

# **E-DISTRIBUTIE DOBROGEA SA**

## **STANDALONE FINANCIAL STATEMENTS**

**Prepared pursuant to the Order of  
The Ministry of Public Finances no. 1802/2014  
with further amendments, on and for the financial  
exercise ended on December 31, 2021**

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| BALANCE SHEET<br>ON 31.12.2021 |  |         |          |                            |                              |
|--------------------------------|--|---------|----------|----------------------------|------------------------------|
| Name of issue                  |  | Row no. | Note No. | Balance on January 1, 2021 | Balance on December 31, 2021 |
|                                |  |         |          |                            |                              |
|                                | B  |         |          | 1                          | 2                            |
| A                              | <b>FIXED ASSETS</b>  |         |          |                            |                              |
|                                | <b>I. INTANGIBLE ASSETS</b>  |         |          |                            |                              |
|                                | 1. Settlement expenses (acct. 201-2801)  | 01      |          | -                          | -                            |
|                                | 2. Development expenses (acct. 201 - 2803-2903)  | 02      |          | -                          | -                            |
|                                | 3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets (acct.205 + 208 - 2805 - 2808- 2905 - 2908) | 03      |          | 15,394,810                 | 17,984,972                   |
|                                | 4. Goodwill (acct. 2071-2807-2907)   | 04      |          | -                          | -                            |
|                                | 5. Intangible assets for the exploration and evaluation of mineral resources (acct. 206 - 2806 - 2907)   | 05      |          |                            |                              |
|                                | 6. Advance payments (acct. 4094-1904)  | 06      |          |                            |                              |
|                                | <b>TOTAL: (row 01 to 06)</b>   | 07      | 3        | <b>15,394,810</b>          | <b>17,984,972</b>            |
|                                | <b>II. TANGIBLE ASSETS</b>   |         |          |                            |                              |
|                                | 1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)  | 08      |          | 1,036,668,494              | 1,095,585,238                |
|                                | 2. Technical and machinery installations (acct. 213 + 223 - 2813 - 2913)   | 09      |          | 516,736,954                | 541,242,287                  |
|                                | 3. Other installations, machinery, and furniture (acct. 214 + 224 - 2814 - 2914)   | 10      |          | 4,268,921                  | 3,882,965                    |
|                                | 4. Real estate investment (acct.215-2815-2915)   | 11      |          | -                          |                              |
|                                | 5. Tangible assets in progress (acct. 235-2935)  | 12      |          | 146,463,489                | 143,698,834                  |
|                                | 6. Real estate investments in progress (acct.235 - 2935)   | 13      |          |                            |                              |
|                                | 7. Tangible assets for the exploration and evaluation of mineral resources (acct.216-2816-2916)  | 14      |          |                            |                              |
|                                | 8. Productive biological assets (acct. 217 + 227 -2817 -2917)  | 15      |          |                            |                              |
|                                | 9. Advances (acct. 4093-1903)  | 16      |          | 14,500                     | 11,500                       |
|                                | <b>TOTAL: (row 08 to 16)</b>   | 17      | 3        | <b>1,704,152,358</b>       | <b>1,784,420,823</b>         |
|                                | <b>III. FINANCIAL ASSETS</b>   | 18      |          | 16,500,000                 |                              |
|                                | 1. Shares in subsidiaries (acct. 261-2961)   | 19      |          | -                          | -                            |
|                                | 2. Loans to group's entities (acct. 2671 + 2672 -2964)   | 20      |          | -                          | 16,500,000                   |
|                                | 3. Shares held by associated entities and jointly controlled entities (acct.262 + 263 - 2962)  | 21      |          | -                          | -                            |
|                                | 4. Loans to associates and jointly controlled entities (acct.2673 + 2674-2965)   | 22      |          | 29,767                     | 29,767                       |
|                                | 5. Other fixed assets (acct.265 - 2963)  | 23      |          | -                          | -                            |
|                                | 6. Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966- 2968)  | 24      | 3        | <b>16,529,767</b>          | <b>16,529,767</b>            |
|                                | <b>TOTAL (row 18 to 23)</b>  |         |          |                            |                              |
|                                | <b>FIXED ASSETS - TOTAL (row 7 + 17+ 24)</b>   | 25      | 3        | <b>1,736,076,935</b>       | <b>1,818,935,563</b>         |
| B                              | <b>CURRENT ASSETS</b>  |         |          |                            |                              |
|                                | <b>I. INVENTORIES</b>  |         |          |                            |                              |

|  |           |          |                      |                      |
|--|-----------|----------|----------------------|----------------------|
| 1. Raw materials and consumables (acct. 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)   | 26        |          | <b>3,265,144</b>     | <b>4,085,473</b>     |
| 2. Production in progress (acct.331 + 332 + 341 +/- 348 - 393 - 3941 - 3952)   | 27        |          | -                    | -                    |
| 3. Finished goods and commodities (acct. 345+346+/-348+354+ 356+357+361+326+/-368+371+327+/-378-3945-3946-3953- 3954-3956-3957-396-397-4428)   | 28        |          |                      |                      |
| 4. Advances (acct. 4091)   | 29        |          | -                    | -                    |
| <b>TOTAL (rows 26 to 29)</b>   | <b>30</b> | <b>4</b> | <b>3,265,144</b>     | <b>4,085,473</b>     |
| <b>II. RECEIVABLES</b>   |           |          |                      |                      |
| 1. Commercial receivables (acct.2675+2676+2678+2679-2966-2968+4092+411+411+413+418-4902-491)   | 31        |          | 78,330,780           | 87,468,828           |
| 2. Amounts receivable from affiliates entities (acct 451- 495)   | 32        |          | -                    | -                    |
| 3. Amounts receivable from associates and jointly controlled entities (acct 453 - 495)   | 33        |          | -                    | -                    |
| 4. Other receivables (425+4282+431+436+437+4382+441+4424+ + 4428+ 444 + 445 + 446+ 447+ 4482 +4582 + 461 + 473-496*+ 5187)   | 34        |          | 8,622,909            | 22,597,267           |
| 5. Share Capital subscribed and not paid (acct. 456-495)   | 35        |          | -                    | -                    |
| 6. Receivables representing dividends distributed during the financial year (acct. 463)  | 36        |          | -                    | -                    |
| <b>Total (rows 31 to 36)</b>   | <b>37</b> | <b>5</b> | <b>86,953,689</b>    | <b>110,066,095</b>   |
| <b>III. SHORT-TERM INVESTMENTS</b>   |           |          |                      |                      |
| 1.Shares in affiliates entities (acct.501-591)   | 38        |          |                      |                      |
| 2. Other short-term investments (acct.505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)   | 39        |          | -                    | -                    |
| <b>Total (rows 37 to 38)</b>   | <b>40</b> |          | -                    | -                    |
| <b>IV. CASH AND BANK ACCOUNTS</b>  |           |          |                      |                      |
| (acct. 5112 + 512 + 531 + 532 + 541 + 542)   | <b>41</b> | <b>6</b> | <b>124,148,749</b>   | <b>78,180,908</b>    |
| <b>CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)</b>   | <b>42</b> |          | <b>214,367,582</b>   | <b>192,332,476</b>   |
| <b>C DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)</b>   | <b>43</b> | <b>7</b> | <b>1,245,174</b>     | <b>1,380,987</b>     |
| Amounts to be repaid within a period of up to one year (out of acct 471)   | 44        |          | 1,245,174            | 1,380,987            |
| Amounts to be repaid longer than a period of one year (out of 471*)  | 45        |          | -                    | -                    |
| <b>TOTAL ASSETS</b>  |           |          | <b>1,951,689,691</b> | <b>2,012,649,026</b> |
| <b>D DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR</b>   |           |          |                      |                      |
| 1. Loans from the bond issue (acct. 161 + 1681-169)  | 46        |          |                      |                      |
| 2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198   | 47        |          |                      |                      |
| 3. Advances received on account of orders (acct. 419)  | 48        |          | 55,540,391           | 47,530,200           |
| 4. Trade payables - suppliers (acct. 401 + 404 + 408)  | 49        |          | 134,207,463          | 172,753,324          |
| 5. Trade payments effects (acct .403 + 405)  | 50        |          | -                    |                      |
| 6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)   | 51        |          | -                    | -                    |
| 7. Amounts owed to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453)  | 52        |          | -                    | -                    |
| 8. Other liabilities, including tax and debts to social insurance (acct. 1623 + 1626 + 167 + 1687 + 2693 421+423+ 424 + 426 + 427 + 4281 + 431 + 436 + 437 + 4381 +441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 455+ 456 + 457 + 4581 + 462 + 4661+ 473 + 4761 + 509 +5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 53        |          | 22,789,889           | 14,017,680           |

|          |  |           |           |                      |                      |
|----------|--|-----------|-----------|----------------------|----------------------|
|          | <b>TOTAL (row 46 to 53)</b>  | <b>54</b> | <b>8</b>  | <b>212,537,743</b>   | <b>234,301,204</b>   |
| <b>E</b> | <b>NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 42 + 44- 56- 741-74- 77)</b>   | <b>55</b> |           | <b>(17,912,680)</b>  | <b>(62,811,010)</b>  |
| <b>F</b> | <b>TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 45 +57)</b>   | <b>56</b> |           | <b>1,718,164,255</b> | <b>1,756,124,553</b> |
| <b>G</b> | <b>LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR</b>  |           |           |                      |                      |
|          | 1. Loans from bond issues (acct. 161 + 1681-169)   | 57        |           | -                    | -                    |
|          | 2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)  | 58        |           | -                    | -                    |
|          | 3. Advance payments for orders (acct. 419)   | 59        |           | -                    | -                    |
|          | 4. Trade payables - suppliers (acct.401 + 404 + 408)   | 60        |           | -                    | -                    |
|          | 5. Trade payments effects (acct. 403 + 405)  | 61        |           | -                    | -                    |
|          | 6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)   | 62        |           | -                    | -                    |
|          | 7. Amounts owed to associates and jointly controlled entities (acct.1663 + 1686 + 2692 + 453)  | 63        |           | -                    | -                    |
|          | 8. Other liabilities, including tax debts for social security (acct. 1623+1626+167+1687+2693 +421+423+424+426+427+4281+431+436+437+4381+441 +4423+4428+444+446+447+4481+455+456+4581+462+473+509+ 5186+5193+5194+5195+5196+5197) | 64        |           | -                    | -                    |
|          | <b>TOTAL (row 57 to 64)</b>  | <b>65</b> |           | <b>-</b>             | <b>-</b>             |
| <b>H</b> | <b>PROVISIONS</b>  |           |           |                      |                      |
|          | 1. Provisions for employees' benefits (acct.1515+1517)   | 66        |           | 31,383,660           | 32,660,215           |
|          | 2.Provisions for taxes (1516)  | 67        |           | -                    | -                    |
|          | 3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)   | 68        |           | 6,788,566            | 11,670,979           |
|          | <b>TOTAL PROVISIONS (rows 66+67+68)</b>  | <b>69</b> | <b>9</b>  | <b>38,172,226</b>    | <b>44,331,194</b>    |
| <b>I</b> | <b>DEFERRED INCOME</b>   |           |           |                      |                      |
|          | 1. Investment grants (acct. 475) (row 71+72)   | 70        |           | 3,949,572            | 3,765,645            |
|          | Amounts to be repaid within a period of up to one year (out of acct.475 *)   | 71        |           | 229,880              | 168,064              |
|          | Amounts to be repaid over a period longer than one year (out of acct.475 *)  | 72        |           | 3,719,692            | 3,597,581            |
|          | 2. Deferred income (acct.472) - total (row 74+75), out of which:   | 73        |           | -                    | -                    |
|          | Amounts to be repaid within one year (acct.472 *)  | 74        |           | -                    | -                    |
|          | Amounts to be repaid over a period longer than one year (acct.472 *)   | 75        |           | -                    | -                    |
|          | 3. Deferred income related to assets received by transfer from customers (acct. 478) (rows 77+78)  | 76        |           | 472,892,895          | 494,604,611          |
|          | Amounts to be repaid within a period of up to one year (out of acct.478 *)   | 77        |           | 20,757,813           | 22,055,205           |
|          | Amounts to be repaid over a period longer than one year (out of acct. 478 *)   | 78        |           | 452,135,082          | 472,549,406          |
|          | Negative goodwill (acct.2075)  | 79        |           |                      |                      |
|          | <b>TOTAL (rows 70+73+76+79)</b>  | <b>80</b> | <b>10</b> | <b>476,842,467</b>   | <b>498,370,256</b>   |
| <b>J</b> | <b>CAPITAL AND RESERVES</b>  |           |           |                      |                      |
|          | <b>I. CAPITAL</b>  |           | <b>11</b> |                      |                      |
|          | 1. Paid-in subscribed capital (acct. 1012)   | 81        |           | 280,285,560          | 280,285,560          |
|          | 2. Unpaid subscribed capital (acct. 1011)  | 82        |           | -                    | -                    |
|          | 3. Company's patrimony (acct. 1015)  | 83        |           | -                    | -                    |
|          | 4. The patrimony of the national research-development institutes (acct. 1018)  | 84        |           | -                    | -                    |
|          | 5. Other equity items (acct. 103)  | 85        |           | -                    | -                    |

|  |   |            |           |                      |                      |
|--|---|------------|-----------|----------------------|----------------------|
|  | <b>TOTAL (row 81+82+83+84+85)</b>                                     | <b>86</b>  |           | <b>280,285,560</b>   | <b>280,285,560</b>   |
|  | <b>II. CAPITAL's PREMIUMS (acct. 104)</b>                             | <b>87</b>  |           | -                    | -                    |
|  | <b>III. RESERVE FROM REVALUATION (acct. 105)</b>                      | <b>88</b>  |           | 610,696,168          | 602,698,895          |
|  | <b>IV. RESERVES</b>   |            |           |                      |                      |
|  | 1. Legal reserves (acct. 1061)  | 89         |           | 56,057,111           | 56,057,111           |
|  | 2. Statutory or contractual reserves (acct. 1063)                     | 90         |           |                      |                      |
|  | 3. Other reserves (acct. 1068)  | 91         |           | 91,134,735           | 97,093,541           |
|  | <b>TOTAL (row 89 to 91)</b>   | <b>92</b>  |           | <b>147,191,846</b>   | <b>153,150,652</b>   |
|  | Own shares (acct 109)   | 93         |           | -                    | -                    |
|  | Equity linked to equity instruments (acct. 141)                       | 94         |           | -                    | -                    |
|  | Losses related to equity instruments (acct.149)                       | 95         |           | -                    | -                    |
|  | <b>V. RETAINED EARNINGS, (acct.117)</b>                               |            |           |                      |                      |
|  | Balance C   | 96         |           | 142,454,267          | 193.960.954          |
|  | Balance D   | 97         |           | -                    | -                    |
|  | <b>VII. PROFIT OR LOSS OF THE EXERCISE (acct.121)</b>                 |            |           |                      |                      |
|  | Balance C   | 98         |           | 53,732,961           | 11.509.117           |
|  | Balance D   | 99         |           | -                    | .                    |
|  | The distribution of profit (acct. 129)                                | 100        |           | 10,223,547           | 5,958,806            |
|  | <b>OWN EQUITY – TOTAL (rows 86+87+88+92-93+94-95+96-97+98-99-100)</b> | <b>101</b> | <b>11</b> | <b>1,224,137,255</b> | <b>1,235,646,372</b> |
|  | Private patrimony (acct. 1016)  | 102        |           |                      |                      |
|  | Public patrimony (acct.1017)  | 103        |           |                      |                      |
|  | <b>EQUITY- TOTAL (rows 101+102+103)</b>                               | <b>104</b> |           | <b>1,224,137,255</b> | <b>1,235,646,372</b> |
|  |   |            |           |                      |                      |
|  | <b>TOTAL LIABILITIES</b>  | <b>105</b> |           | <b>1,951,689,691</b> | <b>2,012,649,026</b> |

March 15, 2022

General Manager  
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Financial Manager

E-DISTRIBUTIE DOBROGEA SA  
STANDALONE PROFIT AND LOSS ACCOUNT  
for the financial exercise ended on December 31, 2021  
(all amounts are in lei (RON) unless otherwise mentioned)

| PROFIT AND LOSS ACCOUNT |  |           |           |   |                    |
|-------------------------|--|-----------|-----------|---|--------------------|
| Name of issue           |  | Row       | Note      | Financial exercise concluded on December 31 |                    |
|                         |  |           |           | 2020  | 2021               |
| A                       |  | B         |           | 1   | 2                  |
| 1                       | <b>Net turnover (rd. 02 + 03 - 04 + 05+06)</b>                                       | <b>01</b> | <b>12</b> | <b>488,424,688</b>                          | <b>511,419,249</b> |
|                         | Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)                       | 02        |           | 482,548,779                                 | 505,486,489        |
|                         | Income from the sale of goods (acct. 707   | 03        |           | 5,875,909                                   | 5,932,760          |
|                         | Commercial discounts granted (acct.709)  | 04        |           | -   | -                  |
|                         | Revenues from operating grants related to turnover (acct.7411)                       | 05        |           | -   | -                  |
| 2                       | Income related to the cost of production in progress (acct. 711 + 712)               | Balance C | 06        | -   | -                  |
|                         |  | Balance D | 07        | -   | -                  |
| 3                       | Production made by the entity for its own and capitalized purposes (acct. 721 + 722) | 08        |           | 18,122,299                                  | 17,257,415         |
| 4                       | Income from the revaluation of intangible assets (acct. 755)                         | 09        |           |   |                    |
| 5                       | Revenue from real estate investments (acct. 725)                                     | 10        |           | -   | -                  |
| 6                       | Income from operating grants (acct.7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)   | 11        |           |   |                    |
| 7                       | Other operating income (751+758+7815), of which                                      | 12        | <b>13</b> | 23,511,146                                  | 26,094,683         |
|                         | -revenue from investment grants (acct. 7584)   | 13        |           | 21,094,494                                  | 21,938,582         |
|                         | -earnings on purchases under favorable conditions (acct. 7587)                       | 14        |           | -   | -                  |
|                         | <b>OPERATING REVENUES – TOTAL (row 01+07+08+09+10+11+12+13)</b>                      | <b>15</b> |           | 530,058,133                                 | 554,771,347        |
| 8                       | a) Expenditure on raw materials and consumables (acct. 601 + 602)                    | 16        | <b>14</b> | 7,872,212                                   | 10,618,342         |
|                         | Other material expenses (acct. 603+604+606+608)                                      | 17        | <b>14</b> | 155,938,488                                 | 244,617,554        |
|                         | b) Other external expenditures (with energy and water) (acct.605)                    | 18        |           | 2,594,301                                   | 6,175,112          |
|                         | c) Expenditure on goods (acct. 607)  | 19        |           | 5,271,979                                   | 5,422,923          |
|                         | Trade receipts received (acct.609)   | 20        |           | 124,021                                     | -                  |
| 9                       | Personnel costs (row 23+24), out of which:   | 21        | <b>15</b> | 78,075,625                                  | 83,505,335         |
|                         | a) Salaries and allowances (acct. 641+642+643+644)                                   | 22        |           | 74,596,032                                  | 79,890,419         |
|                         | b) Expenditure on insurance and social protection (acct.645)                         | 23        |           | 3,479,593                                   | 3,614,916          |
| 10                      | a) Value adjustments on intangible assets, tangible assets (rows 26-27)              | 24        |           | <b>120,518,393</b>                          | <b>91,726,442</b>  |
|                         | a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)                                       | 25        |           | 121,038,603                                 | 96,316,629         |
|                         | a.2) Income (acct.7813 + 7816)   | 26        |           | 520,210                                     | 4,590,187          |
|                         | b) Value adjustments for current assets (rows 26-27)                                 | 27        |           | <b>(1,615,692)</b>                          | <b>4,659,638</b>   |
|                         | b.1) Expenditure (acct.654 + 6814+6818)  | 28        |           | 1,311,293                                   | 7,409,932          |
|                         | b.2) Revenues (acct.7813+7818)   | 29        |           | 2,926,985                                   | 2,750,294          |
| 11                      | Other operating expenses (row 32 to 38)  | 30        | 16        | <b>94,730,685</b>                           | <b>90,896,163</b>  |

|    |  |    |    |                    |                    |
|----|--|----|----|--------------------|--------------------|
|    | 11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628) | 31 |    | 75,957,138         | 74,129,687         |
|    | 11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)*   | 32 |    | 7,030,215          | 7,680,336          |
|    | 11.3. Environment protection expenditures (acct.652)   | 33 |    | 106,748            | 101,789            |
|    | 11.4. . Expenses from revaluation of intangible assets (acct. 655)   | 34 |    | -                  | -                  |
|    | 11.5 Expenditure on calamities and other similar events (acct.6587   | 35 |    | -                  | -                  |
|    | 16.9. Other expenses (acct.651 + 6581 + 6582 + 6583 + 6588)  | 36 |    | 11,636,584         | 8,984,351          |
|    | Adjustments for provisions (rows 40-41)  | 37 |    | 2,948,616          | 6,158,968          |
|    | - Expenditure (acct. 6812)   | 38 |    | 9,310,572          | 17,377,051         |
|    | - Income (7812)  | 39 |    | 6,361,956          | 11,218,083         |
|    | <b>OPERATING EXPENDITURE - TOTAL (row 17 to 20 20-21+22+25+28+31+39)</b>   | 40 |    | <b>466.210.586</b> | <b>543,780,477</b> |
|    | <b>PROFIT OR LOSS FROM OPERATION:</b>  |    |    |                    |                    |
|    | -Profit (row 16-42)  | 41 |    | 63,847,547         | 10,990,870         |
|    | - Loss (row 42-16)   | 42 |    | -                  | -                  |
| 12 | Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)                            | 43 |    |                    |                    |
|    |  | 44 |    |                    |                    |
| 13 | Interest income (acct.766 *)   | 45 |    | -                  | -                  |
|    | - of which, the income affiliated entities   | 46 |    | -                  | -                  |
| 14 | Income from operating grants for interest due (acct. 7418)   | 47 |    |                    |                    |
| 15 | Other financial income (acct. 7615+762+764+765+767+768)  | 48 |    | 1,325,631          | 354,698            |
|    | -of which, income from other financial fixed assets (item 7615)  | 49 |    | -                  | -                  |
|    | <b>FINANCIAL INCOME – TOTAL (rows 45+47+49+50)</b>   | 50 | 17 | <b>2,193,448</b>   | <b>7,785,493</b>   |
| 16 | Value adjustments on financial assets and financial investments held as current assets (rows 54-55)                        | 51 |    | -                  | -                  |
|    | -Expenditures (acct.686)   | 52 |    | -                  | -                  |
|    | -Income (acct.786)   | 53 |    | -                  | -                  |
| 17 | Interest Expenses (acct.666 *)   | 54 |    | -                  | -                  |
|    | - of which, the expenses in relation to the entities in the group  | 55 |    | -                  | -                  |
|    | Other financial expenses (acct.663 + 664 + 665 + 667 + 668)  | 56 |    | 1,930,782          | 7,896,938          |
|    | <b>FINANCIAL EXPENDITURE - TOTAL (rows 53+56+58)</b>   | 57 |    | <b>1,930,782</b>   | <b>7,896,938</b>   |
|    | <b>PROFIT OR FINANCIAL LOSS:</b>   |    |    |                    |                    |
|    | - Profit (row 61 - 70)   | 58 |    | 262,666            | -                  |
|    | - Loss (rows 70- 61)   | 59 |    | -                  | 111,445            |
|    | <b>TOTAL INCOME (rows 16+52)</b>   | 60 |    | <b>532,251,581</b> | <b>562,556,840</b> |
|    | <b>TOTAL EXPENDITURE (rows 42+59)</b>  | 61 |    | <b>468,141,368</b> | <b>551,677,415</b> |
| 18 | <b>GROSS PROFIT OR LOSS:</b>   |    |    |                    |                    |
|    | - Profit (rows 62-63)  | 62 |    | 64,110,213         | 10,879,425         |
|    | - Loss (rows 63-62)  | 63 |    |                    |                    |
| 19 | Income tax (acc, 691)  | 64 | 18 | 10,377,252         | (629,692)          |
| 20 | Tax-specific activities (acct, 695)  | 65 |    |                    |                    |
| 21 | Other taxes not shown at the above items (acct,698)  | 66 |    | -                  | -                  |



|    |                                  |  |  |                   |                   |
|----|----------------------------------|--|--|-------------------|-------------------|
| 22 |                                  | <b>NET PROFIT OR LOSS OF FINANCIAL EXERCISE:</b> |  |                   |                   |
|    | - Profit (rows <b>64-66-67</b> ) | <b>67</b>  |  | <b>53,732,961</b> | <b>11,509,117</b> |
|    | - Loss (rows <b>65+66+67</b> )   | <b>68</b>  |  | -                 | -                 |

General Manager  
Monica Hodor

Prepared by,  
Popescu Razvan-Cristian  
Financial Manager

E-DISTRIBUTIE DOBROGEA SA  
STATEMENT OF CHANGES IN EQUITY  
for the financial exercise ended on December 31, 2021  
(all amounts are in lei (RON) unless otherwise mentioned)

**2021**

| ITEM   |           | Balance on<br>January 1, 2021 | Increase          |                   | Decrease          |                   | Balance on<br>December 31 2021 |
|--|-----------|-------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|
|  |           |                               | Total, of which:  | By transfer       | Total, of which:  | By transfer       |                                |
| Subscribed capital   |           | 280,285,560                   | -                 | -                 | -                 | -                 | 280,285,560                    |
| Revaluation reserves   |           | 610,696,168                   | -                 | -                 | 7,997,273         | 7,997,273         | 602,698,895                    |
| Legal reserves   |           | 56,057,111                    | -                 | -                 | -                 | -                 | 56,057,111                     |
| Other reserves   |           | 91,134,735                    | 5,958,806         | 5,958,806         | -                 | -                 | 97,093,541                     |
| The result carried forward represents the undistributed profit or the uncovered loss | Balance C | 85,604,756                    | 43,509,414        | 43,509,414        | -                 | -                 | 129,114,170                    |
|  | Balance D |                               |                   |                   |                   |                   |                                |
| Deferred income from accounting errors   | Balance C |                               |                   |                   |                   |                   |                                |
|  | Balance D | (2,332,384)                   |                   |                   | -                 | -                 | (2,332,384)                    |
| Profit or loss for the financial year  | Balance C | 59,181,895                    | 7,997,273         | 7,997,273         | -                 | -                 | 67,179,168                     |
|  | Balance D | -                             | -                 | -                 | -                 | -                 | -                              |
| Distribution of profit   |           | 53,732,961                    | 11,509,117        | -                 | 53,732,961        | 53,732,961        | 11,509,117                     |
| <b>Total equity</b>  |           | <b>1,224,137,255</b>          | <b>63,015,804</b> | <b>51,506,687</b> | <b>51,506,687</b> | <b>51,506,687</b> | <b>1,235,646,372</b>           |

**2020**

| ITEM   |           | Balance on<br>January 1, 2020 | Increase           |                   | Decrease           |                   | Balance on<br>December 31 2020 |
|--|-----------|-------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------------------|
|  |           |                               | Total, of which:   | By transfer       | Total, of which:   | By transfer       |                                |
| Subscribed capital   |           | 280,285,560                   | -                  | -                 | -                  | -                 | 280,285,560                    |
| Revaluation reserves   |           | 618,011,661                   | -                  | -                 | 7,315,493          | 7,315,493         | 610,696,168                    |
| Legal reserves   |           | 56,057,111                    | -                  | -                 | -                  | -                 | 56,057,111                     |
| Other reserves   |           | 80,911,188                    | 10,223,547         | 10,223,547        | -                  | -                 | 91,134,735                     |
| The result carried forward represents the undistributed profit or the uncovered loss | Balance C | 505,080,820                   | 83,272,375         | 83,272,375        | 502,748,433        | -                 | 85,604,756                     |
|  | Balance D |                               |                    |                   |                    |                   |                                |
| Deferred income from accounting errors   | Balance C |                               |                    |                   |                    |                   |                                |
|  | Balance D | (2,332,384)                   | -                  | -                 | -                  | -                 | (2,332,384)                    |
| Profit or loss for the financial year  | Balance C | 51,866,402                    | 7,315,493          | 7,315,493         | -                  | -                 | 59,181,895                     |
|  | Balance D | -                             | -                  | -                 | -                  | -                 | -                              |
| Distribution of profit   |           | 87,564,478                    | 53,732,961         |                   | 87,564,478         | 87,564,478        | 53,732,961                     |
| <b>Total equity</b>  |           | <b>1,673,152,728</b>          | <b>144,320,828</b> | <b>90,587,867</b> | <b>593,336,301</b> | <b>90,587,867</b> | <b>1,224,137,255</b>           |

General manager  
Monica Hodor

Prepared by,  
Popescu Razvan-Cristian

### INDIRECT METHOD

| ITEM  | Financial exercise concluded on<br>December 31 |                      |
|---|--|----------------------|
|   | 2020   | 2021                 |
| A   | 1  | 2                    |
| <b>Cash flows from operating activity</b>                                   |  |                      |
| <b>Profit / (loss) before income tax</b>                                    | <b>64,110,213</b>                              | <b>10,879,425</b>    |
|   |  |                      |
| <b>Adjustments for non-monetary elements:</b>                               |  |                      |
| Depreciation related to tangible and intangible assets, net                 | 116,448,416                                    | 94,927,004           |
| Adjustments for depreciation of tangible and intangible assets, net         | 4,069,977                                      | (3,200,562)          |
| Losses from disposal of fixed assets, net                                   | 1,829,768                                      | 3,897,861            |
| Expenditure on provisions for current assets, net                           | (1,615,692)                                    | 4,659,638            |
| Provisions, net   | 2,948,616                                      | 6,158,968            |
| Resumption of customer-financed assets (connection fee)                     | (21,094,494)                                   | (21,938,582)         |
| Interest income, net  | (1,325,631)                                    | (354,698)            |
| Unrealized losses/(gains) from exchange rate differences                    | 867,191  | 73,907               |
| <b>Operating profit before changes in working capital</b>                   | <b>166,238,364</b>                             | <b>95,102,961</b>    |
|   |  |                      |
| <b>Changes in net working capital in:</b>                                   |  |                      |
| Decrease / (Increase) of stocks   | (947,901)                                      | (605,756)            |
| Decrease / (Increase) in trade and other receivables and other claims       | 56,324,073                                     | (27,068,570)         |
| Decrease / (Increase) of deferred expenses                                  | (673,361)                                      | (135,813)            |
| (Decrease) / Increase in trade and other payables                           | (4,961,464)                                    | 27,524,534           |
| (Decrease) / Increase in other debts  | 2,428,557                                      | 3,055,304            |
| Connection fee collected from customers                                     | 57,250,344                                     | 34,513,631           |
| <b>Changes in working capital</b>   | <b>109,420,248</b>                             | <b>37,283,329</b>    |
|   |  |                      |
| Profit tax paid   | (5,556,777)                                    | (11,197,822)         |
| <b>Net cash flow from operating activities</b>                              | <b>270,101,835</b>                             | <b>121,188,470</b>   |
|   |  |                      |
| <b>Cash flow from investment activity</b>                                   |  |                      |
| Payments for acquisitions of tangible and intangible assets                 | (206,546,927)                                  | (168,866,928)        |
| Proceeds from the sale of tangible assets                                   | 1,982  | 1,331,417            |
| Interest received   | 1,331,039                                      | 379,200              |
| <b>Net cash flow used in investment activity</b>                            | <b>(205,213,906)</b>                           | <b>(167,156,311)</b> |
|   |  |                      |
| <b>Cash flow from financial activity</b>                                    |  |                      |
| Dividends paid  | (502,748,433)                                  |                      |
| <b>Net cash flow from / (used in) financial activity</b>                    | <b>(502,748,433)</b>                           | <b>-</b>             |
|   |  |                      |
| <b>Net increase / (decrease) of availabilities and assimilated elements</b> | <b>(437,860,504)</b>                           | <b>(45,967,841)</b>  |
|   |  |                      |
| <b>Availability and assimilated elements at the beginning of the year</b>   | <b>562,009,253</b>                             | <b>124,148,749</b>   |
| The effect of exchange rate changes   | -  | -                    |
|   |  |                      |
| <b>Availability and assimilated elements at the end of the year</b>         | <b>124,148,749</b>                             | <b>78,180,908</b>    |
|   |  |                      |
|   |  |                      |

General manager  
Monica Hodor

Prepared by,  
Popescu Razvan-Cristian

## **NOTE 1: INFORMATION REGARDING THE COMPANY**

E-Distributie Dobrogea is a Romanian legal entity registered at the Trade Register to the Constanta Court under no. J13 / 791 / 08.03.2002, fiscal registration number 14500308, with registered office in 89A Nicolae Iorga Street, Constanta, Constanta County.

The company's main object of activity represents the distribution of electricity in the Counties of Calarasi, Constanta, Ialomița and Tulcea.

The company is controlled by Enel SpA, Italy, the ultimate shareholder of the Group. Enel SpA, a company operating validly and organized in accordance with Italian law and the ultimate parent of the Enel Group, prepares consolidated IFRS financial statements (which are public and can be obtained from the Group's official website).

The Company's statutory annual financial statements are available for consultation by shareholders at the Company's headquarters.

### **Regulations in the energy sector**

The activity of the energy sector is regulated by the National Energy Regulatory Authority ("ANRE") established as an autonomous public institution by Emergency Ordinance no. 33/2007 with the subsequent amendments and completions and which has the mission to create and apply the regulatory system necessary for the functioning of electricity and natural gas market, in conditions of efficiency, competition, transparency, and consumers' protection.

In carrying out its mission, ANRE aims at integrating the regulatory act with the actions of other regulatory authorities and harmonizing it with the objectives and priorities of the Government.

ANRE has the following main attributions:

- approval of technical and commercial regulations for economic operators in the domain, including performance standards for transmission, distribution and supply of electricity and thermal energy.
- granting, modifying, suspending, or withdrawing authorizations and licenses for economic operators in the electricity sector, including producers of thermal energy produced in cogeneration.
- elaboration and approval of the methodologies for calculating the regulated rates and prices.

In July 2012, the Electricity and Natural Gas Law 123/2012 was approved, and published in the Official Gazette 485 / 16.07.2012, which cancelled the Electricity Law 13/2007 and the Gas Law no. 351/2004. Following the effective date, Law 123/2012 was completed and amended by other normative acts.

### ***Electricity distribution***

The distribution of electricity is carried out by the distribution operator, the legal person holding the license.

The specific rates for the electricity distribution and the prices for the reactive energy are established by ANRE Orders.

The new Methodology for establishing the price for electricity distribution was approved by Order no. 169/2018.

According to the Methodology for establishing the price for electricity distribution, the price is established taking into account the following elements: controllable and uncontrollable operating and maintenance costs; the cost of electricity purchased for own technological consumption (losses in the distribution grid); regulated depreciation expense; profitability of the regulated assets' base; revenues related to reactive energy and revenues from other activities, as well as corrections from previous periods.

#### ***Regulated assets base (RAB)***

In accordance with the legislation in force, the price is determined by distribution rates, among others, on the regulated assets' base.

The regulated assets base at the beginning of the first regulatory period (January 1, 2005) (initial RAB) included the net value of tangible and intangible assets recognized by ANRE and used for the regulated distribution of electricity. The RAB calculated subsequently includes, in addition to the initial RAB, as net value, also the net value of the tangible and intangible assets subsequently acquired through investments approved by ANRE. RAB does not include fixed assets financed by donations, development fee received or other non-reimbursable funds, including connection fee received from new users of the electricity grid.

The regulated distribution rate applied by the Company in 2021 are presented in Note 12. The regulated distribution rate applicable in 2022 are the following:

| 1 January - 31 December 2022 |                |             |
|------------------------------|----------------|-------------|
| Hight voltage                | Medium voltage | Low voltage |
| 21                           | 48,01          | 141,99      |

The distribution rate is applied according to the voltage level related to the delimitation point between the distribution operator and the user, by summing the specific rate related to the respective voltage level with the specific rate related to the higher voltage levels, in compliance with the regulations in force.

High voltage customer pays high voltage distribution rate, medium voltage customer pays high voltage distribution rate + medium voltage distribution rate, low voltage customer pays high voltage distribution rate + medium voltage distribution rate + low voltage distribution rate.

### ***Regulated Rate of Return (RRR)***

During 2020, the regulated rate of return of RAB had the following values:

- For the period January 1, 2020 - April 29, 2020: 6.9%;
- For the period April 30, 2020 - May 12, 2020: 5.66% plus a 1% incentive for new investments;
- For the period May 13, 2020 - December 31, 2020: 6.39% plus a 1% incentive for new investments.

During 2021, the regulated rate of return of BAR remained 6.39%. For the period after February 1, 2021, an additional 1% incentive is granted for the amounts of money invested by the distribution operator in projects co-financed from European funds.

### ***Concession of the electricity distribution service***

The company (as grantee) has concluded in 2005 a concession contract with the Ministry of Energy (as grantor), updated by addenda in 2015, 2016 and 2017, concession contract which has as object the concession of the distribution service of electricity in the determined territory (Calarasi, Constanta, Ialomita and Giurgiu Counties), at the risk and responsibility of the concessionaire and in compliance with the technical regulations applicable for the operation, modernization, rehabilitation, and development of electricity distribution grid provided in the Energy Law, terms and conditions of the distribution license of electricity and regulations issued by ANRE. The concession contract is concluded for a period of 49 years, with the possibility of extension for a period equal to at most half of this period. As concession price, the Company pays an annual royalty recognized in the distribution rate of 1/1000 of revenues from the distribution of electricity. To perform the electricity distribution service, the company uses the assets representing the distribution grid owned, located in the territory mentioned above. According to the concession contract, the grantor will buy at the end of the concession contract the property rights over the "relevant goods", namely the electricity distribution grid, at a price equal to the regulated assets base as established by the regulatory authority (ANRE).

### ***Connection to the electrical distribution network***

Until the amendments to the Regulation of connection provided in ANRE Order 59/2013 updated by ANRE Orders 160/2020, 16/2021 became valid in March 2021 of, respectively of the Procedure for connecting prosumers subject of ANRE Order no. 15/2021 and of the Procedure of connection of household and non-household consumers subject of ANRE Order no. 17/2021 the value of new connections to the electricity network was invoiced to consumers as connection rate and recognized as advances from customers until the beginning of works, when is transferred to deferred income.

The connections thus made became the property of the Company, and the deferred income is resumed as income as the related tangible assets are depreciated.

Commencing March 2021, the connections made for:

- Non-household consumers with connection installations less than 2,500 meters from an already existing installation, household consumers and prosumers with an installed power of less than 100 KW are financed by the distribution operator or by users, if they choose this, being later redeemed by the distribution operator by returning to the user in equal annual installments, within a maximum of 5 years from the commissioning of the installation. The connections thus financed become the property of the Company and are recognized as fixed assets.

Subsequently, following the publication of GEO no. 143/2021 issued on December 30, 2021, the previous provisions regarding the connection were modified, and the object of ANRE Order no. 15/2021 and ANRE Order no. 17/2021 regarding non-household consumers with installations less than 2,500 meters from an already existing installation, household consumers and prosumers with an installed power of less than 100 KW have become inapplicable, being contrary to the provisions of Energy Law no. 123/2012, following the amendments that entered into force on 31.12.2021. Thus, for these cases the provisions of the Energy Law no. 123/2012, with subsequent amendments and completions, until the date on which ANRE will adapt the secondary regulatory framework specific to the connections.

- After December 31, 2021, for household users connecting to the network, the distribution operator will bear the cost of connection up to the level of the cost of a standard connection whose value will be established by ANRE. For non-household consumers the cost of connecting to the network will be borne by them, and the distribution operator takes them into operation based on an agreement concluded with the user when putting the connections into operation. According to OMFP 410/2017, the connections thus financed are recognized in off-balance sheet accounts during the period of operation by the distribution operator;
- The developers are financed by the developer, and the distribution operator takes them into operation based on an agreement concluded with the developer at the time of commissioning the connections. According to OMFP 410/2017, the connections thus financed are recognized in off-balance sheet accounts during the period of operation by the distribution operator. After the developer fulfills the condition of alienation (sale) of 80% of the consumption places, the distribution operator returns the efficiency quota to the developer (part of the costs incurred by him for the connection), and the connections are recognized by the distribution operator as fixed assets.

## **NOTE 2: ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

### **2.1 Basics for preparing the financial statements**

These are the individual financial statements of E-Distributie Dobrogea S.A. for the financial year ended 31 December 2020 prepared in accordance with:

- Accounting law no. 82/1991 (republished);
- The provisions of the Order of the Minister of Public Finance no. 1802/2014 with subsequent amendments ("OMFP 1802/2014").

The accounting principles and policies adopted for the preparation and presentation of the financial statements are in accordance with the accounting principles and policies provided by OMFP 1802/2014.

The accounting records on the basis of which these financial statements have been prepared are in lei ("RON") at historical cost, except for the situations in which the fair value was used, according to the Company's accounting policies and according to OMF 1802/2014.

These financial statements include:

- Balance sheet;
- Profit and loss account;
- Cash flow statement;
- Statement of changes in equity;
- Explanatory notes to the financial statements.

The financial statements refer only to E-Distributie Dobrogea S.A. The company holds 50% of the share capital of Enel Servicii Comune SRL and exercises joint control over this company together with the other shareholder holding 50% of the share capital, E-Distributie Banat SA in accordance with OMF 1802/2014, the Company has no obligation to prepare consolidated financial statements

The financial statements are not intended to present the financial position, the result of operations, cash flows and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the financial statements are not prepared for the use of persons who do not know the accounting and legal regulations in Romania, including the Order of the Minister of Public Finance no. 1802/2014 with subsequent amendments.

## **2.2 Significant accounting principles**

The financial statements have been prepared in accordance with the following accounting principles:

### The principle of continuity of activity

The company will continue to operate normally without going into liquidation or significant reduction of activity.

### The principle of permanence of methods

The company consistently applies accounting policies and evaluation methods from one financial year to another.

### The principle of prudence

When preparing the annual financial statements, the recognition and evaluation was performed mainly on:

- a) only the profit realized at the balance sheet's date was included in the profit and loss account;
- b) debts incurred during the current financial year or of a previous financial year, have been recognized even if they become obvious only between the balance sheet's date and the date of preparation;
- c) impairments have been recognized, regardless of whether the result of the financial year is a loss or a profit.

### The principle of accrual accounting

The effects of transactions and other events were recognized when the transactions and events occurred (and not as cash or cash equivalents were received or paid) and were registered in the accounts and reported in the financial statements for the related periods.

All income and expenses for the year were taken into account, regardless of the date of collection or payment.

The incomes and expenses that resulted directly and simultaneous from the same transaction were recognized simultaneously in the accounting, by direct association between the expenses and the incomes, highlighting incomes and expenses.



The principle of intangibility

The opening balance sheet of the financial year corresponds to the closing balance sheet of the previous financial year.

The principle of separating the value of assets and liabilities

In order to establish the value corresponding to a position in the balance sheet, the value of each component of the assets and liabilities items was determined separately.

The principle of non-compensation

The values of the elements representing assets were not offset by the values of the elements representing debts, respectively the income with expenses.

Accounting and presentation of the elements from the financial statements taking into account the economic fund of the transaction or commitment in question

The registration in accounting and the presentation in the financial statements of the economic-financial operations reflect their economic reality, highlighting the rights and obligations, as well as the risks associated with these operations.

The principle of evaluation

The items presented in the financial statements have been valued based on the principle of acquisition cost or production cost, except for tangible assets, which are measured using the revaluation method.

Significance threshold principle

The entity may deviate from the requirements contained in the applicable accounting regulations regarding the presentation of information and publication when the effects of their observance are insignificant.

## **2.3 Reporting currency**

The accounting is prepared in Romanian and in the national currency ("RON"). The accounting of the operations performed in foreign currency is kept both in the national currency and in foreign currency. The elements included in these situations are presented in Romanian currency.

## **2.4 Comparative situations**

The financial statements prepared on December 31, 2021 presents comparability with the financial statements of the previous financial year.

## **2.5 Use of accounting estimates**

The preparation of financial statements in accordance with OMF 1802/2014, with subsequent amendments, implies that the management should make estimates and assumptions that influence the reported values of assets and liabilities and the presentation of contingent assets and liabilities at the date of the financial statements, as well as income and expenses from the reporting period. Actual results may differ from the estimated ones. These estimates are reviewed periodically and, if adjustments are required, they are presented in the income statement as they become available.

## 2.6 Continuity of activity

These financial statements have been prepared based on the principle of business continuity, which assumes that the Company will continue its business in the foreseeable future. To assess the applicability of this presumption, the management analyzes forecasts of future cash inflows and outflows. Based on these analyzes, the management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity in the preparation of the financial statements is justified.

## 2.7 Currency conversions

Transactions made in foreign currency are initially registered at the exchange rate communicated by the National Bank of Romania on the date of the transaction.

At the balance sheet's date, monetary items denominated in foreign currency and receivables and payables denominated in lei whose settlement is based on the exchange rate of a currency are valued and presented in the annual financial statements at the exchange rate communicated by the National Bank of Romania and valid at the end of the financial year.

Profit and losses on exchange rate differences, realized and unrealized, between the exchange rate of the foreign exchange market communicated by the National Bank of Romania on the date of registration of receivables or liabilities in foreign currency and those in RON whose settlement depends on the exchange rate of a currency, or the exchange rate at which they are registered in the accounting and the exchange rate on the end of the financial year, are registered in the profit and loss account of the respective financial year.

Non-monetary items purchased in foreign currency and registered at historical cost (intangible assets, inventories) are presented in the annual financial statements using the exchange rate on the date of the transaction. Non-monetary items purchased with payment in foreign currency and registered at fair value (e.g. revalued tangible assets) and presented in the annual financial statements at this value.

The exchange rates RON / USD and RON / EUR communicated by the National Bank of Romania on December 31, 2021 and December 31, 2010, were as follows:

| Currency | December 31, 2021 | December 31, 2020 |
|----------|-------------------|-------------------|
| RON/USD  | 4.3707            | 3.9660            |
| RON/EURO | 4.9481            | 4.8694            |

## 2.8 Significant accounting policies

### 2.8.1. Intangible assets

Intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses.

*Concessions, patents, licenses, trademarks, rights, and similar assets*

They mainly include licenses and are amortized using the straight-line amortization method over the useful life period (usually 3 years).

#### *Other intangible assets*

They mainly include dedicated computer programs. The costs related to the acquisition of computer programs are capitalized and amortized based on the linear method for a lifetime of 5 years (SAP system, software related to smart electric meters).

### **2.8.2. Tangible assets**

#### *Recognition and evaluation*

Tangible assets are initially recognized at cost. The initial cost of tangible assets consists of the purchasing price, including irrecoverable import duties or taxes, transportation, handling, commissions, notary fees, authorization expenses and other non-recoverable expenses directly attributable to tangible assets and any direct attributable costs for bringing the asset to the proper place and operating conditions.

Tangible assets in progress represent unfinished investments made in operations by oneself or in enterprise. They are valued at production cost or acquisition cost, as appropriate. They are not amortized over a period of time until the relevant assets are completed and put into operation.

Expenses incurred after the fixed asset has been put into operation, such as repairs, maintenance, and administrative costs, are normally registered in the profit and loss statement in the period in which they occurred. Where it can be demonstrated that these expenses have resulted in an increase in future economic benefits expected to be derived from the use of a fixed asset over the initially assessed performance standards, the expense is capitalized as an additional cost in the value of the asset.

In cases where the costs incurred only serve to maintain the efficiency of the installation or the initial capacity and productivity, these are considered as expenses for repairs and maintenance and are recognized as expenses of the period in which they were incurred.

In case of replacing a component of a long-term asset, the Company recognizes the cost of partial replacement, the accounting value of the replaced part being removed from the records, with the related depreciation, if the necessary information is available and the recognition criteria for tangible assets are met.

In order to recognize tangible assets, it is necessary to use professional reasoning when applying the recognition criteria for the specific circumstances of the entity. In some cases, it may be appropriate to aggregate the insignificant elements individually, such as molds, measuring and control equipment, tools, and the like, and to apply the criteria for recognizing their aggregate value.

Important spare parts and safety equipment are considered tangible assets when they are expected to be used for more than one year.

Subsequent to initial recognition, tangible assets are measured periodically at revalued amount, less any accumulated depreciation and any impairment losses since the most recent revaluation.

Tangible assets items are revalued simultaneously to avoid selective revaluation and reporting in annual financial statements values that are a combination of costs and values calculated at different dates. If a fixed asset is revalued, all other assets in the group to which it belongs are revalued.

Revaluations of tangible assets are made with enough regularity so that their carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

When revaluing a tangible asset, the accumulated depreciation at the revaluation date is removed from the gross carrying amount of the asset, and the difference between the net carrying amount of the asset and the revalued amount represents the value adjustment of the asset.

The revaluation surplus included in the revaluation reserve is capitalized by direct transfer to retained earnings (account 1175 "Retained earnings representing the surplus realized from revaluation reserves"), when this surplus represents a realized profit. The company considers the revaluation surplus realized when removing the asset from the record for which the revaluation reserve was established.

#### *Depreciation*

Depreciation of the value of fixed assets with limited periods of economic use represents the systematic allocation of the depreciable value of an asset over the entire period of economic use. The depreciable amount represents the cost or other value that replaces the cost (e.g. the revalued amount).

The period of economic use is the period in which an asset is expected to be available to be used by entity.

The Company registers the accounting depreciation based on the economic life span established by the Company and which is registered in a catalog of the economic durations. The company uses the straight-line method. Lands are not depreciated.

Tax depreciation is calculated based on the tax durations in the Catalog on the classification of fixed assets according to GD 2139/2004 (see point 2.8.19).

The fiscal depreciation periods (in years) used for tangible assets which are presented as follows:

| Category                                | Economic duration (years) | After January 1 2005 |
|---|---------------------------|----------------------|
| Buildings Administrative and industrial | 35-70                     | 24-40                |
| Other constructions                     | 10-48                     | 10-32                |
| Overhead power lines on wooden poles    | 40                        | 10                   |
| Overhead power lines on concrete poles  | 40                        | 32                   |
| Underground power lines                 | 40                        | 12                   |
| Energetic equipment                     | 12-40                     | 10-22                |
| Transformers                            | 30-40                     | 16                   |
| HV equipment                            | 4                         | 4                    |
| Other equipment                         | 4-25                      | 2-10                 |
| Meters                                  | 10                        | 10                   |
| Measuring and control devices           | 6-30                      | 4-10                 |
| Means of transport                      | 6-24                      | 4-16                 |
| Office furniture and equipment          | 5-35                      | 2-16                 |

The revision of the amortization period may be justified by a significant change in the conditions of use, as well as in the case of investments or repairs, other than those determined by current maintenance, or the obsolescence of a tangible asset. Also, if the tangible assets are preserved, their use being interrupted for a long period, the revision of the depreciation period may be justified. When the elements that formed the basis for the initial determination of the economic use period have changed, the Company establishes a new amortization period. The change in the duration of economic use represents a change in the accounting estimate.

#### *Assigning and discharging*

A tangible asset is derecognized on assigning or discharging when no future economic benefit is expected from its subsequent use.

For the purpose of presentation in the profit and loss account, the profit or losses obtained from the disposal or assigning a tangible asset are determined as the difference between the income generated by the recognition and its unamortized value, including expenses incurred by it and are presented as net value, as income or expenses, as the case may be, under the item "Other operating income", respectively "Other operating expenses".

### **2.8.3. Impairment of fixed assets**

#### *Determining impairment losses*

The recoverable amount of tangible and intangible fixed assets is considered to be the higher of fair value, less selling costs and value in use. Estimating the value in use of an asset involves updating estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. In case of an asset that does not independently generate significant cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The carrying amount of the Company's fixed assets is analyzed at the balance sheet's date to determine whether there are any impairment losses. If such a decrease is probable, the recoverable amount of the asset in question is estimated. If the carrying amount of the asset is greater than its recoverable amount, an adjustment for impairment losses is recognized in the income statement or, as the case may be, by decreasing the revaluation reserve (based on a revaluation report).

The value of intangible and tangible assets is corrected and brought to the recoverable amount, depending on the type of impairment, either by registering an additional depreciation, in case an irreversible depreciation is found, or by establishing or supplementing the impairment adjustments, if a reversible depreciation is found.

#### *Resumption of adjustments for impairment losses*

An adjustment for impairment of fixed assets is resumed if there is a change in the estimates used to determine the recoverable amount.

An adjustment for impairment may be resumed to the extent that the carrying amount of the asset does not exceed its recoverable amount, less depreciation, which would have been determined if the adjustment for impairment had not been recognized.

#### **2.8.4. Financial assets**

Financial assets include shares owned in affiliated entities, as well as other inventories held as assets.

Financial assets are initially registered at acquisition cost.

Financial assets are subsequently registered at entry value less accumulated impairment adjustments; Impairment adjustments are recognized in the income statement in the case of financial assets other than those represented by green certificates whose trading is deferred in accordance with Law 220/2008, which are recognized as deferred income.

#### **2.8.5 Inventories**

Inventories are made up of consumables and other materials, consisting mainly of materials for the maintenance of the distribution network.

The cost of stocks includes all acquisition costs and other costs due to bringing stocks to the present place and situation.

Upon discharge, inventories are evaluated based on the weighted average cost method. Where appropriate, value adjustments are made for obsolete or defective stocks.

#### **2.8.6. Trade and other receivables**

Trade receivables include invoices issued until December 31 for electricity distribution, penalties for late payment, as well as estimated receivables related to electricity distributed until the end of the year, but invoiced in the period after the end of the year.

Trade receivables are initially recognized and registered at the value according to the invoices or according to the documents attesting the delivery of the goods, namely the provision of the services.

The valuation of the recoverable amount of receivables at the balance sheet's date is made at their probable collection value. The differences found in minus between the recoverable value and the book value of the receivables are registered in the accounting as value adjustments of the current assets. The Company's policy is to fully provision receivables older than one year, uncertain and bankrupt customers.

An impairment loss on a receivable is resumed if the subsequent increase of recoverable amount can be related to an event that occurred after impairment loss was recognized.

#### **2.8.7. Cash and cash equivalents**

Cash availabilities are made up of cash, current accounts at banks, bank deposits for a maximum of three months if they are held in order to cover the need for short-term cash, checks and commercial bills in bank accounts.

#### **2.8.8. Trade payables**

Trade obligations are recorded at cost, which represents the value of the obligation to be paid in the future for the goods and services received, regardless of whether or not they were invoiced to the Company, including invoices for deliveries of electricity, natural gas, supplies of goods, contracted works, and services.

#### **2.8.9. Leasing contracts**

Leasing contract in which a significant portion of the risks and associated benefits of ownership are retained by the lessor should be classified as operating leases.

Payments related to an operating lease are recognized as expenses in the profit and loss account, on a straight-line basis over the term of the lease. Incentives received for concluding a new or renewed operational leasing contract are recognized as an integral part of the net value of the consideration for using the asset in lease, no matter the value of the incentive, type of payment, reducing the costs with the lease during the lease agreement, on straight-line basis.

#### **2.8.10. Provisions**

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event, it is likely that an outflow of resources will be required to meet the obligation, and the debt can be estimated reliably.

The amount recognized as a provision represents the costs necessary to settle the current obligation of the best estimate at the balance sheet's date. The best estimate of the costs necessary to settle the current debt is the amount that the Company would rationally pay for settling the obligation at the balance sheet's date or for its transfer to a third party at that time.

If the effect of the time-value of money is significant, the value of the provision represents the updated present value of the expenses estimated necessary to settle the obligation. The discount rate used reflects current market assessments of the time-value of money and debt-specific risks.

Profit from the expected disposal of assets is not taken into account in assessing a provision.

If it is estimated that some or all of the expenses related to a provision will be reimbursed by a third party, the reimbursement is recognized only when there is clear evidence that the reimbursement will be received. Repayment is considered a separate asset. The amount that is recognized as a refund does not exceed the value of the provision.

Provisions are reviewed at each balance sheet's date and adjusted to reflect the current best estimate. If an outflow of resources is no longer probable for settling an obligation, the provision is canceled by resumption of income.

#### **2.8.11. Contingent liabilities**

A contingent liability is:

- a potential obligation, arising as a result of past events, prior to the balance sheet's date and whose existence will be confirmed only after the occurrence or non-occurrence of one or more uncertain future events, which cannot be fully under the company's control;
- a current obligation that arose as a result of past events prior to the balance sheet's date, but which is not recognized because:
  - o it is not certain that outflows of resources will be needed to settle this debt;
  - o the amount of the debt cannot be measured credible enough.

Contingent liabilities are not recognized in the financial statements. They are presented unless the possibility of an outflow of resources with economic benefits is ruled out.

A contingent asset is not recognized in the financial statements, it is presented when is probable an entry of future economic benefits.

#### **2.8.12. Deferred income**

Deferred income includes connection fee, development fee, donations, and inventory surpluses.

##### *Connection fee*

In accordance with the Connection regulation provided in ANRE Order no. 59/2013 applicable prior to the changes that occurred during 2021 (see Note 1) the value of the new connections to the electricity network is invoiced to the users of the distribution network through the connection rate. The receipts from the connection fee were registered as deferred income and are resumed at income as tangible assets are depreciated.

#### **2.8.13. Share capital**

The share capital made of common shares is registered at the value based on the articles of incorporation and the addenda, as the case may be, as well as the supporting documents regarding the capital payments.

The company recognizes the changes to the share capital after being approved by the General Meeting of Shareholders and registered at the Trade Register's Office.

#### **2.8.14. Legal reserves**

It is constituted of 5% quota of the gross profit at the end of the year until the total legal reserves reach 20% of the paid-in share capital, in accordance with the legal provisions.



#### **2.8.15. Retained earnings**

The remaining accounting profit after the distribution of the legal reserve quota is taken over within the retained earnings at the beginning of the financial exercise of the year following the one for which the annual financial statements are prepared, from where it will be distributed to the other legal destinations.

The highlighting of the accounting profit is performed in the following year after the general meeting of shareholders had approved the distribution of profit, by registering the amounts representing dividends due to shareholders, reserves, and other destinations, according to the law.

#### **2.8.16. Dividends**

Dividends are recognized as a liability in the period in which their distribution is approved. The distribution of dividends is made after the approval of the financial statements.

#### **2.8.17. Pensions and other post-retirement benefits**

Within the current activity, the Company makes payments to the Romanian state for social insurance in the benefit of its employees. All Company's employees are included in the pension plan of the Romanian state.

In addition, the Company provides cash benefits based on length of service for current employees and in-kind benefits (free energy) to retirees of the Company (see Provision Note). These benefits were estimated by an authorized expert in actuarial calculations and registered as Provisions for employees' benefits under OMFP 1802.

The company does not operate any other pension scheme or post-retirement benefit plan.

#### **2.8.18. Revenues**

##### Revenues from electricity's distribution

Revenues from electricity distribution are recognized based on electricity consumption made by consumers based on meter readings and based on estimated consumption for which no readings have been made. The invoicing of the electricity distribution service related to the consumption of the final consumers is performed monthly by the energy suppliers. Electricity distributed to final consumers which has not been read is estimated based on average consuming between the last two readings for economic agents and based on an average between two readings from a similar period of the previous year updated with macroeconomic and seasonal indices.

##### Revenues from the provision of services

Revenues from the provision of services are recognized in the period in which they were provided and in correspondence with the execution stage. The provision of services includes the execution of works and any other operations that cannot be considered deliveries of goods.

##### Rental income

Income from rents and / or rights to use assets is recognized based on accrual accounting, according to the contract.

#### **2.8.18. Financial income and expenses**

Financial income includes interest income and income from exchange rate differences. Financial expenses include expenses from exchange rate differences.

Financial income and expenses are recognized on an accrual basis.

#### **2.8.20. Taxes and fees**

The income tax includes the current tax calculated based on the annual fiscal result, using the tax rate in force at the balance sheet's date, adjusted with the corrections of previous years.

The fiscal lifetimes were revised on January 1, 1994, by Law no. 15/1994, on January 1, 1999, by Government Decision no. 964/1998 and on January 1, 2005 by Government Decision 2139/2004.

In accordance with the new regulations on the calculation of tax depreciation, the reserves from the revaluation of fixed assets, including land, made after January 1, 2004, are taxed starting with May 1, 2009 based on depreciation of fixed assets and the removal of assets.

The fiscal depreciation periods (in years) used for tangible assets, as well as the economic durations used by the Company are presented as follows:

- In accordance with the new regulations on the calculation of tax depreciation, starting with January 1, 2007, to determine the tax value of land, namely the tax value not depreciated in case of depreciable fixed assets will be taken into account also revaluations performed after January 1, 2007, as well as the remaining unamortized part of the accounting revaluations performed between January 1, 2004 and December 31, 2006, highlighted on December 31, 2006. Accounting revaluations performed after January 1, 2004 on depreciable fixed assets that no longer have an unamortized tax value at the date of revaluation are not recovered through tax depreciation. Reserves from the revaluation of fixed assets, including land, made after January 1, 2004, which are deducted in the calculation of taxable profit through tax depreciation or expenses on assigned and / or disposed assets, are taxed at the same time as the tax depreciation deduction, on the moment of discharging these fixed assets according to GEO 34/2009.

Therefore, the Company adjusted the inventory values on the fiscal area for the accounting revaluations performed on 31.12.2006, 31.12.2008, 31.12.2011, 31.12.2014, 31.12.2017 and 31.12.2019 which were highlighted in the accounting for all depreciable assets that at the respective dates had an unamortized tax value.

#### **2.8.21. Accounting errors**

The accounting errors can refer either to the current financial year or to the previous financial years; errors in previous periods also include inaccurate presentation of information in the annual financial statements.

Corrections of errors are made on the date of their observation. Errors in prior periods are omissions and misstatements contained in the entity's financial statements for one or more prior periods resulting from the error of using or not using credible information that:

- a) were available at the time the financial statements for those periods were approved for issue;
- b) could have been reasonably obtained and taken into account in the preparation and presentation of those annual financial statements.

The correction of the errors related to the current financial year is made in the profit and loss account. The correction of significant errors related to previous financial years is made in the result of the carried forward account. Insignificant errors related to previous financial years are corrected in the profit and loss account.

The correction of significant errors related to previous financial years does not change the financial statements of those years. In case of errors related to previous financial years, their correction does not imply the adjustment of the comparative information presented in the financial statements. Any impact on the comparative information regarding the financial position and financial performance, respectively the change in the financial position, is presented in the explanatory notes and adjusted in the carried forward result during the year.

#### **2.8.22. Related parties**

A related party is a person or entity that is related to the entity that prepares the financial statements, hereinafter referred to as the reporting entity.

A person or a close member of that person's family is related to an entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has a significant influence on the reporting entity; or
- (iii) is a member of the key staff of the management of the reporting entity or parent-company reporting entity.

An entity is bound to a reporting entity if meets any of the following conditions:

- (i) the entity and the reporting entity are members of the same group (meaning that each parent company and subsidiary in the same group is related to the others);
- (ii) an entity is an associate or jointly controlled entity of the other entity (or an associated entity or jointly controlled entity of a member of the group to which the other entity belongs);
- (iii) both entities are jointly controlled entities of the same third party;
- (iv) an entity is a jointly controlled entity of a third entity and the other is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity related to the reporting entity. If the reporting entity itself represents such a plan, the sponsoring employers are also bound to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person or a close family member of that person who has control or joint control over the reporting entity, has significant influence on the reporting entity; or is a member of the key staff of the management of the reporting entity or the parent company of the reporting entity.
- (vii) a person or a close family member of that person who has control or joint control over the reporting entity significantly influences the entity or is a key member of the management of the entity (or the parent company of the entity);

(viii) the entity or any member of a group to which it belongs provides services to key personnel in the management of the reporting entity or the parent company of the reporting entity.

The key management personnel represent those persons who have the authority and responsibility to plan, manage and control the activities of the entity, directly or indirectly, including any manager (executive or otherwise) of the entity.

Close members of a person's family are those family members who can be expected to influence or be influenced by that person in their relationship with the entity and include:

- a) the children and the wife or life partner of the respective person;
- b) the children of the wife or of the life partner of the respective person; and
- c) the dependent person of the respective person or of the wife or of the life partner of this person.
- d) in accordance with OMF 1802/2014, affiliated entities mean two or more entities within the framework of the same group.

#### **2.8.23. Subsequent events**

Subsequent events the balance sheet's date that provide additional information about the Company's position at the balance sheet's date (events leading to the adjustment of the financial statements) are reflected in the financial statements. Subsequent events to the balance sheet's date that do not lead to the adjustment of the financial statements are presented in the notes if they are significant.

### NOTE 3: INTANGIBLE ASSETS

| Item   | Balance on January 1, 2021        | Increase           | Transfer         | Decrease                            | Balance on 31 December 2021 |
|--|-----------------------------------|--------------------|------------------|-------------------------------------|-----------------------------|
|  | 1                                 | 2                  | 3                | 5                                   | 6=1+2+3+4-5                 |
| <b>Intangible assets</b>                       |                                   |                    |                  |                                     |                             |
| Licenses, software and other intangible assets | 69,912,040                        | 7,757,088          | (88,221)         | 4,426,678                           | 73,154,229                  |
| <b>Total Intangible assets</b>                 | <b>69,912,040</b>                 | <b>7,757,088</b>   | <b>(88,221)</b>  | <b>4,426,678</b>                    | <b>73,154,229</b>           |
| <b>Tangible assets</b>                         |                                   |                    |                  |                                     |                             |
| Lands  | 13,874,143                        | -                  | -                | 112,935                             | 13,761,208                  |
| Constructions                                  | 1,082,262,914                     | -                  | 101,653,649      | 711,467                             | 1,183,205,096               |
| Technical plants and machines                  | 567,778,283                       | 23,011             | 72,637,713       | 1,896,304                           | 638,542,703                 |
| Other installations, equipment, furniture      | 4,703,109                         | -                  | 195,262          | 1,454                               | 4,896,917                   |
| Ongoing tangible assets                        | 149,334,420                       | 172,066,915        | (174,398,403)    | 2,900,595                           | 144,102,337                 |
| Advances for tangible assets                   | 14,500                            | -                  | -                | 3,000                               | 11,500                      |
| <b>Total tangible assets</b>                   | <b>1,817,967,369</b>              | <b>172,089,926</b> | <b>88,221</b>    | <b>5,625,755</b>                    | <b>1,984,519,761</b>        |
| Total financial assets                         | 16,529,767                        | -                  | -                | -                                   | 16,529,767                  |
| <b>Total assets</b>                            | <b>1,904,409,176</b>              | <b>179,847,014</b> | <b>-</b>         | <b>10,052,433</b>                   | <b>2,074,203,757</b>        |
| <b>Impairment - amortization</b>               | <b>Balance on January 1, 2021</b> | <b>Increase</b>    | <b>Decrease</b>  | <b>Balance on December 31, 2021</b> |                             |
|  | 7                                 | 8                  | 10               | 11=7+8+9-10                         |                             |
| <b>Intangible assets</b>                       |                                   |                    |                  |                                     |                             |
| Licenses, software and other intangible assets | 53,713,148                        | 5,078,705          | 3,622,596        | 55,169,257                          |                             |
| <b>Total Intangible assets</b>                 | <b>53,713,148</b>                 | <b>5,078,705</b>   | <b>3,622,596</b> | <b>55,169,257</b>                   |                             |
| <b>Tangible assets</b>                         |                                   |                    |                  |                                     |                             |
| Lands  | -                                 | -                  | -                | -                                   |                             |
| Constructions                                  | 58,957,194                        | 42,364,572         | 87,915           | 101,233,851                         |                             |
| Technical plants and machines                  | 50,638,856                        | 46,909,165         | 1,079,857        | 96,468,164                          |                             |
| Other plant, equipment and furniture           | 432,856                           | 574,562            | 121              | 1,007,297                           |                             |
| <b>Total tangible assets</b>                   | <b>110,028,906</b>                | <b>89,848,299</b>  | <b>1,167,893</b> | <b>198,709,312</b>                  |                             |
| <b>Total assets</b>                            | <b>163,742,054</b>                | <b>94,927,004</b>  | <b>4,790,489</b> | <b>253,878,569</b>                  |                             |

| Depreciation - value adjustments               | Balance on January 1, 2021 | Increase         | Decrease         | Balance on 31 December 2021 |
|--|----------------------------|------------------|------------------|-----------------------------|
|  | 12                         | 13               | 15               | 16=12+13+14-15              |
| <b>Intangible assets</b>                       |                            |                  |                  |                             |
| Licenses, software and other intangible assets | 804,082                    | -                | 804,082          | -                           |
| <b>Total Intangible assets</b>                 | <b>804,082</b>             | <b>-</b>         | <b>804,082</b>   | <b>-</b>                    |
| <b>Tangible assets</b>                         |                            |                  |                  |                             |
| Constructions                                  | 511,370                    | 147,216          | 511,370          | 147,216                     |
| Technical plants and machines                  | 402,473                    | 832,251          | 402,473          | 832,251                     |
| Other installations, equipment, furniture      | 1,332                      | 6,656            | 1,332            | 6,656                       |
| Advances and tangible fixed assets in progress | 2,870,930                  | 403,502          | 2,870,930        | 403,502                     |
| <b>Total tangible assets</b>                   | <b>3,786,105</b>           | <b>1,389,625</b> | <b>3,786,105</b> | <b>1,389,625</b>            |
| Financial assets                               | -                          | -                | -                | -                           |
| <b>Total intangible assets</b>                 | <b>4,590,187</b>           | <b>1,389,625</b> | <b>4,590,187</b> | <b>1,389,625</b>            |

E-DISTRIBUTIE DOBROGEA SA  
 NOTE TO STANDALONE FINANCIAL STATEMENTS  
 for the financial exercise ended on December 31, 2021  
 (all amounts are in lei (RON) unless otherwise mentioned)

| Net value                                      |                               |                                |
|--|-------------------------------|--------------------------------|
| Asset item                                     | Balance on<br>January 1, 2021 | Balance on<br>December 31 2021 |
|  | 14=1-6-10                     | 15=5-9-13                      |
| <b>Intangible assets</b>                       |                               |                                |
| Licenses, software and other intangible assets | 15,394,810                    | 17,984,972                     |
| <b>Total intangible assets</b>                 | <b>15,394,810</b>             | <b>17,984,972</b>              |
| <b>Tangible assets</b>                         |                               |                                |
| Lands  | 13,874,143                    | 13,761,209                     |
| Constructions                                  | 1,022,794,351                 | 1,081,824,029                  |
| Technical plants and machines                  | 516,736,954                   | 541,242,287                    |
| Other plant, equipment and furniture           | 4,268,921                     | 3,882,965                      |
| Tangible fixed assets in progress              | 146,463,489                   | 143,698,834                    |
| Advances for tangible assets                   | 14,500                        | 11,500                         |
| <b>Total tangible assets</b>                   | <b>1,704,152,358</b>          | <b>1,784,420,824</b>           |
| <b>Financial assets</b>                        | <b>16,529,767</b>             | <b>16,529,767</b>              |
| <b>Intangible assets</b>                       | <b>1,736,076,935</b>          | <b>1,818,935,563</b>           |

### **3.1. Intangible assets**

Licenses and software are amortized over a period of 3 years (Windows licenses and similar) or 5 years (SAP system, software related to smart meters).

As of December 31, 2021, the net accounting value of current intangible assets is 3,567,097 (2019: 6,967,160), representing mainly computer programs.

### **3.2. Tangible assets**

The constructions include both administrative buildings and special buildings, stations and constructions related to the electricity distribution grids, as well as the electricity distribution grids.

Ongoing tangible assets mainly include works for the modernization of transformer stations as well as the construction of medium and low voltage networks made from the connection price.

#### Revaluation of tangible assets

On December 31, 2019, the revaluation of tangible assets was performed by an authorized independent appraiser.

Specialized fixed assets (special constructions and equipment) were valued using the cost approach. The assets for which a market could be identified on which they can be capitalized (land, residential properties, commercial, administrative and / or industrial real estate, movable goods of the means of transport type, office and IT, equipment with multiple use in different fields of activity, etc.) were valued at market value, applying one or two (depending on the specific market and available market data) of the three approaches in the valuation; market approach, income approach and cost approach, specifying that whenever possible in terms of market data and type of property, either the income approach or the market approach were applied.

#### Tangible assets sold and rented to third parties

During 2021 and 2020, the Company did not sell or subsequently rented tangible assets.

Company rented office space for the companies within the group, the poles of overhead power line for LV and MV distribution as supports for telecommunication networks, fiber optics, billboards to telecom and media operators.

#### Assets encumbered / mortgaged by collateral

As of December 31, 2021 and December 31, 2020, the Company has no encumbered or mortgaged assets.

### Other information

The gross accounting value of fully depreciated tangible assets as of December 31, 2021 is 38,694,233 (2020:26,046,947).

During 2021, the Company undertook internal development of some items of tangible assets. These are included in the "Increases" column of the table with the movements of fixed assets from Note 3 and have an accounting value of RON 17,257,415 (2019: RON 18,122,299), representing the income from the capitalization of salary expenses.

The gross accounting value of the fixed assets made from the connection fee is 423,073,620 (2020: 393,341,975), while their net accounting value is RON 385,849,295 (2020: RON 374,812,149), from subsidies from the developer tax is 57,509,285 (2020: 37,895,247), their net accounting value is RON 55,332,955 (2020: RON 36,977,945).

The company classifies as fixed assets in progress materials and spare parts in the amount of RON 72,501,177 (2020: RON 76,589,886) as they will later be installed in the high, medium and low voltage distribution networks, thus falling within the definition of tangible assets.

### Impairment losses

The value adjustments for the depreciation of fixed assets are related to depreciated fixed assets, not used at normal operating capacity, in conservation or proposed for disposal.

On December 31, 2021, the Company registered a specific provision for the depreciation of fixed assets in the amount of 1,389,625 (2019: 4,590,187) related to the fixed assets proposed for disposal.

Also, in 2021, the Company resumed income adjustments in the amount of 4,590,187 related to assets proposed for disposal in 2020 and disposed of in 2021, registering at the same time a loss from their disposal, the net effect in the account of profit and loss being zero.

### **3.3 Financial assets**

Financial fixed assets have the following structure as of December 31, 2021 and 2020:

|  | Balance as of<br>December 31,<br>2020 | Balance as of<br>December 31,<br>2021 |
|--|---------------------------------------|---------------------------------------|
| Shares held in jointly controlled entities | 16,500,000                            | 16,500,000                            |
| Other investments held as financial assets | 29,767                                | 29,767                                |
| <b>Total</b>                               | <b>16,529,767</b>                     | <b>16,529,767</b>                     |

The company owns 50% of the share capital of Enel Servicii Comune with a nominal value (cost) on December 31, 2021 of RON 16,500,000 (December 31, 2020: 16,500,000) and exercises joint control over this company together with the other shareholder E- Distributie Dobrogea S.A., which owns 50% of the share capital.

On December 31, 2020, the shares held in controlled entities were presented in the balance sheet on the line "Shares held in subsidiaries".



NOTE TO STANDALONE FINANCIAL STATEMENTS  
for the financial exercise ended on December 31, 2021  
(all amounts are in lei (RON) unless otherwise mentioned)

Details about the entities in which the Company holds financial assets:

| Name                              | Registered office                         | Relation   | Percentage of ownership |                   | Investment value  |                   | Capital    |
|-----------------------------------|---|--|-------------------------|-------------------|-------------------|-------------------|------------|
|                                   |   |  | January, 1, 2021        | December 31, 2021 | January, 1, 2021  | December 31, 2021 |            |
| Enel Servicii Comune              | 30 Mircea Vodă Blvd, Sector 3, Bucharest  | Jointly controlled entities                                      | 50%                     | 50%               | 16,500,000        | 16,500,000        | 33,000,000 |
|                                   |   | <b>Total associated entities and jointly controlled entities</b> |                         |                   | <b>16,500,000</b> | <b>16,500,000</b> |            |
| Asociația Companiilor din Energie | 88 Clucerului Street, Sector I, Bucharest | Long term investment   | 10%                     | 10%               | 29,767            | 29,767            | 297,000    |
|                                   |   |  |                         |                   |                   |                   |            |
|                                   |   | <b>Total general</b>   |                         |                   | <b>16,529,767</b> | <b>16,529,767</b> |            |

Details of the balances at the end of the financial year and the transactions during the current year with related parties are included in Note 19.

#### NOTE 4: INVENTORIES

|                               | 31 DECEMBER 2020 |                             |                  | 31 DECEMBER 2021 |                             |                  |
|-------------------------------|------------------|-----------------------------|------------------|------------------|-----------------------------|------------------|
|                               | Cost             | Adjustment for depreciation | Total            | Cost             | Adjustment for depreciation | Total            |
| Raw materials and consumables | 1,112,923        | (46,393)                    | 1,066,530        | 1,469,933        | (144,788)                   | 1,325,145        |
| Packaging                     | 133,750          | (1,471)                     | 132,279          | 187,724          | -                           | 187,724          |
| Third party stocks            | 2,465,923        | (399,588)                   | 2,066,335        | 2,660,695        | (88,091)                    | 2,572,604        |
| <b>Total</b>                  | <b>3,712,596</b> | <b>(447,452)</b>            | <b>3,265,144</b> | <b>4,318,352</b> | <b>(232,879)</b>            | <b>4,085,473</b> |

The amount of inventories recognized in the profit and loss account is 16,041,265 (2019: 13,144,191).

#### NOTE 5: RECEIVABLES

| Receivables  | Balance on<br>31 December<br>2020 | Balance on<br>31 December<br>2020 | Liquidity term     |                |
|--|-----------------------------------|-----------------------------------|--------------------|----------------|
|  |                                   |                                   | Under<br>1 year    | Over<br>1 year |
|  | 1                                 | 1                                 | 2                  | 3              |
| Trade receivables from affiliated parties  | 38,642,358                        | 51,863,205                        | 51,863,205         | -              |
| Trade receivables from third parties, gross value                                  | 51,713,955                        | 52,496,502                        | 52,496,502         | -              |
| Adjustment for trade receivables   | (12,025,533)                      | (16,890,879)                      | (16,890,879)       | -              |
| <b>Total Receivables</b>   | <b>78,330,780</b>                 | <b>87,468,828</b>                 | <b>87,468,828</b>  | <b>-</b>       |
| Various debtors, gross carrying amount   | 14,494,537                        | 15,237,380                        | 15,237,380         | -              |
| Adjustment for various uncertain debtors   | (7,887,591)                       | (6,673,067)                       | (6,673,067)        | -              |
| Other receivables  | 11,587                            | 3,402,916                         | 3,402,916          | -              |
| Various debtors, representing other receivables receivable from affiliated parties | 2,004,376                         | 10,630,038                        | 10,630,038         | -              |
| <b>Total Other receivables</b>   | <b>8,622,909</b>                  | <b>22,597,267</b>                 | <b>22,597,267</b>  | <b>-</b>       |
| <b>Total Receivables</b>   | <b>86,953,689</b>                 | <b>110,066,095</b>                | <b>110,066,095</b> | <b>-</b>       |

For amounts receivable from related / legal parties, see Note 19.

Trade receivables mainly include receivables from the distribution of electricity, are not interest-bearing and generally have a collection period of 45 days.

The balance of gross trade receivables as of December 31, 2021 in the amount of 104,359,707 (2020: 90,356,312) consists of:

- customers' invoice to be drawn up from the distribution activity in the amount of 48,338,900 (2020: 60,982,300)
- customers from the basic activity, representing the invoicing of the energy distribution rate in the amount of 23,619,604 (2020: 10,443,088);
- clients from other activities in the amount of 10,746,047 (2019/2020: 207,291,252);
- fixed assets in the amount of 7,537 (2020: 12,337);

- e) uncertain customers - in litigation from other activities in the amount of 2,364,280 (2020: 2,369,307)
- f) uncertain customers (in litigation, bankruptcy and insolvency) from the distribution activity 12,876,159 (2020: 9,141,997);
- g) bankrupt clients from other activities in the amount of 125,399 (2020: 25,807).
- h) advances in the amount of 6,281,781 (2020: 90,224).

The value adjustment for trade receivables in the amount of 16,890,879 (2020: 12,025,533) constituted by the Company on December 31, 2021 consists of:

- a) provision of clients from other activities, outstanding for more than 1 year in the amount of 444,289 (2020: 199,544), for which the action in court has not been initiated;
- b) provision for outstanding receivables of less than 1 year but which present a risk of non-collection in the amount of 1,080,753 (2020: 288,879);
- c) provision for receivables in dispute, in the amount of 15,240,438 (2020: 11,511,303);
- d) provision of clients declared bankrupt in the amount of 125,399 (2020: 25,807).

The various debtors and other receivables, including receivables from related parties, in the amount of 29,270,334 (2020: 16,510,502) include:

- a) debtors from the connection fee in the amount of 5,484,671 (2020: 4,542,124);
- b) debtors of various electricity embezzlement of 6,691,271 (2020: 5,084,294);
- c) other miscellaneous debtors in the amount of 2,552,910 (2020: 2,740,292);
- d) debtors for whom penalties were calculated for non-payment of claims from other activities in the amount of 2,027,158 (2020: 1,657,003);
- e) debtors for whom penalties were calculated for non-payment of electricity distribution debts in the amount of 164,073 (2020: 104,025)
- f) debtors with enforceable titles for other claims in the amount of 290,682 (2020: 290,682);
- g) debtors from the sale of fixed assets 56,616 (2020: 76,116).
- h) other ICO debtors in the amount of 229,911 (2020: 11,586);
- i) debtors regarding VAT group settlements in the amount of 3,173,006 (2020: 0)
- j) claims to the state budget in the amount of 7,833,792 (2020: 661,679), of which profit tax 7,129,769 (2020: 0);
- k) other receivables in the amount of 1,152,705 (2020: 1,304,926);
- l) interest receivable in the amount of 13,271 (2020: 37,774);
- m) non-chargeable VAT 1,630,268 (2020: 0)

Value adjustment for various debtors established by the Company on December 31, 2021 in the amount of 6,673,067 (2020: 7,887,590) refers to:

- a) miscellaneous debtors in the amount of 869,451 (2020: 1,182,817);
- b) penalties for non-payment of debts from energy distribution in the amount of 101,676 (2020: 99,063);
- c) penalties for non-payment of enforceable claims in the amount of 290,682 (2020: 290,682);
- d) penalties for invoices from other activities in the amount of 670,371 (2020: 1,181,120)
- e) debts calculated from electricity embezzlement in the amount of 4,691,271 (2020: 5,084,294);
- f) debtors from the sale of fixed assets 49,615 (2020: 49,615).

The movements in the adjustments for the depreciation of receivables and various debtors were the following:

|                                 | 2020       | 2021        |
|---------------------------------|------------|-------------|
| <b>Balance on January 1</b>     | 19,653,132 | 19,913,124  |
| Increases during the year       | 1,259,304  | 6,021,774   |
| Cassation (loss of receivables) | -          | (1,223,389) |
| Refunds during the year         | (999,312)  | (1,147,563) |
| <b>Balance on December 31</b>   | 19,913,124 | 23,563,946  |

#### NOTE 6: CASH AND BANK ACCOUNTS

|   | Balance on January 1,<br>2020 | Balance on December<br>31, 2020 |
|---|-------------------------------|---------------------------------|
| Bank accounts in RON                    | 58,471,899                    | 42,356,764                      |
| Bank accounts in foreign currency       | 8,712                         | 189,261                         |
| Bank deposits for a maximum of 3 months | 65,605,711                    | 35,605,711                      |
| Amounts under settlement                | 62,427                        | 29,172                          |
| <b>Total</b>                            | <b>124,148,749</b>            | <b>78,180,908</b>               |

As of December 31, 2021 the Company benefits from a multi-optional committed credit facility with a maximum amount of EUR 12,000,000 which is granted until September 26, 2020 and which can be used as:

- Credit line (overdraft), in RON, in maximum value of 12,000,000 EUR (not used on December 31, 2021); or
- Ceiling for issuing letters of guarantee in a maximum amount of EUR 12,000,000;

As of December 31, 2021, from the credit facility presented above, the Company has had letters of guarantee issued in the amount of RON 37,276,757 and Euro 1,800,000, the equivalent of RON 8,908,650 (2020: RON 39,068,051) in favour of various energy suppliers and the Energy Market Operator (OPCOM).

At the same time, on December 31, 2021, the Company also benefits from a non-committal, revolving credit facility as a cash credit ceiling in the maximum amount of RON 49,490,000 granted until 12/26/2023, to be used until the latest on 24.11.2023.

On December 31, 2021, the Company had not use of this credit facility.

On December 31, 2021, the Company has established deposits in RON, for a term of 1 week in the amount of RON 30,000,000 (2020: RON 40,000,000), for a term of 1 month in the amount of RON 5,605,711 (2020: 5,605,711). On December 31, 2020, term deposits also included 2-month term deposits of RON 20,000,000.

## NOTE 7: PREPAYMENTS

|                                    | Balance on January 1, 2021 | Balance on December 31, 2021 | Amounts on December 31, 2021 to be resumed in |          |
|------------------------------------|----------------------------|------------------------------|---|----------|
|                                    |                            |                              | <1 year                                       | >1 year  |
| Rents                              | 8,075                      | 14,100                       | 14,100  | -        |
| Insurance                          | 150,319                    | 36,760                       | 36,760  | -        |
| OPCOM                              | 969,963                    | 1,133,399                    | 1,133,399                                     | -        |
| IT                                 | 84,223                     | 92,400                       | 92,400  | -        |
| Other expenses incurred in advance | 32,594                     | 104,328                      | 104,328                                       | -        |
| <b>Total</b>                       | <b>1,245,174</b>           | <b>1,380,987</b>             | <b>1,380,987</b>                              | <b>-</b> |

## NOTE 8: LIABILITIES

| LIABILITIES   | Balance on December 31, 2020 | Balance on December 31, 2021 | Exigibility term   |             |             |
|---|------------------------------|------------------------------|--------------------|-------------|-------------|
|   |                              |                              | under 1 year       | over 1 year | over 5 year |
|   | 1                            | 2                            | 3                  | 4           | 5           |
| Suppliers - affiliated parties  | 47,331,281                   | 47,877,694                   | 47,877,694         | -           | -           |
| Other suppliers   | 21,695,300                   | 20,741,860                   | 20,741,860         | -           | -           |
| Fixed asset suppliers - related parties   | 2,911,331                    | 5,173,135                    | 5,173,135          | -           | -           |
| Other fixed assets suppliers  | 23,223,256                   | 33,988,882                   | 33,988,882         | -           | -           |
| Suppliers - invoices receivable - affiliated parties                                | 11,895,600                   | 4,854,543                    | 4,854,543          | -           | -           |
| Suppliers - invoices receivable - others  | 27,150,695                   | 60,117,211                   | 60,117,211         | -           | -           |
| <b>Total commercial debts - suppliers</b>   | <b>134,207,463</b>           | <b>172,753,324</b>           | <b>172,753,324</b> | <b>-</b>    | <b>-</b>    |
| Advances received on account of the connection fee                                  | 55,540,391                   | 47,530,200                   | 47,530,200         | -           | -           |
| Other advances from customers   | 55,540,391                   | 47,530,200                   | 47,530,200         | -           | -           |
| <b>Total advances</b>   |                              |                              |                    | <b>-</b>    | <b>-</b>    |
| Advances and guarantees - others  | 216,931                      | 161,656                      | 161,656            | -           | -           |
| Salaries and other employee rights  | 2,251,530                    | 3,144,651                    | 3,144,651          | -           | -           |
| Social insurance and other taxes related to salaries                                | 2,837,218                    | 3,449,223                    | 3,449,223          | -           | -           |
| Other debts to the state budget and to local budgets                                | 10,866,748                   | 1,299,431                    | 1,299,431          |             |             |
| Other liabilities - to related parties  | 2,193,783                    | 294,563                      | 294,563            | -           |             |
| Other liabilities - various   | 4,423,679                    | 5,668,156                    | 5,668,156          | -           | -           |
| <b>Total other liabilities, including tax and other social security liabilities</b> | <b>22,789,889</b>            | <b>14,017,680</b>            | <b>14,017,680</b>  |             |             |
| <b>Total liabilities</b>  | <b>212,537,743</b>           | <b>234,301,204</b>           | <b>234,301,204</b> | <b>-</b>    | <b>-</b>    |

(1) On December 31, 2021, the debts to other suppliers in the amount of 114,847,953 (2020: 72,069,251) refer to the purchase of electricity, carried out mainly for own technological consumption, in the amount of 44,991,823 (2020: 14,006,407), the purchase of goods and services in the amount of 28,452,189 (2020: 26,721,308) and suppliers of fixed assets that also include invoices receivable in the amount of 41,403,941 (2020: 31,341,536).

(2) On December 31, 2021, trade debts and other debts to related parties in the amount of 58,199,935 (2020: 64,331,995) refer to the purchase of electricity, carried out mainly for own technological consumption, in the amount of 7,136,005 (2020: 0), the purchase of goods and services in the amount of 44,651,639 (2020: 58,182,593), affiliated suppliers of fixed assets in the amount of 6,117,728 (2020: 3,955,619) and other amounts owed to the parties affiliates in the amount of 294,563 (2020: 2,193,783). For amounts due to related parties see Note 19.

(3) Debts to the state budget and local budgets in the amount of 1,299,431 (2020: 10,866,748) come mainly from:

- a) the profit tax debt in the amount of 0 (2020: 4,697,745);
- b) Unclaimable VAT related to the month of December 2021 in the amount of 0 (2020: 4,985,079);
- c) the debt regarding the tax on income from wages for the month of December in the amount of 613,083 (2020: 503,679);
- d) the debt regarding the concession fee related to the distribution service, in the amount of 451,473 (2020: 430,426);
- e) monopoly tax 233,830 (2020: 241,142)
- f) electricity excise tax 1,045 (2020: 8,677);

(4) In the "Other debts-to others" category, the amount of 5,668,156 (2020: 4,423,679) is mainly represented by the debts related to the connection fee in the amount of 2,951,094 (2020: 3,008. 076)

#### NOTE 9: PROVISIONS

| Name of the provision                                 | Balance on January 1, 2021 | Transfer to account | Transfer from account | Balance on December 31, 2021 |
|---|----------------------------|---------------------|-----------------------|------------------------------|
| Provisions for pensions and other similar obligations | 31,383,660                 | 3,045,317           | 1,768,762             | 32,660,215                   |
| Provisions for terminating the employment contract    | -                          | 9,109,327           | 2,807,256             | 6,302,071                    |
| Provisions for litigation                             | 421,228                    | -                   | 421,228               | -                            |
| Other provisions                                      | 3,369,859                  | 2,684,741           | 3,223,359             | 2,831,241                    |
| Total   | 2,997,479                  | 2,537,667           | 2,997,479             | 2,537,667                    |

##### Provisions for pensions and other similar obligations

Provisions for pensions and similar obligations in the amount of 32,660,215 (2020: 31,383,660) refer to:

- a) provisions for benefits in kind (free electricity) granted to own employees and pensioners in the amount of 20,588,650 (2020: 17,543,333);
- b) provisions for jubilee premiums in the amount of 9,579,688 (2020: 10,106,488);
- c) provisions for pensions in the amount of 2,491,877 (2020: 3,733,839).

This provision is updated based on the actuarial calculation report prepared by the contracted consultant.

Starting with January 1, 2019, the defined benefit plan for the Company's employees includes the following main elements:

- a) free energy quota of 1,200 kWh/year after retirement;
- b) jubilee bonuses, for uninterrupted seniority within Enel, consisting of the following:
  - at 20 years old - 1 monthly gross basic salary;

- at 25 years old - 1.5 gross monthly basic salaries;
- at 30 years old - 2 monthly gross basic salaries;
- at 35 years old - 3 monthly gross basic salaries;
- at 40 years old - 4 monthly gross basic salaries;

c) - at 45 years old - 5 gross monthly basic salaries; retirement bonuses, for employees who retire, regardless of the reason for retirement, depending on the uninterrupted seniority within Enel, consisting of the following:

- up to 10 seniority - 1 monthly gross basic salary;
- between 10-25 years of experience - 2 monthly gross basic salaries;
- over 25 years of service - 3 monthly gross basic salaries.
- at 40 - 4 gross monthly basic salaries;
- at 45 - 5 gross monthly basic salaries;

d) retirement awards, for employees who retire, regardless of the cause of retirement, depending on the uninterrupted seniority within Enel, which consist of the following:

- up to 10 seniority - 1 basic gross monthly salary;
- between 10-25 years - 2 gross monthly basic salaries;
- over 25 seniority - 3 gross monthly basic salaries.

This provision is updated based on the actuarial calculation report prepared by the contracted consultant.

#### Provisions for litigation

Provisions for litigation in the amount of 2,831,514 (2020: 3,369,860) consist mainly of:

- a) claims, refund of the value of deviation works in the amount of 1,253,000 requested by Baraganu Commune (2020: 1,253,000).
- b) compensation/claims in the amount of 487,107 (2020: 0) requested by Multigama Trade in connection with the payment of damages as a result of the Company's failure to deliver the entire quantity of used oil stipulated in the Framework Contracts and in the subsequent Contracts.

The main changes during 2021 in the litigation provisions component were the following:

- reductions, connection compensations/requested claims:
  - compensation/claims requested in the amount of 824,517 from the connection procedure, network decommissioning requested by Blitz Lighting Company, as a result of the favourable conclusion of the litigation
  - labour dispute in the amount of 234,120, as a result of the completion of the labour dispute regarding the payment of overtime requested by 30 dispatchers
- increases, connection compensations/requested claims:
  - compensations/claims requested in the amount of 487,107 (2020: 0) requested by Multigama Trade in connection with the payment of damages as a result of the failure to fulfill the obligation to deliver the entire amount of used oil;
  - request to extend the electricity supply to Valu lui Traian in the amount of 104,192.

**Provisions for the termination of the employment contract.**

On December 31, 2020, the Company made provisions for the termination of the employment contract in the amount of 421,228, representing benefits as additional salaries depending on the seniority registered within the company and the number of years remaining until retirement.

**Provisions for restructuring**

On December 31, 2021, the Company set up provisions for restructuring (voluntary departures) in the amount of 6,302,071 (2020: 0) as a result of the agreement signed between the Company and the union, which mentions a withdrawal plan from the Company before early retirement. The Company will pay compensatory salaries depending on the remaining period until retirement and seniority in the Company to eligible persons according to the agreement.

**Other provisions**

Their value refers, mainly, to:

- provisions set up for expenses with performance awards related to the year 2021, payable in 2022, vacation premiums in the amount of 1,572,933 (2020: 2,373,277); and
- provisions for vacations not taken until December 31, 2021 in the amount of 964,734 (2020: 624,202)

**NOTE 10: DEFERRED INCOME**

| Deferred income  | Balance on January 1, 2020 | Balance on December 31, 2021 | Amounts on December 31, 2021 to be resumed in |                    |
|--|----------------------------|------------------------------|---|--------------------|
|  |                            |                              | <1 year                                       | >1 year            |
| Investment grants  | 3,949,572                  | 3,765,645                    | 168,064                                       | 3,597,581          |
| Deferred income related to assets received by transfer from customers (connection fee) | 472,892,895                | 494,604,611                  | 22,055,205                                    | 472,549,406        |
| <b>Total</b>   | <b>476,842,467</b>         | <b>498,370,256</b>           | <b>22,223,269</b>                             | <b>476,146,987</b> |

**NOTE 11: CAPITAL AND RESERVES**

**Subscribed share capital**

|  | Balance on December 31, 2020 | Balance on December 31, 2021 |
|--|------------------------------|------------------------------|
| Subscribed capital - number of ordinary shares   | 28,028,556                   | 28,028,556                   |
| Nominal value per ordinary share - RON per share | 10                           | 10                           |
| Value of subscribed share capital - RON          | 280,285,560                  | 280,285,560                  |

The Company's share capital is fully paid on December 31, 2021 and on December 31, 2020.



Shareholding's structure:

|   | 31 December<br>2020 | %           | 31 December<br>2021 | %           |
|---|---------------------|-------------|---------------------|-------------|
| ENEL SpA  | 142,954,050         | 51.0030%    | 142,954,050         | 51.0030%    |
| Societatea de Administrare a Participațiilor<br>in Energie (SAPE) | 69,800,240          | 24.9033%    | 69,800,240          | 24.9033%    |
| "FONDUL PROPRIETATEA" S.A.  | 67,531,270          | 24.0937%    | 67,531,270          | 24.0937%    |
| <b>Total</b>  | <b>280,285,560</b>  | <b>100%</b> | <b>280,285,560</b>  | <b>100%</b> |

**Legal reserves**

The legal reserve is created in accordance with the provisions of the Companies Law, according to which 5% of the annual accounting profit before tax is transferred to legal reserves until their balance reaches 20% of the Company's share capital. As of December 31, 2021, the Company has legal reserves amounting to 56,057,111 (2020: 56,057,111), representing 20% of the Company's share capital on that date.

**Other reserves**

Other reserves in the amount of 97,093,541 include:

- Reserves for investments according to GEO 89/2004 in the amount of 28,565,102
- Reserves related to the reinvested profit in the amount of 68,511,167
- Other land reserves in the amount of 17,272

**Revaluation reserves**

In 2021, the Company registered a decrease in the reserve in the amount of 7,997,273 (2020: 7,315,493) for the transfer in the "Retained earnings representing the revaluation surplus realized from revaluation reserves" category, representing the revaluation reserve related to fixed assets scrapped / sold during 2021.

**The result of the exercise and the distribution of the profit**

| Distribution of the profit  | 2020               | 2021               |
|---|--------------------|--------------------|
| <b>Result carried forward at the beginning of the financial year</b>                        | 637,887,209        | 185,963,681        |
| Surplus realized from revaluation reserves  | 7,315,493          | 7,997,273          |
| Net profit to be distributed  | 53,732,961         | 11,509,117         |
| Dividends   | (502,748,433)      | -                  |
| Distribution to other reserves (of reinvested profit)                                       | (10,223,547)       | (5,958,806)        |
| <b>Undistributed profit, retained undistributed result at the end of the financial year</b> | <b>185,963,681</b> | <b>199,511,265</b> |

According to the Ordinary General Shareholders' Meeting on May 12, 2021, the profit of the financial year ended on December 31, 2020 in the amount of 53,732,961 was distributed as follows;

- other reserves in the amount of RON 10,223,547; and
- the carried forward result (account 117) in the amount of RON 43,500,414.

The financial statements of the Company for the financial year ended on December 31, 2021 will be approved by the Ordinary General Meeting of Shareholders, which will take place in May 2022, when it will also be decided how to distribute the profit related to the financial year ended on December 31, 2021 .

## NOTE 12: NET TURNOVER

### Sales by geographical areas:

|                    | Sales in 2020      | Sales in 2021      |
|--------------------|--------------------|--------------------|
| Domestic sales     | 488,424,688        | 511,419,249        |
| <b>Total sales</b> | <b>488,424,688</b> | <b>511,419,249</b> |

In 2021, the Company achieved a turnover of 511,419,249 (2020: 488,424,688), of which:

- revenues related to the active energy distribution service 451,476,522 (2020: 430,426,236);
- revenues from reactive energy distribution 20,441,664 (2020: 20,569,705);
- revenues from the sale of energy on the balancing market 2,885,521 (2020: 2,576,248);
- revenues from the sale of energy on the next day's market in the amount of 269,097 (2020: 262,335);
- income from the connection fee and the approval fee 5,120,109 (2020: 2,910,251);
- rental income 21,486,140 (2020: 23,941,576);
- revenues from embezzlement 473,084 (2020: 1,047,894) and
- other incomes 9,267,112 (2020: 6,690,443).

The company distributed electricity to 0.678 million consumers (2019: 0.657 million consumers), the total amount of electricity distributed to final consumers being approximately 3,756,155 Mwh (2019: 3,757,445 Mwh). The average electricity distribution rate for the entire year 2021 was 120.2 Ron/Mwh (2020: 114.6 Ron/Mwh).

The distribution price regulated by ANRE order are the following:

| 1 January 2020 - 31 December 2020 |                |             |
|-----------------------------------|----------------|-------------|
| High voltage                      | Medium voltage | Low voltage |
| 20.17                             | 42.80          | 135.17      |

The distribution rate is applied according to the voltage level related to the delimitation point between the distribution operator and the user, by summing the specific rate related to the respective voltage level with the specific rate and to the higher voltage levels, in compliance with the regulations in force.

## NOTE 13: OTHER OPERATING INCOME

Other operating income in the amount of 26,094,683 (2020: 23,511,146) includes income from investments subsidies in the amount of 21,938,582 (2020: 21,094,494), income from compensations and fines 3,010,338 (2020: 1,158,780) and other incomes in the amount of 1,145,763 (2020: 1,257,872)

## NOTE 14: EXPENDITURE ON RAW MATERIALS AND CONSUMABLE MATERIALS AND OTHER EXPENDITURE

In order to accurately reflect the nature of the activity carried out by the Company in these financial statements, the Company presented clearly in the profit and loss account the turnover of account 722, respectively of account 602 from the trial balance with the amount of RON 41,508,987 (2020: 36,157,616). This represents the value of materials initially registered as inventories of materials (account 302) in the trial balance and then capitalized in the value of distribution networks. The adjustment thus made in the profit and loss account does not affect the operating result and the net result.

Other expenses mainly include expenses with electricity purchased to cover own technological consumption, in the amount of 242,288,667 (2020: 150,176,546).

# **NOTE 15: PERSONNEL EXPENDITURE AND INFORMATION REGARDING EMPLOYEES, MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES**

## **Directors**

During 2021, the Company paid the following allowances to the members of the Board of Directors ("BD") and the executive management:

|                      | <b>2020</b>      | <b>2021</b>      |
|----------------------|------------------|------------------|
| Members of the Board | 84,112           | 81,312           |
| Director             | 1,036,343        | 1,277,286        |
| <b>Total</b>         | <b>1,120,455</b> | <b>1,358,598</b> |

At the end of the financial year, there were no advances or loans granted to management or Directors.  
 At the end of the financial year, there are no future guarantees or obligations assumed by the Company on behalf of the directors.

## **Employees**

The average number of employees evolved as follows:

|  | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|
| Management                             | 44          | 44          |
| Administrative                         | 255         | 259         |
| Staff representing workers and foremen | 345         | 330         |
| <b>Total</b>                           | <b>644</b>  | <b>633</b>  |

The expenses with salaries and related taxes registered during 2020 and 2021 are the following:

|   | <b>2020</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
| Salary expenses                             | 72,481,247        | 77,237,119        |
| Expenses with vouchers granted to employees | 2,114,785         | 2,653,300         |
| Social security expenses                    | 3,479,593         | 3,614,916         |
| <b>Total</b>                                | <b>78,075,625</b> | <b>83,505,335</b> |

#### NOTE 16: OTHER OPERATING EXPENDITURE

The table below details other operating expenses by their nature:

|              |   | 2020              | 2021              |
|--------------|---|-------------------|-------------------|
| 1            | Expenses for the transport of goods and personnel       | 124,136           | 145,994           |
| 2            | Expenses with royalties, management locations and       | 906,187           | 2,634,400         |
| 3            | Expenses with banking and similar services              | 127,288           | 136,916           |
| 4            | Expenses with insurance premiums                        | 626,100           | 1,442,392         |
| 5            | Expenses with commissions and fees                      | 491,442           | 477,413           |
| 6            | Expenses with professional training                     | 107,776           | 134,009           |
| 7            | Maintenance and repair expenses                         | 22,092,507        | 23,358,567        |
| 8            | Postal and telecommunications charges                   | 4,460,559         | 1,306,088         |
| 9            | Travel and transfer expenses                            | 346,129           | 343,058           |
| 10           | Protocol, advertising, and publicity expenses           | 261,848           | 35,878            |
| 11           | Other expenses with services performed by third parties | 46,413,167        | 44,114,972        |
| 12(row 1-11) | Expenses on external services - total                   | <b>75,957,139</b> | <b>74,129,687</b> |
| 13           | Expenses with taxes, fees and similar payments          | 7,030,215         | 7,680,336         |
| 14           | Expenses on environmental protection                    | 106,748           | 101,789           |
| 15           | Other expenses  | 11,636,585        | 8,984,351         |
| 16           | <b>Total</b>  | <b>94,730,685</b> | <b>90,896,163</b> |

Other expenses for services performed by third (row 11 above) parties include:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Services provided by other entities within Enel group | 26,367,516        | 23,092,043        |
| Meter reading services                                | 3,549,853         | 2,462,395         |
| Other personnel connected costs                       | 1,660,376         | 2,428,078         |
| Security and cleaning services                        | 6,032,875         | 5,333,284         |
| IT services   | 3,550,568         | 5,311,296         |
| Consulting and audit                                  | 307,512           | 624,481           |
| ANRE contribution                                     | 1,462,402         | 945,003           |
| Other   | 3,482,065         | 3,918,392         |
| <b>Total</b>  | <b>46,413,167</b> | <b>44,114,972</b> |

Other expenses (row 15 of the table above) mainly include expenses with compensations, fines, and penalties in the amount of 3,584,121 (2020: 7,836,791), net loss from the sale of fixed assets of 3,897,861 (2020: 1,829,768), other operating expenses in the amount of 1,053,669 (2020: 1,762,131), sponsorship expenses in the amount of 448,700 (2020: 207,894).

The fees charged by the statutory auditor for statutory audit services, other insurance services, tax consultancy and other services than audit services for the financial year ended December 31, 2020 and December 31, 2021 are recorded in accordance with the contracts.

#### NOTE 17: FINANCIAL INCOME AND EXPENDITURE

|                           |                                       | 2020      | 2021      |
|---------------------------|---------------------------------------|-----------|-----------|
| <b>Financial revenues</b> |                                       |           |           |
| 1                         | Interest income - deposits            | 1,325,631 | 354,698   |
| 2                         | Income from exchange rate differences | 867,817   | 7,430,795 |
|                           | <b>Other financial income, total</b>  | 867,817   | 7,785,493 |
|                           | <b>Financial revenues, total</b>      | 2,193,448 | 7,785,493 |

|                              |   | 2020      | 2021      |
|------------------------------|---|-----------|-----------|
| <b>Financial expenditure</b> |   |           |           |
| 1                            | Expenses from exchange rate differences | 1,930,782 | 7,896,938 |
|                              | <b>Financial expenses, total</b>        | 1,930,782 | 7,896,938 |

#### NOTE 18: INCOME TAX

|  | 2020              | 2021             |
|--|-------------------|------------------|
| <b>Net accounting result</b>                             | 53,732,961        | 11,509,117       |
| Effect of non-deductible expenses (including income tax) | 40,805,142        | 42,336,166       |
| Items similar to income                                  | 24,820,195        | 13,024,754       |
| Non-taxable income                                       | (9,809,151)       | (18,558,565)     |
| Tax depreciation   | -                 | (139,114)        |
| Accounting depreciation                                  | 116,448,416       | 94,927,004       |
| Other deductible amounts                                 | (149,616,856)     | (137,140,556)    |
| <b>Tax profit</b>  | <b>76,380,708</b> | <b>5,958,806</b> |
| <b>Income tax expense before adjustments (16%)</b>       | <b>12,220,913</b> | <b>953,409</b>   |
| Fiscal credit related to the reinvested profit           |                   | (629,692)        |
| Sponsorship  | (1,635,768)       | (2,325,946)      |
| <b>Total income tax expense</b>                          | <b>(207,893)</b>  | <b>-</b>         |

|  | 2020             | 2020               |
|--|------------------|--------------------|
| <b>Income tax as of December 31, 2019 (2018)</b>                 | <b>(122,730)</b> | <b>4,697,745</b>   |
| Expenditure with the income tax during year                      | 10,377,252       | (629,692)          |
| Payments   | (5,556,777)      | (11,197,822)       |
| <b>Income tax / (recoverable) as of December 31, 2020 (2019)</b> | <b>4,697,745</b> | <b>(7,129,769)</b> |

Non-deductible expenses include expenses with provisions and value adjustments, expenses with own technological consumption that exceeds the established norm.

Non-taxable income includes income with provisions and value adjustments.

Elements similar to income represent revaluation reserves taxed according to the amortization of reserves in accordance with the provisions of OG34/2009.

## NOTE 19: INFORMATION ON RELATIONS TO RELATED PARTIES

### 19.1 The nature of transactions with affiliated entities and other related parties

| Company                              | Related party                                | Activity  | Main relations with the Company                                    |
|--------------------------------------|--|---|--|
| E-Distributie Muntenia, Romania      | Under joint control (part of the Enel Group) | Electricity trading in the geographical area of South Muntenia                    | Purchases of smart meters and materials                            |
| Enel Energie Muntenia, Romania       | Under joint control (part of the Enel Group) | Electricity trading in the geographical area of South Muntenia                    | Purchase of electricity; Sale of electricity distribution services |
| E-Distributie Banat, Romania         | Under joint control (part of the Enel Group) | Electricity distribution in the geographical area of Banat                        | Purchases of smart meters and materials                            |
| Enel Energie, Romania                | Under joint control (part of the Enel Group) | Electricity sales in Dobrogea area and Banat area operator                        | Sale of electricity distribution services; energy purchases        |
| E-Distribuzione, Italia              | Under joint control (part of the Enel Group) | Distribution of electricity and sale of electricity to captive customers in Italy | Procurement of support, assistance, and consulting services        |
| Enel Spa, Italia                     | Majority shareholder                         | Management services   | Procurement of support, assistance, and consulting services        |
| Enel Italia                          | Under joint control (part of the Enel Group) | Computer services   | Procurement of support, assistance, and consulting services        |
| Enel Servicii Comune, Romania        | Under joint control (part of the Enel Group) | Management and consulting services  | Procurement of support, assistance, and consulting services        |
| Enel Romania                         | Under joint control (part of the Enel Group) | Management and consulting services  | Procurement of support, assistance, and consulting services        |
| Enel Trade Romania                   | Sub control comun (parte din Grupul Enel)    | Electricity trading   | Procurement of support, assistance, and consulting services        |
| Enel Green Power, Romania            | Under joint control (part of the Enel Group) | Electricity production  | Procurement of energy  |
| Enel Global Inf and Netw SRL, Italia | Under joint control (part of the Enel Group) | Management and consulting services  | Procurement of support, assistance, and consulting services        |
| Enel X Romania                       | Under joint control (part of the Enel Group) | Management services   | Procurement of services for electric auto charging                 |
| Enel Global Services                 | Under joint control (part of the Enel Group) | Management and consulting services  | Procurement of support, assistance, and consulting services        |

Enel SpA controls the Company, and the Company jointly controls the company Enel Servicii Comune. The other affiliates are "sister" companies in the Enel group (other related parties).

## 19.2. Amounts due and receivable from related parties

|                                  | Balance receivables from |                   | Balance liabilities to |                   |
|----------------------------------|--------------------------|-------------------|------------------------|-------------------|
|                                  | 31 December 2020         | 31 December 2021  | 31 December 2020       | 31 December 2021  |
| E-Distributie Muntenia           | 173,990                  | 5,360,649         | 2,827,886              | 1,232,793         |
| E-Distributie Banat              | 1,281,303                | 762,302           | 298,704                | 161,575           |
| E-Distribuzione                  | 936,956                  | 148,743           | 8,808,956              | 7,538,416         |
| Enel Servicii Comune             | 207,058                  | 272,064           | 4,348,534              | 4,295,072         |
| Enel Energie                     | 35,551,620               | 47,914,556        | 735,584                | 90,160            |
| Enel Energie Muntenia            | 422,449                  | 662,141           | 2,750                  | 26,939            |
| Enel Green Power Romania         | 76,116                   | 140,336           | -                      | 2,301,938         |
| Enel Trade Energy                | -                        | -                 | -                      | 4,834,067         |
| Enel Italia operativ             | -                        | -                 | (622,177)              | (632,233)         |
| Enel Romania                     | 4,453                    | 5,330             | 1,097,888              | 931,721           |
| Enel X                           | -                        | -                 | 1,924                  | 1,447             |
| Enel Global Services             | -                        | -                 | 7,118,134              | 7,808,904         |
| End Spa                          | -                        | -                 | 22,909,008             | 12,589,563        |
| Enel Global Inf. and Network SRL | -                        | -                 | 16,804,805             | 17,019,573        |
| <b>Total</b>                     | <b>38,653,945</b>        | <b>55,266,121</b> | <b>64,331,995</b>      | <b>58,199,935</b> |

The receivables from Enel Energie come mainly from amounts for the value of the electricity distribution service.

Debts to ENEL companies include debts related to assistance, consulting, and support services contracts, as well as the equivalent value of the acquisition of equipment and computer programs.

## 19.3 Sales of goods and services and / or fixed assets and Purchases of goods and services

|                                  | Sales / Revenues 2020 | Sales / Revenues 2021 | Acquisitions/ expenses 2020 | Acquisitions/ expenses 2021 |
|----------------------------------|-----------------------|-----------------------|-----------------------------|-----------------------------|
| E-Distributie Muntenia           | 3,169,837             | 4,531,232             | 5,615,424                   | 2,904,889                   |
| E-Distributie Banat              | 1,736,162             | 723,938               | 529,515                     | 718,406                     |
| Enel Servicii Comune             | 287,800               | 324,559               | 8,313,388                   | 6,120,327                   |
| Enel Energie                     | 299,150,330           | 310,383,417           | -                           | -                           |
| Enel Energie Muntenia            | 4,881,986             | 4,642,603             | 2,825                       | 23,147                      |
| Enel Green Power Romania         | 128,108               | 130,206               | 415,487                     | 25,929,927                  |
| E-Distribuzione                  | 643,621               | 163,489               | 15,320,599                  | 15,131,715                  |
| Enel Italia operativ             | -                     | -                     | 1,148,889                   | 69,361                      |
| Enel Italia global               | -                     | -                     | (1,637,320)                 | -                           |
| Enel Romania                     | 7,933                 | 9,738                 | 5,963,781                   | 6,223,792                   |
| Enel Spa                         | -                     | -                     | 3,492,706                   | 2,606,116                   |
| Enel Global Services             | -                     | -                     | (1,143,769)                 | 622,087                     |
| Enel Trade Romania               | -                     | -                     | -                           | 7,968,241                   |
| Enel X Romania                   | -                     | -                     | 1,617                       | 39,919                      |
| Enel Global Inf. and Network SRL | -                     | -                     | 11,161,602                  | 8,993,670                   |
| <b>Total</b>                     | <b>310,005,777</b>    | <b>320,909,182</b>    | <b>49,184,744</b>           | <b>77,352,039</b>           |

## NOTE 20: CONTINGENCES

### 20.1 Taxation

The Romanian tax system is being consolidated and under constant changing, and there may be different interpretations of the authorities in relation to the tax legislation, which may give rise to additional taxes, fees, and penalties. If the state's authorities discover violations of the legal provisions in Romania, they may determine, as the case may be: to confiscate the amounts in question, imposing additional tax obligations, application of fines, application of delay increases (applied to the remaining payment amounts). Therefore, the fiscal sanctions resulting from violations of the legal provisions can reach important amounts to be paid to the State.

The Company considers that it has paid on time and in full all taxes, penalties, insofar as the case may be.

The Romanian tax authorities have carried out inspections regarding the calculation of the tax that are presented in the list below:

| Controlled periods    | Obligation category |
|-----------------------|---------------------|
| Until 2016, inclusive | Income tax          |
| Until 2017, inclusive | VAT                 |

In Romania, the fiscal year remains open for inspections for a period of 5 years, period adjusted with the duration expressed in days as a result of the state of emergency in 2020 due to the pandemic situation caused by the SARS COV virus 2, respectively 2 months.

### 20.2 Transfer price

In accordance with the relevant tax legislation, a transaction's tax assessment of a related party is based on the market price concept for those transactions. Based on this concept, transfer prices must be adjusted to reflect market prices that have been established between entities to which there is no affiliate relationship and that operate independently, based on "normal market conditions".

It is likely that transfer pricing will be performed in the future by the tax authorities, to determine whether those prices comply with the principle of "normal market conditions" and that the taxable base of the Romanian taxpayer is not distorted.

### 20.3 Legal claims / Disputes

The company is and could become a party in certain legal disputes or other actions of public institutions before various courts and government agencies, resulting from the normal conduct of its business, involving contractual issues, as well as value added tax, income tax profit, other taxes and conditionalities. The financial statements include the best estimate of losses made by the company's management in this regard, included in the Provisions.



## **20.4 Environmental issues**

During 2021, the Company continued to carry out programs related to waste management, monitoring environmental factors, reducing the level of pollution in all installations, the total environmental expenses amounting to approximately RON 1,157,051 (2020: RON1,310,081).

## **20.5 Lands used by the Company**

According to the Company's policy, the financial statements include only the value of the land for which title deeds were obtained at the date of preparation the financial statements.

According to the provisions of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, of Law no. 137/2002 on measures to accelerate privatization and the Methodological Norms for the application of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, with subsequent amendments and completions, and Law no. 137/2002 regarding measures for accelerating the privatization approved by the Government Decision no. 577/2002, in case the Company obtains the certificate attesting the ownership right for the land after the moment of privatization, the land will be considered in-kind contribution of the state or of the local authorities. Thus, the Company will increase the share capital with the value of the lands, and the shares issued as a result of this increase will revert to the public institution involved.

According to the Company's policy, the financial statements include only the value of the land for which the title deeds were obtained at the date of preparing the financial statements.

Law no. 160/2012 and Law 123/2012 stipulate that the lands on which the transformer points are located, the electrical distribution networks existing at the entry into force of the respective laws (July 2003 / February 2007) are and remain in the public property of the state. At the same time, the licensees for the exploitation of the capacities for production, transmission or distribution of electricity acquire rights of use, easements of underground, surface or air passage and rights of access to public utilities, in connection with the lands, public or private property, located in the vicinity of energy capacity.

However, the law did not prevent the Company from obtaining title on the land on which the existing transformer points or electrical distribution networks are located.

The company is involved in lawsuits related to the existence of energy equipment on land owned by third parties, the actions of injustice having as object their relocation or the conclusion of lease agreements for the occupied lands. The Company has established provisions for litigation that reflect management's best estimate of potential losses.

Currently, the Company together with E-Distributie Banat, a company within the Enel group which has an ongoing litigation with the Societatea de Administrare a Participatiilor and Societatea Energetica Electrica SA regarding the registration of a capital increase by in kind contribution represented by land, is trying to solve this problem amicably, by concluding a transaction contract with Societatea de Administrare a Participatiilor and Societatea Energetica Electrica SA.

## 20.5 Compensation payments

According to the collective labor contract concluded between the Company and the Trade Unions, upon termination of the individual employment contract, at the Company's initiative, the company will pay a severance grant in relation to seniority, as follows:

| Seniority     | Number of gross salaries 2021 |
|---------------|-------------------------------|
| 1- 5 years    | 4                             |
| 5- 10 years   | 6                             |
| 10- 20 years  | 7                             |
| over 20 years | 10                            |

In the case of collective redundancies, the Company will pay redundancy aid to dismissed employees in relation to seniority, thus:

| Seniority     | Number of gross salaries 2021 |
|---------------|-------------------------------|
| 1- 3 years    | 4                             |
| 3- 5 years    | 6                             |
| 5- 10 years   | 10                            |
| 10- 20 years  | 15                            |
| over 20 years | 20                            |

## NOTE 21 FINANCIAL RISKS

### Interest rate risk

At present, the Company has not contracted medium and long-term loans and therefore is not exposed to the risk of interest for exchange rate changes.

### Risk of exchange rate fluctuations

The company has transactions in a currency other than the functional currency (RON) and these are naturally diminished and offset. The company did not reduce this risk by using derivative financial instruments in 2021 and 2020

### Credit risk

The company carries out commercial relations only with recognized third parties, which justifies the financing on credit. The Company's policy is that all significant customers wishing to conduct business relationships on credit terms are subject to verification procedures. Moreover, receivables balances are constantly monitored, resulting in an insignificant exposure of the Company to the risk of uncollectible receivables.

## NOTE 22 COMMITMENTS

### 22.1 Endorsements and guarantees granted to third parties

As of December 31, 2021, from the credit facility presented above, the Company had issued letters of guarantee in the amount of RON 37,296,757 and Euro 1,800,000, the equivalent of RON 8,908,650 (2020: 39,068,051) in favor of some various energy suppliers and the Energy Market Operator (OPCOM).

## 22.2 Ongoing contracts

On December 31, 2021, the Company is engaged in the development of contracts signed in 2021, excluding the ongoing contracts related to the entities within the Enel group, both for investment and repair works and for the purchase of electricity for own technological consumption.

| Explanations  | Value       |
|---|-------------|
|   |             |
| Suppliers for investment, maintenance, services and various | 452,050,000 |
| Suppliers of energy   | 162,490,000 |

## NOTE 23 OTHER INFORMATION

### Cancellation of Order no. 168/2018 regarding the RRR (5.66%)

The distribution companies have formulated requests for cancellation of ANRE Order no. 168/2018 by which the value of the regulated rate of return (RRR) was established starting with January 1, 2020.

In the case filed by the EDD, the Bucharest Court of Appeal partially admitted the action, the decision not being drawn up, the other two similar cases in which the other distribution companies of the group are involved, E-Distributie Muntenia and E-Distributie Banat, were suspended until the final resolution of this case.

### Cancellation of Order no. 169/2018 regarding the Methodology for establishing the specific prices for electricity distribution

The companies have made requests for cancellation of ANRE Order no. 169/2018 approving the new Methodology for establishing the specific electricity distribution price.

Requests for waiver of judgment were formulated and registered by the Companies, being granted deadlines in order to resolve these requests in February, March and April 2021.

## NOTE 24: SUBSEQUENT EVENTS

At the end of February 2022, the Ministry of Energy launched into public debate GEO draft regarding the measures applicable to end customers in the electricity and natural gas market between April 1, 2022 and March 31, 2023. The document proposes the establishment of temporary measures, so that electricity and natural gas prices paid by end customers should not aggravate the level of energy poverty, Draft GEO provides, among other things, the maintenance at the current level of the regulated rates related to the transport and distribution services of electricity and natural gas for the period of the provisions of the ordinance and the recognition in the regulated rates of the financial expenses caused by bank loans contracted between 2022-2023, intended to cover the expenses for the purchase of electricity and natural gas, generated by the increase in prices on the wholesale market, in order to cover technological consumption.

General Manager  
 Monica Hodor

Prepared by,  
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 Financial Manager