

## ***E- Distribuție Banat SA***

### **Report of the Directors**

### **For the Financial Exercise Ended on December 31, 2019**

**April 2020**

## 1. General considerations

In 2019, E-Distributie Banat SA (hereinafter referred to as “the Company”) achieved a turnover of 503,793,010 (2018: 495,380,062) of which revenues from the distribution of active electricity and reactive energy 456,761,238 (2018: 444,636,408). The Company distributed electricity to approximately 0.916 million consumers (2018: 0.908 million consumers), the total amount of electricity distributed to final consumers being approximately 4,440,781 Mwh (2018: 4,422,894 Mwh).

The average electricity distribution price for the entire year 2019 was 98.8 RON / Mwh (2018: 96.3 RON / Mwh).

The Company distributed 3,895,057 Mwh (2018: 3,634,502 Mwh) to eligible consumers at an average price of 91.0 RON / Mwh (2018: 84.2 RON / Mwh) and 545,724 Mwh (2018: 788,392 Mwh) to captive consumers at an average price of 154.7 RON / Mwh (2018: 152.3 RON / Mwh).

## 2. The structure of the share capital

As of December 31, 2019, the share capital is 382,153,800, being divided into 38,215,380 shares with a par nominal value of RON 10.

As of December 31, 2019, the shareholding structure of the Company is as follows:

- ENEL SpA., holding 19,491,234 shares with a par nominal value of RON 10 each, representing 51.0036% of the share capital;
- Societatea de Administrare a Participațiilor in Energie (SAPE), holding 9,503,502 shares, with a par nominal value of RON 10 each, representing 24.8683% of the share capital;
- FONDUL PROPRIETATEA S.A., holding 9,220,644 shares, with a par nominal value of RON 10 each, representing 24.1281% of the share capital.

As of December 31, 2019, the Company holds 50% of the share capital of Enel Servicii Comune, having a value of 16,500,000 (December 31, 2018: 16,500,000).

## 3. Internal control

In accordance with the provisions of the decision of the Company’s Board of Directors on June 27, 2008, the internal control of the Company is entrusted to the internal control structures of Enel Romania SRL.

The process of managing internal controls is structured in the following subprocesses:

- Defining the purpose and communicating methodologies and work instructions;
- Mapping / updating processes / internal controls and related risks;
- Evaluation of internal controls with regard to definition and operation by the process manager;
- Monitoring the internal controls tested by the external specialized partner;
- Identifying deficiencies and implementing the remediation plan;
- Strengthen the results of the evaluation of internal controls.

#### 4. Summary of operations 2019 and 2020

During 2019, the Company met its main objectives:

The most important achievements of the Company in 2019 were as follows:

- Modernization works in 4 IT / MT transformer stations (Victoria, Musicescu, Bujac and Caprisoara - MT equipment);
- Replacement of 6 IT / MT transformers in transformer stations (Orastie, Victoria 2 pcs., Musicescu, Bujac, Venus);
- Installation of 63 analyzers in transformer stations;
- Modernization of 61 existing transformer stations with introduction in remote control, installation of 20 new transformer stations, modernization of distribution boxes at 113 aerial transformer stations;
- Modernization / construction works of about 101 km of medium voltage aerial power lines, of which about 99 km of insulation replacement;
- Modernization / construction works of about 44 km of underground medium voltage power lines;
- Remote control separator assembly works on medium voltage aerial lines: 20 pcs and 28 pcs reclosers;
- Modernization / construction works of about 223 km of low voltage network;
- Continuation of actions related to the implementation and consolidation of processes that support safety at work, both for ENEL staff and for contractors;
- Concrete actions to facilitate the identification of the main measures meant to reduce energy losses in the distribution networks;
- Continuing the actions of developing the remote-control system in order to increase the quality of the distribution service;
- Continuing the technical unification for products and equipment in order to standardize the network and improve the distribution service;
- Development of new functionalities for current information systems (ExaBeat / StarBeat / ForceBeat); New site development Distribution;
- „GRID Smart - Evolutive Improvement” Development of computer applications SIREN, SIGRAF, GESI;
- Commercial distribution processes application COM AREA - Front Office Evolutive Improvement (New functionalities in existing commercial processes - FOUR:A2A, compensations, work orders, distribution services, connections; GBS. Invoicing, receivables, printing, reports; PEDRO: A2A, supplier, meter readings);
- Commercial distribution processes application COM AREA - Back Office, Evolutive Improvement (New functionalities in existing commercial processes - FOUR: location notices, compensations, traffic lights, GBS: PODI two / three schedule, AOP, phase 2 statement; PEDRO: load curves, POD sorting);
- Commercial Area Distribution Process Application COM Area - New functionalities in existing commercial processes - SAP-ISU
- Continuation of the project implementation for the installation of intelligent measurement systems, being installed a number of 51,366 intelligent meters and 361 concentrators.

For 2020, the Company aims to carry out the following investment projects:

Removal of meters at the property limit to reduce network losses;

Switching to 20 kV medium voltage electrical distribution networks (10 kV);

Continuing the actions of developing the remote-control system in order to improve the quality of the distribution service;

Continuation of actions for the development of the smart-meter system for household customers;  
Network modernization / construction works in order to ensure a sizing of the network capacity in accordance with the power required for the connection of future users;  
Modernization of transformer stations, transformer substations, medium voltage, and low voltage lines, in order to improve the quality of the distribution service

## **5. Personnel connected issues**

The Company's human resources policy focuses on the following directions:

- The development of new activities, the recent legislative changes, as well as the revision of the processes of continuous digitalization of the Company's operations require the adaptation and / or development of the competencies of the existing personnel; as a result, personnel recruitment is also focused on new profiles, which were not found in the Company until now, and the development and training plan has been adapted accordingly;
- Continuation of the Company's concerns for a culture of safety (defensive driving courses, Health, Safety and Environment events), for the continuous improvement of processes and for the improvement of the internal knowledge transfer mode (Train of Trainers programs);
- Creating and applying new training programs dedicated to employees who have promoted in the management of the various departments, with emphasis on ENEL values and behaviors as well as on the application of modern leadership principles;
- Continuing the process of alignment with the group's policies, by updating the local documents (procedures, instructions) so as to ensure legislative compliance, group integration and, at the same time, the adequate and efficient functioning of the activities at local level; RACI matrices are used to clarify the processes and roles of managers.

In 2019, negotiations took place regarding the renewal of the Collective Labor Agreement, which was signed on July 1, 2019.

## **6. Environmental issues**

During 2019, the Company continued to carry out programs related to waste management, monitoring of environmental factors, reducing the level of pollution in all facilities, total environmental expenses amounting to approximately RON 2,438,825 (2018: 1,202,876).

Mainly, the expenditures were made in 2019 for:

- Collection, transport and disposal of urban and assimilated waste (sanitation) amounting to 163,965;
- Collection and transport of wastewater, stormwater drainage, sewerage network (canal, rainwater) amounting to 107,725;
- Specific environmental taxes (Environmental fund 3% and 2% of waste recovery, tax for emissions from fixed sources - thermal power plants, approval fees) amounting to 37,243;
- Prevention of soil, subsoil and water pollution amounting to 1,256,909:
  - a. Maintenance of the ST IT Mociur platform separator - UO IT Resita, taking over the ST IT Orăștie water-oil emulsions in the amount of 2,670;
  - b. Collection, transport and disposal of ceramic insulating waste and concrete pillars amounting to 119,462;
  - c. Analyzes of mineral oil samples from EDB transformers in value of 8,400;
  - d. Rehabilitation / construction of 6 transformer retention tanks and 6 TFN / SA + BS tanks, in the IT stations Victoria, Bujac, Căprișoara and Musicescu in the amount of 1,126,377;

- Internal training on environmental protection in the amount of 110,050;
- Expenses with the personnel dedicated to the environmental protection activity amounting to 457,844;
- ISO 14001 SRAC audit expenses amounting to 9,897;
- Expenditures for biodiversity protection (installation of stork nest supports, installation of electrical insulating sheaths to avoid electric shock to birds) amounting to 295,192.

## **7. Risk management**

As a risk management policy, the Company considers the following:

- a. Identifying and monitoring the major categories of potential and existing risks, financial, of credit and counterparty, as well as the existing products within the company and providing support in order to reduce them;
- b. Implementation and use of risk assessment and monitoring models, defined at the level of the Enel Group, in order to assess and monitor risks at company's level, in compliance with local regulations, where applicable;
- c. Identification and implementation of periodic reporting methods (monthly and quarterly) regarding the company's activity to monitor the existing risks;
- d. Monthly reporting the situation of receivables and top debtors, in order to anticipate credit risk and provide support to reduce risk;
- e. Monitoring the financial risk and the exposure to financial institutions (commercial money) and the use of financial instruments to cover the risk on the foreign exchange market;
- f. Support activity in order to improve the quality of the portfolio by calculating the OPCOM counterparty risk indicators;
- g. Monthly monitoring and reporting on the situation of active guarantees and active insurance policies;
- h. Assessment of compliance with regulations in force at the local level and implementation of risk monitoring systems, by defining and implementing procedures where necessary.

## **8. Non-financial statement**

In accordance with the legal requirements for the presentation of non-financial information, the Company prepares and publishes a separate report on sustainability, corresponding to the same financial year, which contains the information required for the non-financial statement, and which describes the Company's sustainability initiatives. This report will be made available to the public on the Company's website (<https://www.e-distributie.com>) within a legal period, until June 30, 2020.

### 9. Financial information

#### 9.1 Main elements of Balance sheet as on 31 December 2019

	Balance at the beginning of the year	Balance at the end of the year
<b>FIXED ASSETS</b>		
I. INTANGIBLE ASSETS	25,288,787	21,820,084
II. TANGIBLE ASSETS	1,688,440,790	1,797,288,172
III. FINANCIAL ASSETS	16,529,684	16,529,684
<b>FIXED ASSETS - TOTAL</b>	<b>1,730,259,261</b>	<b>1,835,637,940</b>
<b>CURRENT ASSETS</b>		
I. INVENTORIES	2,499,387	1,331,402
II. RECEIVABLES	167,382,056	168,133,044
III. SHORT-TERM INVESTMENTS	-	-
IV. CASH AND BANK ACCOUNTS	1,287,661,918	1,263,185,555
<b>CURRENT ASSETS - TOTAL</b>	<b>1,457,543,361</b>	<b>1,432,650,001</b>
EXPENDITURE IN ADVANCE	1,079,971	1,044,378
<b>DEBTS: AMOUNTS TO BE PAID WITHIN ONE YEAR</b>	<b>277,695,997</b>	<b>271,420,844</b>
<b>DEBTS: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR</b>		
PROVISIONS	<b>33,845,353</b>	<b>37,852,507</b>
DEFERRED INCOME	<b>435,595,308</b>	<b>473,235,588</b>
<b>CAPITAL AND RESERVES</b>		
<b>CAPITAL</b>		
I. CAPITAL	382,153,800	382,153,800
II. CAPITAL REWARDS	9,146,618	9,146,618
III. RESERVES	1,126,885,940	985,534,813
IV. PROFIT OR LOSS CARRIED OUT	<b>1,135,455,711</b>	<b>954,039,602</b>
V. PROFIT OR LOSS OF THE FINANCIAL YEAR	<b>(211,896,134)</b>	<b>167,678,332</b>
VI. DISTRIBUTION OF PROFIT		(11,729,785)
<b>CAPITALS - TOTAL</b>	<b>2, 441,745,935</b>	<b>2,486,823,380</b>

### 9.2 Main items Profit and loss account for the financial year ended December 31, 2019

Item	Financial year ended December 31, 2018	Financial year ended December 31, 2019
OPERATING INCOME	533,694,897	550,834,776
OPERATING EXPENSES	746,917,820	401,684,700
PROFIT OR LOSS FROM OPERATION	<b>(213,222,923)</b>	<b>149,150,076</b>
FINANCIAL REVENUE	26,436,532	25,463,537
FINANCIAL EXPENSES	1,139,453	2,193,890
FINANCIAL PROFIT OR LOSS	<b>25,297,079</b>	<b>23,269,647</b>
TOTAL INCOME	560,131,429	576,298,313
TOTAL EXPENSES	748,057,273	403,878,590
GROSS PROFIT OR LOSS	<b>(187,925,844)</b>	<b>172,419,723</b>
INCOME TAX	<b>23,970,290</b>	<b>4,741,391</b>
NET PROFIT OR LOSS OF THE FINANCIAL YEAR	<b>(211,896,134)</b>	<b>167,678,332</b>

### 9.3 Economic and financial indicators

	2018	2019
1 Liquidity indicators		
Current liquidity indicator	5.25	5.28
Immediate liquidity indicator	5.24	5.27
2 Activity indicators		
Turnover rate of debts -customer	101	122
Turnover rate of loans-suppliers	1.68	3
Turnover rate of fixed assets	122	138
Turnover rate of total assets	148	130
3 Profitability indicators	0.29	0.27
Return on capital (%)	0.16	0.15
Gross sales margin (%)		

Both the current liquidity indicator and the immediate liquidity indicator registered an increase compared to the previous year, as a result of the decrease of current debts.

The turnover rate of supplier loans decreased due to the decrease in debt to suppliers.

The turnover rate of customer payables increased due to the increase in the average balance of receivables at a higher rate than the increase in the level of turnover.

The increase of the stock turnover speed, respectively the increase of the number of storage days was due to the maintenance of the average stock at an approximately constant level compared to the

previous year, at the same time there was a decrease of goods costs and expenses of protective equipment. The turnover rate of fixed assets as well as that of total assets did not register significant variations compared to the previous year.

### **11. Distribution of the profit related to the financial year ended on December 31, 2019**

At the end of the financial year 2019, the Company registered a total profit of 167,678,332. The Company's management will propose its distribution in the carried forward income statement (account 117).

### **12. Events subsequent to the balance sheet date**

In accordance with the provisions of the Privatization Contract applicable to the Company and those of Law no. 137/2002 regarding some measures for accelerating the privatization, the Company restarted the process of increasing the share capital with the value of the lands for which the Certificates of Attestation of the Right to Property ("CARP") were issued, after the privatization, as well as the rectification or obtaining certificates for the lands used by the Company, in order to increase the share capital.

At this moment, 191 land positions have been identified, which could be the subject of a future incorporation in the share capital. For 103 of them, respectively those for which CADPs were obtained issued by the Ministry of Industry and Resources on behalf of the privatized entity, namely FDFEE Electrica Banat SA, the Company launched during 2016 an operation to increase the share capital of the Subscriber, operation in progress on December 31, 2019.

The relevant legislation issued by the Romanian state before the privatization of Electrica Banat allowed the registration of lands in the Company's patrimony in return for the increase of the share capital (if there is the related property documentation) or in an equity account called Other funds (account 719), with a distinct analytical "Lands not included in the share capital". Following the successive legislative accounting changes, the balance of this capital account was taken over by a reserve account (1068 "Other reserves").

Any other increases of share capital will be made following the decisions of the Extraordinary General Meeting of Shareholders which will be adopted in this regard depending on the clarification of CARP owner, as well as the entity entitled to receive shares following the respective share capital increases.

Currently, the Company is trying to resolve the dispute related to CARP amicably and at this time the management cannot reasonably estimate the result of this approach.

The Coronavirus Pandemic (COVID-19) had a severe impact on the entire world economy. The measures imposed by the authorities to limit the spread of the virus have had the effect of closing factories, schools, cancelling events, as well as imposing restrictions on air, sea, and land traffic.

In the current context, namely the state of emergency and the restrictive measures imposed by the Romanian state authorities, as a result of the corona virus pandemic (COVID-19), the Company's concern is focused on the protection of employees and their families, as well as good conditions of activities for our customers.

As a result, the following measures have been applied by management:

- Introduction of the "telework" activity for all employees, whose attributions can be fulfilled remotely, depending on the nature of each activity;
- Operational procedures and instructions;



- Procedures and instructions for continuing the activity;
- Creation of a working group related to COVID -19;
- Meetings of the national crisis committee on prevention measures;
- Internal information on the evolution of the crisis generated by COVID-19;
- Purchases of protective masks, disinfectants and dispensers;
- Business trips have been suspended - the necessary ones being approved by the coordinator of the business line or personal.

With regard to the financial statements for the year ended December 31, 2019, the Company does not adjust the amounts recognized in financial statements to reflect events after the balance sheet date as a result of the crisis caused by the corona virus (COVID-19), as it provides information on conditions appeared after the balance sheet date.

The management has started to monitor the situation and for the moment it is not possible to accurately estimate the economic and financial impact of this crisis generated by the corona virus (COVID -19).

The Company's management estimates that the main effects on the activity in 2020 generated by the corona virus crisis (COVID -19) will be related to:

- Reduction of distributed energy volumes due to lower consumption;
- Volatility and uncertainty in the energy field that will generate a decrease in the price traded on next day market;
- Possible decrease in debt collection (no such impact was identified until the date of signing the financial statements);
- Temporary reduction of investments during the state of emergency, both from own funds and those from connections, for which a recovery is estimated immediately after the cessation of the state of emergency;
- The company has temporarily suspended non-essential activities involving direct contact with customers.

Taking into account all these aspects, the management concluded that there was no significant uncertainty about the Company's ability to continue its activity for the next 12 months.

**Chairman of the Board of Directors:**  
Mr. Pignoloni Carlo Franco Emanuele

**Financial manager:**  
Mr. Maurizio Rastelli

**Directors**

Ms. Mariyam Musrepova

Mr. Gino Celentano  
Illegible signature

Mr. Eduardo Marcenaro

Mr. Robert Alexandru Andrei

Ms. Laura Cristiba Stanislav Bogdan    Mr. Catalin Niculita

<b>BALANCE SHEET</b>					<b>F10</b>
<b>As on 31.12.2019</b>					
Name of issue	MFO 3751/ 2019	Note No.	Current balance on		
			01.01.2019	31.12.2019	
B			1	2	
<b>A</b>	<b>FIXED ASSETS</b>				
	<b>I. INTANGIBLE ASSETS</b>				
1.	Settlement expenses (acct. 201-2801)	01	01		
2.	Development expenses (acct. 201 - 2803-2903)	02	02		
3.	Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets (acct.205 + 208 - 2805 - 2808- 2905 - 2908)	03	03	25,288,787	
4.	Goodwill (acct. 2071-2807-2907)	04	04	-	
5.	Intangible assets for the exploration and evaluation of mineral resources (acct. 206 - 2806 - 2907)	05	05	-	
6.	Advance payments (acct. 4094-1904)	06	06	-	
	<b>TOTAL: (row 01 to 06)</b>	<b>07</b>	<b>07</b>	<b>25,288,787</b>	
	<b>II. TANGIBLE ASSETS</b>				
1.	Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)	08	08	1,088,141,970	
2.	Technical and machinery installations (acct. 213 + 223 - 2813 - 2913)	09	09	490,345,657	
3.	Other installations, machinery, and furniture (acct. 214 + 224 - 2814 - 2914)	10	10	4,326,607	
4.	Real estate investment (acct.215-2815-2915)	11	11	-	
5.	Tangible assets in progress (acct. 235-2935)	12	12	105,626,556	
6.	Real estate investments in progress (acct.235 - 2935)	13	13	-	
7.	Tangible assets for the exploration and evaluation of mineral resources (acct.216-2816-2916)	14	14		
8.	Productive biological assets (acct. 217 + 227 -2817 -2917)	15	15	-	
9.	Advances (acct. 4093-1903)	16	16	-	
	<b>TOTAL: (row 08 to 16)</b>	<b>17</b>	<b>17</b>	<b>1,688,440,790</b>	
	<b>III. FINANCIAL ASSETS</b>				
1.	Shares in subsidiaries (acct. 261-2961)	18	18		
2.	Loans to group's entities (acct. 2671 + 2672 -2964)	19	19	29,684	
3.	Shares held by associated entities and jointly controlled entities (acct.262 + 263 - 2962)	20	20		
4.	Loans to associates and jointly controlled entities (acct.2673 + 2674-2965)	21	21		
5.	Other fixed assets (acct.265 - 2963)	22	22		
6.	Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966- 2968)	23	23		
	<b>TOTAL (row 18 to 23)</b>	<b>24</b>	<b>24</b>	<b>16,529,684</b>	
	<b>FIXED ASSETS - TOTAL (row 07 + 17+ 24)</b>	<b>25</b>	<b>25</b>	<b>1,730,259,261</b>	
<b>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	26	2,499,387	
2.	Production in progress (acct.331 + 332 + 341 +/- 348 - 393 - 3941 - 3952)	27	27	1,331,402	

	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	28		
	4. Advances (acct. 4091)	29	29		
	<b>TOTAL (rows 26 to 29)</b>	<b>30</b>	<b>30</b>	2,499,387	1,331,402
<b>II.</b>	<b>RECEIVABLES</b>				
	1. Commercial receivables (acct.2675+2676+2678+2679-2966-2968+4092+411+411+413+418-4902-491)	31	31	144,449,525	151,656,064
	2. Amounts receivable from affiliates entities (acct 451- 495)	32	32		
	3. Amounts receivable from associates and jointly controlled entities (acct 453 - 495)	33	33		
	4. Other receivables (425+4282+431+436+437+4382+441+4424+ + 4428+ 444 + 445 + 446+ 447+ 4482 +4582 + 461 + 473-496*+ 5187)	34	34	22,932,531	16,476,980
	5. Share Capital subscribed and not paid (acct. 456-495)	35	35		
	6. Receivables representing dividends distributed during the financial year (acct. 463)	36			
	<b>Total (rows 31 to 36)</b>	<b>37</b>	<b>36</b>	<b>167,382,056</b>	<b>168,133,044</b>
	<b>III. SHORT-TERM INVESTMENTS</b>				
	1.Shares in affiliates entities (acct.501-591)	38	37		
	2. Other short-term investments (acct.505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	39	38		
	<b>Total (rows 37 to 38)</b>	<b>40</b>	<b>39</b>		
	<b>IV. CASH AND BANK ACCOUNTS</b> (acct. 5112 + 512 + 531 + 532 + 541 + 542)	41	40	1,287,661,918	1,263,185,555
	<b>CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)</b>	<b>42</b>	<b>41</b>	<b>1,457,543,361</b>	<b>1,432,650,001</b>
<b>C</b>	<b>DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)</b>	<b>43</b>	<b>42</b>	<b>1,079,971</b>	<b>1,044,378</b>
	Amounts to be repaid within a period of up to one year (out of acct 471)	44	43	1,079,971	1,044,378
	Amounts to be repaid longer than a period of one year (out of 471*)	45	44		
	<b>TOTAL ASSETS</b>				
<b>D</b>	<b>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	45		
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)	47	46		
	3. Advances received on account of orders (acct. 419)	48	47	70,790,391	73,686,073
	4. Trade payables - suppliers (acct. 401 + 404 + 408)	49	48	188,537,318	184,431,647
	5. Trade payments effects (acct .403 + 405)	50	49		
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	51	50		
	7. Amounts owed to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453)	52	51		
	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	52	18,368,288	13,303,124
	<b>TOTAL (row 46 to 52)</b>	<b>54</b>	<b>53</b>	<b>277,695,997</b>	<b>271,420,844</b>
<b>E</b>	<b>NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 41 + 43- 53- 70-73- 76)</b>	<b>55</b>	<b>54</b>	<b>1,132,633,614</b>	<b>1,102,275,368</b>
<b>F</b>	<b>TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 44 +54)</b>	<b>56</b>	<b>55</b>	<b>2,862,892,875</b>	<b>2,937,913,308</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	56		
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)	58	57		
	3. Advance payments for orders (acct. 419)	59	58		
	4. Trade payables - suppliers (acct.401 + 404 + 408)	60	59		
	5. Trade payments effects (acct. 403 + 405)	61	60		
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	62	61		
	7. Amounts owed to associates and jointly controlled entities (acct.1663 + 1686 + 2692 + 453)	63	62		
	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	63		
	<b>TOTAL (row 56 to 63)</b>	65	64		
<b>H</b>	<b>PROVISIONS</b>				
	1. Provisions for employees' benefits (acct.1515+1517)	66	65	26,981,249	32,418,613
	2.Provisions for taxes (1516)	67	66		
	3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)	68	67	6,864,104	5,433,894
	<b>TOTAL PROVISIONS (rows 65 to 67)</b>	<b>69</b>	<b>68</b>	<b>33,845,353</b>	<b>37,852,507</b>
<b>I</b>	<b>DEFERRED INCOME</b>				
	1. Investment grants (acct. 475) (row 70+71)	70	69	2,193,490	2,065,970
	Amounts to be repaid within a period of up to one year (out of acct.475 *)	71	70	123,722	113,428
	Amounts to be repaid over a period longer than one year (out of acct.475 *)	72	71	2,069,768	1,952,542
	2. Deferred income (acct.472) - total (row 74+75), out of which:	73	72		
	Amounts to be repaid within one year (acct.472 *)	74	73		
	Amounts to be repaid over a period longer than one year (acct.472 *)	75	74		
	3. Deferred income related to assets received by transfer from customers (acct. 478) (rows 76+77)	76	75	433,401,818	471,169,618
	Amounts to be repaid within a period of up to one year (out of acct.478 *)	77	76	48,169,999	59,884,739
	Amounts to be repaid over a period longer than one year (out of acct. 478 *)	78	77	385,231,819	411,284,879
	Negative goodwill (acct.2075)	79	78		
	<b>TOTAL (rows 69+72+75+78)</b>	<b>80</b>	<b>79</b>	<b>435,595,308</b>	<b>473,235,588</b>
<b>J</b>	<b>CAPITAL AND RESERVES</b>				
	<b>I. CAPITAL</b>				
	1. Paid-in subscribed capital (acct. 1012)	81	80	382,153,800	382,153,800
	2. Unpaid subscribed capital (acct. 1011)	82	81		
	3. Company's patrimony (acct. 1015)	83	82		
	4. The patrimony of the national research-development institutes (acct. 1018)	84	83		
	5. Other equity items (acct. 103)	85	84		
	<b>TOTAL (row 81 to 84)</b>	<b>86</b>	<b>85</b>	<b>382,153,800</b>	<b>382,153,800</b>
	<b>II. CAPITAL's PREMIUMS (acct. 104)</b>	<b>87</b>	<b>86</b>	<b>9,146,618</b>	<b>9,146,618</b>
	<b>III. RESERVE FROM REVALUATION (acct. 105)</b>	<b>88</b>	<b>87</b>	<b>950,640,511</b>	<b>797,559,599</b>
	<b>IV. RESERVES</b>				
	1. Legal reserves (acct. 1061)	89	88	76,430,760	76,430,760
	2. Statutory or contractual reserves (acct. 1063)	90	89		-

## Report of the Directors

(all amounts are in RON unless otherwise mentioned)

3. Other reserves (acct. 1068)	91	90	99,814,669	111,544,454	
<b>TOTAL (row 88 to 90)</b>	<b>92</b>	<b>91</b>	<b>176,245,429</b>	<b>187,975,214</b>	
Own shares (acct 109)	93	92			
Equity linked to equity instruments (acct. 141)	94	93			
Losses related to equity instruments (acct.149)	95	94			
<b>V. RETAINED EARNINGS, (acct.117)</b>	Balance C	96	95	<b>1,135,455,711</b>	<b>954,039,602</b>
	Balance D	97	96	0	0
<b>VII. PROFIT OR LOSS OF THE EXERCISE</b> (acct.121)	Balance C	98	97	0	167,678,332
	Balance D	99	98	211,896,134	0
The distribution of profit (acct. 129)	100	99		11,729,785	
<b>OWN EQUITY – TOTAL (rows 85+86+87+91-92+93-94+95-96+97-98-99)</b>	<b>101</b>	<b>100</b>	<b>2,441,745,935</b>	<b>2,486,823,380</b>	
Private patrimony (acct. 1016)	102	101			
Public patrimony (acct.1017)	103	102			
<b>EQUITY- TOTAL (row100+101+102) (row25+41+42-53-64-68-79)</b>	<b>104</b>	<b>103</b>	<b>2,441,745,935</b>	<b>2,486,823,380</b>	

\*) Accounts to be distributed according to the nature of the respective elements.

\*\*) Debit balances of the respective accounts.

\*\*\*) Credit balances of the respective accounts

1) The amounts entered in this line and taken from account 2675 to 2679 represent the receivables related to financial leasing contracts and other assimilated contracts, as well as other fixed receivables, due in a period of less than 12 months.

2) The provisions of the Order of the Minister of Public Finance and of the Minister Delegate for Budget no. 668/2014 for the approval of the Specifications regarding the elaboration and updating of the centralized inventory of the real estate, private property of the state and of the real rights subject to the inventory, with the subsequent modifications and completions

DIRECTOR,  
Gino Celentano  
General Manager

PREPARED BY,  
Maurizio Rastelli  
Economic Manager

PROFIT AND LOSS ACCOUNT					F20
As on 31.12.2019					
Name of issue		MFPO 3731 /2019	Row	Financial exercise	
				2018	2019
A		B		1	2
1	<b>Net turnover (rd. 02 + 03 - 04 +06)</b>	<b>01</b>	01	<b>495,380,062</b>	<b>503,793,010</b>
	Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)	02	02	488,867,195	499,615,548
	Income from the sale of goods (acct. 707)	03	03	6,512,867	4,177,462
	Commercial discounts granted (acct.709)	04	04		
			05		
	Revenues from operating grants related to turnover (acct.7411)	05	06		
2	Income related to the cost of production in progress (acct. 711 + 712)				
	Balance C	07	07		
	Balance D	08	08		
3	Production made by the entity for its own and capitalized purposes (acct. 721 + 722)*	08	09	12,428,019	13,134,026
4	Income from the revaluation of intangible assets (acct. 755)	09	10		9,228,097
5	Revenue from real estate investments (acct. 725)	10	11		
6	Income from operating grants (acct.7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)	11	12		
7	Other operating income (751+758+7815), of which	12	13	25,886,816	24,679,643
	-revenue from investment grants (acct. 7584)	13	14	20,351,576	21,807,123
	-earnings on purchases under favorable conditions (acct. 7587)	14	15		
	<b>OPERATING REVENUES – TOTAL (row 01+07+08+09+10+11+12+13)</b>	<b>15</b>	<b>16</b>	<b>533,694,897</b>	<b>550,834,776</b>
8	a) Expenditure on raw materials and consumables (acct. 601 + 602)*	16	17	6,294,545	7,248,055
	Other material expenses (acct. 603+604+606+608)	17	18	136,111,637	165,482,278
	b) Other external expenditures (with energy and water) (acct.605)	18	19	4,909,811	4,755,017
	c) Expenditure on goods (acct. 607)	19	20	5,190,048	3,174,189
	Trade receipts received (acct.609)	20	21	2,927	1,244
9	Personnel costs (row 23+24), out of which:	21	22	72,134,715	83,693,589
	a) Salaries and allowances (acct. 641+642+643+644)	22	23	68,979,613	79,469,087
	b) Expenditure on insurance and social protection (acct.645)	23	24	3,205,102	4,224,502
10	a) Value adjustments on intangible assets, tangible assets (rows 26-27)	24	25	413,500,360	<b>(84,125,085)</b>
	a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)	25	26	413,500,360	148,406,456
	a.2) Income (acct.7813 + 7816)	26	27		232,531,541
	b) Value adjustments for current assets (rows 29-30)	27	28	7,846,566	<b>9,772,157</b>
	b.1) Expenditure (acct.654 + 6814+6818)	28	29	6,294,545	11,517,242
	b.2) Revenues (acct.7813+7818)	29	30	136,111,637	1,745,085
11	Other operating expenses (row 32 to 38)	30	31		<b>207,678,590</b>
	11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 +615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	31	32	93,948,986	114,728,111

	11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)*	32	33	7,616,807	7,631,867
	11.3. Environment protection expenditures (acct.652)	33	34	241,060	330,605
	11.4. . Expenses from revaluation of intangible assets (acct. 655)	34	35		68,501,842
	11.5 Expenditure on calamities and other similar events (acct.6587)	35	36		-
	11.6. Other expenses (acct.651 + 6581 + 6582 + 6583 +6588)	36	37	9,070,899	16,486,165
	Adjustments for provisions (rows 40-41)	37	39	93,948,986	4,007,154
	- Expenditure (acct. 6812)	38	40	7,616,807	8,452,486
	- Income (7812)	39	41		4,445,332
	<b>OPERATING EXPENDITURE - TOTAL (row 17 to 20 20-21+22+25+28+31+39)</b>	40	42	746,917,820	401,684,700
	<b>PROFIT OR LOSS FROM OPERATION:</b>				
	-Profit (row 16-42)	41	43	0	149,150,076
	- Loss (row 42-16)	42	44	213,222,923	0
12	Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)	43	45	453,242	
	- of which, the income from affiliated entities	44	46		
13	Interest income (acct.766 *)	45	47	25,125,996	24,857,609
	- of which, the income affiliated entities	46	48		
14	Income from operating grants for interest due (acct. 7418)	47	49		
15	Other financial income (acct. 7615+762+764+765+767+768)	48	50	857,294	605,928
	-of which, income from other financial fixed assets (item 7615)	49	51		
	<b>FINANCIAL INCOME – TOTAL (rows 45+47+49+50)</b>	50	52	26,436,532	25,463,537
16	Value adjustments on financial assets and financial investments held as current assets (rows 54-55)	51	53		
	-Expenditures (acct,686)	52	54		
	-Income (acct,786)	53	55		
17	Interest Expenses (acct,666 *)	54	56		
	- of which, the expenses in relation to the entities in the group	55	57		
	Other financial expenses (acct,663 + 664 + 665 + 667 + 668)	56	58	1,139,453	2,193,890
	<b>FINANCIAL EXPENDITURE - TOTAL (rows 53+56+58)</b>	57	59	59	1,139,453
	<b>PROFIT OR FINANCIAL LOSS:</b>				
	- Profit (row 52-59)	58	60	25,297,079	23,269,647
	- Loss (rows 59-52)	59	61	0	0
	<b>TOTAL INCOME (rows 16+52)</b>	60	62	560.131.429	576,298,313
	<b>TOTAL EXPENDITURE (rows 42+59)</b>	61	63	748.057.273	403,878,590
18	<b>GROSS PROFIT OR LOSS:</b>				
	- Profit (rows 62-63)	62	64	0	172,419,723
	- Loss (rows 63-62)	63	65	187,925,844	0
20	Income tax (acc, 691)	64	66	23,970,290	4,741,391
21	Tax-specific activities (acct, 695)	65	67		
22	Other taxes not shown at the above items (acct,698)	66	68		
23	<b>NET PROFIT OR LOSS OF FINANCIAL EXERCISE:</b>				
	- Profit (rows 64-65-66-67-68)	67	69	0	167,678,332
	- Loss (rows 65+66+67+68-64)	68	70	211,896,134	0

## Report of the Directors

*(all amounts are in RON unless otherwise mentioned)*

Check amount F20: 10416001428/86690766223

\*) Accounts to be distributed according to the nature of the respective elements.

Line 22 (cf. OMFP 3761/2019 ') - also includes the rights of collaborators, established according to the labor legislation, which are taken from the debit turnover of account 621 "Expenses with collaborators", analytically "Individual collaborators".

Line 32 (cf. OMFP 3781/2019) - in account 6586 "Expenses representing transfers and contributions due on the basis of special normative acts", are highlighted the expenses representing transfers and contributions due on the basis of special normative acts, other than those provided by the Fiscal Code.

DIRECTOR,  
Gino Celentano  
General Manager

PREPARED BY,  
Maurizio Rastelli  
Economic Manager



**INFORMATIVE DATA**  
On 31.12.2019

- Ron -

<b>1. Data regarding registered result</b>	<b>Row MFO/ 2019</b>	<b>Row</b>	<b>No. of units</b>	<b>Amounts</b>	
A		B	1	2	
Units with profit	01	01		167,678,332	
Units with losses	02	02			
Units with no profit and no losses	03	03			
<b>II Data regarding due payments</b>	<b>Row</b>		<b>Total, out of which:</b>	<b>For current activity</b>	<b>For investment activity</b>
A	B		1=2+3	2	3
Due payments-total (row 05 +09 + 15 to 17+18)	04	04	36,702,900	7,746,253	28,956,647
Outstanding suppliers - total (row 06 to 08)	05	05	36,702,900	7,746,253	28,956,647
- over 30 days	06	06	1,177,057	1,126,435	50,622
- over 90 days	07	07	5,424,065	197,341	5,226,724
- over 1 year	08	08	30,101,778	6,422,477	23,679,301
Outstanding liabilities to social security - total (row 10 to 14)	09	09			
- contributions to state social insurance paid by employers, employees and other assimilated persons	10	10			
- Contributions to social security health fund	11	11			
- Contribution to supplementary pension	12	12			
- Contributions for unemployment	13	13			
- Other social debts	14	14			
Outstanding liabilities to special funds and other funds	15	15			
Outstanding obligations to other creditors	16	16			
Taxes not paid on time to the state budget	17	17			
- Contribution for work	18	17a			
Taxes not paid to on time to local budgets	19	18			
<b>III. Average number of employees</b>	<b>Row</b>		<b>30.12.2018</b>		<b>30.12.2019</b>
A		B	1		2
Average number of employees	20	19	717		758
The actual number of existing employees at the end of financial exercise, December 31	21	20	709		765

				F30 - page. 2	
A		Row	Amounts (RON)		
		B	1		
IV. Royalties paid during the reporting period, grants received and due receivables	22	21			
- royalties for the public goods paid from the state budget	23	22			
Mining royalties paid to the state budget	24	23			
Oil royalties paid to the state budget	25	24			
Rent paid during the reporting period for lands 1)	26	25	62,189		
Gross income from paid services by non-residents, including:	27	26	7,590,483		
- income tax to the state	28	27			
Gross income from paid services by non-residents in Member States of the European Union, including:	29	28	7,590,483		
- income tax to the state	30	29			
Subsidies received during the reporting period, including:	31	30			
subsidies received during the reporting period related to assets	32	31			
subsidies related to income, of which:	33	32			
subsidies to stimulate employment **)	34	33			
<b>Outstanding claims</b> that have not been received within the time limits provided in commercial contracts and / or legislation in force, including:	35	34	112,764,312		
outstanding receivables from entities in the majority or wholly state-owned	36	35			
outstanding claims from private sector entities	37	36	112,764,312		
<b>V. Meal vouchers to employees</b>					
The value of meal vouchers to employees	38	37	2,352,765		
The equivalent value of the vouchers granted to other categories of beneficiaries, other than employees	39	37a			
		Row	<b>30.12.2018</b>	<b>30.12.2019</b>	
<b>VI. Costs incurred for research – development activity***)</b>					
A		B	1	2	
Costs incurred for research - development, including:	40	38			
- After the financing source (row 40+41)	41	39	0	0	
- from public funds	42	40			
- from private funds	43	41			
- After the nature of expenses (row 43+44)	44	42	0	0	
- Current expenses	45	43			
- Capital expenses	46	44			
<b>VII. Innovation costs ***)</b>			<b>30.12.2018</b>	<b>30.12.2019</b>	
Innovation costs	47	45			
<b>VIII. Other Information</b>					
Advance payments for intangible assets (acct. 4094)	48	46			
- advances granted to non-resident non-affiliated entities for intangible assets (from ct. 4094)	49	46a			
- advances granted to non-resident affiliated entities for tangible assets (from ct. 4093)	50	46b			
Advance payments for tangible assets (acct. 4094)	51	47			
- advances granted to non-resident non-affiliated entities for intangible assets (from ct. 4094)	52	47a			
- advances granted to non-resident affiliated entities for tangible assets (from ct. 4093)	53	47b			
Financial assets, in gross amounts (row 49+54)	54	48	16,538,578	16,618,062	

Shares in affiliated subsidiaries, equity, other investments and bonds as gross amounts (row 50+51+52+53)	55	49	16,529,684	16,529,684
- non-quoted shares issued by residents	56	50	16,500,000	16,500,000
- shares issued by residents	57	51	29,684	29,684
- shares and social parts issued by non-residents	58	52		
- Holdings of at least 10%	59			
- bonds issued by non-residents	60	53		
Receivables, as gross amounts (row 55+56)	61	54	8,894	88,378
- receivables in RON and expressed in RON, whose settlement is made on the rate of a currency (of acct. 267)	62	55	8,894	88,378
- foreign currency receivables (from acct. 267)	63	56		
Trade receivables, advances to suppliers and other similar accounts, as gross amounts (acct. 4091+4092 + 411 +413 + 418), including:	64	57	183,538,591	197,749,947
- trade receivables in relation to non-resident affiliates, advances for purchases of goods of the nature of stocks and for the provision of services granted to non-resident affiliated suppliers and other assimilated accounts, in gross amounts in relation to non-resident affiliates (from acct. 4091 + from acct. 4092 + from acct. 411 + from acct.413 + from acct.418)	65	58		
- trade receivables in relation to non-resident affiliates advances for purchases of goods such as inventories	66	58a	161,400	450,220
Uncollected trade receivables in arrears (from acct. 4092 + from acct. 411 + from acct. 413 )	67	59	71,685,641	91,799,014
Claims in relation to employees and similar accounts (acct. 425 + 4282)	68	60	34,120	32,108
Claims in relation to social security and state budget (acct. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 62 to 66)	69	61	826,830	1,242,694
- claims in relation to social security budget (acct.431 +437+4382)	70	62	803,830	1,219,694
- tax claims in connection to State budget (acct. 436+441 +4424+4428+444+446)	71	63		
- grants receivable (acct.447)	72	64		
- special funds - taxes and similar payments (acct.447)	73	65		
- other claims in connection to state budget (acct.4482)	74	66	23,000	23,000
Claims of the entity in relationships with affiliated entities (acct.451)	75	67		
- receivables from non-resident affiliates (from acct. 451)	76	68		
- trade receivables from non-resident affiliates (from acct. 451), of which:	77	69		
-Claims in relation to social security and uncollected state budget on set deadline (from acct. 431 + from acct. 437 + from acct. 4382 + from acct. 441 + from acct. 4424 + from acct. 4428 + from acct. 444 + from acct. 445 + from acct. 446 + from acct. 447 + from acct. 4482)	78	70		
Other claims (acct. 453 + 456 + 4582 + 461 + 471 + 473), (row 101 to 103)	79	71	24,294,229	24,880,793
- Settlements on participating interests, settlement with shareholders / associates regarding capital, settlement on venture operations (acct.453+456+4582)	80	72		
- other receivables related to natural and legal persons other than claims in connection with public / state institutions) (from acct. 461 + from acct. 471 + from acct.473)	81	73	24,276,070	24,874,340
- amounts taken from account 542, representing cash advances granted by law and not settled until June 30 (from acct. 461)	82	74	18,159	6,453
Interest receivable (acct. 5187) , including:	83	75	5,262,026	39,646
- from non residents	84	76		
Interest from non-residents (acct 4518+4538)	85	77	24,294,229	24,880,793
The loans granted to economic operators *****)	86	78		
Short-term investments as gross amounts (acct. 501 + 505 + 506 + from acct.508),	87	79		

- non-quoted shares issued by residents	88	80		
- shares issued by residents	89	81		
- bonds issued by non-residents	90	82		
- shares issued by collective investment	91	83		
- bonds issued by non-residents	92	85		
- Holding green bonds	93	86		
Other amounts receivable (acct. 5113 + 5114)	94	87		
Cash in RON and foreign currency (row 85+86)	96	87	1,287,581,423	1,263,148,069
-in RON (acct.5311)	97	88	1,287,475,609	1,263,100,709
-in foreign currency (acct.5314)	98	89		
Current accounts with banks in domestic and foreign currency (row 88+90)	99	90	105,814	47,360
-in RON (acct. 5121), of which:	100	91		
- Current accounts with nonresident banks in RON	101	92	80,495	37,486
-in foreign currency (acct. 5124), of which:	102	93	80,495	37,486
- Current accounts at nonresident banks in foreign currency	103	94		
Liabilities (row 96 + 99+102+103 + 106 + 108+110+111 + 116 + 119+122 + 128)	104	95	711,097,816	742,590,461
Short-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is less than 1 year) from acct. 519), (row 97 + 98)	105	96		
- in RON	106	97		
-in foreign currency	107	98		
Long-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is longer than or equal to 1 year (from acct. 162), (row 100 + 101)	108	99		
- in RON	109	100		
-in foreign currency	110	101		
Loans from the state treasury and related interest (acct. 1626 + acct. 1682)	111	102		
Other loans and related interest (acct. 166+ 167 + 1685 + 1686 + 1687) (row 104+105)	112	103		
- in RON and expressed in RON, whose settlement is made on the rate of a currency	113	104		
- in foreign currency	114	105		
Other loans and similar liabilities (ct. 167), of which:	115	106	561,513	338,705
-the value of the concessions received (from ct. 167)	116	107		
Trade payables, advances received from customers and other similar accounts, in gross amounts (acct. 401 + 403 + 404 + 405 + 408 + 419), of which:	117	108	259,327,709	258,117,721
- trade payables in relation to non-resident non-affiliated entities, advances received from non-resident non-affiliated customers and other assimilated accounts, in gross amounts in relation to non-resident non-affiliates (from ct. 401 + from ct. 403 + from ct. 404 + from ct. 405 + from ct 408 + from ct 419)	118	109	16,171,147	10,846,765
- trade payables in relation to non-resident affiliates, advances received from non-resident affiliates and other similar accounts, in gross amounts in relation to non-resident affiliates (from ct. 401 + from ct. 403 + from ct. 404 + from ct. 405 + from ct. 408 + from ct. 419)	119	109a	56,256,184	68,790,335
Liabilities related to personnel and similar accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	120	110	2,448,014	2,435,342
Debts related to the social insurance budget and the State budget (ct. 431 + 436 + 437+ 4381 +441 +4423 + 4428 + 444 + 446 + 447 + 4481) (lines 112 to 115)	121	111	9,160,975	7,365,763
-liabilities related to the social insurance budget (acct.431 + 437 + 4381)	122	112	2,737,820	2,823,009
-- fiscal liabilities in connection with the state budget (ct.436 + 441 + 4423 + 4428 + 444 + 446)	123	113	5,949,974	4,046,033
-special funds - taxes and similar payments (acct.447)	124	114		
- other liabilities in connection to State budget (acct.4481)	125	115		
Liabilities in relationships with affiliated entities (acct.451)	126	116		
- debts with non-resident affiliated entities 2) (from ct. 451), of which:	127	117		
- with an initial maturity of more than one year	128	118		
- trade payables with non-resident affiliates regardless of maturity (from ct. 451)	129	118a		
Amounts due to shareholders / associates (acct.455)	130	119		

- amounts due to shareholders / associates natural entities	131	120				
- amounts due to shareholders / associates legal entities	132	121				
Other liabilities (acct. 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 478 + 269 + 509) row (158 to 162)	133	122	439,599,605		474,332,930	
- settlements of participation interest, settlements with shareholders / associates capital, venture settlement operations (acct.453+456+457+4581)	134	123				
- other liabilities in connection with natural and legal persons other than liabilities in connection with public institutions (public institutions) i) (from acct. 462+from acct. 472+from acct. 473)	135	124	6,197,787		3,163,312	
- subsidiaries which were not resumed (from acct. 472)	136	125				
- payments to be made for financial fixed assets and short-term investments (ct.269 + 509)	137	126				
- advance income related to assets received by transfer from customers (ct. 478)	138	127	433,401,818		471,169,618	
Interests to be paid (acct. 5186)	139	128				
To non-residents	140	128a				
Interests to be paid to non-residents (acct. 4518+4538)	141	128b				
The loans received from operators *****)	142	129				
Subscribed capital (acct. 1012), of which:	143	130	382,153,800		382,153,800	
- listed shares 2)	144	131				
-non listed shares 3)	145	132	382,153,800		382,153,800	
- social parts	146	133				
- Capital subscribed and paid by non-residents (from acct. 1012)	147	134				
Patents and licenses (from acct. 205)	148	135				
<b>IX. Information on collaborators' expenses</b>			<b>31.12.2018</b>		<b>31.12.2019</b>	
Information on collaborators expenses (acct. 621)	149	136	118,440		114,464	
<b>X. Information on assets in the public domain</b>			<b>31.12.2018</b>		<b>31.12.2019</b>	
The value of goods in the public domain under management	150	137				
The value of goods in the public domain in concession	151	138				
The value of goods in the public domain leased	152	139				
<b>XI. Information regarding the goods from the private property of the state subject to inventory cf. OMFP no. 668/2014</b>			<b>31.12.2018</b>		<b>31.12.2019</b>	
Net accounting value of goods 6)	159	140				
			Amount (RON)	% 7)	Amount (RON)	% 7)
A		B	Col.1	Col.2	Col.3	Col.4
Paid-in share capital (ct. 1012) 7 /, (row 142 + 145 + 149 + 150 + 151 + 152)	154	141	382,153,800		382,153,800	
-owned by public institutions, (rd. 143 + 144)	155	142				
- owned by public institutions of central subordination	156	143				
- owned by public institutions of local subordination	157	144				
- owned by state-owned companies, of which:	158	145	95,035,020	24,87	95,035,020	24,87
- with full state capital	159	146	95,035,020	24,87	95,035,020	24,87
- with majority state capital	160	147				
- with state minority capital	161	148				
- owned by autonomous companies	162	149				
- owned by companies with private capital	163	150	287,118,780	75,13	287,118,780	75,13
- owned by natural persons	164	151				
- owned by other entities	165	152				
			Amounts (RON)			
A		B	<b>2018</b>		<b>2019</b>	
<b>XIII. Dividends / payments due to the state or local budget, to be distributed from the profit of the financial year by national companies, national companies, companies and autonomous regies, of which:</b>	166	153				
- to central public institutions;	167	154				
- to local public institutions;	168	155				
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations! regardless of their share.	169	156				

<b>XIV. Dividends / payments due to the state or local budget and transferred during the reporting period from the carried forward profit of national companies, national companies, companies and autonomous utilities, of which:</b>	170	157		
- dividends / payments from the profit of the previous financial year, from which transfers:	171	158		
- to central public institutions	172	159		
- to local public institutions	173	160		
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations regardless of their share.	174	161		
- dividends / payments from the profit of the financial years prior to the previous year, of which transferred:	175	162		
- to central public institutions	176	163		
- to local public institutions	177	164		
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations regardless of their share	178	165		
<b>XV. Dividends distributed to shareholders / associates from retained earnings</b>			<b>2018</b>	<b>2019</b>
Dividends distributed to shareholders / associates during the reporting period	179	165a		
<b>XVI. Interim dividend distributions according to Law no. 163/2018</b>			<b>2018</b>	<b>2019</b>
- interim dividends distributed	180	165b		
<b>XVII. Receivables taken over by assignment from legal entities *****)</b>			<b>2018</b>	<b>2019</b>
Receivables taken over by assignment from legal entities (at nominal value), of which:	181	166		
- receivables taken over by assignment from affiliated legal entities	182	167		
Receivables taken over by assignment from legal entities (at acquisition cost), of which:	183	168		
- receivables taken over by assignment from affiliated legal entities	184	169		
<b>XVIII. Income from agricultural activities*****)</b>			<b>2018</b>	<b>2019</b>
Income from agricultural activities	185	170		

DIRECTOR,  
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General Manager

PREPARED BY,  
Maurizio Rastelli  
Economic Manager

\*) Subsidies for stimulating employment (transfers from the state budget to the employer) - represent the amounts granted to employers to pay graduates of educational institutions, stimulating the unemployed who are employed before the expiration of the unemployment period, stimulating employers who are employed for an indefinite period unemployed persons over 45 years of age, unemployed single family members or unemployed persons who within 3 years from the date of employment meet the conditions to request a partial early retirement pension or to grant an old-age pension or for other situations provided by the legislation in force on the unemployment insurance system and the stimulation of employment.

\*\*) It will be completed with the expenses incurred for the research-development activity, respectively the fundamental research, the applicative research, the technological development, and the innovation, established according to the provisions of the Government Ordinance no. 57/2002 on scientific research and technological development, approved with amendments and completions by Law no. 324/2003, with subsequent amendments and completions. Expenditure will be completed in accordance with Implementing Regulation (EU) no. 995/2012 of the Commission of 26 October 2012 establishing the rules for the implementation of Decision no. 1.608 / 2003 / EC of the European Parliament and of the Council on the production and development of Community statistics in the field of science and technology, published in the Official Journal of the European Union, L series, no. 299 / 27.10.2012.

\*\*\*) To be completed with the expenses incurred for the innovation activity according to the Implementing Regulation (EU) no. 995/2012 of the Commission of 26 October 2012 establishing the rules for the implementation of Decision no. 1.608 / 2003 / EC of the European Parliament and of the Council on the production and development of Community statistics in the field of science and technology, published in the Official Journal of the European Union, L series, no. 299 / 27.10.2012.

\*\*\*\*) The category of economic operators does not include the entities regulated and supervised by the National Bank of Romania, respectively the Financial Supervision Authority, the reclassified companies in the public administration sector and the non-profit institutions in the service of households.

\*\*\*\*\*) For the receivables taken over by assignment from legal entities, both their nominal value and their acquisition cost will be completed.

For the status of 'affiliated legal entities', the provisions of art. 7 pt. 26 lit. c) and d) of Law no. 227/2015 on the Fiscal Code, with subsequent amendments and completions.

«») (\*\*\*) according to art. 11 of the Delegated Regulation (EU) no. 639/2014 of the Commission of 11 March 2014 supplementing Regulation (EU) no. Regulation (EC) No 1307/2013 of the European Parliament and of the Council laying down rules on direct payments to farmers under support schemes under the common agricultural policy and amending Annex X to that Regulation,

(1) ..income from agricultural activities is income obtained by a farmer from his agricultural activity within the meaning of Article 4 (1) (c) of that Regulation (R (EU) 1307/2013), on his holding, including Union support from the European Agricultural Fund. Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), as well as any national aid granted for agricultural activities, with the exception of complementary national direct payments Pursuant to Articles 18 and 19 of Regulation (EU) No 1095/2010. 1307/2013.

Revenue from the processing of agricultural products within the meaning of Article 4 (1) (d) of Regulation (EU) No 182/2011 1307/2013 of the holding are considered as income from agricultural activities provided that the processed products remain the property of the farmer and that such processing results in another agricultural product within the meaning of Article 4 (1) (d) of Regulation (EU) no. 1307/2013.

Any other income is considered income from non-agricultural activities.

2. For the purposes of paragraph 1, 'revenue' means gross revenue, before deduction of related costs and taxes.

1) Rents paid for occupied land (agricultural crops, pastures, hayfields, etc.) and related to commercial spaces (terraces, etc.) belonging to private owners or public administration units will be included, including rents for the use of water luster for recreational purposes or for other purposes (fishing, etc.).

2) The value entered in the row 'debts with non-resident affiliated entities (from ct.451), of which:' It is NOT calculated by summing the values from the rows "with an initial maturity of more than one year 'and' trade payables with non-resident affiliated entities regardless of maturity (from ct.451) '.

## Report of the Directors

*(all amounts are in RON unless otherwise mentioned)*

- 3) In the category 'Other debts in connection with natural persons and legal persons, other than debts in connection with public institutions (state institutions), the subsidies related to the existing incomes in the balance of account 472 will not be included.
- 4) Securities that confer property rights over companies, which are negotiable and tradable, according to the law.
- 5) Securities that confer property rights on companies that are not traded.
- 6) It will be completed by the economic operators affected by the provisions of the Order of the Minister of Public Finance and of the Minister Delegate for Budget no. 668/2014 for the approval of the Specifications regarding the elaboration and updating of the centralized inventory of the real estate privately owned by the state and of the real rights subject to the inventory, with the subsequent modifications and completions.
- 7) In the section 'XII Spilled share capital' at row 61 -171 in col. 2 et al. 4 entities will enter the percentage corresponding to the share capital held in the total paid-up share capital registered at row 160.
- 8) This line includes the dividends distributed according to Law no. 163/2018 for the amendment and completion of the Accounting Law no. 82/1991, amending and supplementing the Companies Law no. 31/1990, as well as the amendment of Law no. 1/2005 regarding the organization and functioning of the cooperation.

### STATUS OF FIXED ASSETS

As of 31.12.2020

Cod 40 - RON -

Items of fixed assets	R O w	Gross values				
		Initial balance	Increase	Decrease		Final balance (col.5=1+2-3)
				Total	Of which: discharging and scrapping	
A	B	1	2	3	4	5
<b>I. Intangible assets</b>						
Establishment expenses and development expenses	01	79,937,341	4,282,078	8,027,234	X	76,192,185
Other fixed assets	02				X	
Advance payments for intangible assets	03				X	
Intangible assets for exploration and evaluation of mineral	04				X	
<b>TOTAL (row 01 to 04)</b>	<b>05</b>	<b>79,937,341</b>	<b>4,282,078</b>	<b>8,027,234</b>	<b>X</b>	<b>76,192,185</b>
<b>II. Tangible assets</b>						
Lands	06	37,218,375	4,973,272		X	42,191,647
Buildings	07	1,367,828,283	110,622,586	351,613,800		1,126,837,069
Technical installations and	08	576,394,292	73,779,698	157,513,750		492,660,240
Other installations, machinery and furniture	09	4,818,980	850,713	1,137,204		4,532,489
Real estate investments	10					
Tangible assets for exploration and evaluation of mineral	11					
Productive biological assets	12					
Tangible fixed assets in progress	13	107,886,567	25,430,192			133,316,759
Real estate investments in progress	14					
Advances granted for tangible fixed assets	15					
<b>TOTAL (row 06 to 15)</b>	<b>16</b>	<b>2,094,146,497</b>	<b>215,656,461</b>	<b>510,264,754</b>		<b>1,799,538,204</b>
<b>III. Financial assets</b>	<b>17</b>	<b>16,529,684</b>			<b>X</b>	<b>16,529,684</b>
<b>FIXED ASSETS – TOTAL( row 05+16+17)</b>	<b>18</b>	<b>2,190,613,522</b>	<b>219,938,539</b>	<b>518,291,988</b>		<b>1,892,260,073</b>



Items of fixed assets	Row	Initial balance	Depreciation during the year	Depreciation related to fixed assets removed from the record	Depreciation at the end of the year (col.9=6+7-8)
A	B	6	7	8	9
1. Intangible assets					
Establishment expenses and development expenses	19	54,620,464	7,750,781	7,999,144	54,372,101
Other fixed assets	20				
Intangible assets for exploration and evaluation of mineral resources	21				
TOTAL (row 19+20+21)	22	54,620,464	7,750,781	7,999,144	54,372,101
II. Tangible fixed assets					
Lands	23				
Buildings	24	87,574,977	77,945,855	165,520,832	0
Technical installations and machines	25	82,884,874	62,249,849	145,134,723	0
Other machinery and furniture installations	26	492,373	542,309	1,034,682	0
Real estate investments	27				
Tangible assets for exploration and evaluation of mineral	28				
Productive biological assets	29				
TOTAL (row 23 to 29)	30	170,952,224	140,738,013	311,690,237	0
DEPRECIATIONS - TOTAL (row22+30)	31	225,572,688	148,488,794	319,689,381	54,372,101

## Report of the Directors

(all amounts are in RON unless otherwise mentioned)

Items of fixed assets	Row	Initial balance	Adjustments made during the year	Adjustment resumed in revenue	Final balance (col. 13=10+11-12)
A	B	10	11	12	13
1. Intangible assets					
Establishment expenses and development expenses	32	28,090		28,090	0
Other fixed assets	33				
Intangible assets for exploration and evaluation of mineral resources	34				
TOTAL (row 32 to 34)	35	28,090		28,090	0
Tangible assets					
Lands	36				
Buildings	37	229,329,711	120	229,329,831	0
Technical installations and machines	38	3,163,761	2,273,762	5,437,523	0
Other installations, machinery and equipment	39				
Real estate investments	40				
Tangible assets for exploration and evaluation of mineral resources	41				
Productive biological assets	42				
Tangible fixed assets in progress	43	2,260,011		9,979	2,250,032
Real estate investments in progress	44				
TOTAL (row 36 to 44)	45	234,753,483	2,273,882	234,777,333	2,250,032
III. Financial assets	46				
DEPRECIATION ADJUSTMENTS - TOTAL (row .35+45+46)	47	234,781,573	2,273,882	234,805,423	2,250,032

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Economic Manager

According to the provisions of pet. 1.11 paragraph 4 of Annex no. 1 to OMF no.58 / 14.01.2021, in order to submit the annual financial statements for the financial year 2020 on paper and in electronic format or only in electronic form, signed with a qualified digital certificate, the zip file will also contain the first page of the annual financial statements listed with the help of the assistance program elaborated by the Ministry of Public Finance, signed and scanned in black and white, legible".

### Provisions regarding the obligations of economic operators regarding the preparation of annual reports provided by the accounting law

#### A. preparation of annual reports

1. Annual financial statements, according to art. 28 para. (1) of the accounting law:

- submission deadline -150 days from the end of the financial year;

2. Annual accounting reports, according to art. 37 of the accounting law:

- submission deadline -150 days from the end of the financial year, respectively of the calendar year
- entities that submit annual accounting reports:
  - the entities that apply the Accounting Regulations comply with the International Financial Reporting Standards, approved by OMFP no. 2,844 / 2016, with subsequent amendments and completions;
  - entities that have opted for a financial year other than the calendar year;
  - the subunits opened in Romania by companies resident in states belonging to the European Economic Area
  - legal entities under liquidation, according to the law - within 90 days from the end of the calendar year.

They submit annual financial statements and annual accounting reports:

- entities that apply the Accounting Regulations comply with the International Financial Reporting Standards, approved by OMFP no. 2,844 / 2016, with subsequent amendments and completions; and
- entities that have opted for a financial year other than the calendar year.

3. Declaration of inactivity, according to art. 36 para. (2) of the accounting law, submitted by the entities that did not carry out activity from settlement until the end of the financial reporting year:

- submission deadline - 60 days from the end of the financial year

B. Correction of errors included in the annual financial statements and annual accounting reports - can be performed only under the conditions of the Procedure for correction of errors contained in the annual financial statements and annual accounting reports submitted by economic operators and non-profit legal entities, approved by OMFP no. 450/2016, with subsequent amendments and completions.

Accounting errors, as defined by the applicable accounting regulations, shall be corrected in accordance with those regulations. As a result, in case of their correction, no other set of corrected annual financial statements / annual accounting reports can be submitted.

C. The reporting method in case of returning to the calendar year, after choosing a financial year different from the calendar year, according to art. 27 of the accounting law

Whenever the entity chooses a financial year different from the calendar year, the provisions of art. VI para. (1) - (6) of OMFP no. 4,160 / 2015 regarding the modification and completion of some accounting regulations.

In case of return to the calendar year, the accounting law does not provide for the submission of any notification in this regard.

According to the provisions of art. VI para. (7) of the said order, if the entity changes its chosen date for the preparation of annual financial statements so that the reporting year becomes the calendar year, the balance sheets reported starting with the next financial year<sup>1)</sup> refer to January 1, respectively December 31, and the turnovers of the income and expenditure accounts correspond to the current financial year<sup>2)</sup>, respectively to the financial year preceding the reporting year.

For example, if a company that had a fiscal year other than the calendar year chooses to return to the calendar year beginning January 1, 2021, it prepares accounting reports as follows:

- for December 31, 2020 - annual accounting reports;
- for December 31, 2021-annual financial statements.

D. The accounting of the amounts received from the shareholders / associates - is performed in the account 455<sup>3)</sup>. Amounts due to the shareholders / associates".

If the loans are received from affiliated entities, their equivalent value is recorded in account 451 "Settlements between affiliated entities".

<sup>1)</sup> This refers to the first financial year for which the annual financial statements are restated at the level of a calendar year.

<sup>2)</sup> This is the first financial year that becomes a calendar year again.

Thus, according to the example presented above, the balance sheets included in the annual financial statements concluded on 31 December 2021 refer to 1 January 2021 and 31 December 2021, respectively, and the turnovers of the income and expenditure accounts correspond to the current financial year (2021), respectively for the financial year preceding the reporting year (2020).

<sup>3)</sup> See, in this sense, the provisions of point 349 of the accounting regulations, according to which the amounts deposited or temporarily left by the shareholders / associates at the disposal of the entity, as well as the related interests, calculated under the law, are recorded in the accounting in separate accounts (account 4551 "Shareholders / associates - current accounts", respectively account 4558 "Shareholders / associates - interest on current accounts").