)
Net cash from operating activities	197	358	(161)	(45%)
Net cash used in investing activities	(263)	(124)	(139)	(113%)
Net cash used in financing activities	(89)	(84)	(5)	(6%)
Net increase/decrease in cash and cash equivalents	(155)	151	(306)	(203%)
Cash and cash equivalents as of 1 January	554	321	233	73%
Cash and cash equivalents at the end of the period	399	472	(73)	(15%)

OPERATIONAL RESULTS

Charged volume of electricity

In January–September 2021, the total quantity of electricity charged for services provided on the electricity market (41.93 TWh) registered 6% growth compared to the same period of 2020 (there is +2.4 TWh difference between the two periods).

Operational revenues

Total operational revenues achieved between January–September 2021 increased by 37% compared to the same period of the previous year (RON 2,282 mn in 9L 2021 compared to RON 1,664 mn in 9M 2020), mainly due to the increase in the amount of electricity delivered to consumers, the increase of the average transmission tariff and greater revenues achieved on the balancing market.

The **profit allowed activities** segment registered 9% revenue growth (RON 952 mn in 9M 2021 compared to RON 876 mn in 9M 2020), mainly determined by the 20% increase in transmission revenues and other revenues on the energy market (RON 910 mn in 9M 2021 compared to RON 759 mn in 9M 2020), resulting from higher electricity quantity supplied to consumers when the ANRE-approved average transmission tariff increased, and also from implementing the new package of European regulations, 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 proposal was to harmonise methodologies establishing tariffs of electricity transmission services and tariffs of system services (only the system functional service component), namely the *Methodology establishing tariffs of electricity transmission services* approved by Order 171/2019 of ANRE president and the *Methodology establishing tariffs of system services* approved by Order 45/2017 of ANRE president (only the system functional service component), with later amendments and additions, with the provisions of fore-mentioned European regulations.

In January–September 2021, **revenues from the allocation of interconnection capacity** registered a decrease of 25% compared to the same period last year, in the amount of RON 11.2 mn, corresponding to the utilisation degree of available interconnection capacity by traders on the electricity market.

Reduced revenues from the allocation of interconnection capacity (registered in the first 9M 2021) are owed to reduced participants' interest to buy interconnection capacity and electricity was transacted more internally.

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

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

The investment programme the Company is engaged in aims to double its cross-border capacity in the next five years, which will allow the development of coupled

electricity markets Europe-wide, thus contributing to achieving the objectives of the European Union, “Internal Energy Market” and “Clean energy for all Europeans”.

The Romanian market is coupled in the intraday regime with the European markets and in the spot regime (delivery the day after the transaction is completed) with the markets in Hungary, the Czech Republic and Slovakia and, more recently, with those in Austria, Poland and Hungary.

In coupled markets, energy transactions are made without paying capacity reservation fees on lines, which facilitates trade and thanks to the coupling mechanism energy flows go from the cheapest to the most expensive markets.

Inter TSO Compensation (ITC) revenues increased in January-September 2021 by 29% compared to the same period last year, because in the analyzed period the of imported/exported/transited energy quantities were higher than in the same period of 2020, and the applied tariff for exchanges with adjoining countries increased in 2021 compared to the same period in 2020.

Revenues from electricity transacted for OTC were mainly obtained by selling excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA Energy on the Balancing Market.

At the end of November 2019 the coupled operation of intraday markets was launched Europe-wide under the XBID/SIDC project, which provided higher market liquidity and diversified products that are transacted.

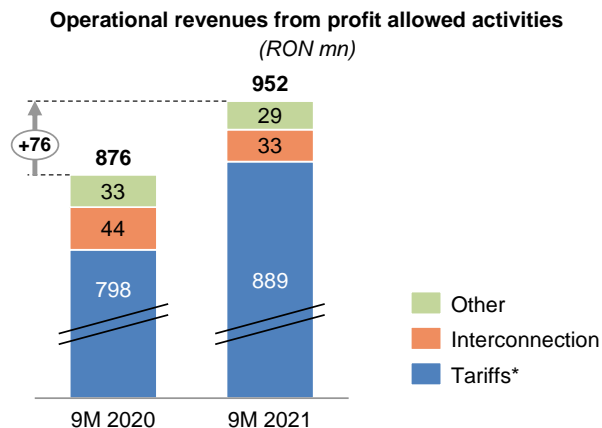
Revenues from OTC transactions were higher by RON 10.9 mn in 9M 2021 compared to 9M 2020 (from RON 5.9 mn in 9M 2020 to RON 16.8 mn in 9M 2021) due to:

- new regulations on the balancing market,
- Transelectrica imbalances which were mainly contrary-wise to the imbalances of the National Power System,
- increase of the volume of transactions on the Intraday Market,
- rising prices on the entire energy market.

During 2021, the main factors that have had and will continue to have a significant impact on the revenues/expenses of electricity transactions to cover OTC, are the legislative changes on the electricity balancing market, applicable as of February 1, 2021 (settlement made at 15 minutes' interval, a single settlement price on the balancing market), the Covid-19 pandemic and its nation-wide management.

As far as **revenues of system functional system services** are concerned, as of 01 January 2021 the functional system service component was included in transmission services, thus for the time before 1 January

2021 a cumulated tariff was calculated for transmission activities, which is a virtual theoretical tariff calculated by summing up the tariffs of profit allowed activities, namely transmission and functional system services (the two tariffs were applied to the same electricity amount taken from the network).



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

Revenues of zero-profit activities registered 69% growth (RON 1,330 mn on September 30, 2021 compared to RON 788 mn on September 30, 2020) mainly determined by the increase by RON 577 mn of revenues on the balancing market (from RON 286 mn on September 30, 2020 to RON 863 mn on September 30 2021).

The higher revenues on the balancing market were owed mainly to the following issues:

- regulation
 - price limits of offers on the balancing market were removed according to the Regulation for balancing market settlement and Regulation for scheduling dispatchable generating units, dispatchable consumers and dispatchable storage installations, approved by ANRE Ordiner 61/2020, published in Romania's Gazette 287/2020;
 - the obligation to participate on the balancing market was removed according to the Regulation for calculation and settlement of imbalances of balancing responsible parties, at single imbalance price and certain Orders of the President of the National Regulatory Authority in the Energy domain, approved by ANRE Order 213/2020, published in Romania's Official Gazette 1201/2020;
 - the balancing market applied the 15 minutes' settlement interval;
 - the single settlement price was applied on the balancing market from 1 February 2021 onward;
 - beginning with 01 June 2021 a new set was applied of common settlement rules for international electricity exchanges and unplanned exchanges, providing

financial settlement between Transmission System Operators and thus removing the compensations in kind by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland) determined according to ENTSO-E methodology, which Transselectrica transacted on the Day-Ahead Market and registered strictly in the Revenue & Expense Budget with the Balancing Responsible Party's Unplanned Exchanges, following electricity transaction on the Day-Ahead Market.

- market operation
- the manner of contracting on the markets before the balancing one, at local and regional level;
- the average deficit price recorded on the balancing market;
- reduced negative imbalance registered for electricity suppliers on the balancing market;
- the development of hydraulicity;
- the development of electricity generation and consumption;
- the trend of the CO2 certificates' development;
- the development of electricity consumption following the regulations issued by the Public Central Administration to prevent the spread of Covid-19.

The regulations applied in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market, namely settlement made at 15 minutes' granularity, the single settlement price on the balancing and the management of COVID-19 nation-wide have had and will have significant impact on the revenues/costs of the balancing market.

The balancing market management has a specific regulatory framework containing regularisation mechanisms which compensate the revenue excess or deficit in the expenses necessary to develop such activities. Thus according to ANRE regulations the non-null monthly balances (revenue surpluses) resulting from such activities will be compensated by ex-post tariff correction (negative correction) applied by ANRE in the tariff of years following that when such balances were registered.

During January-September 2021, **revenues from technological system services** decreased by 7% compared to January-September 2020 (RON 467 mn as of September 30, 2021 compared to RON 502 mn as of September 30, 2020), determined by diminished ANRE-approved tariff for such services when electricity quantities delivered to consumers grew 6%.

During the analyzed period, revenues from technological system services were higher by the amount of RON 19

mn compared to the expenses made to procure technological system services.

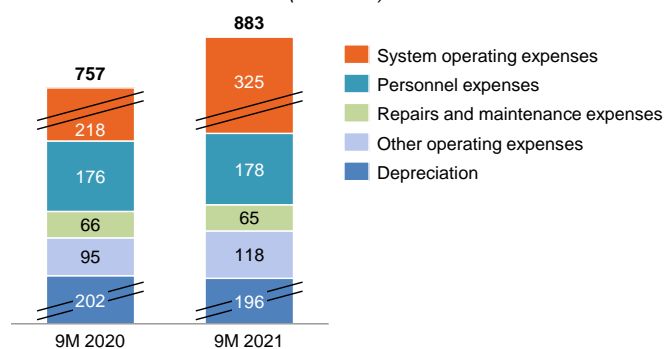
The regulatory framework specific for technological system services includes regularisation mechanisms providing compensation of revenue excess/deficit compared to expenses necessary for such activities. Thus according to ANRE regulations the revenue surplus/deficit against costs recognised for such activities will be compensated by ex-post (negative/positive) tariff correction applied by ANRE in the tariff of years following that when such surplus/deficit was registered. The revenue surplus/deficit against costs resulting from such activities is calculated for the tariff scheduling period.

Operational expenses

Total operational expenses (amortisement included) made in January-September 2021 registered 49% growth compared to the same period of last year (RON 2,182 mn in 9M 2021 against RON 1,465 mn in 9M 2020).

In the **profit allowed activities** segment expenses (amortisement included) registered 17% increase (RON 883 mn in January-September 2021 against RON 757 mn in January-September 2020).

Operational expenses from profit allowed activities
(RON mn)



OTC: In January-September 2021 expenses for one's own technological consumption were 63% higher (RON 108.6 mn) compared with January-September 2020, because of the following issues:

- due to its characteristics, the Own Technological Consumption (OTC) in the Power Transmission Grid (RET) is strongly dependent on weather conditions, the structure of electricity generation and consumption nation-wide, the distribution of electricity flows in the internal transmission network and on the interconnection lines with the neighbouring power systems, its value being almost not controllable at all amid an interconnected and coupled regional energy market;

Consumption in 2021, compared to the same period last year was higher by about 130 GWh (20%) compared to the similar period of 2020, being strongly influenced by the covid-19 pandemic;

- the average price of energy purchased from the DAM was more than twice higher in January-September 2021 compared to the similar period of the previous year, significantly exceeding the values recorded in recent years;
- the unpredictability of the market is proved by the sharp and quick rise in prices, amid the increase in the price of the carbon certificate, a level of electricity generation capacity insufficient to replace generation based on fossil fuels, especially coal, in the context of market liberalisation, lack of competition from producers and competition from suppliers for the purchase of energy, in order to be able to fulfill its contracts with the many customers who have chosen the free market;
- applying the single settlement price on the balancing market starting with 01.02.2021, as well as the settlement made at 15 minutes' granularity, led to 40% increase of the average price of the energy purchased on the Balancing Market compared to the same period of the previous year.

For the entire analysed period, OTC costs related to the balancing market were about 60% higher than in the similar period of the previous year.

At present, the current trend of the Day-Ahead is of uninterrupted increase, recording much higher values than the 2020 values (for September, the average price is RON 661.71/MWh, almost 3 times higher than the value in 2020 and over 2.3 times higher than the value in 2019, exceeding the values recorded on this market in the last 7 years).

The same trend is noticed in Europe, which will have significant impact on the costs registered for OTC coverage, taking into account on 17 June 2021 the dayahead markets of the 4M MC (Czech Republic, Slovakia, Hungary and Romania) coupled with the regional market of Austria, Germany and Poland.

In accordance with European Union's Regulation 1222/2015 (CACM) "establishing guidelines regarding capacity allocation and congestion management", one of the main obligations ensuing from this regulation was to unify the short-term electricity markets (daily and intraday), which has to be performed by NEMO, Nominated Electricity Market Operators and by TSO, Transmission System Operators of Europe.

In this respect a project was initiated in 2020 to couple the daily markets of EU states Romania and Bulgaria,

which means coupling the daily electricity markets of 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) the guideline for the Nominated Electricity Market Operators (NEMO) and Transmission System Operators (TSO) participating to the DE-AT-PL-4M MC Project (also known as "Interim Coupling Project" or "ICP"), establishing prioritisation of ICP implementation in due time.

This guideline was requested by the respective national regulatory authorities after several months of debates, because in the first semester of 2020 blocks of local implementation were identified by several parties involved in this project.

Such blocks were owed to inter-dependencies between the projects developed in parallel such as CORE FB MC, Allegro, NorNed, Polish MNA, resulting in delayed implementation of Interim Coupling.

DG ENER considers a sequential implementation of Interim Coupling and CORE Flow Based Market Coupling (Core FB MC) as the best one to apply since the Interim Coupling will facilitate the Single Day-Ahead Markets Coupling and especially geographic extension to all EU's relevant frontiers according to the requirements of CACM Regulation in the shortest time possible.

It will also bring welfare gains for market participants. Also DG ENER communicated the Interim Coupling Projects will bring added value because the Central and Eastern European countries will not stay isolated, even if delays occur in CORE FB implementation.

In addition it will enable comparing the results of coupling tests based on data flows from generation with the NTC based coupled operation during the external parallel development of CORE FB MC project.

Taking into consideration the received guidance the launch date of the Interim Coupling project was forecasted for April 2021.

The following steps of Interim Coupling were mainly focused on updating the detailed roadmap of this project, completing the items left open and internally testing the solution (planned now for the beginning of 2021), as well as the tests with external parties.

On 18 March 2021 the Nominated Electricity Market Operators (NEMO) and Transmission System Operators (TSO) of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely the Czech

Republic, Hungary, Romania and Slovakia informed the stakeholders about a slight update of the planned project tests.

The project parties successfully completed the first stage of common regional tests, Full Integration Testing – FIT at the end of February 2021.

After such update of test planning and alignment of all European TSOs and NEMOs for the Single day-ahead markets coupling (SDAC), the following stage of the Simulation Integration Testing - SIT centred on testing the regional operational procedures was planned to begin in the second half of March 2021.

The project launch was planned on 10 June 2021, provided all parties confirm their technical preparation in legal terms.

After the updated planning, estimations were that regional tests would be completed until the beginning of May 2021 and followed by end-to-end procedural tests executed Europe-wide, together with all SDAC parties. Member tests were forecasted for the second half of May 2021.

On 21 April 2021 a joint webinar was organised to provide market participants with detailed information about Member Tests, as well as about the forecasted changes of processes.

For the first time on 17 June 2021 the day-ahead crossborder capacity on the 6 new frontiers (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT) was implicitly allocated by means of Euphemia algorithm.

The implemented price coupling enables simultaneous determination of the electricity prices and of cross-border flows region-wide.

The efficient utilisation of the power system and of crossborder infrastructures, generated by closer coordination between stakeholders of the power market maximises social welfare to the benefit of all market participants.

Interim Coupling was announced in December 2018 following the request of national regulatory authorities involved (ANR) to further develop regional integration of day-ahead electricity markets.

The project aimed at coupling the 4M MC borders (markets coupling from the Czech Republic, Slovakia, Hungary and Romania) with the multi-regional (MRC) coupling by introducing the implicit allocation of the net transmission capacity (NTC) on the six fore-mentioned frontiers.

The 4M MC day-heat markets coupling is now integrated in the pan-European electricity day-ahead market.

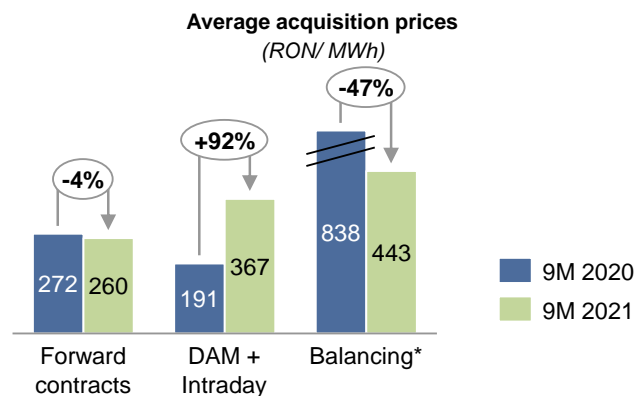
The new successful coupling is the result of close cooperation between NEMOs of Interim Coupling (EPEX SPOT, EXAA, HUPX, Nord Pool EMCO, OKTE, OPCOM, OTE, and TGE) and TSOs (50Hertz, APG, ČEPS, MAVIR, PSE, SEPS, Tennet DE, and Transelectrica), together with respective ANR's (ANRE, BNetzA, E-Control, ERU, MEKH, URE, and URSO).

Such NTC-based market coupling is an important step towards SDAC.

The following stage consists in introducing the flowbased capacity calculation method under Core FB MC, which is the target model for the day-ahead market coupling.

According to the latest updates, in the second half of September 2021, the project parties started the joint tests. The project parties also expect to launch joint tests of the Single Day Ahead Market Coupling (SDAC) procedures in early 2022.

The involvement of market participants is also planned for the beginning of 2022. Information on the participants' involvement will be provided separately in due time. The launch of Core FB MC is scheduled for the end of February 2022.



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

Expenses for electricity expenses in RET substations increased by 20% in January-September 2021 compared to 9M 2020 (RON 14.6 mn in 9M 2021 compared to RON 12.1 mn in 9M 2020) because the electricity procurement prices grew in 2021, but also as a result of the applicable legislative amendments starting with July 1, 2021, namely the provisions of ANRE Order no. 82/2021.

In view of executing electricity transmission activities in electric substations and safely operate the National Power System Transelectrica has to procure electricity to cover the consumption of auxiliary services in high voltage power stations managed by the Company.

Functional system services: The related expenses registered 28% drop (RON 15.4 mn in 9M 2021 compared to RON 21.4 mn in 9M 2020) mainly determined by reduced balancing market expenses regarding unplanned electricity exchanges with SEN-interconnected neighbouring countries.

Such expenses represent uncontracted international electricity exchanges 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.

Between January-September 2021, these expenses were 24% higher than in the same period of the previous year, the the difference resulting from regularised expense estimations.

The **zero-profit activities** segment registered 84% growth of costs (RON 1,299 mn on September 30, 2021 compared to RON 708 mn on September 30, 2020), mainly determined by higher balancing market expenses.

The Company procures **technological system services** from producers in order to maintain safe operation of SEN and the quality of electricity transmitted at parameters required in applicable technical norms.

Such services are contracted as follows:

- Under regulatory regime according to Governmental Decisions and Decisions issued by the National Regulatory Authority in the Energy domain (ANRE);
- by means of competitive mechanisms.

Beginning with 01.02.2021 technological system services are procured by competitive regime using daily bids, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In January–September 2021 technological system services were contracted under regulatory regime only for reactive power. Transelectrica contracted reactive power from Hidroelectrica SA, according to ANRE Decision 1078/2020.

Expenses regarding technological system services in January-September 2021, increased by 6% compared to 9M 2020 (RON 448 mn in 9M 2021 compared to RON 422 mn in 9M 2020).

TSS procurement costs for January-September 2021 were mainly determined by the following factors:

- the increase of TSS procurement prices on the competitive market in the analyzed period for the secondary reserve (RS) and the fast tertiary reserve (RTR), considering the increase of the prices registered on the electricity market in 2021;
- between 01 January 2021-30 September 2021 the technological system services market showed high concentration for technological system services of secondary reserve (RS).

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

For Q4 2021 it is estimated that the procurement of technological system services through import/export daily bids in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019, the evolution of ANRE's regulatory framework on the electricity market, as well as the management of the spread of Covid-19 country-wide, will have a significant impact on the development of technological system services procurement costs within Transelectrica.

Expenses regarding the balancing market made in January-September 2021, were higher by RON 565 mn compared to those made in January-September 2020. Such expenses result from the notifications/achievements of participants on this market.

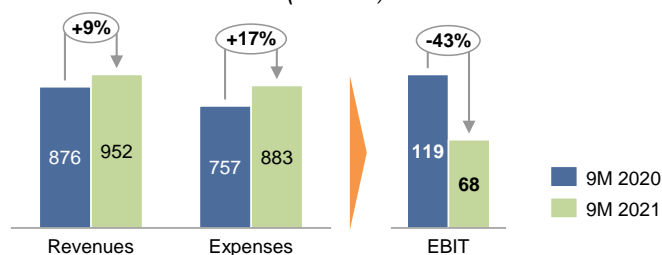
Operational result

Profit allowed activities registered positive RON 68 mn result in January-September 2021, decreasing by 43% compared to the one registered in the same period last year.

The current situation of wholesale electricity prices is fundamentally different from the one in 2020, strongly influenced by the COVID-19 pandemic, and from the situation in previous years. The difference is significant and is obvious Europe-wide, not only at the level of Romania. In this respect, the development of wholesale energy prices on the European spot market can be observed. The situation Europe-wide has deteriorated rapidly since the beginning of the year, with energy stress being unprecedented, especially for electricity and natural gas, fuels for electricity production.

In this situation, the short-term centralised markets organized by the Electricity Exchanges registered unprecedented historical prices, and for the last three months of the year no significant price decreases are expected.

Allowed profit activities EBIT structure
(RON mn)



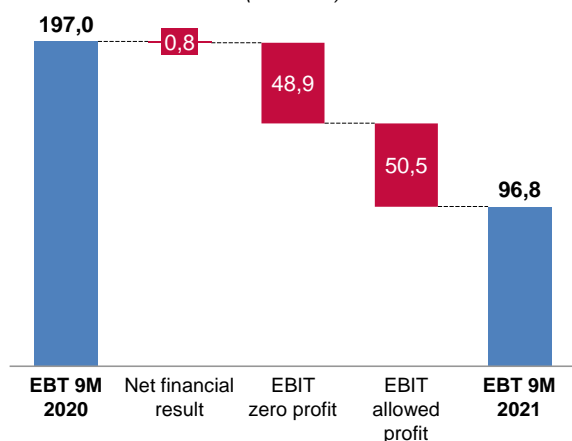
EBIT generated by **zero-profit activities** registered positive RON 32 mn result, decreasing RON 49 mn against that recorded in the same interval of last year.

Gross result (EBT)

Gross profit dropped from RON 197 mn in January-September 2020 to RON 97 mn in January-September 2021.

The dynamics between the profits registered in January-September 2021 compared to January-September 2020, broken down by profit constitutive components, is provided in the following graph:

Dynamics of EBT elements
(RON mn)



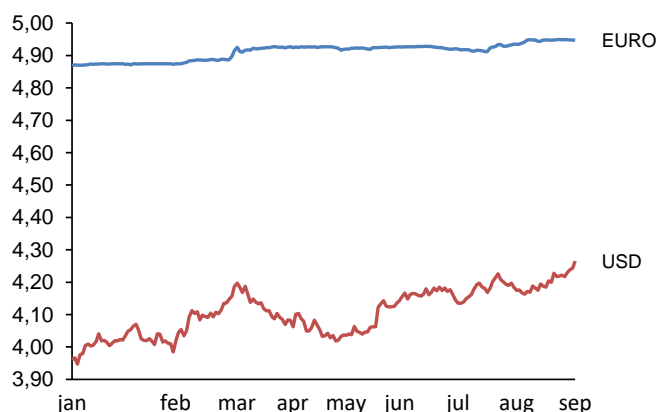
Financial result

The net financial result registered between January-September 2021 is negative, amounting to RON 3 mn.

It was mainly influenced by the interest rates applied during the analysed period but also by the development of the national currency's exchange rate against Euro, the currency in which the Company has contracted bank loans to finance investment programs.

The RON/Euro and RON/USD exchange rate in January-September 2021 is provided in the following graph:

Exchange rate evolution



Net result

Net profit decreased during the studied interval, reaching RON 81 mn in 9M 2021, compared to RON 152 mn registered in 9M 2020.

FINANCIAL POSITION

Non-current assets

Non-current assets registered in January-September 2021 compared to the same period of 2020 an increase of 5%, against the background of higher tangible assets in progress, mainly determined by investments made into high voltage electric substations and lines.

Assets of the usage rights for leased assets- buildings

Assets related to usage rights of leased assets - buildings represent the utilisation right for the spaces the Company rented in Platinum Office Building, according to the provisions of IFRS 16, Leasing Contracts.

Beginning with 01.10.2020 a new lease contract came in force (contract C232/2020 concluded with Dagesh Rom SRL), valid for 5 years.

On 30 September 2021 the accounting value of the utilisation right for spaces the Company rented in Platinum Office Building was in sum of RON 32 mn.

Financial assets

As of September 30, 2021 such assets registered no change compared to December 31, 2020, remaining in 9M 2021 at RON 82 mn.

Current assets

They registered 7% increase on 30 September 2021 (RON 1,546 mn) compared to the amount recorded on 31 December 2020 (RON 1,442 mn).

Trade receivables and other receivables registered 30% growth (RON 1,103 mn as of 30 September 2021

from RON 848 mn as of 31 December 2020), mainly because of:

- the higher volume of transactions on the balancing market and on the energy market in Q3 2021 compared to Q4 2020, which determined higher receivables on balance on September 30, 2021 compared to December 31, 2020.

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

The share of main clients on the electricity market is about 55% in the total trade receivables.

On 30 September 2021 the Company registered collectable receivables under the bonus type support scheme to promote high efficiency cogeneration, of about 17% from 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".

Clients under the bonus type support scheme to promote high efficiency cogeneration registered decrease on 30 September 2021 mainly determined by lower value invoiced for collection of monthly contribution.

On 30 September 2021 the Company registered collectable receivables amounting to RON 176 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, respectiv de la RAAN – 63,46 mil lei și CET Govora SA – 13,23 mil lei;
- 2014 undue bonus amounting to RON 3.91 mn, from RAAN – RON 1.98 mn, and CET Govora – RON 1.93 mn;
- 2015 undue bonus amounting to RON 0.56 mn, from CET Govora – RON 0.53 mn, Interagro – RON 0.03 mn;
- 2020 undue bonus amounting to RON 0.52 mn from Donau Chem;
- cogeneration contribution amounting to RON 21.2 mn uncollected from the suppliers of electricity consumers, namely from: Transenergo Com – RON 5.88 mn, PetProd – RON 4.39 mn, Romenergy Industry – RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.50 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

By the date of this report the Company fully cashed the receivables related to the overcompensation of 2020 support scheme activities (sum of RON 16.47 mn) from Electrocentrale Bucharest, as well as RON 11.73 mn of the undue bonus amounting to RON 12.25 mn established in 2021 by ANRE Decisions from the following producers: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouzilaj 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 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 and withheld from payment the owed sums under the support scheme.

On 30 September 2021 **other receivables** in sum of RON 123 mn mainly include:

- Sundry debtors (RON 88 mn), of which:
 - payment delay penalties amounting to RON 75 mn calculated for defaulting clients (of which RON 35 mn represent penalties for the support scheme);

The greatest delay penalties were registered by the following clients: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Romelectro (RON 7.1 mn), Total Electric Oltenia (RON 3.3 mn), and OPCOM (RON 2 mn).

Penalties calculated for late payment of operational activities were recorded with impairment allowances.

- compensations owed by suppliers for their nondelivered electricity (Arelco Power RON 0.98 mn) and Enol Group (RON 2.54 mn). Impairment allowances were registered for penalties calculated on late receivables payment;
- receivable to be recovered from OPCOM representing the VAT associated to the contribution in kind amounting to RON 4.52 mn to the subsidiary's share capital.

- deferred expenses amounting to RON 4.4 mn are mainly represented by: international ENTSO-E subscription of 2021 (RON 1.4 mn), annual ANRE contribution for 2021 (RON 0.9 mn), rent and

maintenance of office building (RON 0.7 mn), RCA & CASCO policies and others;

- other non-current receivables amounting to RON 4.3 mn, of which RON 4.2 mn represent securities for temporary land occupation calculated and withheld in accordance with article 39 para. (1), para. (2) and para. (5) of Law 46/2008 on the Forestry Code, with a view to achieve the investment objective of the 400 kV OHL Reșița – Pancevo (Serbia);
- other social receivables in sum of RON 2.2 mn representing medical leaves paid to employees by the employer, which will be recovered from the National Health Insurance House according to applicable legislation.

Liabilities

Non-current liabilities amounting to RON 747 mn as of 30 September 2021 registered 10% against the value recorded on 31 December 2020.

At the same time **current liabilities** registered also 18% growth (from RON 1,058 mn on 31 December 2020 to RON 1,253 mn on 30 September 2021), mainly against the background of greater investment volume, namely contracts in progress invoiced to asset suppliers in January-September 2021 compared to 2020.

- On 30 September 2021 compared to 31 December 2020 **liabilities on balance on the electricity market** amounted to RON 487 mn against RON 468 mn, mainly influenced by:

- higher *liability balance associated to operational activities*, which was mainly determined by payment liabilities paid in Q4 2021, found on balance on the electricity market on 30 September 2021.

Suppliers on the electricity market are mainly represented by: Hidroelectrica SA, MAVIR, Energy Complex Oltenia SA, Electrocentrale Bucharest SA, IBEX, OMV Petrom SA, BEPCO SRL, CIGA Energy SA, Veolia Energy Prahova SRL.

On 30 September 2021 their share was about 88% in the total number of electricity suppliers.

- the decrease in the *balancing market liabilities* which was caused by the decrease in the volume of transactions recorded on the balancing market in September 2021 compared to December 2020.

- the decrease in the *liabilities related to the support scheme to suppliers (producers)* which was determined by the payment of the due RAAN bonus, withheld for compensation and by the decrease of the value of the monthly bonus for high efficiency cogeneration in Q3 2021, compared to Q4 2020.

On 30 September 2021 payment liabilities were recorded to suppliers (producers) amounting to RON 35.5 mn (RAAN – RON 32.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, the ex-ante overcompensation of 2014 and 2015, the unpaid bonus in 2015.

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

- **Sundry creditors** amounting to RON 265.3 mn are mainly represented by:
 - the net position of the support scheme for high efficiency cogeneration, a debt position amounting to RON 256.7 mn;

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

- *the contribution amounts collected from the suppliers of electricity consumers, the overcompensation of electricity and heat generation under high efficiency cogeneration, the undue bonuses to be collected from producers according to ANRE decisions, on the one hand, and*
- *the cogeneration bonus, the ex-ante overcompensation and the unpaid bonus payable to electricity producers under high efficiency cogeneration, beneficiaries of the support scheme, on the other hand.*
- studies for synchronous interconnection of power systems from Ukraine and the Republic of Moldova with the continental European system; royalty for Q3 of 2021 – RON 1.1 mn; study contracts for RET connection – RON 2.5 mn and others.

- **liability for assets associated to the usage rights of assets under leasing - buildings**, according to the provisions of IFRS 16, Leasing Contract, amounted to RON 31.3 mn (non-current liability RON 7.8 mn, current liability RON 23.5 mn).
- **other liabilities** amounting to RON 33.5 mn were mainly represented by performance bonds of contracts on the electricity market concluded by NPG Co. Transelectrica SA in sum of RON 19.6 mn, nonrequested VAT in the reporting period in sum of RON 13.7 mn and others.
- **client creditors** amounting to RON 140 mn represented deferred amounts collected from MAVIR, OPCOM and IBEX under transactions in the 4MMC (4M Market Coupling) mechanisms and under SIDC (Single Intraday Coupling);

- **dividends** owed to Company shareholders on 30 September 2021 and unpaid amount to RON 0.4 mn, being at the shareholders' disposal by means of the payment agent.

Provisions registered value drop in January-September 2021 compared to the end of 2020, from RON 91 mn on 31 December 2020 to RON 70 mn on 30 September 2021, mainly determined by:

- smaller amount of provisions constituted for disputes, which on 30 September 2021 amounted to RON 46 mn compared to RON 50 mn registered at the end of 2020;
- provision for the mandate contracts which on 30 September 2021 provided balance of RON 24 mn, mainly representing the remuneration of executive and nonexecutive administrators, which includes also a variable component consisting of OAVT packages allocated and not capitalised during the mandates executed in 2013-2017;
- other provisions.

Interest-bearing liabilities

On 30 September 2021 the non-current liability amounts diminished against 31 December 2020, mainly because of repayments made according to existent loan agreements.

Shareholders' equity

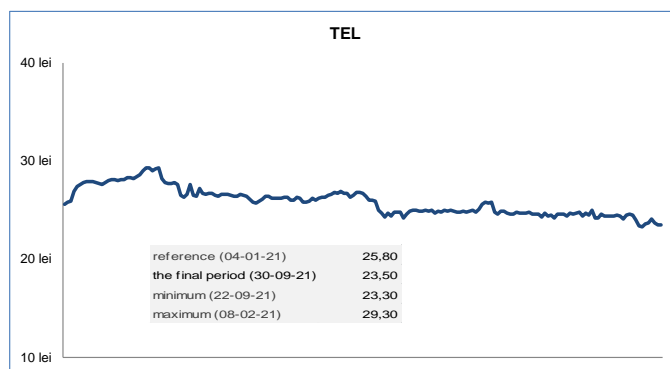
They increased mainly due to the registration of net profit in sum of RON 81 mn achieved on 30 September 2021 into the retained result.

DEVELOPMENT OF SHARES

(01-Jan-2021 to 30-September-2021)

2021 began with RON 25.60/share transaction price. At the end of the studied interval stock exchange capitalisation was RON 1,723 mn, the share providing RON 23.50/share price. The minimum transaction price of RON 23.30/share was registered on 22.09.2021, and the maximum one of 29.30 RON/share was reached on 08.02.2021.

The Company had the capacity to adapt to the economic context generated by the Covid-19 pandemic throughout 9M 2021, which was mirrored in the decrease by 9% of the share price at the end of the period compared to the reference value at the beginning of the year and implicitly of the market value by RON 169 mn.



During 9M 2021 TEL shares were transacted on Romania's capital market recording 13,018 transactions, with an average of 69 transactions/day and 2,405,105 transacted shares of total 62,751 thousand RON value.

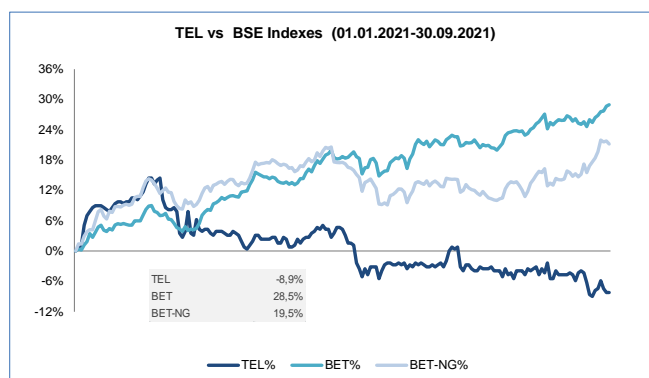
Transelectrica shares are part of the following stock exchange indexes: BET-NG, BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, BET-XT-TRN.

From among those the most significant for the Company are:

- BET index (Bucharest Exchange Trading – reference index of the capital market showing the most liquid 17 companies listed on the BSE regulated market)
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index showing the development of energy companies and of associated utilities listed on the BSE regulated market)

In accordance with the latest adjustment date registered on 11.09.2021, TEL shares hold 1.44% of BET and 5.03% of BET-NG.

The development of TEL shares against the two indexes is provided in the graph below:



On the international scene Transelectrica shares are included in the structure of MSCI 100 Frontier Markets index, showing the development of the largest and most liquid hundred companies on the share markets considered as frontier ones according to the criteria of American company MSCI.

On 30.09.2021 the quota of TEL shares in the MSCI 100 Frontier Markets index was 0.05%, represented by 43,264 shares.

MAIN RISKS AND UNCERTAINTIES

Obviously, knowing the 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 there is periodical systematic risk analysis pertaining to activities, thus elaborating the Risk Register of identified risks and the proper Action Plan meant to limit 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 finance agreements: there are clauses in the financing contracts with respect to complying with certain financial indicators, changes in Company control, pari passu type.

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 notification of anticipated repayment for its breach of 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. Such risk on the centralised market allocating interconnection capacity was treating by concluding Agreements of capacity allocation with transmission system operators of neighbouring countries and preparations are to interconnect the markets of Hungary, Czech Republic, Slovakia and Poland,
- 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 fiscalism, including the introduction of new taxes and charges.

Other risks that can influence the Company's financial performance are

- credit rating deterioration risk following worsened indicators and macro-political environment or/and worse financial performance of the Company; such risk shows a complex of factors with potential effect over rises in the financial costs on the credit market, which can significantly impact the Company taking into account the substantial amount of capital necessary to finance its investment plan in the next years. On the other hand the Company rating is strongly dependent on Romania's sovereign one;
- investment risk as a result of financial difficulties in the subsidiaries, caused both by historical liabilities on the competitive market and by their improper management;
- Covid 19 impact: in Q3 2021 as result of a higher percentage of vaccinated persons, EU/EEA and UK countries recorded lower infection cases but in Romania the number of cases started to increase starting with September due to the appearance of a new strain (Delta) and the low percentage of vaccinated people.

In this context, the contagion risk of the Company's personnel increased, returning to working from home starting with the end of September.

Strategic risks:

- Achieving the Annual Investment Plan below the scheduled quantitative or qualitative levels;
- Incompliance with EU regulations;
- no security provided for classified information;
- incomplete achievement of the RET Maintenance Plan;
- impact over the personnel's health and security;
- difficulties of recruitment, professional training and personnel motivation;
- exceeding the work terms or providing poor 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 risk reviews lead to re-allocation of resources in compliance with changed hierarchical classifications and implicitly - priorities.

Transelectrica 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.

In the first 9M 2021 the Company did not face impossible situations preventing it to comply with financial liabilities.

Therefore there are no risks and uncertainties for the following months of 2021 financial year, other than those previously described which might impact the Company's liquidity.

The Company was never unable to comply its financial liabilities; on the contrary it enjoys very good liquidity.

In January-September 2021 no problems occurred in the relationship with bank partners.

In conclusion treasury activity was not touched by the impact generated by the epidemiologic context of covid-19 spreading, as a matter of fact one can notice the net profit increased and was higher than the budget of January-September 2021.

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

Starting with October 19, 2021, the Company has improved its rating (Corporate Family Rating) from Ba1 to Baa3. The outlook has changed from positive to stable. This means a low business risk profile taking into account the Company's strategic importance and permanent improvement of the regulatory framework, as well as the benefit of governmental support in case of financial difficulties.



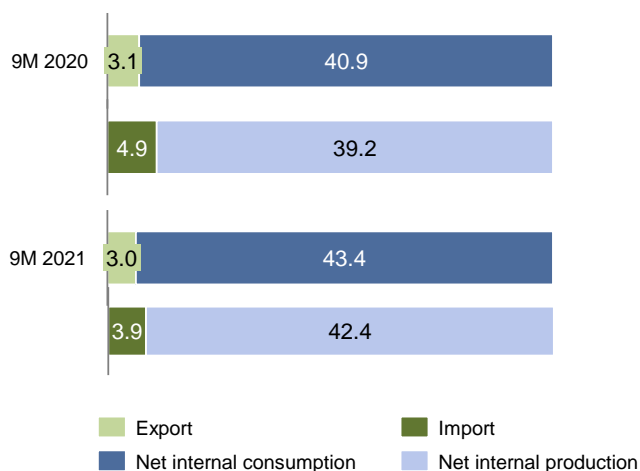
Operational data

ENERGY BALANCE WITHIN SEN

Analysing the development of components from the energy balance in January-September 2021 in comparison with the same period of last year, the net internal consumption¹ increased 6% and the net electricity output – 8.2%.

Export cross-border physical exchanges registered 6% decrease in 9M 2021 compared to the same period of 2020, while import cross-border flows decreased 20%.

Energy balance
(TWh)



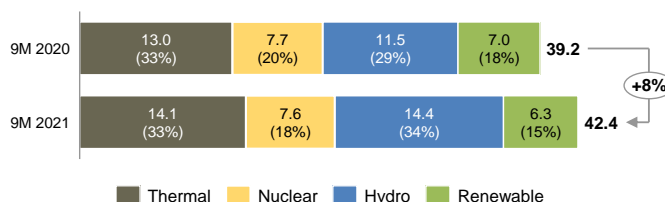
GENERATION MIX

In January – September 2021 compared to the same period of 2020 the generation mix provided about 1% drop in the nuclear component and 9% decrease of the renewable component. There were 25% growth of hydro sources and 9% increase of thermal capacities.

Examining the shares of components in the net generation mix, in January-September 2021 the greatest 34% share was that of hydro component followed by the thermal component at 33%, and the electricity generated from renewable and nuclear sources were about 15% and 18%.

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

Mix producție energie electrică netă
(TWh)

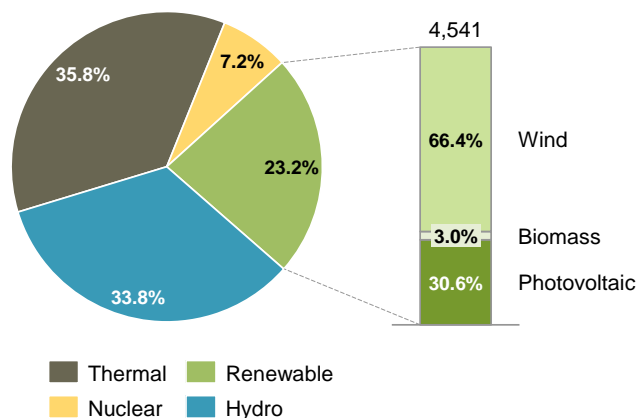


NATIONAL GENERATION FLEET

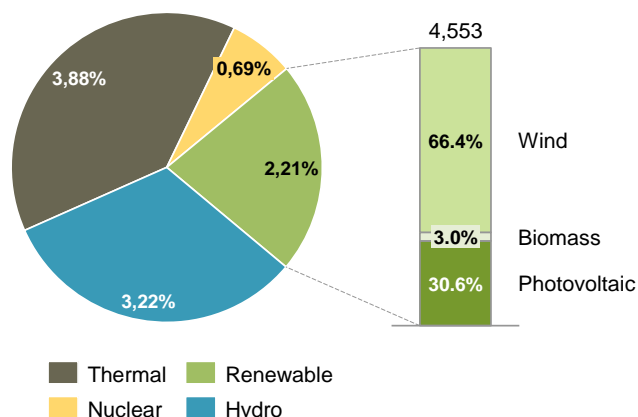
The installed capacity in thermal power plants decreased by approximately 12.3%, from 7,999 MW installed on September 30, 2020, to 7,016 MW installed on September 30, 2021. During the analysed period, installed capacity on renewable sources decreased by 0.3% .

The installed capacity in January - September 2021 versus January - September 2020, is provided below:

Installed capacity 9M 2021 (19,599 MW, gross)



Installed capacity 9M 2020 (20,608 MW, gross)



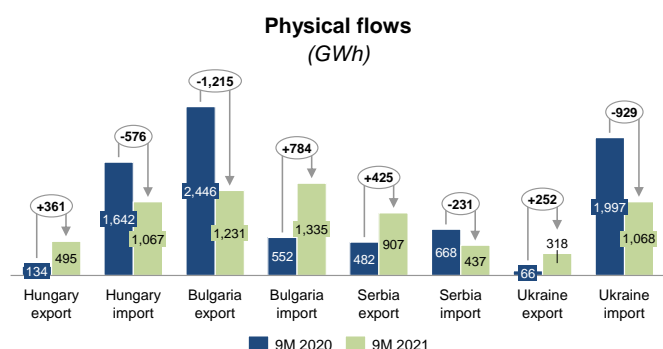
CROSS-BORDER FLOWS

The distribution of import/export physical flows in January-September 2021 compared to January-September 2020 was as follows:

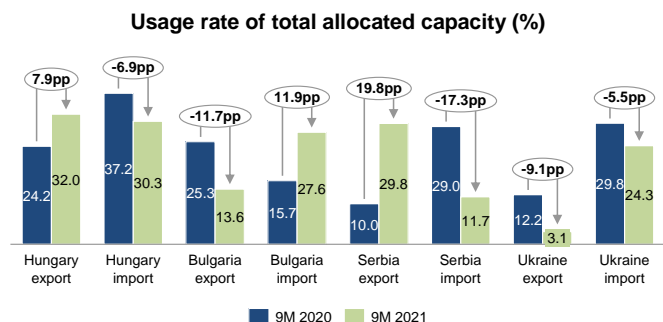
- export decreased on the Bulgarian border and increased on the Serbian, Hungarian and Ukrainian borders, while import decreased on the frontier found in the excess electricity output area, namely the Serbian border on the interconnection line situated in the deficit electricity generation area, namely the Ukrainian but also the Hungarian border, increase being registered on the Bulgarian frontier.

Specifically, compared to January-September 2020 physical export flows dropped with Bulgaria (- 50%, 1,215 GWh) and increased on the Serbian border (425 GWh), with Hungary (361 GWh) but with Ukraine (252 GWh) as well, while import physical flows increased on interconnection lines with Bulgaria (142%, 784 GWh) and decreased on the Serbian (35%, 231 GWh), Ukrainian (35%, 576 GWh) and Hungarian (47%, 576 GWh) borders.

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



In January-September 2021 the utilisation of the total capacity allocated on interconnection lines for export dropped against the same period of 2020 on the Bulgarian and Ukrainian destinations.



The utilisation degree of total capacity rights on a border and direction represents the ratio expressed in percentage between the electricity of commercial

exchanges made (notified) during a month and the electricity corresponding to the total capacity rights.

Between January-August 2021, the electricity consumption within SEN registered constant increase, by minimum of 0.57% in January and maximum 21.65% in April 2021; the exception was September 2021, which recorded a reduction in consumption by 0.4% (preliminary value). The increase in consumption in the first eight months was influenced by the gradual resumption of industrial activity, but also by the temperatures recorded in the winter months of 2021 compared to the similar period of 2020, the weather being significantly colder; except for August 2021, when the average temperature registered a positive anomaly of 1.9°C above the climatological norm, all the other months registered decreases of the average temperature.

Thus, in the first 9 months of 2021 the average temperature in the country was 11.31°C, compared to 12.31°C recorded in the similar period of the previous year.

Compared to Q3 2020, in general, the utilisation of capacities allocated for import increased, namely 28% increase in import trade exchanges, 97% increase in transited energy and a decrease of 2% in export commercial exchanges, amid a lower hydraulic level in August and September compared to last year and higher domestic electricity consumption compared to the same period in 2020.

In the context of enforced general principles for capacity allocation and congestion management provided in article 16 (8) of Regulation (EU) 2019/943, transmission system operators (TSO) do not limit the volume of interconnection capacity to be placed at the market participants' disposal to solve an internal congestion within their bidding zone or as management mode for flows from internal transactions within bidding zones.

In accordance with article 14 (7) of Regulation (EU) 2019/943, Transmission System Operator (TSO) NPG Co. Transelectrica SA reports the structural congestions detected within the bidding zone Romania and between this bidding zone and nearby bidding zones in accordance with Regulation (EU) 2015/1222 of 24 July 2015 establishing guidelines regarding capacity allocation and congestion management (hereinafter called CACM Regulation).

Also article 16(8) provides such requirement is deemed fulfilled if a minimum available capacity is reached for cross-border trade. This minimum level is 70% of the transmission capacity (hereinafter called the 70% requirement) observing the operational safety limits.

To enable compliance with the provisions of article 16(8) Transelectrica provides the results of its analysis on structural congestions within SEN in accordance with article 14(7) of Regulation (EU) 2019/943.

This structural congestion report is transmitted to the National Regulatory Authority in the Energy domain (hereinafter called ANRE) for approval according to article 14(7) of Regulation (EU) 2019/943.

When ANRE has approved the report as competent authority the Ministry of Economy, Entrepreneurship and Tourism (hereinafter called MEAT) shall decide the solving of structural congestions in accordance with the process provided in article 14(7) of Regulation (EU)2019/943.

Romania can either adopt a national action plan or a multi-national one in accordance with article 15 of Regulation (EU) 2019/943, or to review and change the bidding zone configuration.

In case of the action plan the capacity available for cross-border trade shall be gradually increased by means of linear trajectory to provide compliance by 31.12.2025 at the latest with the minimum 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 structural congestions in the electricity transmission grid in the context of minimum capacity applied in accordance with article 16(8) of Regulation (EU) 2019/943 and requests approval to transmit it to MEAT.

The transmission of the approved report is considered preliminary condition for the Romanian State to decide either establishing an action plan according to article 15, or to review and change the bidding zone according to article 14(8) of Regulation (EU) 2019/943.

The provisions of article 16(8) of Regulation (EU) 2019/943 are applied in the two capacity calculation regions Transelectrica is part of:

- Core region with RO – HU border and
- SEE region with RO – BG border.

Structural congestions are located mainly in the western and south-western parts of SEN. This comes both by the electricity network in this region being at 220 kV in the most, and because cross-border exchanges are focussed in this area (there are no synchronous interconnections in northern and eastern SEN).

New RET investments can remove structural congestions and increase the capacity available for cross-border trade

Commissioning the 400 kV OHL Nadab – Oradea Sud will un-block the 110 kV Arad and Oradea regions thus removing the structural congestion caused by the 110 kV OHL Salonta – Chisinau Cris. The structural congestion caused by the 400 MVA, 400/220 kV AT Rosiori will be also removed.

The other structural congestions will be removed when the 220 kV Iron Gates – Resita – Timisoara – Arad axis is converted to 400 kV.

To reach the 70% requirement in accordance with article 16 (8) of Regulation (EU) 201/943 more investment projects are necessary including 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, namely the 400 kV double circuit OHL (a circuit equipped) Smardan – Gutinas.

Transelectrica SA in its capacity of Transmission System Operator invests in order to increase interconnection capacities and to enable Romania to import more electricity.

Thus beginning with 1 January 2021 it provides significant cross-border capacity with the countries it is interconnected for operation with: Bulgaria, Hungary, Serbia and Ukraine of 2,800 MW for export from Romania and of 3,000 MW for import into Romania.

ONE'S OWN TECHNOLOGICAL CONSUMPTION

Compared to the first 9 months of 2020, in 2021 OTC within RET grew about 20%, and in percentage terms OTC increased from 2.15% to 2.48%.

The factors of significant influence over OTC in January-September 2021, for instance precipitation and distribution of cross-border physical flows, are beyond Transelectrica's control.

OTC DEVELOPMENT FACTORS

In January 2021 OTC in absolute value increased 32.4% compared to January 2020 because of unfavourable output distribution as well as unfavourable distribution of physical flows on interconnection lines, which have led to higher electricity transmission at long distance from sources, but also due to worse meteorological conditions, which determined greater 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 same period of 2020, since about 4.7% (155.5 GWh) electricity received from producers connected to RET decreased and about 35.2% (284.9 GWh) decrease of imported electricity, against a

background of about 64.4% (126.8 GWh) growth of electricity from RED. Meteorological conditions were bad compared to last year, the greater amount of precipitation determining higher corona losses.

In February 2021 OTC in absolute value increased 44.1% compared to February 2020 especially due to unfavourable distribution of physical flows on interconnection line and of output, which led to higher electricity transmitted at long 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 3.3% (124.5 GWh) in February 2021 compared to the same period of 2020, against the background of 43.5% (317.12 GWh) reduced import and of 10.17% (26.64 GWh) lower electricity from RED, when the electricity received from producers directly connected to RET increased 7.94% (219.2 GWh). Meteorological conditions were better than last year; the registered precipitation amount was lower and contributed to reduced corona losses.

In March 2021 OTC in absolute value increased about 15.8% compared to March 2020, especially because of unfavourable distribution of physical flows on interconnection lines, which led to higher electricity transmitted at long distance from sources and of higher electricity transmitted, but also because of bad meteorological conditions determining 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 7.1% (251.5 GWh) in March 2021 compared to the same period of 2020, against the background of 9.31% (258.88 GWh) higher electricity received from producers directly connected to RET, 1.4% (6.45 GWh) import reduction and 0.29% (0.97 GWh) lower electricity amount received from RED. Meteorological conditions were bad and determined higher corona losses.

In April 2021 OTC increased 43.9% compared to April 2020 because of unfavourable distribution of physical flows on interconnection lines, which led to higher electricity transmitted far from sources, of higher electricity amount transmitted, but also because of bad meteorological conditions, which determined higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.07% in 2020 to 2.58% in 2021. The electricity input into the outline increased 15.2% in April 2021 (441.1 GWh) compared to the same period of 2020, because of about 18.3% (402.7 GWh) higher electricity received from RET-connected producers and about 26.1% (68.5 GWh) higher electricity received from RED, against the

background of 6.8% (30 GWh) lower electricity from import. Meteorological conditions were bad compared to last year, the higher amount of precipitation registered determining higher corona losses.

In May 2021 OTC increased 20.3% compared to May 2020 because of unfavourable physical flows distribution on interconnection lines, of higher electricity transmitted, but also because of unfavourable output distribution, which led to higher electricity transmitted far from sources. The percentage of losses compared to the electricity input into RET outline increased from 2.21% in 2020 to 2.59% in 2021. The electricity input into the outline increased 2.8% (87.9 GWh) in May 2021 compared to the same period of 2020, because of about 11.4% (257.5 GWh) higher electricity received from RET-connected producers and about 83.3% (212.9 GWh) higher received from RED, against the background of about 62.5% (382.6 GWh) reduction of imported electricity. Meteorological conditions were similar to last year in terms of precipitation amounts.

In June 2021 OTC increased about 14.3% compared to June 2020 especially because of unfavourable physical flows distribution on interconnection lines, which led to higher electricity transmitted far from sources, but also higher transmitted electricity amounts; and because of bad meteorological conditions in areas with very dense electricity transmission lines, which determined higher corona losses. The percentage of losses compared to the electricity input into RET outline increased from 2.34% in 2020 to 2.35% in 2021. The electricity input into the outline increased 13.8% (415.1 GWh) in June 2021 compared to the same period of 2020, against the background of 23.5% (517.3 GWh) higher electricity from producers directly connected to RET and 39.3% (134.1 GWh) higher electricity from RED, when import dropped 51.8% (236.3 GWh).

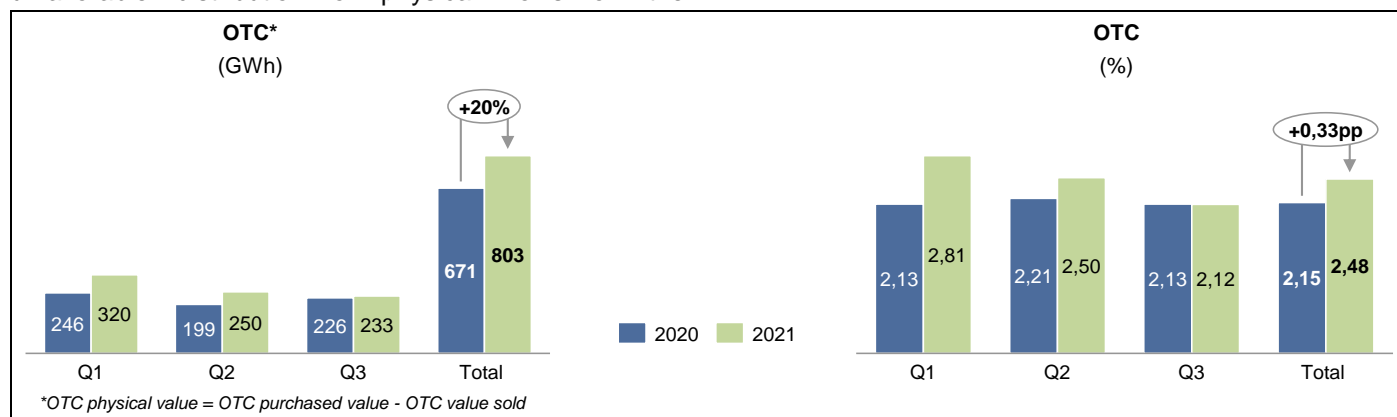
In July 2021, OTC increased compared to July 2020 by 6.6%, due to the increase in electricity input into RET outline and the unfavorable distribution of production in the territory which led to higher electricity transmitted far from sources. The percentage of losses related to the energy input into RET decreased from 2.11% in 2020 to 2.05% in 2021. The electricity input into the outline increased by 10% in July 2021 (approx. 340 GWh) compared to the similar period in 2020, as a result of the increase by approx. 14.6% (approx. 381GWh) of the energy received from the producers connected to RET and with approx. 0.4% (approx. 2 GWh) of that received from imports, amid a decrease of approx. 16.8% (approx. 43 GWh) of the energy received from RED. The weather conditions were similar to the previous year, the impact on corona losses being similar.

In August 2021, OTC decreased compared to August 2020 by 3.3%, mainly due to the advantageous distribution of physical flows on the interconnection lines, which led to a reduction in electricity transmitted far from sources. The percentage of losses related to the electricity input into RET decreased from 2.05% in 2020 to 1.92% in 2021. The electricity input into RET outline increased by 2.9% (approx. 104 GWh) in August 2021 compared to the similar period in 2020, as a result of an increase of 46.8% (approx. 208 GWh) of energy received from imports, amid a decrease of 1.7% (approx. 52 GWh) of energy received from producers connected to RET and 27% (approx. 52 GWh) of the one received from RED. The weather conditions were slightly more unfavorable in terms of rainfall compared to the previous year, causing slightly higher corona losses.

In September 2021 the OTC increased compared to September 2020 by about 6%, mainly due to the unfavorable distribution of physical flows on the

interconnection lines and an unfavorable distribution of production in the territory, which led to an increase in electricity transmitted far from sources. The percentage of losses related to the energy input into RET increased from 2.22% in 2020 to 2.41% in 2021. The energy input into the outline decreased by 2.3% (approx. 85 GWh) in September 2021 compared to the similar period in 2020, amid the reduction of energy received from producers directly connected to RET by 4.2% (approx. 123 GWh) and energy received from RED by 24.3% (approx. 57 GWh), given the increase in imports by 19.2% (approx. 95 GWh). The weather conditions in September 2021 were characterized by lower rainfall amounts than in the previous year and, implicitly, the corona losses were lower.

Mention should be made the values of September 2021 are preliminary.



In conclusion overall in quarter I of 2021 OTC within RET grew about 30.2% compared to the same period of 2020, because of unfavourable distribution of physical flows on interconnection lines, of unfavourable output distribution in the first two months and bad meteorological conditions in January and March, which determined higher corona losses when the electricity input into RET outline decreased about 2%. Losses increased from 2.13% to 2.81% as against the electricity input into the outline.

The overall quarter II of 2021 provided about 25.3% higher OTC within RET compared to the same period of 2020 because of 10% higher amounts of transmitted electricity, of unfavourable distribution of physical flows on interconnection lines and bad meteorological conditions in April and June, which determined higher corona losses. Losses increased from 2.21% to 2.50% against the electricity input into the outline.

The overall quarter III of 2021, OTC within RET increased by approx. 3.2% compared to the similar period of 2020, mainly due to the increase of about 3% of the transmitted energy. Losses decreased slightly from 2.13% to 2.12% against the electricity input into the outline.



Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on 30 September 2021 compared to 31 December 2020 was determined by the increase in the value of tangible assets in progress.

The value of fixed assets registered in accounting books in January-September 2021 is RON 102 mn (RON 73.6 mn in the same period of 2020) increasing by RON 28 mn.

As of 30 September 2021, the greatest transfers from tangible assets in progress to tangible assets are represented mainly by the commissioning of investment objectives as follows:

- Installing T3 - 250 MVA transformer in 400/110 kV Sibiu Sud substation – RON 14.9 mn;
- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Porțile de Fier – RON 13.7 mn;
- 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations – RON 12 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldova – RON 10.1 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 9.9 mn;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 7 mn;
- Free up the location and achieving the coexistence terms with the 400 kV installations of NPG Co. Transelectrica SA in communes Letea Veche and Saucesti, Bacau County (execution) – RON 5.7 mn;
- 400 kV OHL s.c. Oradea Sud - Nadab - Bekescsaba, final stage: the section between towers 1-42 (48) of 400 kV OHL Oradea Sud - Nadab – RON 3.8 mn;
- Refurbishing 220/110 kV Iaz substation – RON 3.7 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 3 mn;
- N-E ring SDH communication equipment – RON 2.7 mn;
- Replacing circuit breakers in electric substations – RON 2.7 mn;
- Replacing 16MVA transformer in Pitești Sud substation – RON 2.4 mn;
- Diversion of 400 kV networks on section 2, lot 2, located in Olt county for the execution of Craiova-Pitești expressway - OHL 400 kV s.c. Slatina-Draganesti Olt – RON 1.7 mn;
- A3 MFPs – RON 1.5 mn;
- Establishing communication between Resita substation and CTSI TTU Timisoara headquarters – RON 1.5 mn;
- Replacing shunt reactor, Substation Arad – RON 1.4 mn;
- Access road to Fântânele substation from DJ 134 – RON 1.1 mn;
- Construction of a hall with platform, overhead crane and hydrocarbon separator for storing equipment in Suceava substation – RON 0.9 mn;
- Thermal rehabilitation of transformer substation Constanta Nord buildings – RON 0.6 mn;
- Implementing day - night lighting systems on the 400 kV OHL Bradu - Brașov – around towers 400 - 401 - 411 - 416 - 417 - 418 - 419 – RON 0.6 mn;
- Wi-Fi system own network access and internet – RON 0.4 mn;
- Diversion and protection of electrical networks on the Satu Mare bypassing - 220 kV OHL Roșiori - Vetiș – RON 0.3 mn;
- Portable power quality analyzers – RON 0.3 mn;
- Replacement of 6/0.4 kV internal service transformer and related bays in Baia Mare 3 220/110 kV substation – RON 0.2 mn;
- Installing Differential Line Protection in Baia Mare 3 substation - RON 0.2 mn;
- Installing Differential Line Protection in 110kV OHL Jibou bay in 220/110kV Tihău substation – 0.2 mn;

PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in January-September 2021 amounted to RON 358 mn, a higher amount compared to the same period of 2020 when procurements were of RON 213.8 mn.

As of 30 September 2021 there was an increase in the value of tangible fixed assets in progress mainly represented by the execution of investment works in high voltage power stations and lines, as follows:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – RON 131.6 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 26 mn;
 - Refurbishing 220/110 kV Iaz substation – RON 19.4 mn;
 - Upgrading 400 (220)/110/20 kV Munteni substation – RON 16.9 mn;
 - Refurbishing 400/110/20 kV Smârdan substation – RON 12.7 mn;
 - Extension of 400 kV Gura Ialomitei substation with two bays: 400 kV OHL Cernavoda 2 and 3 – RON 12.6 mn;
 - Refurbishing 400/110/20 kV Domnești substation – RON 23.2 mn;
 - Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud, Stage I - Extending 400 kV Medgidia Sud substation – RON 13.5 mn;
 - Refurbishing 220/110 kV Craiova Nord substation – RON 11.5 mn;
 - Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Iron Gates – RON 11.1 mn;
 - Installing T3 - 250 MVA transformer in 400/110 kV Sibiu Sud substation – RON 11 mn;
 - Refurbishing 110 kV Medgidia Sud substation – RON 10.2 mn;
 - Relocation of 400 kV electrical networks at the junction with the Bucharest bypass motorway: KM 0 + 00 - KM 100 + 900, Lot 2: 69 + 000 - KM 85 +300, related to South Side bypassing, OHL 400 kV Domnești – Bucuresti Sud and OHL 400 kV Slatina – Bucuresti Sud – RON 9.8 mn;
 - 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations – RON 9.2 mn;
 - Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldova – RON 9.0 mn;
 - Refurbishing 220/110 kV Hășdat substation – RON 9.0 mn;
 - Upgrading the 220/110/20 kV substation Raureni – RON 7.6 mn;
 - Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 5.4 mn;
 - Consolidation of servers and data storage network (private cloud) – RON 4.7 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 4.4 mn;
 - Upgrading the 220/110 kV substation Dumbrava – RON 4.3 mn;
 - 400 kV OHL s.c. Oradea Sud - Nadab - Bekescsaba, final stage: the section between towers 1-42 (48) of 400 kV OHL Oradea Sud - Nadab – RON 3.8 mn;
 - Relocation of high voltage networks, Sibiu - Pitești Highway, km 0 + 000 - km 14 + 150, Lot 1: km 0 + 000 - km 13 + 170, OHL 400 kV s.c. Țânțăreni - Sibiu Sud – RON 3.1 mn;
 - Refurbishment 220/110/20 kV Ungheni – RON 2.9 mn;
 - Upgrading the 220/110/20 kV substation Vetis primary equipment – RON 2.9 mn;
 - Replacing 16MVA transformer in Pitești Sud substation – RON 2.2 mn;
 - Upgrade with a view to remove galloping on the 400 kV OHL of Baragan – Fetesti area. Reducing galloping effects on the 400 kV OHL Bucharest South - Gura Ialomitei and the 400 kV OHL Cernavoda - Gura Ialomitei (circuit 2) – RON 2.1 mn.
- The balance of tangible and intangible assets in progress on 30 September 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 243.6 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 87.7 mn;
 - Refurbishing 400/110/20 kV Domnești substation – RON 63.5 mn;
 - Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 55.6 mn;
 - Refurbishing 220/110 kV Hășdat substation – RON 50 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 46.9 mn;
 - Upgrading 400 (220)/110/20 kV Munteni substation – RON 27.5 mn;
 - Refurbishing 220/110 kV Iaz substation – RON 25.6 mn;
 - Upgrading 220/110/20 kV Răureni substation – RON 22.9 mn;
 - Refurbishing 400/110/20 kV Smârdan substation – RON 20.8 mn;
 - Upgrading 220/110/20 kV Arefu substation – RON 15.7 mn;
 - Upgrading 220/110 kV Dumbrava substation – RON 15.5 mn;
 - Extending the business continuity and post-disaster recovery services, Executive branch – RON 14.4 mn;
 - 110 kV, 220 kV and 400 kV mobile bays – RON 14.3 mn;
 - Refurbishing 110 kV Medgidia Sud substation – 13.7 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 13.1 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldova – RON 12.8 mn;
- Extending the 400 kV Gura Ialomitei substation with two bays: 400 kV OHL Cernavoda 2 and 3 – RON 12.7 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 12.2 mn;
- Refurbishing 220/110 kV Craiova Nord substation – RON 11.5 mn;
- Relocation of 400 kV electrical networks at the junction with the Bucharest bypass motorway: KM 0 + 00 - KM 100 + 900, Lot 2: 69 + 000 - KM 85 +300, related to South Side bypassing, OHL 400 kV Domnești – Bucuresti Sud and OHL 400 kV Slatina – Bucuresti Sud – RON 9.8 mn;
- Upgrading the 110 kV & 400 (220 kV) installations of Substation Focsani Vest – RON 9.7 mn;
- Converting the Iron Gates - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - Stage I - 400/220/110 kV Reșița substation – RON 7.5 mn;
- Upgrading 220/110/20kV Vetiș substation – primary equipment – RON 6.2 mn;
- The 400 kV OHL Gadalin - Suceava, including SEN interconnection – RON 6 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 6.0 mn;
- HVDC Link 400 kV (submarine cable Romania - Turkey) – RON 5.9 mn;
- Refurbishing 220/110/20 kV Baru Mare substation – RON 5.7 mn;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 5.5 mn;
- Integrated security system in electric substations, stage IV – RON 4.8 mn;
- Consolidation of servers and data storage network (private cloud) – RON 4.7 mn;
- The 400 kV OHL Suceava - Balti for the project section on Romanian territory – RON 4.4 mn;
- 400 kV d.c. OHL Gutinaș – Smârdan – RON 4.2 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 4 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 3.3 mn;
- Adding new functions to the access control and IT account in the objectives of NPG Co. Transelectrica SA – RON 3.2 mn;
- Relocation of high voltage networks, Sibiu - Pitești Highway, km 0 + 000 - km 14 + 150, Lot 1: km 0 + 000 - km 13 + 170, OHL 400 kV s.c. Țânțăreni - Sibiu Sud – RON 3.1 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 2.9 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 2.5 mn;
- 400 kV Stalpu substation – RON 2.2 mn;
- Upgrade with a view to remove galloping on the 400 kV OHL of Baragan – Fetesti area. Reducing galloping effects on the 400 kV OHL Bucharest South - Gura Ialomitei and the 400 kV OHL Cernavoda - Gura Ialomitei (circuit 2) – RON 2.1 mn;
- Integrated security system in electric substations, stage III – RON 2.8 mn;
- 110 kV OHL diversion Cetate 1 and 2 near 110/20/6 kV Ostrovul Mare substation – RON 2.6 mn.

INVESTMENT ACTIVITY ON 30.09.2021

Investment expenses on 30 September 2021 are detailed by main chapters in the annual investment plan correlated with the main chapters in the Company's Development Plan and are as follows:

No.	Types of expenditures	2021 Investment Programme* (thou. RON)	Achieved (thou. RON)	
			9M 2021	9M 2020
	Grand total (A+B)	550,175	379,481	236,714
A	Company's own expenses	531,546	363,201	227,722
B	Investments financed from the connection fee	18,629	16,280	8,992

*2021 AIP revision A6

On 30 September 2021 the investment plan was achieved 69%. In comparison with the achievements of 9M 2020, investment expenses made in 2021 increased 60%.

COMPANY FINANCIAL INVESTMENTS

In Europe the energy sector is under change with emphasis on the transition from a prevalingly national development model of the energy sector to an European

integrated coordinated development model continental-wide, enabling also tailoring to national specific features while targeting 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 established to serve the Transmission System Operators (TSO) of eastern-central-western European part (CORE region) in view of coordinated implementation of European network codes. Affiliation means participating to the shareholders of TSCNET by purchasing company shares.

Decision 9 of SEGA of 05 June 2018 approved Company affiliation to the Security Coordinating Centre of CORE region, TSCNET by participating to its share capital with 470,500 Euro (1 share – 2.500 EUR).

JAO (Joint Allocation Office)

Beginning with 2019 bids allocating long-term capacities have been performed in coordinated manner by JAO, which was nominated Operator of the Single Allocation Platform (SAP).

Transelectrica was invited by JAO to become part of its shareholders.

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

SEE RSC (Centre Coordinating the Electricity Network of South-Eastern Europe)

Through the Romanian – Bulgarian border Romania is part of the coordinated calculation region of cross-border transfer capacities South-East Europe (SEE). In terms of regional coordination of operational safety services, this region will be served by an independent legal entity exercising the part of regional operational safety coordination centre (further called SEE RSC).

The Company's affiliation to the shareholders of SEE RSC became effective on 22.05.2020 by cash subscription of 50,000 Euro, being allotted 50,000 shares.

CONTRACTUAL ASPECTS

The most important investment contracts signed between January-September 2021 are as follows:

- The 400 kV double circuit OHL Gutinas-Smardan – RON 247.8 mn;
- Refurbishing the 400/110 kV substation Pelicanu – RON 96.4 mn;
- Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fântânele – RON 43.0 mn.



Significant events

JANUARY - SEPTEMBER 2021

- **Transelectrica significantly increased its crossborder capacity as of 1 January 2021**

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

The wide investment plan of the Company enables it to double this cross-border capacity in the next five years, which will further enable developing the electricity markets coupled in Europe, thus contributing to reaching the European Union's objective Internal electricity market and Clean energy for all Europeans.

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

- **Incident in the European transmission network**

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

In Romania the north-western part was impacted. Romania's Electricity Transmission Network resumed its normal operation around 16:00 h, and all impacted consumers were re-supplied around 16:45 h.

The causes and conditions of occurrence of this incident were investigated by the Association of European Transmission System Operators, ENTSO-E.

- **ENTSO-E investigated the causes leading to a split into 2 zones of the European interconnected network on 8 January 2021**

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

Thus ENTSO-E has now a detailed analysis underway in order to explain the conditions and causes that led to such event in the interconnected electricity transmission grid.

A final report will be submitted as soon as a full image of the incident is obtained, in accordance with European regulations and norms.

The investigation observes the legal framework as per Regulation (EU) 2017/1485 of the Commission of 2 August 2017 establishing a guideline on the operation of the electricity transmission system whereby national regulatory authorities and ACER are invited to join the TSOs in the investigation team.

Romania by Transelectrica is part of the specific working groups and, next to the other European states, permanently provides data to contribute to elucidating the conditions of such event occurrence.

Member of ENTSO-E Romania is integrant part in the infrastructure of the European power system and in this respect a coordinated direction is followed in the European energy infrastructure.

In case incidents occur and provide dysfunctions in the European transmission network the risk exposure of interconnected states shall be managed promptly.

In accordance with the provisions of the System Operation Guideline, the detailed event investigation includes exhaustive analysis of many real time records, from protection devices and other elements of the electricity system. ENTSO-E will publish the investigation results as soon as this investigation is finished.

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

Beginning with 1 February 2021 Romania's electricity market began applying the 15 minutes' settlement interval (the former one was of 1 hour), according to European Regulation 2195/2017 and European Regulation 943/2019 transposed in the national legislation by ANRE Order 63/2020.

Implementing such settlement interval on the electricity market enables transacting it much closer to the delivery date.

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

- **Successful start of the joint regional testing for DE-AT-PL-4M MC (Interim Coupling)**

The Nominated Electricity Market Operators (NEMO) and the Transmission System Operators (TSO) of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely Czech Republic, Hungary, Romania and Slovakia informed on 1 February 2021 they successfully began the common regional testing of

the DE-AT-PL-4M MC (Interim Coupling) on 25 January 2021.

In this first test stage (Full Integration Testing - FIT), the project parties will make functional end-to-end tests in the region, performed in order to prove functionality between all the systems involved in the market coupling process. When the FIT stage is successfully completed the project parties will test operational procedures during the integration tests under simulation (SIT). Thus the procedural end-to-end tests will be also executed at wider European level with all the parties involved in the single day-ahead 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 on six frontiers (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, and HU-AT).

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

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

Service	Tariff applicable from 1 July 2020	Tariff applicable from 1 March 2021
	RON/MWh	RON/MWh
Tariff for system service:	11.96	10.82

The change made in such tariff was determined by the application of the correction mechanism for significant deviations from the forecast used in the approval of the applicable tariff, according to the provisions of the regulatory framework issued by the National Regulatory Authority in the Energy domain.

- **Transelectrica invests 42 million Euros to refurbish two essential substations for the closure of the 400 kV ring in the western region**

On 17 March 2021 the Company informed: “The investment project to complete the 400 kV Banat Axis, part of Romania’s 400 kV Ring provides important progress by refurbishing two key substations: Resita and Timisoara. Such investments of total amount about 42 million Euros will enable closing Romania’s 400 kV Ring in the western part, a strategic project for the country’s safe electricity supply and to enhance the transmission network and the interconnection with neighbouring countries. Once completing the 400 kV OHL segment Oradea Sud-Nadab in 2020 the achievement of Romania’s 400 kV Ring is achieved 70%”.

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

The Nominated Electricity Market Operators (NEMO) and the Transmission System Operators (TSO) of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely Czech Republic, Hungary, Romania and Slovakia informed the stakeholders on 18 March 2021 about a slight update of the test planning. Project parties successfully completed the Full Integration Testing - FIT at the end of February 2021. Following such test plan update and the alignment of all European TSOs and NEMOs at SDAC level, the next stage of the Simulation Integration Testing - SIT centred on testing regional operational procedures begins in the second half of March 2021. Project launch is planned on 10 June 2021, provided all parties confirm their technical and legal preparedness.

- **The 400 kV OHL Cernavoda-Stâlpu**

On 8 April 2021 the Company issued press release according to which: the building of the 400 kV OHL Cernavodă-Stâlpu, a national interest objective of public utility, co-financed from European funds, is progressing at rapid pace. At present the line site extends between localities Stâlpu (Buzău County) and Cernavodă (Constanța County), and work is simultaneously executed to building foundations, assemble towers and install the conductor in seven work points, using about 300 workers daily, and 90% of the materials used are made in Romania.

- **Transelectrica built in Sibiu the first live work test & training polygon in Romania**

The Company informed on 15 April 2021 it ended the construction of the Live Work (LW) training and testing stands in Sibiu, the first one of this kind in Romania. The stand is equipped for LW techniques and prepared for practical training. It belongs to a wide investment of Transelectrica began in 2017, in total sum of 5.7 million RON, which means operationalising the Live Work Technologies Research & Development Centre and Fast Intervention into SEN. All the facilities provided by the Centre of Sibiu 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 was granted for 4 months with possible extension by two more months for very sound reasons.

- **Decision 1 of the Shareholders' Ordinary General Assembly of the Company, 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 of 2020 financial year, the Company's consolidated financial statements of 2020 financial year, the distribution of accounting profit left after income tax deduction on 31.12.2020, dividends distribution from the profit recorded on 31.12.2020, dividends distribution from the retained earnings on balance on 31.12.2020 and did not approve managerial liability discharge of Directorate and Supervisory Board Members for 2020, establishing 04 June 2021 as registration date for the shareholders whom will be touched by the effects of such decision of the Shareholders' general ordinary assembly.

- **Financial results of 2020**

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

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

On 24 March 2021 the Company's Supervisory Board verified, within its attributions, the Company's standalone and consolidated financial statements as of and for the financial year ended on 31 December 2020, acknowledged the independent auditor's Reports on the Company's stand-alone and consolidated financial statements for the financial year ended on 31 December 2020 and verified the Annual Report on the individual financial statements and the Annual Report on the Company's consolidated financial statements as of and for the financial year ended on 31 December 2020; on the same date they acknowledged the Note regarding the net profit distribution on 31.12.2020.

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

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

Transelectrica informed the investor public on 28 April 2021 the Company recorded the shareholder Romanian

State's request 20/10221/T.H.G./27.04.2021, legally represented by the Secretariat General of Government and pertaining to convening the Shareholders' general ordinary assembly to resume items 4, 5, 6, 7, 8, 9, 15 and 17 in the agenda established for SOGA gathering on 27 April 2021.

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

On 29 April 2021 the Shareholders' Ordinary General 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' ordinary general assembly.

- **Majority shareholder's letter with the request to convene SGA, 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 the Government) about their request to convene the SGA 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".

- **Substation Domnești, the most important electric transformer substation in the Capital City area, at the end of complex refurbishment**

On 10 May 2021 the Company issued a press release about the Refurbishment Project for the 400/110/20 kV Substation Domnesti, a total investment of about 25 million Euro from Company's funds, now achieved 95%, completion forecasted at the end of June. The investment involves substation refurbishment at all voltage levels in view to provide it with safety and reliability proper for the area it supplies.

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

The Nominated Electricity Market Operators (NEMO) and the Transmission System Operators (TSO) of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely Czech Republic, Hungary, Romania and Slovakia informed on 10 May 2021 they updated the project planning.

In accordance with such plan update, forecasts are that regional tests would be completed by 12 May 2021, to be followed by procedural tests at extended European level, together with all SDAC parties.

At present forecasts are that Member tests will take place sometime between 31 May 2021 and 7 June 2021.

Project launch is currently planned on 17 June 2021 (first transaction day with delivery on 18 June 2021), provided all parties confirm their technical and legal preparedness.

Project parties maintain their full commitment to achieve Interim Coupling, thus providing a referential milestone for the completion of the European Single Day-Ahead Coupling (SDAC).

- **Proposal to distribute the net accounting profit of 2020 financial year**

On 18 May 2021 the Company's Directorate decided about the proposal to distribute the net accounting profit left after the deduction provided in article 1 para. (1) let. a) - d) of Governmental Ordinance 64/2001 on profit distribution to national societies, national companies and trading societies with full or majority state capital, as well as into independent authorities, with later amendments and additions

- **Transelectrica received the 2020 prize for the best cooperation of the economic environment - universities**

The Company communicated on 19 May 2021 it received at The Energy CEO Forum & Awards Gala, organised by The Diplomat, the 2020 prize for the best cooperation between the economic environment and universities. The Company maintains a traditional cooperation with the technical academic environment, especially the Polytechnic University of Bucharest.

- **Investments of over 270 million RON to consolidate the network in Moldova region**

On 20 May 2021 the Company issued press release mentioning that, in the context of energy transition and of the National Power System's integration of electricity generated from renewable sources, Transelectrica is making massive investments to consolidate the Electricity Transmission Network and adapt it to reach the European objectives. An important line of such investment strategy goes toward enhancing the energy infrastructure of Moldova region, which contributes to discharging the renewable output from Dobrogea region.

At present important substations in this part of the country undergo upgrade and refurbishment, such as: Stalpu, Focsani Vest, Smardan, Munteni, Bacau Sud and Roman Nord, investments totalling above 270 million RON.

- **Request from the majority shareholder**

The Company informed the investor public that on 28 May 2021 it registered a letter of the majority shareholder (legally represented by the Secretariat General of Government), pertaining to the Memorandum about: Mandating the state representatives in the Shareholders' General Assembly/Board of Administration, as the case may be, at national societies, national companies and societies with full or majority state capital as well as into independent authorities to take appropriate measures to distribute minimum 90% of the net profit achieved in 2020 as dividends/payments to the state budget.

- **Request from the majority shareholder**

On 02 June 2021 the Company informed the investor public that it registered a letter of the majority shareholder (legally represented by the Secretariat General of Government), pertaining to explanations and at the same time requesting changes in the materials related to the items in the agenda of the Shareholders' general ordinary assembly of the Company convened on 22 June 2021 (first convocation) – 23 June 2021 (second convocation), namely: to submit the remade financial statements according to profit re-unification so that the diminished provision of the employees' participation to profit can be found in the profit and implicitly in the dividends owed to shareholders.

- **Request from the majority shareholder to add the SOGA agenda, convened on 22/23.06.2021**

The Company informed on 04 June 2021 the majority shareholder, the Romanian State by the Secretariat General of Government sent letter 13583 of 04 June 2021 (registered under no. 23910 din 04 June 2021 in the Company) and requested adding the agenda of the Shareholders' general ordinary assembly planned on 22/23 June 2021 with the following items: 4.1. Approving the Company's Stand-alone financial statements of 2020 financial year, remade as per the majority shareholder's request, the Romanian State represented by the Secretariat General of Government; 5.1. Approving the Company's Consolidated financial statements of 2020 financial year, remade as per the majority shareholder's request, the Romanian State represented by the Secretariat General of Government; 6.1. Approving the distribution of accounting profit left after income tax deduction on 31.12.2020; 7.1. Approving dividends distribution of the profit registered on 31.12.2020, with gross dividend of 0.59 RON/share; 14. Recalling the Company's Supervisory Board's Members; 15. Appointing 5 provisional Supervisory Board Members with maximum 4 months mandate term, possible mandate extension by 2 more months until completing the selection procedure; 16. Approving the form of

mandate contracts for the 5 provisional Members to be appointed in the Company's Supervisory Board, with fixed remuneration and mandating a representative of the public superior authority to sign mandate contracts.

- **Proposal of provisional Supervisory Board Members - material SOGA 22/23.06.2021 from the majority shareholder**

On 07 June 2021 the majority shareholder, the Romanian State by the Secretariat General of Government transmitted Annex to letter 13583/04.06.2021, List of proposals for provisional Supervisory Board Members as follows: DOGARU-TULICĂ Adina-Loredana, POPESCU Mihaela, MORARIU Marius Vasile, NĂSTASĂ Claudiu Constantin, and BLĂJAN Adrian Nicolae.

- **Transelectrica under partnership with the Polytechnic University of Bucharest will set up the first digital laboratory of Romania – DigiTEL**

The Company issued on 10 June 2021 a press release notifying it signed a strategic partnership with the Polytechnic University of Bucharest (UPB) for the technological future of the Romanian energy sector. The two partners assume establishing and operationalising a daring research and innovation project: DigiTEL – the only integrated digital laboratory in Romania, to test the future energy technologies (state of the art techniques: digital twin, expert asset management systems, virtual & augmented reality, 3D CAD etc.).

- **The project to couple day-ahead markets – ICP was successfully operationalised**

On 18 June 2021 the Company informed the 4M MC (market coupling of the Czech Republic, Slovakia, Hungary and Romania) were integrated in the panEuropean electricity day-ahead market. The parties of the Interim Coupling Project notified the successful operationalisation of SDAC by reaching the sustainable coupling stage.

- **Decision 3 of the Shareholders' Ordinary General Assembly of the Company, 22 June 2021**

On 22 June 2021 the Shareholders' Ordinary General Assembly of the Company issued Decision 3 whereby:

- it did not approve the Company's stand-alone financial statements of 2020 financial year, as per Note 12082/19.03.2021; it approved the Company's standalone financial statements for 2020 financial year, remade according to the request of the majority shareholder, the Romanian State, represented by the Secretariat General of Government and placed at shareholders' disposal by Company letter 23590/03.06.2021,

- it did not approve the Company's stand-alone financial statements of 2020 financial year, as per Note 12413/19.03.2021, it approved the consolidated financial statements for 2020 financial year of the National Power Grid Company Transelectrica SA, remade according to the request of the majority shareholder, the Romanian State, represented by the Secretariat General of Government and placed at shareholders' disposal by Company letter 23590/03.06.2021,

- it did not approve the distribution of accounting profit left after income tax deduction on 31.12.2020, according to Note 508/19.05.2021; it approved the distribution of accounting profit left after income tax deduction on 31.12.2020 according to the majority shareholder's request, the Romanian State represented by the Secretariat General of Government,

- it did not approve dividends distribution from the profit registered on 31.12.2020, with gross dividend of 0.534 RON/share, as per Note 749/20.05.2021; it approved dividends distribution of the profit registered on 31.12.2020, with gross dividend of 0.59 RON/share, according to the majority shareholder's request, the Romanian State represented by the Secretariat General of Government; it approved dividends distribution from retained earnings on balance on 31.12.2020 with gross dividend of 0.28 RON/share as per Note 801/20.05.2021,

- it approved discharge of managerial liability for Directorate and Supervisory Board Members for 2020 financial year,

- it established 19 July 2021 as ex-date, calendar day as of which Company shares mentioned in the AGOA Decision are transacted without the rights ensuing from such decision,

- it established 20 July 2021 as registration date for the shareholders that will be touched by the effects of AGOA Decision; it established 09 August 2021 as payment date of dividends distributed from the profit recorded on 31.12.2020 and of dividends from retained earnings existent on balance on 31.12.2020.

- **Decision 4 of the Shareholders' Ordinary General Assembly of the Company, 22 June 2021**

On 22 June 2021 the Company's Shareholders' Ordinary General Assembly issued Decision 4 whereby:

- it approved recalling the Supervisory Board Members of the Company, namely: Adrian GOICEA, Luiza POPESCU, Jean – Valentin COMANESCU, Oleg BURLACU, Mircea Cristian STAIU, Mihaela POPESCU, and Ciprian Constantin DUMITRU,

- it approved appointing the following provisional Members: DOGARU-TULICĂ Adina-Loredana, POPESCU Mihaela, MORARIU Marius Vasile, NASTASA Claudiu Constantin, and BLAJAN Adrian Nicolae with mandate of 4 months beginning with 23 June 2021 until 22 October 2021, approving the form of

the mandate contract to be concluded with the provisional Supervisory Board Members.

- **Acceptance of mandates for provisional Supervisory Board Members**

The Company informed the investor public that on 22 June 2021 the provisional Supervisory Board Members appointed by Decision 4 of the Shareholders' Ordinary General Assembly of 22 June 2021, namely: DOGARU-TULICĂ Adina-Loredana, POPESCU Mihaela, MORARIU Marius Vasile, NĂSTASĂ Claudiu Constantin, and BLĂJAN Adrian Nicolae signed before the notary public the mandate acceptance statements on 22 June 2021, and their appointment became effective on 23 June 2021.

- **Appointing the provisional Supervisory Board Chairman and the Membership of consultative committees**

At its meeting of 23 June 2021 the Supervisory Board decided by Decisions 22/2021 and 23/2021 as follows: electing Mr. Marius Vasile MORARIU as provisional Supervisory Board Chairman; approving the following Membership of consultative committees established within the SB:

Nomination and remuneration committee:

- Adrian Nicolae BLĂJAN - chairman
- Adina-Loredana DOGARU-TULICĂ - member
- Claudiu Constantin NĂSTASĂ - member
- Marius Vasile MORARIU – member
- Mihaela POPESCU – member

Audit committee:

- Mihaela POPESCU – chairman
- Adrian Nicolae BLĂJAN - member
- Adina-Loredana DOGARU-TULICĂ – member
- Claudiu Constantin NĂSTASĂ – member
- Marius Vasile MORARIU – member

Energy security committee:

- Marius Vasile MORARIU – chairman
- Adrian Nicolae BLĂJAN – member
- Adina-Loredana DOGARU-TULICĂ - member
- Claudiu Constantin NĂSTASĂ – member
- Mihaela POPESCU – member

- **Changes in the managerial bodies**

At its meeting of 25 June 2021 the Supervisory Board decided as follows:

- recalling the Directorate members as of 25.06.2021, namely: Cătălin NIȚU, Ovidiu ANGHEL, Corneliu-Bogdan MARCU, Andreea-Mihaela MIU, and Marius-Viorel STANCIU, after ascertaining violations of legal and statutory provisions applicable to Directorate

operation, resulting in absent deliberative nature which is essential for Directorate activities and decisions, as regulated by legal and statutory provisions and expected by Company shareholders; the potential negative effects of such conduct being concretely manifest when financial statements were rejected on 31.12.2020, proposed distribution of 31.12.2020 profit was denied as well as the recall of Supervisory Board members by the Shareholders' General Assembly on 22.06.2021;

- beginning with 25.06.2021 the following people were appointed provisional Directorate members: Bogdan TONCESCU, Ionuț-Bogdan GRECIA, Adrian MORARU, Cătălin-Constantin NADOLU and Marius-Viorel STANCIU in accordance with the provisions of article 64² of GEO 109/2011 on the corporate governance of public enterprises, with later amendments and additions;

- the appointment of the following provisional Directorate members: Bogdan TONCESCU, Ionuț Bogdan GRECIA and Adrian MORARU became effective due to mandate acceptance. The appointment of Cătălin-Constantin NADOLU and Marius-Viorel STANCIU will become effective when they sign the mandate acceptance statement before the notary public;

- electing Mr. Bogdan TONCESCU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer, CEO of the Company in accordance with the provisions of article 23 para. (1) of the Articles of association;

- appointing Mr. Victor Florin DUMITRIU as provisional Supervisory Board member in accordance with the provisions of article 153⁷ para. (1) of the Company Law 31/1990, republished with later amendments and additions and of article 18 para. (6) from the Articles of association, with mandate by 22.10.2021, but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.

- **Acceptance of provisional Directorate member mandates**

The Company informed that Mr. Cătălin-Constantin NADOLU and Mr. Marius-Viorel STANCIU accepted in express mode the provisional Directorate member mandates, and their appointment becomes effective on 28 June 2021.

- **Acceptance of the mandate provisional Supervisory Board member**

The company informed the interested public about the fact that Mr. Victor Florin DUMITRIU expressly accepted the mandate of provisional Supervisory Board member, his appointment becoming effective on July 1, 2021.

- **Disputes related to the procedure for registration with ORCTB of the SOGA Decision no. 4 of 22.06.2021 and subsequent decisions**

On July 8, 2021, the Company noted that Mr. Adrian Goicea and Mrs. Luiza Popescu, interveners, former Supervisory Board members, revoked pursuant to SOGA Decision No. 4 of June 22, 2021, filed intervention applications based on GEO no. 116/2009 regarding the application for claims no. 393260 and 393280 of 30.06.2021 requesting the rejection of these applications for claims, the finding of the nullity of some documents from the organization procedure of the SOGA of 22.06.2021, as well as the suspension of the execution of the SOGA Decision no.4 of 22.06.2021

The Company will formulate and support before the Bucharest Tribunal Civil Section VI the necessary defenses regarding the requests of the interveners.

- **Press release on the method of payment of dividends distributed under SOGA Decision no. 3/2021**

On July 14, 2021, the Company issued a press release pursuant to Decision no. 3 of the Shareholders' Ordinary General Assembly of June 22 by which it transmitted the procedure for payment of distributed dividends.

- **Information litigation stage regarding the registration with ORCTB of SOGA Decision no. 4 dated 22.06.2021**

The Company issued an information on July 16, 2021 regarding the status of the litigations on the registration with ORCTB of SOGA Decision no. 4 dated 22.06.2021.

- **Changes in the membership of the Advisory Committees within the Supervisory Board**

The Supervisory Board, in the meeting of July 27, 2021, decided to change the membership of the advisory committees, as follows:

Nomination and Remuneration Committee:

- Adrian Nicolae BLĂJAN - chairman
- Adina-Loredana DOGARU-TULICĂ - member
- Claudiu Constantin NĂSTASĂ - member
- Mihaela POPESCU – member

Audit Committee:

- Victor Florin DUMITRIU – chairman
- Mihaela POPESCU – member
- Adina-Loredana DOGARU-TULICĂ – member
- Marius Vasile MORARIU – member

Energy Security Committee:

- Marius Vasile MORARIU – chairman
- Adrian Nicolae BLĂJAN – member
- Claudiu Constantin NĂSTASĂ – member
- Victor Florin DUMITRIU – member

- **Strategic projects for the development of the Power Transmission Grid**

On August 5, 2021, the Company informed that an open list of strategic projects has been developed, which will allow the flexibility of the Power Transmission Grid. The Company's proposal includes at least 20 projects, some of them already in progress, for which it is necessary to accelerate their implementation. The projects are presented in the press release.

- **Transelectrica starts the execution of the project "400 kV double circuit (d.c.) Gutinaș-Smârdan overhead power line (OHL)", financed from non-reimbursable European funds through POIM 2014 - 2020**

The company issued on August 6, 2021 a press release regarding the achievement of the investment objective OHL 400 kV Gutinaș-Smârdan which started in the week of this press release through the meeting for the start of execution activities. Along with the project team of Transelectrica and the entrepreneur represented by the association Electromontaj SA (association leader) and ELM Electromontaj Cluj SA, representatives of the Ministry of Investments and European Projects, from AM-POIM and the Galati Regional Infrastructure Directorate participated.

The main objective of the 400 kV d.c. OHL project Gutinaș - Smârdan consists in increasing the capacity of the National Power System for taking over the energy produced from renewable resources in the Dobrogea area and transmitting it to consumption centers in the rest of the country, resulting in the significant increase of the security of electricity supply in the region.

- **Reporting a significant transaction with an affiliated party pursuant to art. 108 of Law no. 24/2017 republished**

The company informed shareholders and investors on August 23, 2021 about the approval by the Supervisory Board of a significant transaction with an affiliated party whose value represents more than 5% of the Company's net assets according to the latest individual financial statements published by the issuer (individual financial statements as of June 30, 2021).

The transaction concerns the conclusion of the contract having as object "Strategic services/works in the installations managed by Transelectrica", with a delivery period of 36 months.

- **Moody's reconfirms the Company's Ba1 rating positive outlook**

On August 26, 2021, the Company issued a statement according to which Moody's maintains the rating given in 2020, respectively the positive outlook, as a result of the status of monopoly in electricity transmission in Romania, of the regulatory framework that has seen improvements in over the last few years, as well as due to the solid financial profile characterized by a low level of indebtedness.

- **Decision no. 5 of the Ordinary General Assembly of the Company's Shareholders of August 31, 2021**

On August 31, 2021, the Shareholders' Ordinary General Assembly issued Decision no. 5 by which:

- approved the appointment of Mr. Victor Florin DUMITRIU as a provisional member of the Supervisory Board with a term of office until October 22, 2021, the remuneration and the form of the mandate contract to be concluded.
- established the date of September 22, 2021 as the date of registration of the shareholders on whom the effects of the SOGA Decision will be reflected.

- **Information on contract signing with the SMART S.A. subsidiary**

On September 1, 2021, the Company informed that the contract C266/2021 "Strategic services/works in the installations managed by Transelectrica" was signed with the Company for Maintenance Services of the Power Transmission Grid SMART SA.

- **Addendum on reporting on transactions with affiliates**

On September 10, 2021, the Company informed that the contract C64/2021 was signed, the object of the contract being the execution and completion of the work "Installation of Shunt Reactor in the 400 kV substation Sibiu Sud (execution)", amounting to RON 1,247, 532.97, VAT free. The communiqué is presented in addition to the current reports disseminated through the capital market institutions on August 23 and September 1, 2021, by which Transelectrica informed the interested public about the conclusion of a significant transaction with the subsidiary SMART SA, respectively contract C266/2021, corroborated with the provisions of parA. (13) art. 108 of Law 24/2017, republished form.

- **Transelectrica, one of the first two companies in Romania to send projects for financing from the budget of the Modernization Fund**

On September 15, 2021, the Company informed about the submission of the financing application from the

budget of the Modernization Fund to the European Investment Bank for the new 400 kV OHL Constanța Nord - Medgidia Sud, on the list of 20 strategic projects of national importance. The eligible value of the investment objective is approximately EUR 23 million.

- **Information on the Financing Solutions of the RET Investment Plan of National Power Grid Company Transelectrica SA 2021-2025**

The company informed on September 17, 2021 on the Financing Solutions of the RET Investment Plan of Transelectrica 2021-2025, developed by the Directorate members, which are public and can be seen on the Company's website.

- **The convening of SOGA on October 21, 2021**

On September 17, 2021, the Company, taking into account the request of the Romanian State shareholder represented by the General Secretariat of the Government, convenes SOGA on October 21, 2021 with the following agenda:

- approving the extension by two months from the expiration of the term of office of the provisional Supervisory Board members of the Company, respectively from 22.10.2021 for the following persons: MORARIU Marius Vasile, POPESCU Mihaela, DOGARU-TULICĂ Adina Loredana, NASTASĂ Claudiu Constantin, DUMITRIU Victor Florin, BLĂJAN Adrian Nicolae, and the approval of the form of the addendum to the mandate contracts, by which the term of office of the provisional Supervisory Board members is extended;
- presentation of the half-yearly report of the Company's Supervisory Board on the management activity (January-June 2021);
- rectification of the Company's Revenue and Expense Budget for 2021;
- amendment of the approved Investment Program for the financial year 2021 and of the estimates for the years 2022, 2023;
- information on the Financing Solutions of the RET Investment Plan 2021-2025;
- information regarding the Company's litigations with a value higher than 500,000 euros
- information on the procurement of products, services and works, as well as commitments involving significant obligations of the Company with a value of more than 5,000,000 euros and loans, regardless of duration, as well as guarantees for loans with a value of less than 50,000,000 euro

LATER EVENTS

- **Partnership Agreement for the implementation of the Carpathian Modernized Network (CARMEN) project**

On October 7, 2021, the Chairman of the Board of Transelectrica SA and the General Manager of Gelgaz Grid SA, the electricity and natural gas distribution company part of the German group E.ON, signed in the presence of the project teams the Partnership Agreement for the implementation of the Carpathian project. Modernized Network (CARMEN).

CARMEN is a project developed in partnership with the Hungarian transport operator, MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt and is under evaluation at the European Commission for admission to the 5th List of Projects of Common Interest (CIP) in “Smart Grids” thematic area.

The partnership agreement also marks the change of the status of Transelectrica SA within the project, from partner - supporter to active partner.

Through the CARMEN project, the partners aim to modernize and develop the transmission and distribution networks, as well as to increase their interoperability, both at national and European level, in order to achieve the objectives of common interest.

Thus, it is estimated the modernization of 23 substations, 65 substations, high voltage overhead lines and the implementation of specific IT and communications technologies, the installation in the electric transmission network of modern means of voltage control at the energy system.

The value of the CARMEN project amounts to approximately 150 million EURO and its implementation will take place over a period of 6 years, starting with 2023, and will be proposed for funding under the Connecting Europe Facility (CEF) program.

- **The results of the external parallel running of the flow-based market coupling project**

Through the Press Release published on the Company's website on 11.10.2021, the parties involved in the project for the coupling of the market for the next day based on flows (Core FB MC) announce that starting with August 28, 2021 the external parallel running of reached the next level of maturity.

In line with the legal obligation under Article 20 (8) of the CACM Regulation which requires the TSOs concerned to test the flow-based methodology, together with the existing calculation and capacity allocation regimes currently applied in Core CCR for a period for at least six

months, this so-called parallel external rolling has reached a high level of maturity.

The necessary common systems of the Core and Transport Operators in the Core region used in the external parallel running are in the final stage of industrialization, covering the necessary requirements to allow a fully representative and stable parallel running.

Parts of the project began joint testing in the second half of September 2021 and are expected to launch joint testing of the Single Day-Ahead Market Coupling (SDAC) procedures in early 2022.

The involvement of market participants is also planned for the beginning of 2022.

The Flow-Based Market Coupling Project (Core FB MC) promotes the development and implementation of next-day Core Flow-Based Market Flow Coupling (Core CCR) under the Single Day-Ahead Market Coupling Project (SDAC).

Core CCR covers the borders between the tendering areas of the following EU Member States: Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

- **Moody's gave the Company a Baa3 rating with a stable outlook**

On October 19, 2021, the rating agency Moody's upgraded Transelectrica's rating to Baa3 with a stable outlook.

- **The Core Flow-Based Market Coupling project organizes an introductory webinar on the flow-based market coupling in the Core region**

On November 22, 2021, to prepare market participants for the launch of Core Flow-Based Market Coupling, the project parties will organize an online seminar that will focus primarily on the basics of flow-based capacity calculation and aims to to inform market participants unfamiliar with these issues.

The launch of the Core FB MC project is expected by the end of February 2022. This will mark the transition to a single next-day market coupling in the Core region, based on the flow-based methodology. This allows for regional optimization of capacity allocation for the next day.

The Flow-Based Market Coupling Project (Core FB MC) promotes the development and implementation of next-day Core Flow-Based Market Flow Coupling (Core CCR) under the Single Day-Ahead Market Coupling Project (SDAC). Core CCR covers the borders between the tendering areas of the following EU Member States: Austria, Belgium, Croatia, the Czech Republic, France,

Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

- **Decision no. 6 and 7 of the Shareholders' Ordinary General Assembly of October 21, 2021**

On October 21, 2021, SOGA issued Decision no. 6 approving the extension by two months from October 22, 2021 of the term of office of the provisional Supervisory Board members, respectively, MORARIU Marius Vasile, POPESCU Mihaela, DOGARU-TULICĂ Adina Loredana, NĂSTASĂ Claudiu Constantin, DUMITRIU Victor Florin, BLĂJAN Adrian Nicolae. It also approved the form of the addendum to the mandate contracts, which extended the term of office of the provisional members of the Supervisory Board by two months.

SOGA issued Decision no. 7 of October 21, 2021 approving the rectification of the Revenue and Expense Budget for 2021 simultaneously with the amendment of the Investment Program established for the financial year 2021 and the estimates for 2022 and 2023.

- **Extension of the mandates of the Directorate members and appointment of a provisional Supervisory Board member**

In the meeting of October 21, 2021, the Supervisory Board decided:

- the extension with a duration of two months, starting with 25.10.2021 and until 24.12.2021, but not later than the completion of the selection procedure according to the provisions of GEO 109/2011 on the corporate governance of public enterprises, with later amendments and additions of the mandates of provisional Directorate members of the following persons: Bogdan TONCESCU, Ionuț-Bogdan GRECIA, Adrian MORARU, Cătălin-Constantin NADOLU and Marius-Viorel STANCIU
- the election of Mr. Bogdan TONCESCU as Directorate Chairman
- the appointment as a provisional Supervisory Board member of Mr. Virgil Dumitru ORLANDEA, for a term of office until 21.12.2021, but not later than the date of appointment of a Supervisory Board member by the Shareholders' General Assembly.

- **Closing the loop - integrating the Bulgaria-Romania border into the Single Day-Ahead Market Coupling (SDAC)**

The coupling operations related to the RO-BG border in SDAC were successfully launched on October 27, 2021, with the first delivery day October 28, 2021.

With the inclusion of the Bulgaria-Romania border, a geographical loop has been closed, and the south-eastern European region is now fully integrated into the Single Day-Ahead Market Coupling. This represents another important step in the process of integrating European day-ahead markets.

- **Draft order - on postponing the approval of tariffs for the electricity distribution service, for the electricity transmission service and for the system service applicable in 2022**

Through this project, ANRE considers that the tariffs approved by the Order of the President of the National Energy Regulatory Authority no. 214/2020, with later amendments and by Orders of the President of the National Energy Regulatory Authority no. 215 - 222/2020 should maintain their applicability until 31.03.2022.

The income differences of the network operators resulting in the period 01.01-31.03.2022 will be able to be recovered according to the provisions of the methodologies in force.



Other issues

SHAREHOLDERS STRUCTURE

The structure of Company shareholders on 30.09.2021 was the following

Shareholder name	No. of shares	Shares in total
Romanian State - SGG	43,020,309	58.7%
PAVĂL Holding	4,753,567	6.5%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,285,412	22.2%
Other shareholders – natural persons	5,236,166	7.1%
Total	73,303,142	100%

DIRECTORATE MEMBERSHIP

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

Bogdan TONCESCU	Directorate Chairman
Adrian MORARU	Directorate Member
Ionuț – Bogdan GRECIA	Directorate Member
Cătălin – Constantin NADOLU	Directorate Member
Marius Viorel STANCIU	Directorate Member

TARIFFS

Transmission tariff (transmission service + functional system service)

In view of implementing the new European regulation package, especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, and *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*, in July 2020 upon ANRE's initiative it was proposed to harmonise the methodologies establishing tariffs for electricity transmission tariffs and system service tariffs (only the functional system service component), namely the *Methodology establishing tariffs of electricity transmission services* approved by Order 171/2019 of ANRE president and the *Methodology establishing tariffs of system services* approved by Order 45/2017 of ANRE president (only the functional system service component), with later amendments and additions, with the provisions of the fore-mentioned European regulations.

To this effect beginning with 01 January 2021 ANRE Order 153/2020 *Transmission Methodology* establishes the determining method of regulated revenues and the calculation of regulated tariffs for electricity transmission services, which also include a component for the functional system service. Unification was possible because the principles and rules establishing revenues and tariffs are similar.

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

Index	Tariff	m.u.	Applied tariff	Applied tariff	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	Total (A+B)	lei/MWh	20.46	20.55	+0.44%

Thus the factors that significantly contributed to changing the tariffs shown in the table above, effective as of 01.01.2021 as per ANRE Order 214/09.12.2020 are detailed as follows:

- 1) Linearisation difference in the first year of the regulatory period IV (2020 -2024) amounting to 17,009,824 RON;

The fore-mentioned revenue difference was determined as difference between the cumulated revenues of the two regulated activities, resulting after resuming the linearisation procedure and the sum between the linearised revenue established for 2020 strictly of transmission services and the regulated revenue approved for functional system services.

- 2) Contribution correction to ANRE budget amounting to 19,326,090 RON;
The re-linearisation made taking also 2020 into calculation, expenses of ANRE contribution were reduced to 0.2% of the turnover compared to the first linearisation when they were calculated at 2% quota according to the ANRE Order applicable then.
- 3) The difference between the percentage values of inflation in 2020 and 2021 notified by the National Forecast Commission under the 2019 Autumn forecast vs. 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 (ex-technological system services)

In accordance with the provisions of article 47 from the *Methodology establishing tariffs for 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 after the analysis of expenses and revenues related to system services transmitted by NPG Co. Transelectrica SA according to the provisions of the Guideline to monitor TSO activities

and the results of bids posted on the website www.transelectrica.ro, ANRE ascertained compliance with the conditions for tariff review of system services approved for 1 July 2020 – 30 June 2021. Thus according to article 45 of the fore-mentioned Methodology: *“Tariffs of system services can be reviewed at minimum 3 months in case differences above 5% between the TSO’s justified revenues and costs are found for this service in the studied period.”*

Index	Tariff	m.u.	Applied tariff	Applied tariff	Difference (%)
			1 Jul 2020 - 28 Feb 2021	1 Mar – 31 Dec 2021	
B	System service	lei/MWh	11.96	10.82	-9.53%

Taking into account the above the factors with significant contribution to changing the tariffs in the above table becoming effective on 01.03.2021, as per ANRE Order 9/24.02.2021, are detailed as follows:

- 1) The correction resulted 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 RON. Mention should be made that, upon request of NPG Co. Transelectrica SA, the correction was spread into 2 equal instalments, with a view to avoid the significant negative impact its full application might have.

- The second correction instalment will be included in the 2022 system service tariff. Such correction generated - 6.7% tariff decrease.
- 2) The 3% increase in the quantity of chargeable electricity compared to the forecast used in the calculation of previous tariff determined -2.8% decrease of 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 RON/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.

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 because 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 was 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 1,000 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 hearing term the appeal was denied as groundless; final ruling; 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 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.

Also there are other 4 files between RAAN and Transelectrica, found in different judgment stages.

Under RAAN'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 10.02.2022.

• 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 by the defendant against sentence 2771 of 13 June 2018 of CAB, Section VIII of administrative & fiscal disputes were rejected; 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 12.11.2021, 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, on the hearing term on 19.10.2021 the appeals filed by the Company were rejected). 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).

During January-July 2020, the Court of Audit of Romania performed a control activity at all Territorial Transmission Units of NPG Co. Transelectrica SA, and between 25.05-27.08.2020, the verification activity continued at the company's headquarters. The objective of the CA control activity was "control of the situation, development and administration of the public and private patrimony of the state, as well as the legality of revenues and expenses for 2017-2019" at NPG Co. Transelectrica SA.

The control activity with the objective stated above, started on 25.05.2020 at the Company's Executive headquarters, was suspended by the CA due to the beginning of another control with the objective "control of

the management of public resources during the state of emergency". The control started on 02.06.2020 and was completed on 26.06.2020.

Through the Control Report concluded by the CA auditors on the topic "control of the management of public resources during the state of emergency", report registered within the Company under no. 24225/26.06.2020, no deficiencies were found, as a result no Decision was issued ordering measures.

After completing the control on the administration of public and private assets of the state, as well as the legality of revenues and expenses for 2017-2019, control completed on 06.10.2020, the Control Report was issued with no. 40507/06.10.2020 and on 09.11.2020, the Court of Audit of Romania, through Department IV, issued Decision no. 15 which contained 10 measures, with deadline 31.05.2021, a deadline that was extended by the CA at the request of the Company until 31.12.2021.

The company objected and submitted the Appeal no. 50090/26.11.2020 registered with the Court of Audit under no. 139775/26.11.2020, requesting the annulment of the measures. Following the examination and analysis by the CA auditors of the Appeal filed by the Company, by Conclusion no. 2/10.03.2021, only one of the 10 ordered measures was allowed to be canceled.

Transelectrica SA contested the documents issued by the Court of Audit, forming file 2153/2/2021, pending before the Bucharest Court of Appeal. *The case remained pending on 16.11.2021.*

ANRE

NPG Co. 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 (β) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for 2013 and in semester I 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.

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 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.

The dispute did not impact the relationship with ANRE neither the Company's financial results.

Transelectrica filed an appeal that will be tried on 11.05.2022.

- **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 admitted the appeal; it changed entirely the civil ruling appealed against, meaning it denied the suing as groundless. It compelled 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 din 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 recurrentclaimant 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 NPG Transelectrica SA filed appeal, which is under screening procedure with the ICCJ.

ICCJ settlement of 30.06.2020 was the following: the parties would 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 hearing term the judge panel denied as groundless Transelectrica's appeal against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; final.

The Company paid to the subsidiary OPCOM SA the amount of 2,845,587 (582,086.31 Euro) representing the amount paid by the plaintiff OPCOM SA instead of the defendant (Company) from the total value of the fine of 1,031,000 Euro, applied by the Decision of the European Commission, on 05.03.2014.

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 denied the request as groundless. It denied 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.

TMB settlement in the cancellation request: on the 17.11.2020 term 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.

- **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 nonexecution 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 granted 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.

*The new hearing date was established on **14.09.2021** – to provide the expertise evidence.*

FF WIND ENERGY INTERNAȚIONAL SRL

File **47332/3/2017** was registered on the docket of Bucharest Tribunal, Section VI Civil whereby Company

FF Wind Energy International SRL requested in contradiction with NPG Transelectrica SA cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, and compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the 28.12.2018 hearing term the instance denied the suing as specified as being groundless. It ascertained the defendant had not requested law suit expenses. Appeal right granted within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds were submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891/28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was judged on 18.06.2019, while pronouncement was deferred until 23.07.2019, when the settlement in brief was the following: "It denies the appeal as groundless. Appeal right is granted within 30 days from notification. The appeal will be submitted to the Appeal Court Bucharest, pending nullity. It was pronounced at public hearing. Document: Ruling 1191/23.07.2019".

FF Wind filed appeal, which is under screening with the High Court of Cassation and Justice.

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

On the 13.10.2020 hearing term the settlement was: screen – in principle it admitted the appeal request with the following details: the appeal nullity exception was denied invoked by the recurrent-defendant Transelectrica SA by contestation. It admitted in principle the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

At the hearing term of 14.09.2021, the appeal filed by FF Wind Energy InternaȚional SRL was rejected as groundless. Final.

- **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 (TSS) 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, Bucharest 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 contested the Taxation Decision F-MC 439/30.06.2017 within legal terms, according to GO 92/2003 on the Fiscal 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 was found on the docket of 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 the CAB term on 21.07.2020. On 30.07.2020 the case was replaced 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 nondeductible 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 nondeductible 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 FMC 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 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. It denied the other litis-pended requests as groundless. It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4,000 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 RON mn; 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 was 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 days 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.

The case was deferred on the 22.06.2020 hearing term. Settlement in brief: the report was approved about the funds obtained by liquidating the debtor’s assets and the distribution plan of 03.06.2020 was also approved.

On the 18.01.2021 term the case was deferred. Settlement in brief: Report 1334 on the funds obtained by liquidating the debtor’s assets was approved as well as Plan 1335 to distribute the funds.

A term was established on 31.01.2022 to continue the bankruptcy procedure by capitalising assets and recovering receivables.

- **REȘIȚA 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 the settlement competence in favour of Caras Severin Tribunal, Section I civil by ruling 1578; 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.

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).

- **CET GOVORA**

By the application for summons, plaintiff CET Govora requests defendant Transelectrica to be obliged to pay the total amount of RON 3,368,965.82 mn, composed of the following amounts:

- 3,041,063 lei, ante-overcompensation regularization value for 01.01.2015 - 31.12.2015, according to invoice no. 1010912/06.04.2016,
- RON 20,941, representing the monthly cogeneration bonus for February 2016 related to invoice no. 1010841/25.03.2016,
- RON 306,961.76, representing the monthly cogeneration bonus for March 2016 related to invoice no. 1010924/26.04.2016.

TMB settlement: Dismisses the action as groundless. Appeal within 30 days from the communication. The appeal request is submitted to Bucharest Tribunal - Civil Section VI. Delivered in open court today, July 22, 2020. Document: Decision 1247/22.07.2020. The ruling was not drafted and communicated until this date.



Annexes

ANNEX 1: Stand-alone statement of financial position

[RON mn]	9M 2021	Y 2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,757	3,561	196	5%
Assets of the usage rights for leased assets - buildings	32	38	(6)	(16%)
Intangible assets	6	7	(1)	(9%)
Financial assets	82	82	0	0%
Total non-current assets	3,876	3,687	189	5%
Current assets				
Inventories	41	38	3	7%
Trade and other receivables	1,103	848	255	30%
Other financial assets	0	0	0	n/a
Cash and cash equivalents	399	554	(155)	(28%)
Profit tax recoverable	3	1	2	136%
Total current assets	1,546	1,442	105	7%
Total assets	5,423	5,129	294	6%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	138	138	0	0%
Revaluation reserves	787	842	(54)	(6%)
Other reserves	28	17	11	62%
Retained earnings	1,687	1,616	72	4%
Total shareholders' equity	3,423	3,395	28	1%
Non-current liabilities				
Long term deferred revenues	451	352	99	28%
Long term borrowings	85	102	(16)	(16%)
Other loans and assimilated debts - Long-term leasing of buildings	24	31	(7)	(23%)
Deferred tax liability	115	119	(5)	(4%)
Employee benefits liabilities	73	73	0	0%
Total non-current liabilities	747	676	71	10%
Current liabilities				
Trade and other liabilities	1,114	888	226	25%
Other loans and assimilated liabilities - Leasing of buildings	8	7	0	6%
Other tax and social security liabilities	9	17	(8)	(44%)
Short-term borrowings	25	25	0	1%
Provisions	70	92	(21)	(23%)
Short-term deferred revenues	26	29	(3)	(9%)
Total current liabilities	1,253	1,058	195	18%
Total liabilities	1,999	1,733	266	15%
Total shareholders' equity and liabilities	5,423	5,129	294	6%

ANNEX 2: Stand-alone profit or loss statement

[RON mn]										
Indicator	Y 2020	H1 2021	9M 2021	9M 2020	Budgeted 9M 2021	Achieved 9M 2021 vs 9M 2020	Achieved 9M 2021 vs 9M 2020 (%)	Achieved vs Budgeted 9M 2021	Achieved vs Budgeted 9M 2021 (%)	
0	1	2	3	4	5	6=3-4	7=3/4	8=3-5	9=3/5	
Operating revenues										
Transmission revenues	1035	612	910	759	895	152	20%	15	2%	
System services revenues	795	321	479	586	461	(107)	(18%)	18	4%	
Balancing market revenues	495	469	863	286	960	577	202%	(97)	(10%)	
Other revenues	42	19	29	33	32	(4)	(12%)	(2)	(8%)	
Total operating revenues	2,367	1,422	2,282	1,664	2,348	618	37%	(66)	(3%)	
Operating expenses										
System operating expenses	310	202	325	218	315	108	49%	10	3%	
Balancing market expenses	495	456	851	286	949	565	197%	(98)	(10%)	
Technological system services expenses	566	291	448	422	447	26	6%	1	0%	
Depreciation and Amortisation	268	130	196	202	204	(6)	(3%)	(7)	(4%)	
Personnel expenses	273	113	178	176	179	2	1%	(0)	(0%)	
Repairs and maintenance expenses	98	37	65	66	85	(1)	(1%)	(20)	(23%)	
Materials and consumables	8	3	6	6	10	0	1%	(4)	(40%)	
Other operating expenses	170	66	113	89	130	24	26%	(17)	(13%)	
Total operating expenses	2,188	1,299	2,182	1,465	2,317	717	49%	(135)	(6%)	
Operating profit	180	123	100	199	31	(99)	(50%)	69	n/a	
Finance income	10	3	6	8	5	(2)	(29%)	1	20%	
Finance expenses	15	5	9	10	10	(1)	(15%)	(1)	(12%)	
Net finance result	(5)	(2)	(3)	(2)	(5)	(1)	(41%)	2	42%	
Profit before income tax	175	121	97	197	26	(100)	(51%)	71	n/a	
Income tax	30	17	16	45	8	(29)	(64%)	8	n/a	
Profit	145	104	81	152	18	(72)	(47%)	63	n/a	

ANNEX 3: Stand-alone cash flow statement - unaudited

[RON mn]	9M 2021	9M 2020	Δ	9M 2021 vs 2020 (%)
Cash flows from operational activities				
Profit of the period	80.8	152.4	(72)	(47%)
Income tax expense	16.0	44.6	(29)	(64%)
Amortisement expense	196.1	196.0	0	0%
Expenses with adjustments for trade receivables impairment	14.4	1.0	13	n/a
Revenues from reversal of adjustments for trade receivables impairment	(2.4)	(2.1)	(0)	(16%)
Losses on various receivables and payables	0.0	0.0	0	n/a
Net expenses with adjustments for various debtors impairment	2.2	1.3	1	72%
Net expenditures with adjustments for inventories impairment	1.3	0.2	1	n/a
Net profit/ loss on sale of tangible assets	0.4	0.2	0	95%
Net expenditures on adjustments of value regarding tangible assets	0.3	0.9	(1)	(67%)
Revenues regarding provisions for risks and expenses, net	(21.6)	(12.3)	(9)	(75%)
Interest expense, interest revenue and unrealised exchange rate gains	3.2	2.7	0	18%
Cash flows before changes to working capital	290.8	384.9	(94)	(24%)
Changes in:				
Clients and assimilated accounts - energy and other activities	(285.2)	27.0	(312)	n/a
Clients – balancing	(4.7)	17.6	(22)	n/a
Clients – cogeneration	19.1	6.3	13	n/a
Inventories	(2.8)	(3.7)	1	24%
Trade and other liabilities - energy and other activities	311.4	99.8	212	n/a
Liabilities - balancing	(17.8)	(28.1)	10	37%
Liabilities - cogeneration	(85.7)	(100.7)	15	15%
Debts paid Tax decision NAFA	(2.1)	0.0	(2)	n/a
Other loans and assimilated liabilities – Leasing of buildings	(6.6)	0.0	(7)	n/a
Other taxes and social insurance liabilities	(7.5)	1.0	(9)	n/a
Deferred revenues	13.6	(7.7)	21	n/a
Cash flows from operational activities	222.5	396.3	(174)	(44%)
Interests paid	(3.3)	(5.6)	2	41%
Income tax paid	(22.3)	(32.3)	10	31%
Net cash generated from operational activities	197.0	358.5	(161)	(45%)
Cash flows from the investment activity				
Acquisition of tangible and intangible assets	(358.0)	(213.8)	(144)	(67%)
Participation titles held in SELENE CC Societe Anonyme	0.0	(0.2)	0	100%
Proceeds from EC non-reimbursable financing	93.2	0.0	93	n/a
Received Interests	2.1	5.4	(3)	(62%)
Dividends received	0.02	0.00	0	n/a
Other financial assets	0.0	85.0	(85)	(100%)
Net cash used in investments	(262.8)	(123.6)	(139)	n/a
Cash flows used in financing activities				
Repayments of non-current borrowings	(17.8)	(19.0)	1	6%
Reimbursement of the credit line for cogeneration	0.0	(29.5)	30	100%
Building leasing payments	(7.9)	0.0	(8)	n/a
Dividends paid	(63.6)	(35.4)	(28)	(80%)
Net cash used for financing	(89.2)	(83.9)	(5)	(6%)
Net increase/(diminution) of cash and cash equivalents	(155.1)	151.0	(306)	n/a
Cash and cash equivalents on 1 January	554.0	320.8	233	73%
Cash and cash equivalents at the end of the period	398.9	471.7	(73)	(15%)

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

Indicators	Formula	9M 2021	2020
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.23	1.36
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.2%	3.7%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.1%	3.6%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	80.50	83.51
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.58	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-September 2021

Directorate

- In accordance with SB Decision 13/21.04.2021
 - Supervisory Board members nominated Mr. Ovidiu ANGHEL as provisional Directorate member beginning with 21.04.2021, for 4 months.
- In accordance with SB Decision 25/25.06.2021
 - Supervisory Board members decided, beginning with 25 June 2021 to recall the mandates of the following Directorate members: Catalin NITU, Ovidiu ANGHEL, Andreea-Mihaela MIU, Corneliu-Bogdan MARCU and Marius Viorel STANCIU.
- In accordance with CS Decision 26/25.06.2021
 - the following persons: Bogdan TONCESCU, Ionut-Bogdan GRECIA, Adrian MORARU, Catalin-Constantin NADOLU and Marius Viorel STANCIU were appointed provisional Directorate members for four months beginning with 25 June 2021 with possible extension for two more months for sound reasons; mandate term will not exceed the completion date of the selection procedure for Directorate members in the Company according to the provisions of GEO 109/2011.
 - Mr. Bogdan TONCESCU was elected Directorate Chairman

Supervisory Board

- In accordance with SOGA Decision 4/22.06.2021
 - AGOA decided recalling the mandates of the following Supervisory Board members: Adrian GOICEA, Luiza POPESCU, Jean-Valentin COMANESCU, Oleg BURLACU, Mircea Cristian STAIU, Mihaela POPESCU, and Ciprian Constantin DUMITRU and elected as provisional Supervisory Board members the following persons: Adina-Loredana DOGARU-TULICA, Mihaela POPESCU, Marius Vasile MORARIU, Claudiu Constantin NASTASA, and Adrian Nicolae BLAJAN, with 4 months' mandate beginning with 23 June 2021 until 22 October 2021.
- In accordance with SB Decision 22/23.06.2021
 - Mr. Marius Vasile MORARIU was elected Supervisory Board Chairman.
- In accordance with SB Decision 27/25.06.2021
 - Mr. Victor Florin DUMITRU was appointed provisional Supervisory Board member with mandate by 22 October 2021, but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with SOGA Decision 5/31.08.2021
 - SOGA decided to appoint Mr. Victor Florin DUMITRIU as a provisional member Supervisory Board with a mandate until October 22, 2021.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q3 2021 to procure assets, services and works, which value is above 500,000 Euro/purchase (for assets and works) 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 266/2021	Strategic services/works in the installations managed by NPG Co. Transelectrica SA	36	227,340.89	-	Services	Law 99/2016 + GD 394/2016	Competitive negotiation
2	C 254/2021	Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fântânele	36	43,097.41	-	Works	Law 99/2016 + GD 394/2016	Open bid
3	CR 256/2021	220 kV double circuit OHL Ostrovu Mare - RET - stage II - installation of OPGW protective conductor on the existing 220 kV OHL Porțile de Fier I - Cetate circuit 1 + 2	24	3,687.87	-	Works	Law 99/2016 + GD 394/2016	Open bid
4	C 244/2021	Replacement of hardware components, update and development of specific applications of the balancing market platform - II DAMAS, component - acquisition of migration services and upgrade of specific applications of the balancing market for DAMAS computer platform	36	-	2,202.54	Works	Law 99/2016 + GD 394/2016	Negotiation without prior invitation to tender
5	C 245/2021	Mobile telephone and mobile internet services to ensure the continuity of voice-data communications for the Company	36	1,814.24	-	Services	Law 99/2016 + GD 394/2016	Procedură simplificată
6	CJ 199/2021	Special services of guard and intervention to TTU Cluj objectives	6	1,083.53	-	Services	Law 99/2016 + GD 394/2016	One's procedure
7	BC 318/2021	Mowing and vegetation removal services in order to prevent fires in power substations managed by TTU Bucharest	24	553.93	-	Services	Law 99/2016 + GD 394/2016	Open bid
8	PT 28/7927/2021	Maintenance services for 220-400kV OHL crossing corridors in areas with arboreal vegetation	8	531.10	-	Services	Law 99/2016 + GD 394/2016	Open bid
9	CR 289/2021	Cleaning services at TTU Craiova headquarters and substations (lot 1)	24	4,821.30	-	Services	Law 99/2016 + GD 394/2016	Open bid

Annex 6 – Glossary

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”	Regulated asset base
„BSE”	Bucharest Stock Exchange, operator of the regulated market where the Shares are transacted
„CEE”	European Economic Community
„Company”. „NPG Co.”. „TEL”	National Power Grid Company Transelectrica SA
„OTC”	One’s own Technological Consumption (grid losses)
„SB”	Supervisory Board
„DEN”	National Power Dispatcher
„EBIT”	Operational profit before interest and income tax
„EBITDA”	Operational profit before interest, income tax and amortisement
„EBT”	Operational profit before income tax
„ENTSO-E”	European Network of Transmission and System Operators for Electricity
„GD”	Governmental decision
„IFRS”	International Financial Reporting Standards
„OHL”	Overhead lines
„Leu” or „Lei” or „RON”	Romania’s official currency
„MPF”	Ministry of Public Finance
„OG”	Romania’s Official Gazette
„GO”	Governmental ordinance
„OPCOM”	Operator of Romania’s Electricity Market OPCOM SA
„GEO”	Governmental emergency ordinance
„DAM”	Day-ahead Market
„RET”	Electricity Transmission Grid, electric network of national and strategic interest and nominal line voltage above 110 kV
„SEN”	National Power System
„RS”	Secondary control – frequency restoration reserve
„RTL”	Slow tertiary control – replacement reserve
„SMART”	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
„FSS”	Functional system services
„TSS”	Technological system services
„TEL”	Stock exchange indicator for Transelectrica
„TSR”	Total shareholders’ return
„EU”	European Union
„m.u.”	Measuring unit
„USD” or “US dollars”	American dollar, official currency of the United States of America
„WACC”	Weighted average cost of capital

