

**To: Bucharest Stock Exchange – Department Issuer Operations Regulated Markets  
Financial Supervisory Authority - General Directorate Supervision - Issuers Division**

**Communiqué according to the provisions of Law 24/2017, ASF Regulation 5/2018 and BVB Code**

Date of communiqué: **15 February 2022**

Name of Issuer Company: **NPG Co. TRANSELECTRICA SA, Company Managed by Two-tier System**

Headquarters: Bucharest 1, Blvd. Gheorghe Magheru 33

Working location: Bucharest 3, Str. Olteni 2-4

Phone / fax numbers: 004 021 30 35 611 / 004 021 30 35 610

Single registration code: 13328043

Number in the Trade Register: J40/8060/2000

Share capital subscribed and paid: 733,031,420 RON

LEI code: 254900OLXCOUQC90M036

Regulated market where the issued securities are transacted: Bucharest Stock Exchange

**Important event to report: Summary of preliminary financial results for 2021**

**The report includes:**

- Stand-alone simplified preliminary financial statements non audited on 31 December 2021
- Preliminary report on the activity of NPG Co. Transelectrica SA in January-December 2021

**Segment of profit allowed activities:** In the main area of basic activities (transmission and SEN dispatch) ▲12% revenue growth was registered, mainly determined by higher electricity quantities delivered to consumers, under the conditions of increasing ANRE-approved average tariff of transmission services.

Total operational expenses (amortisement included) also registered ▲22% growth (RON 1,379 mn in 2021 against RON 1,127 mn in 2020). A significant impact came from expenses regarding One's Technological Consumption (OTC), ▲RON 276 mn higher compared to 2020, determined by the increase of OTC in Electricity Transmission Grid (ETG) with ▲16% (+152 GWh), but also the average price of electricity procured on the DAM, which in Q4 was more than 3 times higher compared to the similar period of 2020.

**Segment of zero profit activities:** In the main area of zero profit activities, revenues and costs were twice bigger than those of 2020. In accordance with ANRE regulations, non-null monthly balances (revenue surpluses) resulted from such activities are to be compensated by ex-post tariff (negative correction) applied by ANRE to the tariff in the years following that when such balances were recorded.

Indicators	M. U.	2021	2020	Δ
<b>Financial</b>				
Charged energy volume	[TWh]	56.35	53.85	▲ 5%
<b>PROFIT ALLOWED ACTIVITIES</b>				
Total revenues	[RON mn]	1,345	1,198	▲ 12%
Average transmission tariff (achieved)	[RON/MWh]	20.44	20.06	▲ 2%
Transmission revenues and other activities revenues on the energy market	[RON mn]	1,252	1,152	▲ 9%
EBITDA	[RON mn]	240	340	▼ 29%
Amortisement	[RON mn]	274	268	▲ 2%
EBIT	[RON mn]	(34)	72	n/a
<b>ZERO PROFIT ACTIVITIES</b>				
EBIT	[RON mn]	31	108	▼ 72%
<b>ALL ACTIVITIES (PROFIT ALLOWED &amp; ZERO PROFIT)</b>				
EBIT	[RON mn]	(4)	180	n/a
Net profit	[RON mn]	(6)	145	n/a
<b>Operational</b>				
Net internal consumption	[TWh]	58.3	55.8	▲ 5%
Net internal production	[TWh]	56.1	53.0	▲ 6%
Net import	[TWh]	2.2	2.8	▼ 21%

The preliminary report about Company activities in January-December 2021 and the Stand-alone Preliminary Financial Statements, non audited on 31 December 2021 are available beginning with 15 February 2022 as follows:

- Online on website [www.transelectrica.ro](http://www.transelectrica.ro), section Investor Relations Periodical Reports/Reports, namely <https://www.transelectrica.ro/rapoarte-2021>;
- At Company offices: Str. Olteni 2-4, Bucharest 3

**Gabriel ANDRONACHE**








**Executive Director General  
Directorate Chairman**

**Florin-Cristian TATARU**

**Directorate Member**

# **NPG Co. TRANSELECTRICA**

**PRELIMINARY REPORT  
Q4 & January – December  
2021**

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

**In accordance with the provisions of article 67 from Law 24/ 2017 on the capital market and  
Regulation 5 / 2018 issued by the Financial Supervisory Authority (ASF)**

**For the time period ended on 31 December 2021**

Date of the report:	15 February 2022
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 1,649,320,695 (RON 22.50/share as of 30.12.2021)
Accounting standard applied:	International financial reporting standards
Audit:	The preliminary financial statements elaborated as of 31.12.2021 have not been audited. The amounts corresponding to December 31, 2020 are audited by the external financial auditor.

*This Report uses a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version.*

## **RESPONSIBLE PERSONS' STATEMENT**

To the best of our knowledge, the non-audited stand-alone preliminary financial statements as of and for the 12 months' period ended on 31 December 2021 have been elaborated in accordance with the Order of the Minister of Public Finance no. 2844/2016 with later amendments and additions, for the approval of Accounting Regulations in accordance with International Reporting Standards and they provide an accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Co. Transelectrica S.A. .

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

**Bucharest, 15 February 2022**

**Gabriel  
ANDRONACHE**

**Directorate  
Chairman**

**Ștefăniță  
MUNTEANU**

**Directorate  
Member**

**Cătălin-Constantin  
NADOLU**

**Directorate  
Member**

**Marius-Viorel  
STANCIU**

**Directorate  
Member**

**Florin-Cristian  
TĂTARU**

**Directorate  
Member**



## Key figures 2021 vs 2020

### KEY FIGURES

#### FINANCIAL HIGHLIGHTS

RON 3,746	mn	▲	58%	Revenues
			y/y	
RON 271	mn	▼	-40%	EBITDA
			y/y	
RON -6	mn	▼	-151	Net profit
			y/y	
TWh 56.35		▲	5%	Charged energy volume**
			y/y	

#### OPERATIONAL

2.47%	*	▲	0.28	pp	OTC
			y/y		
44.14	TWh	▲	3%		Transmitted energy***
			y/y		

#### INVESTMENTS

RON 466	mn	▲	24%	Acquisition of tangible and intangible assets
			y/y	
RON 256.22	mn	▲	45%	Fixed assets recorded in the accounts (commissioning)
			y/y	

CPT/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 mill. Lei 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.**



## Financial data

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

Stand-alone profit or loss statement				
[RON mn]	2021	2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	56.35	53.85	2.50	5%
<b>PROFIT-ALLOWED ACTIVITIES</b>				
<b>Operating revenues</b>	<b>1,345</b>	<b>1,198</b>	<b>147</b>	<b>12%</b>
Transmission and other revenues on the electricity market	1,252	1,035	217	21%
Functional system services	0,0	117	(117)	(100%)
Unplanned energy exchanges	45	4	41	n/a
Other revenues	48	42	6	13%
<b>Operating expenses</b>	<b>1,105</b>	<b>859</b>	<b>246</b>	<b>29%</b>
System operating expenses	624	310	314	101%
Repairs and maintenance expenses	97	98	(1)	(1%)
Personnel expenses	248	273	(25)	(9%)
Other expenses	136	178	(42)	(24%)
<b>EBITDA</b>	<b>240</b>	<b>340</b>	<b>(100)</b>	<b>(29%)</b>
Depreciation	274	268	7	2%
<b>EBIT</b>	<b>(34)</b>	<b>72</b>	<b>(106)</b>	<b>(148%)</b>
<b>ZERO PROFIT ACTIVITIES</b>				
<b>Operating revenues</b>	<b>2,401</b>	<b>1,169</b>	<b>1,232</b>	<b>105%</b>
Technological system services revenues	623	674	(51)	(8%)
Balancing market revenues	1,778	495	1,283	259%
<b>Operating expenses</b>	<b>2,370</b>	<b>1,061</b>	<b>1,309</b>	<b>123%</b>
Technological system services expenses	610	566	44	8%
Balancing market expenses	1,761	495	1,266	256%
<b>EBIT</b>	<b>31</b>	<b>108</b>	<b>(77)</b>	<b>(72%)</b>
<b>ALL ACTIVITIES (PROFIT-ALLOWED AND ZERO PROFIT)</b>				
Operating revenues	3,746	2,367	1,379	58%
Operating expenses	3,475	1,920	1,555	81%
<b>EBITDA</b>	<b>271</b>	<b>448</b>	<b>(177)</b>	<b>(40%)</b>
Depreciation	274	268	7	2%
<b>EBIT</b>	<b>(4)</b>	<b>180</b>	<b>(183)</b>	<b>n/a</b>
Net financial result	(5)	(5)	(0,1)	(2%)
<b>EBT</b>	<b>(9)</b>	<b>175</b>	<b>(184)</b>	<b>n/a</b>
Income tax	(3)	30	(33)	n/a
<b>Net profit</b>	<b>(6)</b>	<b>145</b>	<b>(151)</b>	<b>n/a</b>

<b>Stand-alone statement of financial position</b>				
[RON mn]	<b>2021</b>	<b>2020</b>	<b>Δ</b>	<b>Δ (%)</b>
	<b>1</b>	<b>2</b>	<b>3=1-2</b>	<b>4=1/2</b>
<b>Non-current assets</b>				
Tangible assets	3,786	3,561	226	6%
Assets representing rights of use under a lease - buildings	30	38	(8)	(21%)
Intangible assets	7	7	0	2%
Financial assets	82	82	0	0%
<b>Total</b>	<b>3,905</b>	<b>3,687</b>	<b>218</b>	<b>6%</b>
<b>Current assets</b>				
Inventories	40	38	2	4%
Trade and other receivables	2,988	848	2,140	252%
Profit tax recoverable	21	1	20	n/a
Cash and cash equivalents	252	554	(302)	(54%)
<b>Total</b>	<b>3,301</b>	<b>1,442</b>	<b>1,860</b>	<b>129%</b>
<b>Total assets</b>	<b>7,206</b>	<b>5,129</b>	<b>2,077</b>	<b>41%</b>
<b>Shareholders' Equity</b>	<b>3,340</b>	<b>3,395</b>	<b>(55)</b>	<b>(2%)</b>
<b>Non-current liabilities</b>				
Long-term borrowings	79	102	(22)	(22%)
Other loans and assimilated debts – Non-current building lease liabilities	21	31	(9)	(30%)
Other non-current liabilities	628	544	85	16%
<b>Total</b>	<b>729</b>	<b>676</b>	<b>53</b>	<b>8%</b>
<b>Current liabilities</b>				
Short-term borrowings	25	25	0	1%
Other loans and assimilated debts – Current building lease liabilities	8	7	0	5%
Other current liabilities	3,104	1,025	2,079	203%
<b>Total</b>	<b>3,137</b>	<b>1,058</b>	<b>2,079</b>	<b>197%</b>
<b>Total liabilities</b>	<b>3,866</b>	<b>1,733</b>	<b>2,133</b>	<b>123%</b>
<b>Total shareholder's equity and liabilities</b>	<b>7,206</b>	<b>5,129</b>	<b>2,077</b>	<b>41%</b>

<b>Stand-alone statement of cash flows</b>				
[RON mn]	<b>2021</b>	<b>2020</b>	<b>Δ</b>	<b>Δ (%)</b>
Cash flows before changes to working capital	238	494	(257)	(52%)
Cash flows from operating activities	194	671	(477)	(71%)
Net cash from operating activities	167	617	(451)	(73%)
Net cash used in investing activities	(370)	(284)	(87)	(31%)
Net cash used in financing activities	(98)	(100)	2	2%
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(302)</b>	<b>233</b>	<b>(535)</b>	<b>n/a</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>554</b>	<b>321</b>	<b>233</b>	<b>73%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>252</b>	<b>554</b>	<b>(302)</b>	<b>(54%)</b>



## OPERATIONAL RESULTS

### Charged volume of electricity

Between January - December 2021, the total quantity of electricity charged for services provided on the electricity market (56.35 TWh) increased by 5% compared to the same period of 2020 (the difference between the two periods being + 2.5 TWh).

### Operational revenues

Total operational revenues achieved between January - December 2021 increased by 58% compared to the same period of the previous year (RON 3,746 mn in 2021 compared to RON 2,367 mn in 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 12% revenue growth (RON 1,345 mn in 2021 compared to RON 1.198 mn in 2020), mainly determined by the 21% increase in transmission revenues and other revenues on the energy market (RON 1,252 mn in 2021 compared to RON 1,035 mn in 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-December 2021 **revenues from the allocation of interconnection capacity** registered a decrease of 10% compared to the same period last year, in the amount of RON 6 mn, corresponding to the utilisation degree of available interconnection capacity by traders on the electricity market.

The evolution of revenues from the allocation of interconnection capacity is due to the increasing interest of the participants to buy interconnection capacity, the electricity being transacted more internally. The

electricity unit price has also increased across the European Union.

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 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 launch of the Interim Coupling project took place on June 17, 2021, which represents the coupling of the day-ahead markets in the 4MMC countries with those in Poland, Austria and Germany.

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.

**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.

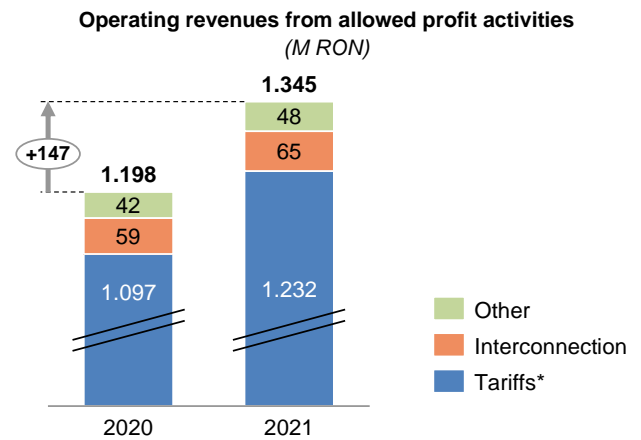
Following the new regulations on the balancing market, as well as the increase in the volume of transactions on the Intraday Market, revenues from OTC transactions were higher by RON 22.6 mn in 2021 compared to 2020 (from RON 9.2 mn in 2020 to 31.9 mn 2021).

In the context of the increase of prices on the entire energy market, on all time horizons, there was a doubling of revenues on the Intraday Market compared to revenues recorded in the same period last year and an increase of about 3.7 times of the balancing market revenues.

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 and unplanned exchanges** 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 from zero-profit activities** registered a significant increase of 105% (+ RON 1232 mn), from RON 1.169 mn on December 31, 2020 compared to RON 2.401 mn on December 31, 2021, mainly determined by the increase of RON 1,283 mn in balancing market revenues.

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 - single imbalance price and certain Orders of the President of the National Regulatory Authority in the Energy domain were modified, 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.

➤ market operation

- the manner of contracting on the markets before the balancing one, at local and regional level;
- the development of the average price recorded on the balancing market;
- the development of hydraulicity;
- the development of electricity generation and consumption;
- the trend of the CO2 certificates' development.

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-December 2021, **revenues from technological system services** decreased by 8% compared to January-December 2020 (RON 623 mn on December 31, 2021 compared to RON 674 mn on December 31, 2020), determined by diminished ANRE-approved tariff for such services when electricity quantities delivered to consumers grew 5%.

During the analyzed period, revenues from technological system services were higher by the amount of RON 13 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

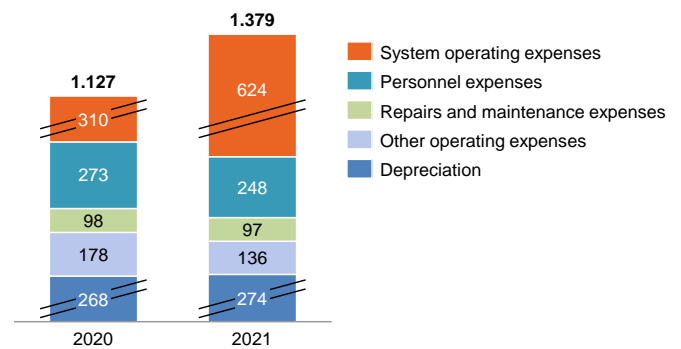
resulting from such activities is calculated for the tariff scheduling period.

### Operational expenses

Total operational expenses (amortisement included) made in January - December 2021 increased by 71% compared to the same period last year (RON 2,188 mn in 2020 compared to RON 3,750 mn in 2021).

In the **profit allowed activities** segment expenses (amortisement included) registered 22% increase (RON 1,379 mn in 2021 compared to RON 1,127 mn in 2020).

Operating expenses from allowed profit activities  
(M RON)



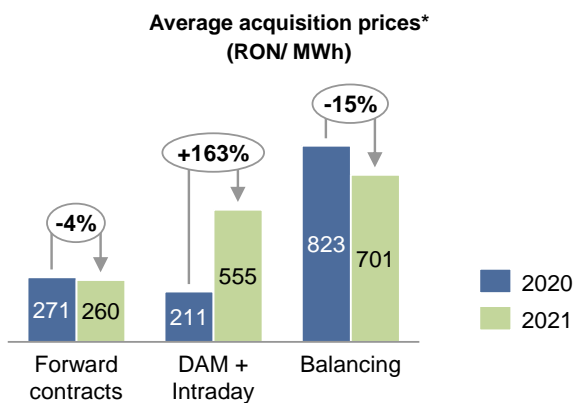
**OTC:** In 2021, expenses for one's own technological consumption were 110% higher (RON 276 mn) compared to 2020, due to the following aspects:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Grid (ETG) 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 152 GWh (16%) compared to the similar period of 2020, being strongly influenced by the covid-19 pandemic. Compared to 2019, the OTC is approximately 11% higher;
- the average price of energy purchased from the DAM, which in Q4 2021 was more than 3 times higher than the similar period of 2020, 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 160% higher (+ RON 47.5 mn) than in the similar period of the previous year.



\*the average price was calculated at net value (purchases - sales)

During 2021 the trend of the Day-Ahead Market was of continuous growth, registering much higher values than in 2020 (for example for Q4 the average net prices on DAM and Intraday are RON 1,111/MWh compared to RON 255/MWh in 2020).

Currently, the upward trend in the market price on DAM is being kept, the average price of energy purchased on DAM being almost four times higher in 2021 compared to 2020, significantly exceeding the values recorded in the last 7 years on this market.

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 day-ahead markets of the 4M MC (Czech Republic, Slovakia, Hungary and Romania) coupled with the regional market of Austria, Germany and Poland.

In this situation, the short-term centralised markets organized by the Electricity Stock Exchanges have recorded unprecedented historical prices, and for 2022 no significant price decreases are expected.

The market coupling based on NTC (net transmission capacity) is an important step towards achieving SDAC (single day-ahead market coupling).

The next step is to introduce the flow-based capacity calculation method into the Core FB MC project, which is the target model for day-ahead market engagement.

According to the latest updates, on November 19, 2021, the parties involved in the Core Flow-Based Market Coupling project reported the delay of Core FB MC due to external dependencies that delay the timely start of the first phase of joint integration tests and to technical problems in the first weeks of testing.

The new launch date depended on further progress in test planning and compliance with external parties (e.g. SDAC).

Core project parties want to share their progress.

The first phase of Full Integration Testing (FIT) was successfully completed on January 13, 2022.

FIT testing, focused on the functionality of all the systems involved and between them in the FB MC process, proved that the solution is capable of performing the FB MC process.

The next phase of Simulation Integration Testing (SIT) started on January 17, 2022 and is expected to run until the end of February 2022.

SIT testing focuses on testing common operational procedures to prove that the solution is able to facilitate the day-to-day operational process.

Following tests conducted in January and compliance with external parties (SDAC), the project parties are now in a position to confirm that the new release date will be April 20, 2022 (trading day for delivery on April 21, 2022).

**Expenses for electricity expenses in ETG substations** increased by 51% between January - December 2021 compared to 2020 (RON 24.5 mn in 2021 compared to RON 16.2 mn in 2020) due to the increase in electricity acquisition prices in 2021 but also to the applicable legislative amendments starting with July 1, 2021, respectively 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:** Related expenses also increased by 73% (RON 52.6 mn in 2021 compared to RON 30.5 mn in 2020), mainly determined by higher balancing market expenses on DAM regarding unplanned electricity exchanges with NPS (National Power System) -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 (ETG) to transit electricity in-between the TSOs of the 35 countries that adhered to this ENTSO-E mechanism.

Between January-December 2021, these expenses were 56% higher than in the same period of the previous year, the difference resulting from regularised expense estimations.

The **zero-profit activities** segment registered 123% growth of costs (RON 2,370 mn on December 31, 2021 compared to RON 1,061 mn on December 31, 2020), mainly determined by higher balancing market expenses.

The Company procures **technological system services** from producers in order to maintain safe operation of NPS 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 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 2021 increased by 8% compared to 2020 (RON 610 mn in 2021 compared to RON 566 mn in 2020).

TSS procurement costs for 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;
- in 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.

Technological system services expenses in Q4 2021 were 11.8% higher compared to Q4 2020.

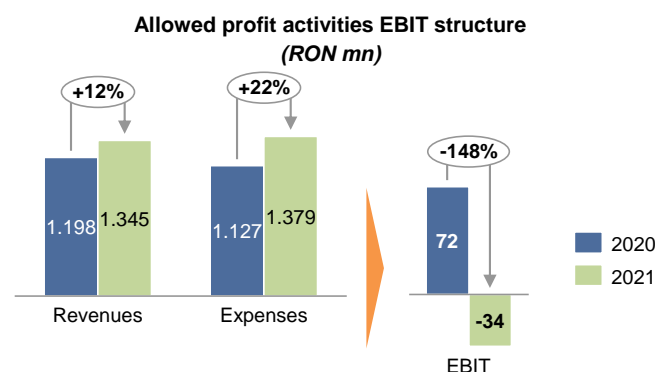
For January-September 2022, a high concentration of the technological system services market for technological system services of secondary reserve is foreseen and for October-December 2022 it is estimated a high concentration of the technological system services market for the upward Automatic Frequency Restoration Reserve (upward aFRR - similar to the upward secondary reserve) and downward Automatic Frequency Restoration Reserve (downward FRR - similar to the downward Secondary Reserve).

For 2022 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 2021, were higher by RON 1,266 mn compared to those made in 2020. Such expenses result from the notifications/achievements of participants on this market.

### Operational result

**Profit allowed activities** registered negative result in 2021, decreasing by 148% 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 obvious Europe-wide, not only in 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 next period no significant price decreases are expected

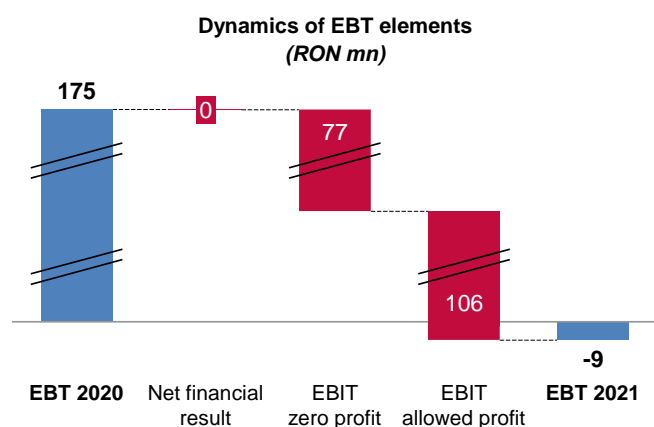
**EBIT** generated by **zero-profit activities** registered positive RON 31 mn result, decreasing RON 77 mn against that recorded in the same interval of last year.

The temporary profit is to be reversed in the coming years (process of recovering the tariffs monitored by ANRE). Temporary gains/losses are fully offset ex-post by adjusting rates to ensure the Company's financial neutrality in accordance with applicable regulations.

### Gross result (EBT)

Gross result registered a decrease in the analysed period, from RON 175 mn in 2020 to – RON 9 mn in 2021.

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

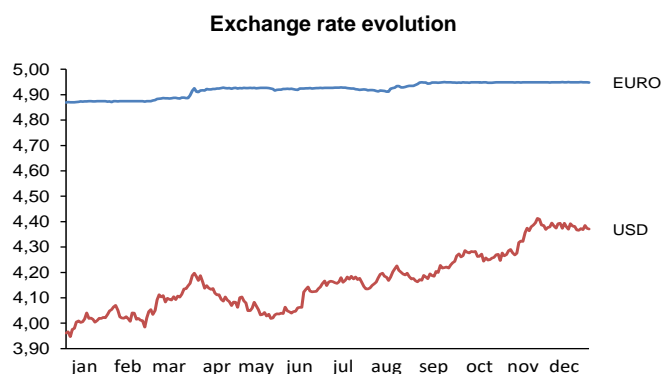


### Financial result

The net financial result registered in 2021 is negative, amounting to RON 5 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 2021 is provided in the following graph:



### Net result

It registered decrease during the studied period and reached to RON -6 mn in 2021 compared to RON 145 mn recorded in 2020.

### FINANCIAL POSITION

#### Non-current assets

They registered 6% increase in 2021 compared to 2020, against a background of higher tangible assets underway, mainly determined by investments made into high voltage substations and lines.

#### Assets of the usage rights for leased assets- buildings

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

Beginning with 01.10.2020 the new lease contract intrat (C232/2020 concluded with Dagesh Rom SRL) became effective, which is valid for 5 years.

On 31 December 2021, the accounting value of the usage rights for Company-leased spaces in the Platinum Office Building amounted to RON 30 mn.

#### Financial assets

On 31 December 2021 they did not register changes compared to 31 December 2020, remaining at RON 82 mn.

#### Current assets

December 2021 RON (3,301 mn) compared to the value recorded on 31 December 2020 (RON 1,442 mn), growth mainly owed to higher trade receivables.

**Trade receivables** registered increase amounting to RON 2,193 mn on 31 December 2021 from RON 849 mn on 31 December 2020, mainly because of greater volume of transactions on the balancing market and those resulting from market coupling in the 4th quarter of 2021 compared to the 4th quarter of 2020 generating the increase of trade receivables on balance on 31

December 2021 compared to 31 December 2020.

The main clients on balance on the electricity market are represented by: OPCOM, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, RAAN, Energy Complex Oltenia SA, Enel Energie SA, E.ON Energie Romania SA, and Joint Allocation Office SA.

The share of the fore-mentioned clients is about 74% in the total trade receivables.

On 31 December 2021 the Company registered receivables to cash under the bonus-type support scheme to promote high efficiency cogeneration about 9% (on 31 December 2020: 23%) from the total trade receivables.

The Company carries out activities under the bonus-type support scheme to promote high efficiency cogeneration in its capacity of support scheme administrator in accordance with the provisions of HGR 1215/2009, its "main attributions being to collect monthly the cogeneration contribution and to pay bonuses each month".

Clients under the bonus-type support scheme to promote high efficiency cogeneration registered greater receivables on 31 December 2021, mainly determined by higher invoiced values for monthly collected contribution.

On 31 December 2021 the Company registered collectable receivables in sum of RON 208 mn, represented by invoices issued under the bonus-type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to RON 76.70 mn, namely from RAAN – RON 63.46 mn and CET Govora SA – RON 13.23 mn;

- 2014 undue bonus in sum of RON 3.91 mn, namely from RAAN – RON 1.98 mn and CET Govora – RON 1.93 mn;

- 2015 undue bonus in sum of RON 0.56 mn, namely from CET Govora – RON 0.53 mn, Interagro – RON 0.03 mn;

- 2020 undue bonus in sum of RON 0.52 mn from Donau Chem;

- cogeneration contribution not collected from the suppliers of electricity consumers, amounting to RON 21.2 mn, 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.

Until the date of this report the Company fully cashed the receivables associated to the overcompensation for

activities under the support scheme of 2020 (RON 16.47 mn) from Electrocentrale Bucharest, and RON 11.73 mn for undue bonus in sum of RON 12.25 mn established by ANRE Decisions in 2021, from the following generators: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouilaj SA, Polytechnic University of Bucharest, Prefab, Soceram SA and Termoficare Oradea.

To extinguish receivables generated by over-compensation and undue bonus the Company requested the producers qualified under the support scheme to make mutual compensations. In case of generators (RAAN, CET Govora) that did not agree with such manner of extinguishing mutual receivables and liabilities the Company has applied and further applies the provisions of article 17 para 5 from 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 related amounts under the support scheme.

**Other receivables** on 31 December 2021 amounted to RON 177 mn and mainly included:

- sundry debtors (RON 88 mn), of which:
  - delay penalties calculated for defaulting clients amounted to RON 80 mn (of which RON 35 mn represent penalties under 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 8.9 mn), Total Electric Oltenia (RON 3.3 mn), and OPCOM (RON 2 mn).

Impairment allowances were registered for penalties calculated for late payment of receivables from operational activities.

- compensations owed by suppliers for their non-delivery of electricity (Arelco Power RON 0.98 mn) and Enol Group (RON 2.54 mn). Impairment allowances were registered for the compensations owed by suppliers from operational activities;

- receivables recoverable from OPCOM representing VAT related to the contribution in kind to the subsidiary's share capital amounting to RON 4.52 mn.

- deferred expenses amounting to RON 6.8 mn are mainly represented by: expenses to procure OTC (RON 4.7 mn), rent and office building maintenance

(RON 0.7 mn), RCA & CASCO policies and others;

- other non-current receivables in sum of RON 4.3 mn, of which RON 4.2 mn represent guarantees for temporary land occupation, calculated and withheld according to article 39 para (1), para (2) & para (5) of Law 46/2008 on the Forestry Code, in order to achieve the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);
- other social receivables in sum of RON 2.9 mn representing medical leaves the employer paid to employees, which will be recovered from the National Health Insurance House, according to applicable legislation.

**Down payments to suppliers** paid on 31 December 2021 are represented by debtor suppliers for services amounting to RON 701 mn and mainly represent sums from transactions related to the price-coupling mechanism (*ICP – Interim Coupling Project, SIDC - Single Intraday Coupling and SDAC - Single Day-ahead Coupling*) (RON 632.7 mn for ICP & SDAC and RON 67 mn for SIDC).

**VAT to recover**- the amount not recovered until the date of this report is of RON 122.1 mn.

The policy of Transelectrica consists in registering impairment allowances for value losses in quantum of 100% for clients under dispute, insolvency and bankruptcy and 100% of trade receivables and other receivables not collected for more than 180 days, except for outstanding receivables generated by the support scheme. The Company also makes individual analysis of uncollected trade receivables and other receivables.

The greatest impairment allowances on 31 December 2021, calculated for trade receivables and associated penalties were registered for CET Govora (RON 24.9 mn), Eco Energy SRL (RON 24.7 mn), Petprod SRL (RON 23.5 mn), Arelco Power (RON 14.8 mn), Total Electric Oltenia SA (RON 14.2 mn), Romenergy Industry (RON 13.5 mn), GETICA 95 (RON 12.5 mn), Elsaco Energy (RON 9.3 mn), RAAN (RON 8.5 mn), and Opcom (RON 6.3 mn).

## Liabilities

**Non-current liabilities** amounting to RON 729 mn on 31 December 2021 registered 8% growth compared to the value recorded on 31 December 2020.

At the same time **current liabilities** also registered significant growth from RON 1,058 mn on 31 December 2020 to RON 3,137 mn on 31 December 2021, mainly against the background of higher trade and other liabilities.

A significant impact came from the higher value of **suppliers on the energy market** in sum of RON 1,892 mn in 2021 compared to RON 468 mn in 2020.

Such development was mainly influenced by:

- greater *balance of liabilities related to operational activities*, which was mainly determined by paying in quarter 1 of 2022 the payment liabilities on balance on 31 December 2021, mainly resulting from the electricity markets coupling.

Suppliers on the electricity market are represented mainly by: Hidroelectrica SA, MAVIR, OPCOM, IBEX, Energy Complex Oltenia SA, Electrocentrale Bucharest SA, OMV Petrom SA, CIGA Energy SA, BEPCO SRL, and Electrica Furnizare SA. On 31 December 2021 their share was about 89% in the total number of electricity suppliers.

- *higher liabilities related to the balancing market* were determined by greater volume of transactions registered on the balancing market in December 2021, compared to December 2020.

- *higher liabilities related to the support scheme to suppliers (generators)* was determined by higher monthly bonus for high efficiency cogeneration in the 4th quarter of 2021, compared to the 4th quarter of 2020.

On 31 December 2021 payment obligations were registered to suppliers (generators) in sum of RON 35.5 mn (RAAN – RON 32.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, ex-ante overcompensation in 2014 and 2015, bonus unpaid in 2015.

The amounts representing Company liabilities related to the support scheme to RAAN and CET Govora were withheld from payment based on article 17 para 5 from Order 116/2013 of ANRE president, since the suppliers (generators) register payment obligations to the Company under the bonus-type support scheme.

A significant influence came from the **“other liabilities”** category, recording growth from RON 305.5 mn in 2020 to RON 963.7 mn in 2021. The structure of such liabilities is the following:

- *sundry creditors* amounting to RON 145.7 mn are represented mainly by the net position of the support scheme for high efficiency cogeneration, a liability position amounting to RON 138.7 mn;

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

- *The contribution collected from the suppliers of electricity consumers, the overcompensation of electricity and heat generation under high efficiency*



cogeneration, the undue bonus to collect from generators as per ANRE decisions, on the one hand, and

- The cogeneration bonus, the ex-ante overcompensation and unpaid bonus payable to electricity producers under high efficiency cogeneration, beneficiaries of the support scheme, on the other hand;

Sundry creditors also include the solution study contracts for ETG connection amounting to RON 3.8 mn, studies for synchronous interconnection of power systems from Ukraine and the Republic of Moldova with the European continental system amounting to RON 0.9 mn, royalty in quarter 4 of 2021 amounting to RON 1.2 mn and others.

- *client creditors* on 31 December 2021 amounted to RON 752 mn of which RON 751.6 mn represent amounts cashed in advance from OPCOM (RON 545.9 mn), MAVIR (RON 202.5 mn) and IBEX (RON 3.3 mn) under transactions related to price-coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling) and SDAC (Single Day-ahead Coupling).
- *liability for assets related to usage rights of leased assets - buildings*, according to the provisions of IFRS 16 – Leasing Contracts, amounted to RON 29.2 mn (RON 21.4 mn non-current liability; RON 7.8 mn current liability).
- *other liabilities* amounting to RON 36.5 mn are mainly represented by payment bonds of contracts on the electricity market concluded by NPG Transelectrica SA in sum of RON 21.9 mn, non-requestable VAT of RON 14.4 mn during the reported period,
- *dividends owed to Company shareholders* on 31 December 2021 and unpaid amounted to RON 0.3 mn, being at the shareholders' disposal by means of the payment agent.

**Provisions** registered decrease in 2021 compared to 2020 from RON 92 mn on 31 December 2020 to RON 57 mn on 31 December 2021, diminish mainly determined by:

- Reduced provisions constituted for disputes, which on 31 December 2021 amounted to RON 38 mn compared to RON 50 mn registered at the end of 2020
- Provisions for mandate contracts which on 31 December 2021 provided balance of RON 19 mn, which mainly represent the remuneration of executive and non-executive administrators, remuneration consisting of variable component related to OAVT packages allocated

and not capitalised during mandates executed in 2013-2017.

### Interest-bearing liabilities

On 31 December 2021 the amount of non-current loans diminished compared to 31 December 2020, mainly because of repayments made according to existent loan agreements.

### Shareholders' equity

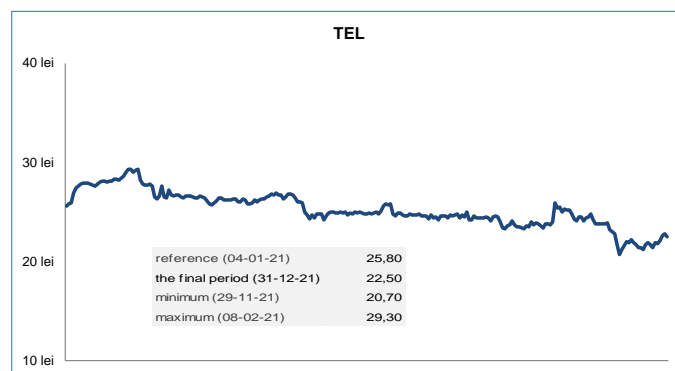
Such capitals registered decrease, mainly determined by recording the distribution of dividends to shareholders in 2021 amounting to RON 63.77 mn. Thus shareholders' equities at the end of the year amounted to RON 3,340 mn, compared to RON 3,395.5 mn in 2020.

### DEVELOPMENT OF SHARES

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

2021 began with 25.60 RON/share transaction price. At the end of this period stock exchange capitalisation was of RON 1,649 mn, with the share at 22.50 RON/share. The minimum transaction price of 20.70 RON/share was recorded on 29.11.2021, while the maximum of 29.30 RON / share was reached on 08.02.2021.

The Company had the capacity to get adapted to the economic context generated by the Covid-19 pandemic during 2021, its repercussions being noticed in the 13% drop of the share price at the end of the period compared to the reference value from the beginning of the year and implicitly the market value by RON 242 mn.



Throughout 2021 the transaction of TEL shares on Romania's capital market recorded 17,671 transactions, with average number of 70 transactions / day and 3,498,316 shares transacted, in total value of 88,625 thousand RON.

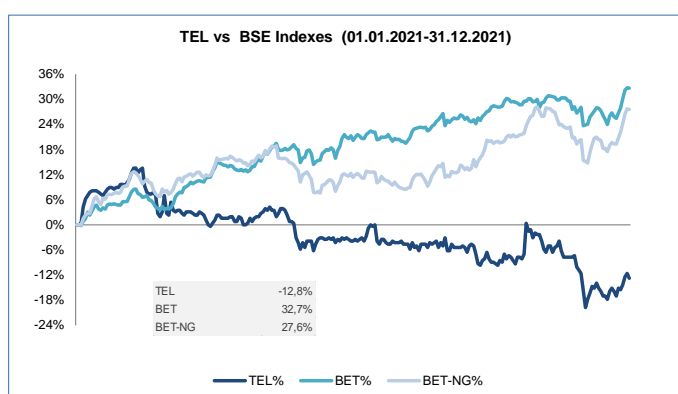
Transelectrica shares belong in the structure of the following stock exchange indexes: BET-NG, BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, and BET-XT-TRN.

Among those, the most representative for the Company are:

- BET index (Bucharest Exchange Trading - reference index of the capital market showing the development of the most liquid 19 companies listed on BVB's regulated market)
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index mirroring the development of energy companies and of the associated utilities listed on BVB's regulated market)
- Interest rate fluctuation; the Company attempts to minimise such risk both by negotiating the best interest rates and by contracting credits with fixed interest rate;
- Exchange rate variation; at present Transelectrica has got a single hard currency credit (Euro);
- The provisions of financing agreements: finance contracts comprise clauses regarding compliance with certain financial indicators, control changes over the Company, and pari passu clauses;

In accordance with the latest adjustment date registered on 10.12.2021 TEL shares have 1.21% share in BET index and 4.16% in BET-NG index.

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



## MAIN RISKS AND UNCERTAINTIES

Risk is an objective concept, which means it is measurable and can be minimised using preventive measures. Risk exposure occurs when a share provides a possible gain or loss, which cannot be anticipated for certain.

Incertitude refers to a situation when there are several alternatives leading to a specific result, but the result probability is not certain. This is owed to insufficient information or knowledge about current state of affairs. Consequently, it is difficult to define or predict future results or events.

Obviously knowing the threats enables their classification depending on the likelihood of their occurrence, on the size of impacts over objectives and on the costs implied by the measures meant to reduce the occurrence chances or to limit unwanted effects.

In entire Transelectrica risks are periodically systematically analysed pertaining to one's activities, elaborating the Risk Register of identified risks and the corresponding Measure Plan towards limiting the possible consequences of such risks, according to legal provisions.

Among the elements that can impact the Company's liquidity are:

Breaching these clauses can entail, based on preliminary notification and a reasonable amount of time, anticipated credit payment; some credits include penalty clauses for anticipated repayment.

To date the Company did not receive notification of anticipated reimbursement for the failure to comply with assumed obligations.

- Credit risk: the Company incurs financial loss because of a contractual partner's incapacity or refusal to comply with his contractual obligations; such risk mainly results from trade receivables, cash and cash equivalents. As measure to limit consequences the Company aims at concluding contracts with partners with sound solvability and a rating of "investment grade",
  - Risk of not cashing securities under investment projects: the main cause of this risk results from bank or insurance companies providing security services without the financial capacity to pay the liabilities assumed under the securing instruments issued,
  - The fiscal level, including the introduction of new charges and taxes;
- Other risks that might impact the Company's financial performance can be:
- Risk of credit rating deterioration when indicators and the macro-political environment worsen and/or the Company's financial performance gets worse. This risk reflects a complex of factors with potential effect over the financing costs on the credit market, which can significantly impact the Company taking into account the substantial capital amount necessary to be drawn to finance the investment plan of the following years. On the other hand the Company rating depends strongly on Romania's sovereign rating.
  - Investment risk as result of financial difficulties caused both by historical liabilities, the competitive environment and by their management;
  - Covid 19 impact: when the percentage of nation-wide sick people increased in the 4th quarter of 2021 the

alert state was declared. To this effect all hygienical-sanitary measures were applied Company-wide in order to prevent and fight the pandemic effects over personnel and tele-work activities were resumed.

Strategic risks:

- Loss of NPS (National Power System) stability
- Malfunctions of systems and platforms used in operative management
- Accomplishing the Annual Investment Plan below the planned quantitative or qualitative levels
- Incompliance with EU regulations
- Not providing security of classified information
- Incomplete achievement of the ETG Maintenance Plan
- Impacting the personnel's security and health
- Difficulties in recruiting, professional training and motivating the personnel
- Exceeding the terms of work or providing poor quality work;

The Company does not only treat the consequences of events that might occur but applies reactive management, implementing measures meant to mitigate risk occurrence.

At the same time periodical reviews of risks, as provided by standards, lead to resource re-allocation in accordance with changed classifications and, implicitly, changed priorities.

Transelectrica pays proper importance to analysing the risk environment and timely detection of possible risks that might occur in the future, which should be approached in due time.

Throughout 2021 the Company does not find it impossible to comply with its financial obligations.

Therefore there are no risks or uncertainties for the following months of 2022 financial year, others than those provided previously, which might impact the Company's liquidity.

The Company has never been in a default situation with respect to financial obligations, but on the contrary it enjoys good liquidity.

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

In conclusion treasury activities did not receive the impact generated by the epidemiologic context caused by SARS-CoV-2 spreading.

Beginning with 19 October 2021 the Company improved its rating (Corporate Family Rating), being assessed by Moody's Investors Service at sovereign rating level, namely Baa3, stable outlook.

By means of such upgrade Transelectrica passes from speculative to investment-grade area (moderate investment risk), taking into account the Company's strategic importance, the uninterrupted improvement of the regulatory framework and the benefit of governmental support in case of financial difficulties.

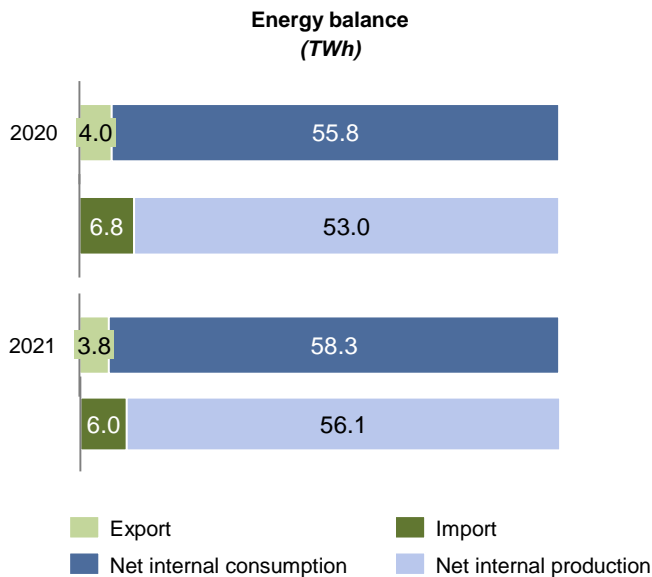


## Operational data

### ENERGY BALANCE WITHIN NPS

Examining the development of the energy balance components in January – December 2021 compared to the same period of last year the net internal consumption<sup>1</sup> grew 5%, and the net electricity output - 6%.

Physical exporting cross-border exchanges registered 5% decrease in 2021 compared to 2020, and importing cross-border exchanges dropped 12%.



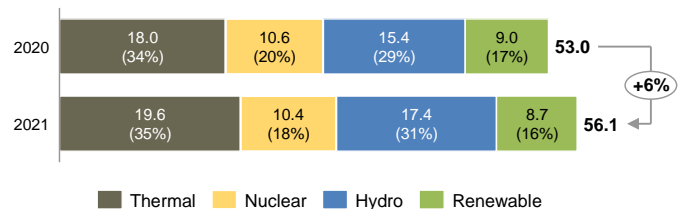
### GENERATION MIX

As far as the generation mix is concerned in January – December 2021 compared to the same period of 2020, the nuclear component decreased 2% and the renewable component- 3%. Hydro sources registered 13% growth, and thermal sources 9%.

Examining the shares of net output mix components in January – December 2021 one can notice the greatest share, 35%, is represented by thermal component followed by the hydro component at 31%, while the electricity generated from renewable and nuclear sources provides shares of about 16% namely 19%.

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

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

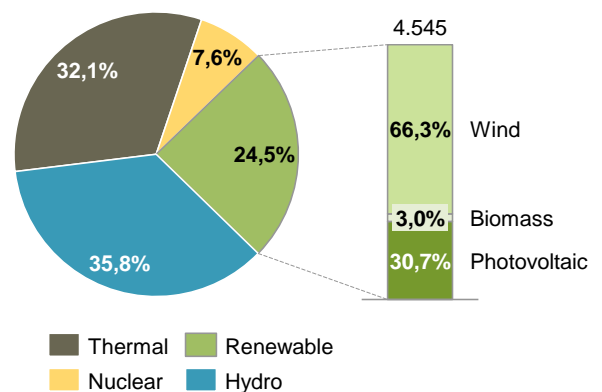


### NATIONAL GENERATION FLEET

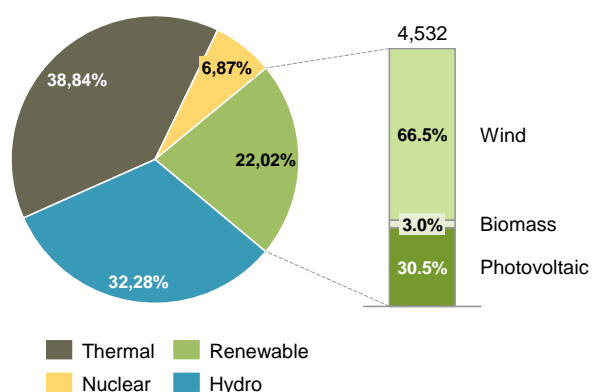
The installed capacity of thermal power plants dropped about 25%, from 7,993 MW installed on 31 December 2020 to 5,966 MW installed on 31 December 2021. The installed capacity of renewable sources grew 0.3% during the studied interval.

The installed capacity of January – December 2021 versus January - December 2020 is provided in the following graphs:

**Installed capacity 2021 (18,569 MW, gross)**



**Installed capacity 2020 (20,582 MW, gross)**



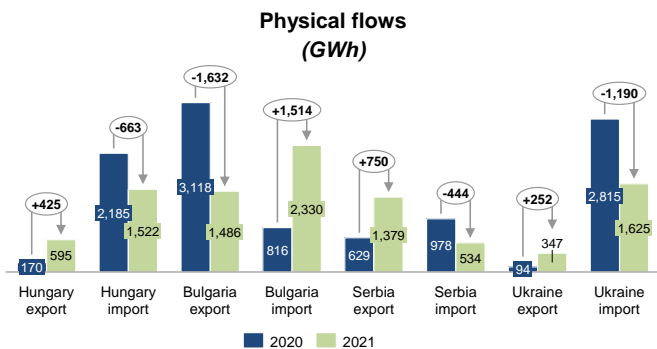
## CROSS-BORDER FLOWS

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

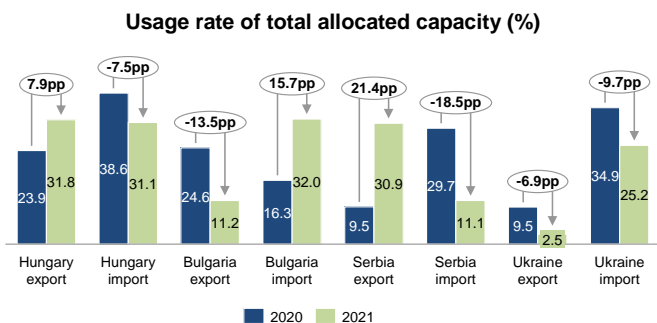
- Export decreased on the Bulgarian border and increased on the Serbian, Hungarian and Ukrainian borders, while import grew on the Bulgarian border and increased on the interconnection lines situated in deficit electricity output zones (on the Hungarian and Ukrainian frontiers) but also on the interconnection line located within the excess electricity output zone, namely the Serbian border.

In concrete terms, compared to January - December 2020 physical export flows dropped with Bulgaria (- 52% -1,632 GWh) and increased with Serbia (+750 GWh) with Hungary (+425GWh) and with Ukraine (+252 GWh), while at the same time physical import flows increased on the interconnection lines with Bulgaria (+1,514 GWh) and dropped on those to Serbia (-45% -444 GWh), Ukraine (-42% -1,190GWh) and Hungary (-30% -663 GWh).

Physical flows, both import and export on each border are provided below:



In January - December 2021 the utilisation of the capacity totally allocated on interconnection lines for export grew significantly in comparison with the same period of 2020 on the Serbian destination.



The usage rate of total capacity rights on one border and one direction represents the ratio, expressed in percentage points, between the electricity associated to achieved (notified) commercial exchanges during one

month and the electricity corresponding to the total capacity rights.

In 2021 the electricity consumption of the entire NPS registered constant increases, of minimum 0.34% in December and maximum 21.65% in April; except for September and November 2021, when consumption reductions were registered of 0.7% in September, namely 1.8% in November.

Consumption increase was mainly influenced by the gradual resumption of industrial activities, by the temperature values registered in January – April 2021 compared to the same period of 2020, by a significantly colder weather, but also by the temperature values higher in the 2021 summer; also consumption drop was recorded during pandemic waves in correlation with the labour provided from home. 2021 ended with 5% consumption increase, while output grew 6%.

In comparison with quarter 4 of 2020 in general the utilisation grew of the capacity allocated for import, namely 13% growth of import commercial exchanges and 8% increase of export commercial exchanges, with 57% drop of transited electricity, against the background of low hydraulic capacity in October and November compared to last year and a higher domestic electricity consumption compared to the same period of 2020. In case of export, the higher utilisation of allocated capacity in comparison with the same period last year was determined by great decrease of the capacity allocated for export.

Transelectrica in its capacity of Transmission System Operator invests in expanding interconnection capacities, in the context of complying with European requirements as follows:

- Beginning with 1 February 2021 Romania's electricity market passed from the one hour settlement interval to 15 minutes settlement interval in order to comply with the requirements of European regulations (European Regulation 2195/2017, European Regulation 943/2019) and with the requirements of the national regulatory framework.

Implementing such settlement interval on the electricity market enables transactions much closer to the delivery interval.

Starting with the delivery date February 11, 2021, the 15-minute cross-border product was launched in continuous intraday trading on the Romania-Hungary border under SIDC (Single Coupling of Intraday Markets), which led to increased opportunities for market participants to adjust trade positions on the intraday market closer to physical delivery, and reducing their costs with imbalances in case of deviations from schedule.

- On June 17, 2021, for the delivery day June 18, 2021, the 4M MC borders (coupling of day-ahead markets in the Czech Republic, Slovakia, Hungary and Romania) were coupled with the multiregional coupling (MRC) by introducing the implicit allocation of net capacity (NTC) on six new borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT).

As of October 28, 2021, the border between the Bulgaria and Romania bidding zones has also been integrated into SDAC, marking an important step in completing the European target model and extending the single European day-ahead market coupling, provided by European Regulation 1222/2015 (Guidelines on capacity allocation and congestion management/CACM).

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

The efficient use of the energy system and cross-border infrastructure, generated by closer coordination between energy market stakeholders, maximises social welfare for the benefit of all market participants.

- In accordance with Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline for electricity system balancing, art. 22 - European Platform for the imbalance netting process, all performing the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, also implement the European Platform for the imbalance netting process.

The IGCC platform operates with secondary control (upward and downward) or aFRR (automatic Frequency Restoration Reserve) and has as main objective the reduction of opposite actions of member operators' regulators, thus resulting in an optimized use of the "secondary control band" system reserve, overall; in fact, the process represents a way to optimize the secondary load-frequency control.

Thus, on December 1, 2021, the RFP-TEL load-frequency control block belonging to Transelectrica S.A. was connected to the TransnetBW servers, thus integrating the local IGCC module of Transelectrica S.A. into the INPF (Imbalance Netting Process Function) located in Wendlingen (main server) and Esslingen (back-up server), Germany.

The IGCC platform currently comprises 27 transmission system operators, of which 22 enjoy operational membership status - ADMIE Greece, APG Austria, NPG Co. Transelectrica S.A. Romania, Elia Belgium, Swissgrid Switzerland, CEPS Czech Republic, 50Hz Germany, Amprion Germany, TenneT DE Germany, TransnetBW Germany, Energinet Denmark, RTE

France, HOPS Croatia, MAVIR Hungary, Terna Italy, CREOS Luxembourg, TenneT NL Netherlands, PSE Poland, REN Portugal, ELES Slovenia, REE Spain, SEPS Slovakia, 2 of them are non-operational members ESO - EAD Bulgaria, EMS Serbia, respectively 3 observer members - NOS BiH Bosnia and Herzegovina, CGES Montenegro and MEPSO North Macedonia.

Through this joining, the Romanian Transmission System Operator – NPG Co. Transelectrica S.A., complies with the legal obligations established by the European Regulation (EU) 2017/2195 of the *Commission of 2 August 2017 establishing a guideline on the operation of the electricity transmission system* (art. 22).

### **ONE'S OWN TECHNOLOGICAL CONSUMPTION**

Compared to 2020, in 2021 OTC within ETG grew by about 16%, and in percentage terms OTC increased from 2.19% to 2.47%.

The factors of significant influence over OTC between January - December 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 ETG 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 ETG 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 ETD (electricity distribution grid). 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 ETG 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 ETD, when the electricity received from producers directly connected to ETG 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 ETG 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 ETG, 1.4% (6.45 GWh) import reduction and 0.29% (0.97 GWh) lower electricity amount received from ETD. 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 ETG 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 ETG connected producers and about 26.1% (68.5 GWh) higher electricity received from ETD, 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 ETG 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 ETG connected producers and about 83.3% (212.9 GWh) higher received from ETD, 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 ETG 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 ETG and 39.3% (134.1 GWh) higher electricity from ETD, 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 ETG 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 ETG 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 ETG 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 ETD. 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 ETG decreased from 2.05% in 2020 to 1.92% in 2021. The electricity input into ETG 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 ETG and 27% (approx. 52 GWh) of the one received from ETD. The weather conditions were slightly more

unfavorable in terms of rainfall compared to the previous year, causing slightly higher corona losses.

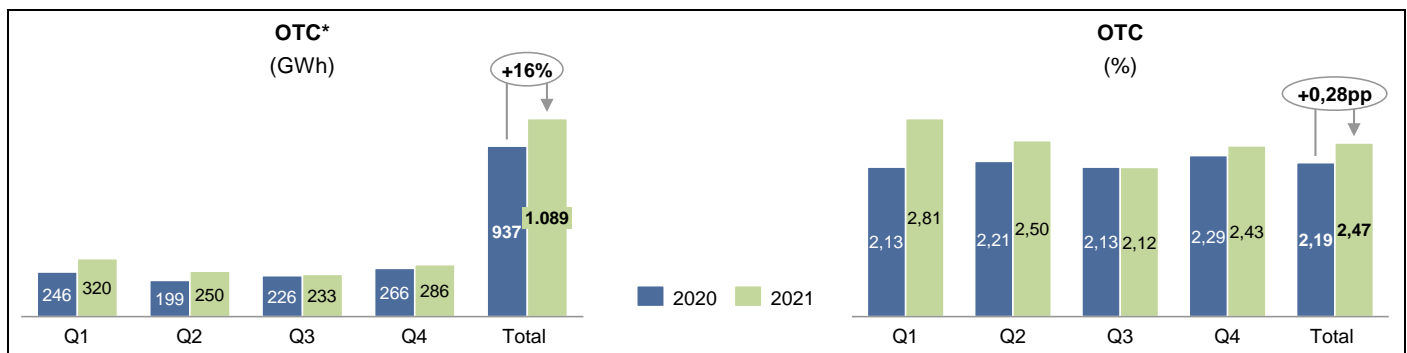
**In September 2021**, the OTC increased compared to September 2020 by about 6%, mainly due to the unfavorable distribution of physical flows on the interconnection lines and an unfavorable distribution of production in the territory, which led to an increase in electricity transmitted far from sources. The percentage of losses related to the energy input into ETG 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 ETG by 4.2% (approx. 123 GWh) and energy received from ETD 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.

**In October 2021**, OTC decreased by 11% compared to October 2020, mainly due to favorable weather conditions, lower rainfall, determining lower corona losses. The percentage of losses related to the energy input into ETG decreased from 2.45% in 2020 to 2.13% in 2021. The energy input into the outline increased by 2.5% in October 2021 (93,854 GWh) compared to the similar period in 2020, due to the 5.9% (163,930 GWh) increase in energy received from producers connected to ETG, amid a 2.9% (20,915 GWh) decrease in imports and a 20.37% ( 49,160 GWh) decrease of the one from ETD.

**In November 2021**, OTC increased by 10.5% compared to November 2020, mainly due to the unfavorable distribution of physical flows on the interconnection lines, the unfavorable distribution of production, which led to an increase in electricity transmitted far from sources, but also due to unfavorable weather conditions determining higher corona losses. The percentage of losses related to the energy input into ETG increased from 2.09% in 2020 to 2.30% in 2021. The energy input into the outline increased by 0.35% (13,468 GWh) in November 2021 compared to the similar period in 2020, due to the increase of energy from imports by 17.43% (112.017 GWh) and of the one from ETD by 10.6% (112.017 GWh), amid the reduction of the energy received from producers directly connected to ETG by 3.84% (115,764 GWh).

**In December 2021**, OTC increased by 22.7% compared to December 2020, mainly due to the unfavorable distribution of physical flows on the interconnection lines, which led to an increase in electricity transmitted far from sources, but also due to the increase of transmitted energy, namely following unfavorable weather conditions that determined higher corona losses. The percentage of losses related to the energy input into ETG increased from 2.33% in 2020 to 2.82% in 2021. The energy input into the outline increased by 1.28% (52.028 GWh) in December 2021 compared to the similar period of 2020, amid the increase in energy from imports by 13.71% (78.289 GWh) and that from ETD by 10.62% (27.625 GWh), given the reduction in energy received from producers directly connected to ETG by 1.66% ( 53,886 GWh).

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



**In conclusion overall in quarter I of 2021**, OTC within ETG 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 ETG 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 ETG 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 ETG 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.

**The overall quarter IV of 2021**, OTC within ETG increased by approx. 7.4% compared to the same period in 2020, due to a 1% increase in transmitted energy, a more unfavorable distribution of physical flows on interconnection lines, especially in the last two months, and unfavorable weather conditions in November and December, leading to higher corona losses. Compared to the energy input into the outline, the losses increased from 2.29% to 2.43%.



## Investments

### NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets in 2021 compared to 2020 was determined by the increase in the value of tangible assets in progress.

The value of fixed assets registered in accounting books in 2021 is RON 256.2 mn (RON 176.5 mn in the same period of 2020) increasing by RON 80 mn.

The balance of tangible assets in progress on December 31, 2021, in the amount of RON 855.9 mn, is represented by the ongoing projects, the most significant being listed below:

- The 400 kV double circuit OHL Cernavodă-Stâlpu and connection in Gura Ialomiței – RON 273.25 mn;
- Converting the Porțile de Fier - Reșița - Timișoara – Săcălaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Porțile de Fier - (Anina) – Reșița – RON 92.68 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobruđa in the 400 kV substation Medgidia Sud – RON 56.71 mn;
- Refurbishing 220/110 kV Hășdat substation – RON 53.02 mn;
- Connecting to ETG the 300 MW Ivești WPP, the 88 MW WPP Fălcu 1 and 18 MW WPP Fălcu 2 by the new (400)/220/110 kV substation Banca – RON 46.88 mn;
- Upgrading 400 (220)/110/20 kV Munteni substation – RON 31.66 mn;
- Upgrading 220/110/20 kV Răureni substation – RON 25.49 mn;
- Upgrading 220/110 kV Dumbrava substation – RON 18.63 mn ;
- Upgrading 220/110/20 kV Arefu substation – RON 16.21 mn;
- Refurbishing 220/110 kV Iaz substation – RON 16.12 mn;
- 110 kV, 220 kV and 400 kV mobile bays – RON 14.30 mn;
- Refurbishing 110 kV Medgidia Sud substation – RON 13.74 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 13.55 mn;
- Refurbishing 400/110/20 kV Smârdan substation – RON 13 mn;
- Extension of 400 kV Gura Ialomiței substation with two bays: 400 kV OHL Cernavoda 2 and 3 – RON 12.81 mn;
- Extending the 400 kV substation Cernavodă, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 12.17 mn;
- Upgrading the 110 kV & 400 (220 kV) installations of Substation Focșani Vest – RON 11.93 mn;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - Stage I - 400/220/110 kV Reșița substation – RON 9.29 mn;
- Refurbishing the 110 kV substation Timișoara and converting the Porțile de Fier - Anina - Reșița - Timișoara -Săcălaz - Arad axis to 400 kV, stage II: the 400 kV substation Timișoara – RON 8.90 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 7.07 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldavia – RON 6.88 mn;
- Upgrading the 220/110/20 kV substation Vetis primary equipment – RON 6.54 mn;
- Refurbishing 220/110/20 kV Baru Mare substation – RON 6.48 mn;
- 400 kV OHL Gădălin - Suceava, including EN interconnection – RON 6.04 mn;
- HVDC Link 400 kV (submarine cable Romania - Turkey) – RON 5.85 mn;
- Integrated security system in electric substations, stage IV – RON 4.82 mn;
- Consolidation of servers and data storage network (private cloud) – RON 4.67 mn;
- Upgrading power supply at UNO-DEN headquarters – RON 4.54 mn;
- The 400 kV OHL Suceava - Bălți for the project section on Romanian territory – RON 4.44 mn;
- 400 kV OHL d.c. Gutinaș – Smârdan – RON 4.25 mn;
- Upgrade with a view to remove galloping on the 400 kV OHL of Bărăgan – Fetești area. Reducing galloping effects on the 400 kV OHL București Sud - Gura Ialomiței and the 400 kV OHL Cernavodă - Gura Ialomiței (circuit 2) – RON 3.75 mn;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Reșița - Timișoara – Săcălaz – RON 3.37 mn;

- Adding new functions to the access control and IT account in the facilities of NPG Co. Transelectrica S.A. – RON 3.20 mn;
- Relocation of high voltage networks 220 kV OHL d.c. Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170 – RON 3.17 mn;
- Connecting to ETG the 136 MW WPP Platonesti, Ialomița County, by building a 110 kV bay in the 400/110 kV subst. Gura Ialomiței – RON 2.89 mn;
- Integrated security system in electric substations, stage III – RON 2.80 mn;
- Acquisition and installation of 21 monitoring systems for the transformer units in NPG Co. Transelectrica S.A. substations – RON 2.77 mn;
- Connecting to ETG the 99 MW WPP Dumesti and the 30 MW WPP Românești, Iași County by building a 110 kV line bay in the 220/110 kV substation FAI – RON 2.55 RON;
- 400 kV Stâlpu substation – RON 2.26 mn;
- 110 kV OHL diversion Cetate 1 and 2 near 110/20/6 kV Ostrovul Mare substation – RON 2.58 mn;
- Refurbishing 220/110 kV Filești substation – RON 1.84 mn;
- Establishing fiber optic communication between Pitești Sud substation and the remote control and facilities supervision center of TTU Pitești (FS) – RON 1.71 mn;
- Executive branch - DCBPA/CPA: Consolidation, modernisation and extension of NPG Co. Transelectrica S.A. headquarters – RON 1.63 mn;
- 220 kV OHL double circuit Ostrovu Mare - ETG (D.CA no. 17/2007) – RON 1.58 mn;
- Pilot Project - Refurbishing 220/110/20 kV Alba Iulia substation as a digital substation – RON 1.55 mn;
- Integrated security system at the new (400) 220/110 kV Banca substation – RON 1.13 mn.
- Refurbishing 220/110 kV Iaz substation – RON 22.82 mn;
- Upgrading 400 (220)/110/20 kV Munteni substation – RON 21.03 mn;
- Refurbishing 220/110 kV Craiova Nord substation – RON 20.33 mn;
- Refurbishing 400/110/20 kV Smârdan substation – RON 14.74 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobruja in the 400 kV Medgidia Sud substation - Stage I - Extending 400 kV Medgidia Sud substation – RON 14.67 mn;
- Extension of 400 kV Gura Ialomiței substation with two bays: 400 kV OHL Cernavodă 2 and 3 – RON 12.67 mn;
- Refurbishing 220/110 kV Hășdat substation – RON 11.978 mn;
- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV Porțile de Fier substation – RON 11.05 mn;
- Installing T3 - 250 MVA transformer in 400/110 kV Sibiu Sud substation – RON 10.98 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldavia – RON 10.82 mn;
- Refurbishing 110 kV Medgidia Sud substation – RON 10.24 mn;
- Upgrading 220/110/20 kV Râureni substation – RON 10.23 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 – București Sud and OHL 400 kV Slatina – București Sud – RON 9.88 mn;
- 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations – RON 9.20 mn;
- Upgrading 220/110 kV Dumbrava – RON 7.35 mn;
- Refurbishing 220/110/20 kV Baru Mare substation – RON 6.24 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 6.02 mn;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 5.39 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 4.85 mn;
- Consolidation of servers and data storage network (private cloud) – RON 4.67 mn;
- Upgrading power supply at UNO-DEN headquarters – RON 4.48 mn;

## PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in 2021 amounted to RON 466.1 mn, a higher amount compared to the same period of 2020 when procurements were of RON 375.5 mn.

In 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:

- 400 kV OHL d.c. Cernavodă-Stâlpu and connection in Gura Ialomiței – RON 161.9 mn;
- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 Kv - Stage I - the 400 kV simple circuit OHL Porțile de Fier - (Anina) – Reșița – RON 31.02 mn;
- Refurbishing 400/110/20 kV Domnești substation – RON 23.16 mn;

- Refurbishing 110 kV Timișoara substation and converting the axis Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz – Arad to 400 kV, stage II: 400 kV Timișoara substation – RON 4.03 mn;
  - Upgrade with a view to remove galloping on the 400 kV OHL of Bărăgan – Fetești area. Reducing galloping effects on the 400 kV OHL București Sud - Gura Ialomiței and the 400 kV OHL Cernavodă - Gura Ialomiței (circuit 2) – RON 3.75 mn;
  - Upgrading the 110 kV & 400 (220 kV) installations of Focșani Vest substation – RON 3.75 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 3.46 mn;
  - Upgrading 220/110/20kV Vetiș substation – primary equipment – RON 3.19 mn;
  - Relocation of high voltage networks 220 kV OHL d.c. Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170, – RON 3.17 mn;
  - N-E ring SDH communication equipment – RON 3.03 mn;
  - Acquisition and installation of 21 monitoring systems for the transformer units in NPG Co. Transelectrica S.A. substations – RON 2.77 mn;
  - Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - Stage I - 400/220/110 kV Reșița substation – RON 2.66 mn;
  - Optimizing the operation of 400kV OHL Isaccea - Tulcea Vest, 400 kV OHL Gura Ialomiței - Lacu Sărat, by installing monitoring systems – RON 2.39 mn;
  - Replacing 16MVA transformer in Pitești Sud substation – RON 2.21 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-Drăgănești Olt – RON 1.66 mn;
  - Pilot Project – Refurbishing the 220/110/20 kV Alba Iulia substation as a digital substation – RON 1.55 mn;
  - A3 MFPs – RON 1.51 mn;
  - Refurbishing 220/110 kV Filești substation – RON 1.27 mn;
  - Installing shunt reactor in the 400 kV Sibiu Sud substation – RON 1.25 mn;
  - 400 kV Stâlpu substation – RON 1.15 mn;
  - Portable three-phase standard meters with accessories, portable three-phase load sources and portable thermal printers – RON 1.02 mn;
  - Extending the 400 kV substation Cernavodă, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 1.02 mn;
  - Replacing circuit breakers in electric substations – RON 1 mn.
- In 2021, the greatest transfers from tangible assets in progress to tangible assets, amounting to RON 254.28 mn, are represented mainly by the commissioning of investment objectives as follows:
- Refurbishing 400/110/20 kV Domnești substation – RON 63.52 mn;
  - Refurbishing 220/110 kV Craiova Nord substation – RON 20.16 mn;
  - Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldavia – RON 17.80 mn;
  - Refurbishing 220/110 kV Iaz substation – RON 16.57 mn;
  - Installing T3 - 250 MVA transformer in 400/110 kV Sibiu Sud substation – RON 14.94 mn;
  - Extending the business continuity and post-disaster recovery services – RON 14 mn;
  - Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV Porțile de Fier substation – RON 13.74 mn;
  - Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 12.24 mn;
  - 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations - RON 12.01 mn;
  - Refurbishing 220/110/20 kV Ungheni substation – RON 9.92 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 – București Sud and OHL 400 kV Slatina – București Sud – RON 9.88 mn;
  - Refurbishing 400/110/20 kV Smârdan substation – RON 9.83 mn;
  - Free up the location and achieving the coexistence terms with the 400 kV facilities of NPG Co. Transelectrica S.A. in communes Letea Veche and Săucești, Bacău County (execution) – RON 5.70 mn;
  - Replacing circuit breakers in electric substations – RON 4.32 mn;
  - 400 kV OHL s.c. Oradea Sud - Nădab - Bekescsaba, final stage: the section between towers 1-42 (48) of 400 kV OHL Oradea Sud - Nădab – RON 3.82 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 3.46 mn;
  - Moving and protecting HV electric grids (220 kV – 400 kV) – Brașov - Cluj - Borș Motorway, section 1C – Sighisoara - Târgu Mureș, sub-sections 2 & 3 Târgu Mureș – Ungheni - Ogra – RON 3.05 mn;
  - N-E ring SDH communication equipment – RON 2.73 mn;

- Replacing 16MVA transformer in Pitești Sud substation – RON 2.39 mn;
- 400 Kv OHL Oradea – Beckescsaba – RON 1.83 mn;
- Optimizing the operation of 400kV OHL Isaccea - Tulcea Vest, 400 kV OHL Gura Ialomiței - Lacu Sărat, by installing monitoring systems – RON 1.74 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-Drăgănești Olt – RON 1.66 mn;

## INVESTMENT ACTIVITY ON 31.12.2021

Investment expenses as of 31 December 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)	
			12M 2021	12M 2020
	<b>Grand total (A+B)</b>	<b>557,854</b>	<b>499,378</b>	<b>360,738</b>
<b>A</b>	<b>Company's own expenses</b>	<b>531,546</b>	<b>479,510</b>	<b>345,840</b>
<b>B</b>	<b>Investments financed from the connection fee</b>	<b>26,307</b>	<b>19,869</b>	<b>14,897</b>

\* 2021 AIP revision A10

On 31 December 2021 the investment plan was achieved 89.5%. In comparison with the achievements of 12M 2020, investment expenses made in 2021 increased by 38.4%.

## 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 Gutinaș - Smârdan – RON 247.8 mn;
- Refurbishing the 400/110 kV Pelicanu substation – RON 96.4 mn;
- Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fântânele – RON 43.0 mn.



## Significant events

### JANUARY - DECEMBER 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 dysfunctionalities 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
<b>Tariff for system service:</b>	<b>11.96</b>	<b>10.82</b>

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: Reșița and Timișoara. 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-Nădab 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 Cernavodă-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 polyгон 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 NPS. 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 SOGA 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 Moldavia 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 Moldavia 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: Stâlpu, Focșani Vest, Smârdan, Munteni, Bacău 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 COMĂNESCU, Oleg BURLACU, Mircea Cristian STAICU, Mihaela POPESCU, and Ciprian Constantin DUMITRU,

- it approved appointing the following provisional Members: DOGARU-TULICĂ Adina-Loredana, POPESCU Mihaela, MORARIU Marius Vasile, NĂSTASĂ Claudiu Constantin, and BLĂJAN 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 advisory 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 64<sup>2</sup> 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 153<sup>7</sup> 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, 2121, 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 AMPOIM and the Galați 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 S.A. .

- **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 ETG Investment Plan of National Power Grid Company Transelectrica SA 2021-2025**

The company informed on September 17, 2021 on the Financing Solutions of the ETG 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 ETG 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 euros.

- **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 Transmission System Operators 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 nextday Core Flow-Based Market Flow Coupling (Core CCR) under the Single Day-Ahead Market Coupling Project (SDAC).

Core CCR covers the borders between the bidding zones 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 nextday Core Flow-Based Market Flow Coupling (Core CCR) under the Single Day-Ahead Market Coupling Project (SDAC). Core CCR covers the borders between the bidding zones 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 BulgariaRomania 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 southeastern 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.

• **Regulated tariffs applicable from January 1, 2022**

On December 7, 2021, the Company informed about the publication in the Official Gazette no. 1154/06.12.2021 of ANRE Order no. 124/25.11.2021 approving the average tariff of transmission services, the transmission tariff components introducing electricity in the grid (TG) and taking electricity out of the grid (TL), providing the tariffs for system services and the regulated price of reactive electricity charged by the Company. Therefore, the regulated tariffs for electricity transmission and system services, applicable as of 1 January 2022, are:

Service	Tariff applicable from 01 january/ 01 march 2021	Tariff* applicable from 01 january 2022
	RON/MWh	RON/MWh
<b>I. Tariff of transmission services, of which</b>	<b>20.55</b>	<b>23.96</b>
Transmission tariff – component introducing electricity in the grid – (T <sub>e</sub> )	1.30	1.49
Transmission tariff – component taking electricity out of the grid – (T <sub>l</sub> )	19.22	22.47
<b>II. Tariff for system services:</b>	<b>10.82</b>	<b>9.32</b>

The regulated price for reactive power, charged by National Power Grid Company Transelectrica S.A. in compliance with the provisions of the specific regulations, approved by ANRE, is RON 0.0907/kVArh (excluding excise duty and VAT). The price is based on the estimated average price of active electricity to cover its own technological consumption in the transmission network, of RON 302.33/MWh, approved by ANRE for 2021, expressed in terms of 2022.

• **Decision no. 8 and 9 of the Shareholders' Ordinary General Assembly of the Company of December 14, 2021**

On December 14, 2021, SOGA Transelectrica issued Decision no. 8 appointing the provisional members of the Company's Supervisory Board, with a term of office of 4 months starting with December 22, 2021, namely: Dogaru-Tulică Adina-Loredana, Popescu Mihaela, Morariu Marius Vasile, Năstasă Claudiu Constantin, Blăjan Adrian Nicolae, Dumitriu Victor Florin, established the remuneration and the contract form that will be concluded with the Supervisory Board members.

The Shareholders' Ordinary General Assembly of the Company issued Decision no. 9/December 14, 2021 approving the appointment of PKF FINCONTA S.R.L. as

financial auditor of NPG Co. Transelectrica S.A., for a period of three years.

- **Appointment of the provisional Supervisory Board Chairman and approval of the advisory committees' membership, appointment of provisional Directorate members**

The Company's Supervisory Board, meeting on December 22, 2021, elected Mr. Marius Vasile MORARIU as Supervisory Board Chairman and appointed the members of the Supervisory Board Advisory Committees as follows:

Nomination and Remuneration Committee:

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

At the same time, considering the deadline of 24.12.2021 for the term of office of the Directorate members Bogdan TONCESCU, Ionuț-Bogdan GRECIA, Adrian MORARU, Cătălin-Constantin NADOLU and Marius-Viorel STANCIU, the Supervisory Board approved the appointment for a mandate of 4 months starting with 25.12.2021 as provisional Directorate members of the following persons:

- Gabriel ANDRONACHE,
- Ștefăniță MUNTEANU,
- Cătălin-Constantin NADOLU,
- Marius-Viorel STANCIU
- Florin-Cristian TĂTARU.

Mr. Gabriel ANDRONACHE has been appointed Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer - "CEO" of the Company.

## **LATER EVENTS**

- **Joint integration tests and the new launch date of the Core Flow-Based Market Coupling project**

The parties involved in the Core Flow-Based Market Coupling project have reported that the first phase of Full Integration Testing (FIT) has been successfully completed on January 13, 2022.

FIT testing, focused on the functionality of all systems involved in the FB MC process and between them, proved that the solution is able to perform the FB MC process.

The next phase of testing (Simulation Integration Testing - SIT) started on January 17, 2022 and is expected to take place by the end of February 2022.

SIT testing focuses on testing common operational procedures to prove that the solution is able to facilitate the day-to-day operational process.

After testing in January and compliance with the external parties (SDAC), project parties can now confirm that the new launch date will be April 20, 2022 (trading day for delivery on April 21, 2022).

- **Convening the shareholders' ordinary and extraordinary general assembly**

The Company's Directorate convened on February 25, 2022 the Shareholders' Ordinary and Extraordinary General Assembly with the following main items on the agenda:

- Establishing the Investment Program for the financial year 2022 and the estimates for 2023 and 2024
- Approving the 2022 Income and Expense Budget and the estimates for 2023 and 2024
- Approving the Company's departure from the shareholding of the regional center for the coordination of the operational security of power systems in South-Eastern Europe - Selene CC.





## Other issues

### SHAREHOLDERS STRUCTURE

The structure of Company shareholders on 31.12.2021 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	16,172,331	22.1%
Other shareholders – natural persons	5,349,247	7.2%
<b>Total</b>	<b>73,303,142</b>	<b>100%</b>

### 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.

### DIRECTORATE MEMBERSHIP

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

Gabriel ANDRONACHE	Directorate Chairman
Ștefăniță MUNTEANU	Directorate Member
Cătălin-Constantin NADOLU	Directorate Member
Marius-Viorel STANCIU	Directorate Member
Florin-Cristian TĂTARU	Directorate Member

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	ron/MWh	17.97	20.55	-
B	Functional system services	ron/MWh	2.49		-
A+B	<b>Total (A+B)</b>	ron/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](http://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		Difference (%)
			1 Jul 2020 - 28 Feb 2021	1 Mar – 31 Dec 2021	
B	System service	ron/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 (Lei)/EURO.*

- **RAAN**

File **3616/101/2014** was registered on the docket of Mehedinti Tribunal, Section II Civil, Administrative and Fiscal Disputes pertaining to “claims amounting to 1,090,831.70 Lei, value of invoice 1300215/31.12.2013”, file in which the Company is defendant, the claimant being the Autonomous Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal decided admitting the request filed by claimant RAAN and compelling the Company to pay 1,090,831.70 Lei, amount under invoice 1300215/31.12.2013.

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

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

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled decision 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, which by civil ruling 4406/04.12.2017 decided admitting the request filed by RAAN and obliged Transelectrica to pay 1,090,831.70 Lei. This sentence was contested by appeal.

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 ADMINISTRARE 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 04.12.2022**, on the docket of the High Court of Cassation and Justice (**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**).

Five 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 6574/2/2017** on cancelling the findings in item 5.2 and the measure provided in item II.8, **file 6577/2/2017** on cancelling the findings in item 13 and the measure provided in item II.13, now **file 1614/1/2020**, **file 6580/2/2017** on cancelling the findings in item 10 and the measure provided in item II.12, **file 6582/2/2017** on cancelling the findings in item 11 and the measure provided in item I.5 and **file 6583/2/2017** on cancelling the findings in item 5.1 and the measure provided in items II.7 and II.8).

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 S.A. .

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 under 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 S.A. contested the documents issued by the Court of Audit, forming file 2153/2/2021, pending before the Bucharest Court of Appeal.

At the hearing term on 10.12.2021, the lawsuit filed by the Company was rejected as groundless. Dismisses the application for suspension as unfounded. Appeal within 15 days from notification and with the right of appeal within 5 days from notification regarding the head of claim regarding the suspension; the appeal will be submitted to the Bucharest Court of Appeal.

## **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 ( $\beta$ ) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for 2013 and in 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 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 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 582,086.31 Euro (2,585,161.72 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 recurrent claimant Electricity and Natural Gas Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It invalidated the decision appealed against and referred the case to the appeal instance for new judgment; final.

On the hearing term of 01.10.2018 the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 Lei as law suit expenses to the respondent in appeal-claimant. Appeal right was granted within 30 days from notification.

On 27.11.2018 NPG Co. Transelectrica S.A. 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 22567/3/2019 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 Co. Transelectrica S.A. 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.

Case judgment was postponed until the final settlement of file 31001/3/2017, having as object the annulment

action of Opcom SGA decisio (in which Transelectrica is not a party and in which on 01.02.2021 the filed appeals were rejected, the settlement being final) .

TMB settlement: limitation period exception is allowed. The action is dismissed as time-barred. With the right to appeal within 30 days from notification, which is submitted to Bucharest Tribunal, Civil Section VI. Pronounced by placing the settlement to the parties' disposal by the court clerk on 03.12.2021.

- **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 **01.02.2022** – 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.**

#### • **NAFA**

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.

NAFA – 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, NAFA – 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.

NAFA'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 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 NAFA, the latter sending a tax inspection report on 20 September 2011 which estimated the amount of collected VAT for a number of 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.

NAFA 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 NAFA 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) pt. 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 230,685.491 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 **16.05.2022** to continue the bankruptcy procedure by capitalising assets and recovering receivables.*

- **RESITA CITY**

File **2494/115/2018\*** registered on the docket of Caras Severin Tribunal pertains to summons whereby the claimant Resita City requests compelling defendant Transelectrica SA to pay the following amounts:

- 2,129,765.86 Lei representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 Lei representing land rent for 2016;
- 2,129,765.86 Lei representing land rent for 2018;
- legal penalty interest from due date until actual payment.

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant NPG Co. Transelectrica S.A. 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 Reșița City through the Mayor in contradiction with defendant Transelectrica S.A., 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).



## Annexes

## ANNEX 1: Stand-alone statement of financial position

[RON mn]	2021	2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	3,786	3,561	226	6%
Assets representing rights of use under a lease - buildings	30	38	(8)	(21%)
Intangible assets	7	7	0	2%
Financial assets	82	82	0	0%
<b>Total non-current assets</b>	<b>3,905</b>	<b>3,687</b>	<b>218</b>	<b>6%</b>
<b>Current assets</b>				
Inventories	40	38	2	4%
Trade and other receivables	2,988	848	2,140	252%
Cash and cash equivalents	252	554	(302)	(54%)
Profit tax recoverable	21	1	20	n/a
<b>Total current assets</b>	<b>3,301</b>	<b>1,442</b>	<b>1,860</b>	<b>129%</b>
<b>Total assets</b>	<b>7,206</b>	<b>5,129</b>	<b>2,077</b>	<b>41%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	138	138	0	0%
Revaluation reserves	769	842	(72)	(9%)
Other reserves	32	17	14	82%
Retained earnings	1,618	1,616	3	0%
<b>Total shareholders' equity</b>	<b>3,340</b>	<b>3,395</b>	<b>(55)</b>	<b>(2%)</b>
<b>Non-current liabilities</b>				
Long term deferred revenues	443	352	91	26%
Long term borrowings	79	102	(22)	(22%)
Other loans and assimilated debts – Non-current building lease liabilities	21	31	(9)	(30%)
Deferred tax liability	112	119	(7)	(6%)
Employee benefits liabilities	73	73	0	0%
<b>Total non-current liabilities</b>	<b>729</b>	<b>676</b>	<b>53</b>	<b>8%</b>
<b>Current liabilities</b>				
Trade and other liabilities	3,001	888	2,113	238%
Other loans and assimilated debts – Current building lease liabilities	8	7	0	5%
Other tax and social security liabilities	14	17	(3)	(16%)
Short-term borrowings	25	25	0	1%
Provisions	57	92	(34)	(37%)
Short-term deferred revenues	32	29	3	9%
<b>Total current liabilities</b>	<b>3,137</b>	<b>1,058</b>	<b>2,079</b>	<b>197%</b>
<b>Total liabilities</b>	<b>3,866</b>	<b>1,733</b>	<b>2,133</b>	<b>123%</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,206</b>	<b>5,129</b>	<b>2,077</b>	<b>41%</b>

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

[RON mn]										
Indicator	2021	2020	9M 2021	9M 2020	Budgeted 2021	Achieved 2021 vs 2020	Achieved 2021 vs 2020 (%)	Achieved vs Budgeted 2021	Achieved vs Budgeted 2021 (%)	
0	1	2	3	4	5	6=1-2	7=1/2	8=1-5	9=1/5	
<b>Operating revenues</b>										
Transmission revenues	1,252	1,035	910	759	1,215	217	29%	37	3%	
System services revenues	668	795	479	586	621	(127)	(22%)	47	8%	
Balancing market revenues	1,778	495	863	286	1,320	1,283	449%	458	35%	
Other revenues	48	42	29	33	43	6	17%	5	12%	
<b>Total operating revenues</b>	<b>3,746</b>	<b>2,367</b>	<b>2,282</b>	<b>1,664</b>	<b>3,199</b>	<b>1,379</b>	<b>83%</b>	<b>547</b>	<b>17%</b>	
<b>Operating expenses</b>										
System operating expenses	624	310	325	218	427	314	144%	196	46%	
Balancing market expenses	1,761	495	851	286	1,309	1,266	442%	452	35%	
Technological system services expenses	610	566	448	422	601	44	10%	9	1%	
Depreciation and Amortisation	274	268	196	202	274	7	3%	(0)	(0%)	
Personnel expenses	248	273	178	176	249	(25)	(14%)	(1)	(0%)	
Repairs and maintenance expenses	97	98	65	66	108	(1)	(1%)	(11)	(10%)	
Materials and consumables	10	8	6	6	14	2	36%	(5)	(32%)	
Other operating expenses	126	170	113	89	171	(44)	(50%)	(45)	(26%)	
<b>Total operating expenses</b>	<b>3,750</b>	<b>2,188</b>	<b>2,182</b>	<b>1,465</b>	<b>3,154</b>	<b>1,562</b>	<b>107%</b>	<b>596</b>	<b>19%</b>	
<b>Operating profit</b>	<b>(4)</b>	<b>180</b>	<b>100</b>	<b>199</b>	<b>45</b>	<b>(183)</b>	<b>n/a</b>	<b>(49)</b>	<b>n/a</b>	
Finance income	7	10	6	8	8	(3)	(41%)	(1)	(18%)	
Finance expenses	12	15	9	10	12	(3)	(32%)	(1)	(4%)	
<b>Net finance result</b>	<b>(5)</b>	<b>(5)</b>	<b>(3)</b>	<b>(2)</b>	<b>(4)</b>	<b>(0)</b>	<b>(5%)</b>	<b>(1)</b>	<b>(22%)</b>	
<b>Profit before income tax</b>	<b>(9)</b>	<b>175</b>	<b>97</b>	<b>197</b>	<b>41</b>	<b>(184)</b>	<b>n/a</b>	<b>(50)</b>	<b>n/a</b>	
Income tax	(3)	30	16	45	5	(33)	n/a	(8)	n/a	
<b>Profit</b>	<b>(6)</b>	<b>145</b>	<b>81</b>	<b>152</b>	<b>36</b>	<b>(151)</b>	<b>n/a</b>	<b>(42)</b>	<b>n/a</b>	

### ANNEX 3: Stand-alone cash flow statement

[RON mn]	2021	2020	Δ
<b>Cash flows from operational activities</b>			
Profit of the period	(5,5)	145,0	(151)
Income tax expense	(3,3)	29,8	(33)
Amortisement expense	274,5	267,9	7
Expenses with adjustments for trade receivables impairment	14,7	1,4	13
Revenues from reversal of adjustments for trade receivables impairment	(2,7)	(2,3)	(0)
Losses on various receivables and payables	0,04	0,00	0
Net expenses with adjustments for various debtors impairment	2,1	4,4	(2)
Net expenditures with adjustments for inventories impairment	1,6	4,4	(3)
Net profit/ loss on sale of tangible assets	0,5	0,4	0
Net expenditures on adjustments of value regarding tangible assets	(13,7)	9,0	(23)
Revenues regarding provisions for risks and expenses, net	(34,4)	28,9	(63)
Interest expense, interest revenue and unrealised exchange rate gains	3,7	5,5	(2)
<b>Cash flows before changes to working capital</b>	<b>237,6</b>	<b>494,2</b>	<b>(257)</b>
<b>Changes in:</b>			
Clients and assimilated accounts - energy and other activities	(1.754,7)	(85,0)	(1670)
Clients – balancing	(388,5)	(44,7)	(344)
Clients – cogeneration	(12,8)	(20,0)	7
Inventories	(1,7)	(0,9)	(1)
Trade and other liabilities - energy and other activities	1.634,3	261,7	1373
Liabilities - balancing	409,2	62,7	347
Liabilities - cogeneration	68,8	(20,7)	90
Debts paid Tax decision NAFA	(2,1)	0,0	(2)
Other loans and assimilated debts - Building lease	(8,8)	31,2	(40)
Other taxes and social insurance liabilities	(2,7)	8,3	(11)
Deferred revenues	15,3	(15,3)	31
<b>Cash flows from operational activities</b>	<b>194,0</b>	<b>671,5</b>	<b>(477)</b>
Interests paid	(4,4)	(6,9)	2
Income tax paid	(23,1)	(47,4)	24
<b>Net cash generated from operational activities</b>	<b>166,5</b>	<b>617,2</b>	<b>(451)</b>
<b>Cash flows from the investment activity</b>			
Acquisition of tangible and intangible assets	(466,1)	(375,4)	(91)
Participation titles held in SELENE CC Societe Anonyme	0,0	(0,2)	0
Proceeds from EC non-reimbursable financing	93,2	0,0	93
Received Interests	2,5	7,2	(5)
Dividends received	0,02	0,0	0
Other financial assets	0,0	85,0	(85)
<b>Net cash used in investments</b>	<b>(370,4)</b>	<b>(283,5)</b>	<b>(87)</b>
<b>Cash flows used in financing activities</b>			
Repayments of non-current borrowings	(23,7)	(24,9)	1
Building leasing payments	(10,5)	(10,4)	(0)
Reimbursement of the credit line for cogeneration	0,0	(29,5)	30
Dividends paid	(63,7)	(35,6)	(28)
<b>Net cash used for financing</b>	<b>(97,9)</b>	<b>(100,4)</b>	<b>2</b>
<b>Net increase/(diminution) of cash and cash equivalents</b>	<b>(301,8)</b>	<b>233,2</b>	<b>(535)</b>
<b>Cash and cash equivalents on 1 January</b>	<b>554,0</b>	<b>320,8</b>	<b>233</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>252,2</b>	<b>554,0</b>	<b>(302)</b>

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

Indicators	Formula	2021	2020
<b>Current liquidity ratio (x)</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.05	1.36
<b>Indebtedness indicators (x):</b>			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.1%	3.7%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.0%	3.6%
<b>Clients' turnover (days)</b>	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	122.17	83.51
<b>Non-current assets turnover (x)</b>	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.95	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-December 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.
- In accordance with SB Decision 36/21.10.2021
  - The Supervisory Board members unanimously decided to extend by two months, starting with October 25, 2021, and until December 24, 2021, the mandates of provisional Directorate members for: Bogdan TONCESCU, Ionuț-Bogdan GRECIA, Adrian MORARU, Cătălin-Constantin NADOLU and Marius Viorel STANCIU.
  - Mr. Bogdan TONCESCU was elected Directorate Chairman.
- In accordance with SB Decision 49/22.12.2021
  - appointed Mr. Gabriel ANDRONACHE as a provisional Directorate member, starting with 25.12.2021 for a period of 4 months.
  - Mr. Gabriel ANDRONACHE was elected Directorate Chairman.
- In accordance with SB Decision 50/22.12.2021
  - The Supervisory Board members appointed Mr. Cătălin-Constantin NADOLU as a provisional Directorate member, starting with 25.12.2021 for a period of 4 months.
- In accordance with SB Decision 51/22.12.2021
  - appointed Mr. Marius Viorel STANCIU as a provisional Directorate member, starting with 25.12.2021 for a period of 4 months.



- In accordance with SB Decision 52/22.12.2021
  - appointed Mr. Florin-Cristian TĂTARU as a provisional Directorate member, starting with 25.12.2021 for a period of 4 months.
- In accordance with SB Decision 53/22.12.2021
  - appointed Mr. Ștefăniță MUNTEANU as a provisional Directorate member, starting with 25.12.2021 for a period of 4 months.

### **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 STAIUCU, 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.
- In accordance with SOGA Decision 6/21 October 2021
  - approved the extension of the mandates as provisional Supervisory Board members with a duration of two months starting with October 22, 2021 for the following persons: Marius Vasile MORARIU, Mihaela POPESCU, Adina-Loredana DOGARU-TULICĂ, Claudiu Constantin NĂSTASĂ, Victor Florin DUMITRIU, Adrian Nicolae BLĂJAN.
- In accordance with SB Decision 37/21.10.2021
  - Mr. Virgil Dumitru ORLANDEA was appointed as a provisional Supervisory Board member, with a term of office until December 21, 2021, but not later than the date of appointment of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with SOGA Decision 8/14 decembrie 2021
  - approved the appointment as provisional Supervisory Board members with a mandate of four months starting with December 22, 2021 of the following persons: Adina-Loredana DOGARU-TULICĂ, Mihaela POPESCU, Marius Vasile MORARIU, Claudiu Constantin NĂSTASĂ, Adrian Nicolae BLĂJAN, Victor Florin DUMITRIU, Virgil Dumitru ORLANDEA.
- In accordance with SB Decision 46/22.12.2021
  - Mr. Marius Vasile MORARIU was elected Supervisory Board Chairman.

**ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q4 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	CR 470/2021	Special services of guard and intervention to TTU Craiova facilities	36	8,313.17	-	Services	Law 99/2016 + GD 394/2016	Open tender
2	C 348/2021	Spare parts required for the maintenance of explosion and fire prevention installations - SERGI	36	5,145.98	-	Supply	Law 99/2016 + GD 394/2016	Negotiation without prior invitation to tender
3	TM 11/2021	Special services of guard and intervention to TTU Timișoara facilities	6	1,914.18	-	Services	Law 99/2016 + GD 394/2016	One's procedure
4	C 467/2021	Financial audit services for 2021 - 2023	36	1,100	-	Services	Law 99/2016 + GD 394/2016	Simplified procedure
5	C 362/2021	Subsequent contract no. 1 to framework agreement no. C 245/2021 Mobile telephone and mobile internet services to ensure the continuity of voice-data communications for the Company	15	-	149.58	Services	Law 99/2016 + GD 394/2016	New tender

## 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



**Transelectrica®**

Societate Administrată în Sistem Dualist

**CNTEE Traselectrica SA**  
**Company managed by two-tier system**

**Stand-alone preliminary financial statements**  
**As of and for the financial year ended on**  
**31 December 2021**

**- Non-audited -**

**Elaborated in accordance with**  
**Order 2844/2016 of the Minister of Public Finance**  
**with later amendments and additions**  
**to approve the Accounting Regulations**  
**conforming with the International Financial Reporting Standards**

**CNTEE Tranelectrica SA**

Stand-alone preliminary statement of financial position on 31 December 2021 – Non-audited  
(All amounts are provided in LEI, unless otherwise mentioned)

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	3,786,392,327	3,560,861,042
Assets acc to usage right of assets under leasing - buildings	29,820,898	37,773,137
Intangible assets	7,105,259	6,976,600
Financial assets	81,742,973	81,742,973
<b>Total non-current assets</b>	<b>3,905,061,457</b>	<b>3,687,353,752</b>
<b>Current assets</b>		
Inventories	40,103,565	38,401,417
Trades and other other receivables	2,987,942,810	847,936,655
Recoverable income tax	20,850,218	1,247,719
Other financial assets	-	-
Cash and cash equivalents	252,225,022	554,003,528
<b>Total current assets</b>	<b>3,301,121,615</b>	<b>1,441,589,319</b>
<b>Total assets</b>	<b>7,206,183,072</b>	<b>5,128,943,071</b>
<b>Shareholders' equities and liabilities</b>		
<b>Shareholders' equities</b>		
Share capital, of which:	733,031,420	733,031,420
- <i>Share capital subscribed</i>	<i>733,031,420</i>	<i>733,031,420</i>
Insurance premium	49,842,552	49,842,552
Legal reserve	137,832,724	137,832,724
Revaluation reserves	769,322,512	841,699,025
Other reserves	31,744,661	17,441,687
Retained earnings	1,618,460,280	1,615,652,289
<b>Total shareholders' equities</b>	<b>3,340,234,149</b>	<b>3,395,499,697</b>
<b>Non-current liabilities</b>		
Non-current deferred revenues	443,434,048	352,028,637
Borrowings	79,455,068	101,671,268
Other loans and assimilated liabilities – Non- current building leasing	21,400,744	30,531,904
Liabilities regarding deferred tax	112,264,168	119,037,879
Liabilities regarding employees' benefits	72,641,000	72,641,000
<b>Total non-current liabilities</b>	<b>729,195,028</b>	<b>675,910,688</b>

**CNTEE Transelectrica SA**

Stand-alone preliminary statement of financial position on 31 December 2021 – Non-audited  
(All amounts are provided in LEI, unless otherwise mentioned)

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	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Current liabilities</b>		
Trade and other liabilities	3,000,780,584	887,977,288
Other loans and assimilates liabilities – Current building leasing	7,782,089	7,416,569
Other tax and social security liabilities	14,323,581	17,011,429
Loans	24,871,963	24,709,805
Provisions	57,414,490	91,564,358
Current deferred revenues	31,581,188	28,853,237
Payable income tax	-	-
<b>Total current liabilities</b>	<b>3,136,753,895</b>	<b>1,057,532,686</b>
<b>Total liabilities</b>	<b>3,865,948,923</b>	<b>1,733,443,374</b>
<b>Total shareholders' equities and liabilities</b>	<b>7,206,183,072</b>	<b>5,128,943,071</b>

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
Gabriel ANDRONACHE	Florin-Cristian TATARU	Stefanita MUNTEANU	Catalin-Constantin NADOLU	Marius-Viorel STANCIU

**Director, Economic-Financial and Administrative Unit**

Ana-Iuliana DINU

**Manager, Accounting Department**

Georgiana-Beatrice STEFAN

**CNTEE Transelectrica SA**

Stand-alone preliminary profit and loss account for the year ended on 31 December 2021 – Non-audited  
*(All amounts are provided in LEI, unless otherwise mentioned)*

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Revenues</b>		
Transmission revenues	1,252,321,740	1,035,250,114
System service revenues	667,676,567	795,026,206
Revenues regarding the balancing market	1,778,283,175	494,999,492
Other revenues	47,740,332	42,119,650
<b>Total revenues</b>	<b>3,746,021,814</b>	<b>2,367,395,462</b>
<b>Operational expenses</b>		
System operation expenses	(623,803,416)	(309,845,522)
Expenses regarding the balancing market	(1,760,679,405)	(494,999,492)
Expenses for technological system services	(609,728,941)	(566,016,094)
Amortisement	(274,471,326)	(267,864,639)
Personnel expenses	(248,211,637)	(272,967,907)
Repairs and maintenance	(97,007,848)	(97,964,964)
Cheltuieli cu materiale și consumabile	(9,696,131)	(7,645,879)
Other operational expenses	(126,136,015)	(170,343,923)
<b>Total operational expenses</b>	<b>(3,749,734,719)</b>	<b>(2,187,648,420)</b>
<b>Operational profit</b>	<b>(3,712,905)</b>	<b>179,747,042</b>
Financial revenues	6,519,322	9,794,414
Financial expenses	(11,638,061)	(14,809,236)
<b>Net financial result</b>	<b>(5,118,739)</b>	<b>(5,014,822)</b>
<b>Result before income tax</b>	<b>(8,831,644)</b>	<b>174,732,220</b>
Income tax	3,287,409	(29,775,400)
<b>Result of the year</b>	<b>(5,544,235)</b>	<b>144,956,820</b>
<b>Basic result and diluted per share (Lei/share)</b>	<b>(0.076)</b>	<b>1.977</b>

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
Gabriel ANDRONACHE	Florin-Cristian TATARU	Stefanita MUNTEANU	Catalin-Constantin NADOLU	Marius-Viorel STANCIU

**Director, Economic-Financial and Administrative Unit**

Ana-Iuliana DINU

**Manager, Accounting Department**

Georgiana-Beatrice STEFAN



**CNTEE TRANSELECTRICA SA**

Stand-alone preliminary statement of cash flows for the financial year ended on 31 December 2021 – Non-audited  
(All amounts are provided in LEI, unless otherwise mentioned)

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Cash flows from operational activities</b>		
Profit of the period	(5,544,235)	144,956,820
<b>Allowances for:</b>		
Income tax expense	(3,287,408)	29,775,400
Amortisement expense	274,471,326	267,864,639
Impairment allowances for trade receivables	14,681,818	1,364,509
Reversal of impairment allowances for trade receivables	(2,679,473)	(2,326,859)
Losses from receivables and sundry debtors	35,619	-
Net expense with impairment allowances for sundry debtors	2,148,213	4,363,791
Net expense with impairment allowances for inventories	1,625,691	4,356,234
Profit/loss, net, from sales of tangible assets	529,275	419,547
Net expense with impairment allowances for tangible assets	(13,672,542)	8,952,622
Net revenues regarding provisions for risks and expenses	(34,392,915)	28,939,964
Interest expense, interest revenue and unrealised exchange rate differences	3,733,723	5,539,881
<b>Cash flows before changes into current capital</b>	<b>237,649,092</b>	<b>494,206,548</b>
<b>Changes into:</b>		
Clients and assimilated accounts - electricity and other activities	(1,754,686,162)	(84,992,281)
Clients - balancing	(388,535,698)	(44,715,053)
Clients - cogeneration	(12,753,532)	(20,003,519)
Inventories	(1,702,148)	(881,686)
Trade and other liabilities - electricity and other activities	1,634,332,724	261,689,862
Liabilities - balancing	409,244,703	62,723,646
Liabilities - cogeneration	68,792,639	(20,749,654)
Liabilities paid as per Taxation Decision ANAF	(2,140,264)	-
Other loans and assimilated liabilities - Building leasing	(8,765,640)	31,241,689
Other tax and social security liability	(2,687,848)	8,259,314
Deferred revenues	15,285,135	(15,299,114)
<b>Cash flows from operational activities</b>	<b>194,033,001</b>	<b>671,479,752</b>
Interest paid	(4,415,250)	(6,913,071)
Income tax paid	(23,088,802)	(47,392,337)
<b>Net cash generated from operational activities</b>	<b>166,528,949</b>	<b>617,174,344</b>
<b>Cash flows used in investments</b>		
Procurements of tangible and intangible assets	(466,066,153)	(375,448,615)
Participation titles held in SELENE CC Societe Anonyme	-	(242,140)
Proceeds from EC non-refundable finance	93,151,201	-
Interest cashed	2,487,352	7,152,543
Dividends collected	23,352	1,769
Other financial assets	-	85,000,000
<b>Net cash used in investments</b>	<b>(370,404,248)</b>	<b>(283,536,443)</b>
<b>Cash flows used for financing</b>		
Repayments of non-current loans	(23,725,852)	(24,858,399)
Repayments of cogeneration credit line	-	(29,540,187)
Building leasing payments	(10,527,252)	(10,394,399)
Dividends paid	(63,650,103)	(35,610,035)
<b>Net cash used for financing</b>	<b>(97,903,207)</b>	<b>(100,403,020)</b>

**CNTEE TRANSELECTRICA SA**

Stand-alone preliminary statement of cash flows for the financial year ended on 31 December 2021 – Non-audited  
(All amounts are provided in LEI, unless otherwise mentioned)

<b>Growth/(diminish), net, of cash and cash equivalents</b>	<b>(301,778,506)</b>	<b>233,234,881</b>
<b>Cash and cash equivalents on 1 January</b>	<b>554,003,528</b>	<b>320,768,647</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>252,225,022</b>	<b>554,003,528</b>

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