

E-DISTRIBUTIE BANAT

STANDALONE FINANCIAL STATEMENTS

**Prepared according to Order of the Minister of Public Finances
nr. 1802/2014 with further amendments,
on the date and for the financial exercise
concluded on DECEMBER 31st, 2021**

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Name of issue		Row no.	Note No.	Current balance on	
				01.01.2021	31.12.2021
	B			1	2
A	FIXED ASSETS				
	I. INTANGIBLE ASSETS				
	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		21,905,770	22,790,381
	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		-	-
	TOTAL: (row 01 to 06)	07	3	21,905,770	22,790,381
	II. TANGIBLE ASSETS				
	1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)	08		1,225,215,086	1,325,732,678
	2. Technical and machinery installations (acct. 213 + 223 - 2813 - 2913)	09		526,993,045	557,574,235
	3. Other installations, machinery, and furniture (acct. 214 + 224 - 2814 - 2914)	10		4,410,355	4,713,165
	4. Real estate investment (acct.215-2815-2915)	11		-	-
	5. Tangible assets in progress (acct. 235-2935)	12		157,256,179	169,913,157
	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		-	-
	TOTAL: (row 08 to 16)	17	3	1,913,874,665	2,057,933,235
	III. FINANCIAL ASSETS	18		16,500,000	-
	1. Shares in subsidiaries (acct. 261-2961)	19			
	2. Loans to group's entities (acct. 2671 + 2672 -2964)	20		29,684	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		-	29,684
	5. Other fixed assets (acct.265 - 2963)	23		-	-
	6. Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966- 2968)	24	3	16,529,684	16,529,684
	TOTAL (row 18 to 23)				
	FIXED ASSETS - TOTAL (row 06 + 16 + 17+ 24)	25	3	1,952,310,119	2,097,253,300
B	CURRENT ASSETS				
	I.INVENTORIES				
	1. Raw materials and consumables (acct. 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)	26		1,658,765	2,588,970

	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			
	TOTAL (rows 26 to 29)	30	4	1,658,765	2,588,970
II.	RECEIVABLES				
	1. Commercial receivables (acct.2675+2676+2678+2679-2966- 2968+4092+411+411+413+418-4902-491)	31		80,460,243	94,407,908
	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		11,324,325	23,076,739
	5. Share Capital subscribed and not paid (acct. 456-495)	35		-	-
	6. Receivables representing dividends distributed during the financial year (acct. 463)	36			
	Total (rows 31 to 36)	37	5	91,784,568	117,484,647
	III. SHORT-TERM INVESTMENTS				
	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		-	-
	Total (rows 37 to 38)	40		-	-
	IV. CASH AND BANK ACCOUNTS (acct. 5112 + 512 + 531 + 532 + 541 + 542)	41	6	427,221,662	235,963,722
	CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)	42		520,664,995	356,037,339
C	DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)	43	7	1,289,345	1,625,397
	Amounts to be repaid within a period of up to one year (out of acct 471)	44		1,289,345	1,621,460
	Amounts to be repaid longer than a period of one year (out of 471*)	45			3,937
	TOTAL ASSETS			2,474,264,459	2,454,916,037
D	DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR				
	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		67,220,755	64,588,250
	4. Trade payables - suppliers (acct. 401 + 404 + 408)	49		170,383,137	220,125,996
	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		19,065,931	15,739,952
	TOTAL (row 46 to 53)	54	8	256,669,823	300,454,198
E	NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 42 + 44- 54- 71-74- 77)	55		244,585,770	35,135,552

F	TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 45 +57)	56		2,196,895,889	2,132,392,789
G	LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR				
	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+5 09+ 5186+5193+5194+5195+5196+5197)	64			
	TOTAL (row 57 to 64)	65			
H	PROVISIONS				
	1. Provisions for employees' benefits (acct.1515+1517)	66		37,927,208	38,778,852
	2.Provisions for taxes (1516)	67		-	-
	3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)	68		6,872,161	14,501,779
	TOTAL PROVISIONS (rows 66+67+68)	69	9	44,799,369	53,280,631
I	DEFERRED INCOME				
	1. Investment grants (acct. 475) (row 71+72)	70		1,952,542	1,841,743
	Amounts to be repaid within a period of up to one year (out of acct.475 *)	71		109,556	104,774
	Amounts to be repaid over a period longer than one year (out of acct.475 *)	72		1,842,986	1,736,969
	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		531,579,879	570,630,910
	Amounts to be repaid within a period of up to one year (out of acct.478 *)	77		20,589,191	21,964,275
	Amounts to be repaid over a period longer than one year (out of acct. 478 *)	78		510,990,688	548,666,635
	Negative goodwill (acct.2075)	79		-	-
	TOTAL (rows 70+73+76+79)	80	10	533,532,421	572,472,653
J	CAPITAL AND RESERVES				
	I. CAPITAL		11		
	1. Paid-in subscribed capital (acct. 1012)	81		382,153,800	382,153,800
	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		-	-
	TOTAL (row 81+82+83+84+85)	86	11	382,153,800	382,153,800
	II. CAPITAL's PREMIUMS (acct. 104)	87	11	9,146,618	9,146,618
	III. RESERVE FROM REVALUATION (acct. 105)	88	11	789,010,822	776,724,767

IV. RESERVES					
1. Legal reserves (acct. 1061)	89		76,430,760	76,430,760	
2. Statutory or contractual reserves (acct. 1063)	90		-	-	
3. Other reserves (acct. 1068)	91		134,832,760	134,832,760	
TOTAL (row 89 to 91)	92		211,263,520	211,263,520	
Own shares (acct 109)	93		-	-	
Equity linked to equity instruments (acct. 141)	94		-	-	
Losses related to equity instruments (acct.149)	95		-	-	
V. RETAINED EARNINGS, (acct.117)	Balance C	96	232,379,506	182,665,561	
	Balance D	97	-	-	
VII. PROFIT OR LOSS OF THE EXERCISE (acct.121)	Balance C	98	38,596,886		
	Balance D	99	-	33,245,712	
The distribution of profit (acct. 129)	100		23,288,306	-	
OWN EQUITY – TOTAL (rows 86+87+88+92-93+94-95+96-97+98-99-100)	101	11	1,639,262,846	1,528,708,554	
Private patrimony (acct. 1016)	102				
Public patrimony (acct.1017)	103				
EQUITY- TOTAL (rows 101+102+103)	104		1,639,262,846	1,528,708,554	
TOTAL LIABILITIES	105		2,474,264,459	2,454,916,037	

March 15, 2022

General manager
Monica Hodor

Prepared by,
Popescu Razvan Cristian
Financial manager

Notes from 1 to 24 represent integral part of the financial situations

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

Name of issue		Row	Note	Financial exercise concluded on December 31	
				2020	2021
A		B		1	2
1	Net turnover (rd. 02 + 03 - 04 + 05+06)	01	12	516,875,725	547,395,837
	Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)	02		514,481,009	541,962,376
	Income from the sale of goods (acct. 707	03		2,394,716	5,433,461
	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		17,591,064	22,182,881
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	13	22,323,641	23,947,147
	-revenue from investment grants (acct. 7584)	13		20,072,597	21,740,323
	-earnings on purchases under favorable conditions (acct. 7587)	14		-	-
	OPERATING REVENUES – TOTAL (row 01+07+08+09+10+11+12+13)	15		556,790,430	593,525,865
8	a) Expenditure on raw materials and consumables (acct. 601 + 602)*	16	14	7,456,847	8,931,127
	Other material expenses (acct. 603+604+606+608)	17	14	165,630,261	245,908,988
	b) Other external expenditures (with energy and water) (acct.605)	18		4,345,185	9,694,653
	c) Expenditure on goods (acct. 607)	19		1,724,469	4,439,252
	Trade receipts received (acct.609)	20		172,164	-
9	Personnel costs (row 23+24), out of which:	21	15	92,076,152	101,009,823
	a) Salaries and allowances (acct. 641+642+643+644)	22		88,003,455	96,673,924
	b) Expenditure on insurance and social protection (acct.645)	23		4,072,697	4,335,899
10	a) Value adjustments on intangible assets, tangible assets (rows 26-27)	24		126,072,300	107,807,079
	a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)	25		128,057,773	110,553,693
	a.2) Income (acct.7813 + 7816)	26		1,985,473	2,746,614
	b) Value adjustments for current assets (rows 26-27)	27		7,026,574	17,346,084
	b.1) Expenditure (acct.654 + 6814+6818)	28		9,357,840	18,985,109
	b.2) Revenues (acct.7813+7818)	29		2,331,266	1,639,025
11	Other operating expenses (row 32 to 38)	30	16	106,944,922	126,213,511
	11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 +615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	31		84,154,428	102,377,616

	11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)*	32		7,823,830	9,489,799
	11.3. Environment protection expenditures (acct.652)	33		340,067	360,878
	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		14,626,597	13,985,218
	Adjustments for provisions (rows 40-41)	37		6,946,861	8,481,262
	- Expenditure (acct. 6812)	38		10,603,944	19,153,140
	- Income (7812)	39		3,657,083	10,671,878
	OPERATING EXPENDITURE - TOTAL (row 17 to 20 20-21+22+25+28+31+39)	40		518,051,407	629,831,779
	PROFIT OR LOSS FROM OPERATION:				
	-Profit (row 16-42)	41		38,739,023	-
	- Loss (row 42-16)	42		-	36,305,914
12	Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)	43 44			
13	Interest income (acct.766 *)	45		6,545,970	3,900,916
	- 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		1,633,410	902,271
	-of which, income from other financial fixed assets (item 7615)	49		-	-
	FINANCIAL INCOME – TOTAL (rows 45+47+49+50)	50	17	8,179,380	4,803,187
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	-	3,001,629	2,163,116
	FINANCIAL EXPENDITURE - TOTAL (rows 53+56+58)	57		3,001,629	2,163,116
	PROFIT OR FINANCIAL LOSS:				
	- Profit (row 61 - 70)	58		5,177,751	2,640,071
	- Loss (rows 70- 61)	59			
	TOTAL INCOME (rows 16+52)	60		564,969,810	598,329,052
	TOTAL EXPENDITURE (rows 42+59)	61		521,053,036	631,994,895
18	GROSS PROFIT OR LOSS:				
	- Profit (rows 62-63)	62		43,916,774	-
	- Loss (rows 63-62)	63		-	33,665,843
19	Income tax (acc, 691)	64	18	5,319,888	(420,131)
20	Tax-specific activities (acct, 695)	65		-	-
21	Other taxes not shown at the above items (acct,698)	66		-	-

22	NET PROFIT OR LOSS OF FINANCIAL EXERCISE:				
	- Profit (rows 64-65-66-67-68)	67		38,596,886	
	- Loss (rows 65+66+67+68-64)	68			33,245,712

March 15, 2022

General manager
Monica Hodor

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E-DISTRIBUTIE BANAT SA
SITUATION 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 January 1, 2021	Increase		Decrease		Balance on December 31, 2021
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		382,153,800	-	-	-	-	382,153,800
Capital premium		9,146,618	-	-	-	-	9,146,618
Revaluation reserves		789,010,822	-	-	12,286,055	12,286,055	776,724,767
Legal reserves		76,430,760	-	-	-	-	76,430,760
Other reserves		134,832,760	-	-	-	-	134,832,760
Reserves representing the surplus realized from revaluation reserves		76,430,959	12,286,055	12,286,055	-	-	88,717,014
The result carried forward represents the undistributed profit or the uncovered loss	Balance C	155,948,547	15,308,580	15,308,580	77,308,580	-	93,948,547
	Balance D	-	-	-	-	-	-
Profit or loss for the financial year	Balance C	38,596,886	-	-	38,596,886	38,596,886	-
	Balance D	-	(33,245,712)	-	-	-	(33,245,712)
Distribution of profit		(23,288,306)	-	-	(23,288,306)	(23,288,306)	-
Total equity		1,639,262,846	(5,651,077)	27,594,635	104,903,215	27,594,635	1,528,708,554

2020

ITEM		Balance on January 1, 2020	Increase		Decrease		Balance on December 31 2020
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		382,153,800	-	-	-	-	382,153,800
Capital premium		9,146,618	-	-	-	-	9,146,618
Revaluation reserves		797,559,599	-	-	8,548,778	8,548,778	789,010,822
Legal reserves		76,430,760	-	-	-	-	76,430,760
Other reserves		111,544,454	23,288,306	23,288,306	-	-	134,832,760
Reserves representing the surplus realized from revaluation reserves		67,882,181	8,548,778	8,548,778	-	-	76,430,959
The result carried forward represents the undistributed profit or the uncovered loss	Balance C	886,157,421	155,948,547	155,948,547	886,157,421	-	155,948,547
	Balance D	-	-	-	-	-	-
Profit or loss for the financial year	Balance C	167,678,334	38,596,886	-	167,678,334	167,678,334	38,596,886
	Balance D	-	-	-	-	-	-
Distribution of profit		(11,729,785)	(23,288,306)	(23,288,306)	(11,729,785)	(11,729,785)	(23,288,306)
Total equity		2,486,823,382	203,094,211	164,497,325	1,050,654,748	164,497,325	1,639,262,846

General manager
Monica Hodor

Prepared by,
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Financial Manager

E-DISTRIBUTIE BANAT SA
SITUATION OF CASH FLOW
for the financial exercise ended on December 31, 2021
(all amounts are in lei (RON) unless otherwise mentioned)

INDIRECT METHOD

ITEM	Financial exercise concluded on December 31	
	20	2021
A	1	2
Cash flows from operating activity		
Profit / (loss) before income tax	43,916,774	(33,665,843)
Adjustments for non-monetary elements:		
Depreciation related to tangible and intangible assets	125,405,302	109,373,699
Value adjustments related to tangible and intangible assets	666,997	(1,566,620)
Loss from disposal of fixed assets, net	3,933,918	3,083,100
Value adjustments for receivables impairment, net	7,165,498	17,333,349
Value adjustments for inventory depreciation, net	(138,923)	12,735
Provisions, net	6,946,861	8,481,262
Income from subsidies	(20,072,597)	(21,740,323)
Interest income	(6,545,970)	(3,900,916)
Unrealized losses / (gains) from exchange rate differences	1,277,881	1,146,822
Operating profit before changes in working capital	162,555,741	78,557,265
Changes in net working capital in:		
Decrease / (Increase) of stocks	(188,440)	(942,940)
Decrease / (Increase) in trade and other receivables and other claims	75,671,318	(39,224,297)
Decrease / (Increase) of deferred expenses	(244,968)	(336,052)
(Decrease) / Increase in trade and other payables	(16,042,150)	70,825,257
(Decrease) / Increase in other debts	4,265,264	209,290
Connection fee collected from customers	67,840,199	53,787,864
Changes in working capital	131,301,223	84,319,122
Profit tax paid	(3,822,344)	(3,115,139)
Net cash flow from operating activities	290,034,620	159,761,248
Cash flow from investment activity		
Acquisitions of fixed assets	(245,962,639)	(278,669,873)
Proceeds from the sale of property, plant and equipment		607,294
Interest collected	6,121,547	4,351,971
Net cash flow used in investment activity	(239,841,092)	(273,710,608)
Cash flow from financial activity		
Dividends paid	(886,157,421)	(77,308,580)
Net cash flow from / (used in) financial activity	(886,157,421)	(77,308,580)
Net increase in cash and cash equivalents	(835,963,893)	(191,257,940)
Availability and assimilated elements at the beginning of the year	1,263,185,555	427,221,662
Availability and assimilated elements at the end of the year	427,221,662	235,963,722

March 15, 2021

General manager
Monica Hodor

Prepared by,
Popescu Razvan Cristian
Financial Manager

NOTE 1: INFORMATION REGARDING THE COMPANY

E-Distributie Banat S.A. ("The Company") is a joint stock company established in 2002, with registered office in 3-5 Pestalozzi Street, Timisoara, Romania. The company is registered at the Trade Register under number J35/274/04.03.2002, fiscal registration number 14490379.

The company's main object of activity represents the electricity distribution in the geographical area of Banat, including Timiș, Arad, Caras-Severin and Hunedoara counties.

The company is controlled by Enel SpA, the Group's ultimate shareholder.

Enel SpA, a company validly operating and organized according to Italian law and the final beneficial 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.

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 which holds 50% of the share capital, E-Distributie Dobrogea S.A. In accordance with OMF 1802/2014, the Company has no obligation to prepare consolidated financial statements.

Regulatory environment in the energy sector

The activity in 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 sector and market, in conditions of efficiency, competition, transparency, and protection of consumers.

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 heat.
- granting, modifying, suspending, or withdrawing authorizations and licenses for economic operators in the electricity sector, including for 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 entry into force, 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 the electricity distribution was approved by Order no. 169/2018, suffering numerous changes on important aspects of the distribution activity and the way in which they are reflected in the calculation of the applied rates.

According to the Methodology for establishing the price for the 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.

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		
High voltage	Medium voltage	Low voltage
15.98	43.05	117.71

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 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.

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 RAB 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

The company (as concessionaire) 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 within the determined territory (Timis, Arad, Caras Severin and Hunedoara 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 price for the concession, the Company pays an annual royalty recognized in the distribution rate of 1/1000 of the 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, 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 have become 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, being later redeemed by the distribution operator by returning the cost to the user, in equal annual installments, within a maximum of 5 years from commissioning 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 setting the connections into operation. According to OMFP 410/2017, the connections thus financed are recognized by the distribution operator in off-balance sheet accounts during the operation period;
- 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 by the distribution operator in off-balance sheet accounts during the period of operation. 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 Banat S.A. for the financial year ended 31 December 2020 drawn up 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 based on 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 Banat 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 Doborzea 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 valuation 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) the profit realized at the balance sheet's date was included in the profit and loss account;
- b) the 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, with distinctly highlighting these 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 separate valuation 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 period

The accounting is 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 present 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 registered in the income statement as they become available.

2.6 Continuity of activity

The 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 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 expressed 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 at the end of the financial year, are registered in the profit and loss account of the respective financial year.

Non-monetary items purchased with payment 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) are 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, 2020, 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 in the purchase 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 in operating conditions.

Tangible assets in progress represent unfinished investments made in direct operations 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 incurred costs serve only to maintain the efficiency of the installations or the initial capacity and productivity, they are considered expenses for repairs and maintenance and are recognized as expenses of the period in which they were made.

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.

Items in a range of tangible assets are revalued simultaneously to avoid selective revaluation and reporting in annual financial statements of 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 regularly 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 the asset is removed from the records 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 is 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 periods established by the Company and which are 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, as well as the economic durations used by the Company 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 annulment

A tangible asset is derecognized on assigning or annulment 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 of 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 each 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 held in affiliated entities as well as other investments held as fixed assets.

Financial assets are initially registered at acquisition cost.

Financial assets are subsequently registered at the entry value less accumulated adjustments for impairment; adjustments for impairment losses are recognized in the income statement.

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.

2.8.5. 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 provision of the services.

The valuation of the recoverable 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 accounting 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 the impairment loss was recognized.

2.8.6. Cash and cash equivalents

Cash availabilities is 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.

2.8.7. Trade payables

Trade obligations are registered 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.

2.8.8. 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 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.

2.8.9. 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 is the best estimate at the balance sheet's date of the costs necessary to settle the current obligation. 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 to be 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.

2.8.10. 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 input of future economic benefits.

2.8.11. Deferred income

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

The value of the new connections to the electricity grid is invoiced to the consumers through the connection price (in accordance with the connection regulation provided in the ANRE Order 59/2013 - with all subsequent amendments and completions). The connections made to the electrical grid become the property of the Company, according to the law.

The connection fee

In accordance with the Connection Regulation provided for in ANRE Order No. 59/2013 applicable prior to the changes made during 2021 (see Note 1), the value of the new connections to the electrical network is billed to users of the distribution network through the connection fee. The receipts from the connection fee were registered as deferred income and are returned to income according to the amortization of the related tangible assets.

2.8.12. Share capital

The share capital made of common shares is registered at the value established 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.

2.8.13. 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.

2.8.14. Reported result

The remaining accounting profit after the distribution of the legal reserve quota is taken over within the result carried forward 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.

2.8.15. 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.

2.8.16. Pensions and other post-retirement benefits

Within the current activity, the Company makes payments to the Romanian state for the benefit of its employees for social insurance. 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 employees and 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.

2.8.17. Revenues

Revenues from electricity's distribution

Revenues from electricity distribution are recognized based on electricity consumption made by consumers based on meter readings and of 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 income and expenses are recognized on an accrual basis.

2.8.19. 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.

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 2.8.2)

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 the 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.

2.8.20. 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 incorrect presentation of information in the annual financial statements.

Corrections of errors are made on the date of their finding. 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.

2.8.21. 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 related 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) children and the wife or life partner of the respective person;
- b) wife's children or of the life partner of the respective person; and
- c) 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.

2.8.22. 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 31 December 2020	Increase	Transfer	Decrease	Balance on 31 December 2021
	1	2	3	5	6=1+2+3+4-5
Intangible assets					
Licenses, software and other intangible assets	85,045,946	7,435,078		7,492,830	84,988,194
Total Intangible assets	85,045,946	7,435,078		7,492,830	84,988,194
Tangible assets					
Lands	42,191,647	-	-	-	42,191,647
Constructions	1,250,027,307	-	157,115,636	382,180	1,406,760,763
Technical plants and machines	578,193,406	-	77,521,244	3,118,777	652,595,873
Other plant, equipment and furniture	5,023,867	-	1,106,844	3,577	6,127,134
Advances and tangible fixed assets in progress	157,642,497	249,169,334	(235,743,724)	381,451	170,686,656
Total tangible assets	2,033,078,724	249,169,334	-	3,885,985	2,278,362,073
Financial assets					
Financial assets	16,529,684	-	-	-	16,529,684
Total financial assets	16,529,684	-	-	-	16,529,684
Total assets	2,134,654,354	256,604,412	-	11,378,815	2,379,879,951
Impairment - amortization		Balance on 31 December 2020	Increase	Decrease	Balance on 31 December 2021
		7	8	10	11=7+8+9-10
Intangible assets					
Licenses, software and other intangible assets		61,949,045	6,550,466	6,301,698	62,197,813
Total Intangible assets		61,949,045	6,550,466	6,301,698	62,197,813
Tangible assets					
Constructions		66,796,750	56,461,275	39,783	123,218,242
Technical plants and machines		50,069,371	45,698,530	1,181,076	94,586,825
Other plant, equipment and furniture		612,041	663,428	2,107	1,273,362
Total tangible assets		117,478,162	102,823,233	1,222,966	219,078,429
Total assets		179,427,207	109,373,699	7,524,664	281,276,242

Depreciation - value adjustments	Balance on 31 December 2020	Increase	Decrease	Balance on 31 December 2021
	12	13	15	16=12+13+14-15
Intangible assets				
Licenses, software and other intangible assets	1,191,131	-	1,191,131	-
Total intangible assets	1,191,131		1,191,131	
Tangible assets				
Constructions	207,118	1,492	207,118	1,492
Technical plants and machines	1,130,991	425,798	1,121,975	434,814
Other plant, equipment and furniture	1,470	140,605	1,470	140,605
Advances and tangible fixed assets in progress	386,318	612,098	224,918	773,498
Total tangible assets	1,725,897	1,179,993	1,555,481	1,350,409
Total intangible assets	2,917,028	1,179,993	2,746,612	1,350,409

E-DISTRIBUTIE BANAT 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 31 December 2020	Balance on 31 December 2021
	14=1-6-10	15=5-9-13
Intangible assets		
Licenses, software and other intangible assets	21,905,770	22,790,381
Total intangible assets	21,905,770	22,790,381
Tangible assets		
Constructions	42,191,647	42,191,647
Technical plants and machines	1,183,023,439	1,283,541,031
Other plant, equipment and furniture	526,993,045	557,574,235
Advances and tangible fixed assets in progress	4,410,355	4,713,165
Total tangible assets	157,256,179	169,913,157
Intangible assets	1,913,874,665	2,057,933,235
Financial assets		
Financial assets	16,529,684	16,529,684
Total financial assets	16,529,684	16,529,684
Total assets	1,952,310,119	2,097,253,300

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 4,381,295 (2019: 11,421,793), representing mainly computer programs.

During 2021, the Company discharged licenses and computer programs with a gross accounting value of RON 7,492,830 and a net accounting value of 0.

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.

On December 31, 2021 and 2020, the Company analyzed the future cash flows to determine if the accounting value of tangible assets would differ substantially from the fair value at this date. Following this exercise, the Company concluded that the accounting value does not differ substantially from the fair value on December 31, 2021 and December 31, 2020.

Tangible assets sold and rented to third parties

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

During 2021 and 2020 the 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.

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 40,842,566 (2020: 22,810,374).

During 2021, the Company undertook internal development of some fixed assets. These are included in the "Increases" column of the table with the movements of fixed assets and have an accounting value of RON 22,182,881 (2019: RON 17,591,064), representing income from the capitalization of salary expenses.

The gross accounting value of the fixed assets made from the subsidies from the connection fee is 524,611,136 (2020: 455,859,605), while their net accounting value is 487,023,725 (2020: 437,714,466), subsidies from developer fee is 29,828,560 (2020: 25,051,144), their net accounting value being 28,568,983 (2020: 24,499,507).

The company classifies in fixed assets in progress materials in the amount of 68,560,263 (2020: 66,111,345), since later they will be installed in the high, medium, and low voltage distribution networks, thus falling within the definition of tangible assets.

As of December 31, 2021, the Company has registered for tangible assets a number of 191 lands that could be the subject of a future incorporation in the share capital according to clause 11.2.4 of the Privatization Agreement and the provisions of Government Emergency Ordinance no. 88/1997 on the privatization of companies, of Law no. 137/2002 on some measures to accelerate privatization and of the Methodological Norms for the application of the Government Emergency Ordinance no. 88/1997 regarding the privatization of the commercial companies, with the subsequent amendments and completions, and of the Law no. 137/2002 regarding some measures for accelerating the privatization approved by the Government Decision no. 577/2002. These lands have an entry value of RON 476,155 and a revalued value of RON 13,679,088.

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 1,350,409 (2020: 2,917,030) related to the fixed assets proposed for disposal.

Also, in 2021, the Company resumed income adjustments in the amount of RON 2,746,614 (2020: 1,985,473) related to the assets proposed for disposal in 2020 and discharged in 2021, while registering a loss from disposal, the net effect in the profit and loss account being zero.

3.3. Financial assets

Financial fixed assets have the following structure:

	Balance on 1 January 2020	Balance on 31 December 2021
Shares held in jointly controlled entities	16,500,000	16,500,000
Other investments held as financial assets	29,684	29,684
Total	16,529,684	16,529,684

The company owns 50% of the share capital of Enel Servicii Comune, having a nominal value (cost) on December 31, 2021 of 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. In accordance with OMF 1802/2014, the Company has no obligation to prepare consolidated financial statements.

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

Name of entity	Registered office	Relation	Holding quota		Investment value		Share capital entity
			1 January 2020	31 December 2021	1 January 2020	31 December 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
		Total associated entities and jointly controlled entities			16,500,000	16,500,000	
Asociația Companiilor din Energie	88 Clucerului, Sector 1, Bucharest	Long-term investment	10%	10%	29,684	29,684	297,000
		Total general			16,529,684	16,529,684	

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

	1 JANUARY 2020			31 DECEMBER 2021		
	Cost	Adjustment for depreciation	Total	Cost	Adjustment for depreciation	Total
Raw materials and consumables	411,200	(32,855)	378,345	293,198	(216,394)	76,804
Packaging	28,400	(3,157)	25,243	28,740	-	28,740
Third party stocks	1,515,524	(260,347)	1,255,177	2,576,126	(92,700)	2,483,426
Total	1,955,124	(296,359)	1,658,765	2,898,064	(309,094)	2,588,970

The amount of inventories recognized in the profit and loss account is 13,370,379 (2020: 9,181,316).

NOTE 5: RECEIVABLES

Receivables	Balance on 31 December 2020	Balance on 31 December 2021	Liquidity term	
			Under 1 year	Over 1 year
	1	1	2	3
Trade receivables from affiliated parties	36,737,048	54,397,450	54,397,450	-
Trade receivables from third parties, gross value	97,507,567	109,848,423	109,848,423	-
Adjustment for trade receivables	(53,784,372)	(69,837,965)	(69,837,965)	-
Total Receivables	80,460,243	94,407,908	94,407,908	-
Various debtors, gross carrying amount	17,723,455	21,503,202	21,503,202	-
Adjustment for various uncertain debtors	(8,235,809)	(8,675,810)	(8,675,810)	-
Other receivables	1,789,085	3,263,791	3,263,791	-
Various debtors, representing other receivables receivable from affiliated parties	47,595	6,985,556	6,985,556	-
Total Other receivables	11,324,325	23,076,739	23,076,739	-
Total Receivables	91,784,568	117,484,647	117,484,647	-

For amounts receivable, conditions, and terms regarding receivables from related / legal parties, see Note 19.

The balance of gross trade receivables on December 31, 2021 in the amount of 164,245,874 (2020: 134,244,615) consists of:

- a) customer invoices in the amount of 58,451,789 (2020: 62,667,429);
- b) customers from the basic activity in the amount of 37,785,119 (2020: 19,899,709);
- c) clients from other activities in the amount of 10,157,401 (2020: 6,065,859);
- d) immobilized receivables 84,850 (2020: 84,850);
- e) uncertain customers from other activities in the amount of 5,983,762 (2020: 5,951,493);
- f) uncertain customers from the distribution activity in the amount of 45,439,785 (2020: 39,493,302);
- g) advances paid to suppliers in the amount of 6,343,167 (2020: 81,973).

The value adjustments for trade receivables outstanding on December 31, 2021 in the amount of 69,837,965 (2020: 53,784,372) mainly refer to:

- outstanding receivables older than 365 days in the amount of 8,593,999 (2020: 585,715), for which the Company has not started the action in court;
- outstanding receivables of less than 1 year but which present a risk of non-collection in the amount of 9,820,419 (2020: 7,753,862);
- receivables in litigation in the amount of 37,221,234 (2020: 37,188,965),
- receivables from clients in bankruptcy, in the amount of 3,348,790 (2020: 3,348,790), and
- receivables from insolvent customers, in the amount of 10,853,523 (2020: 4,907,040).

Miscellaneous debtors in the amount of 28,488,758, amounts with related parties (2020: 17,771,050) include:

- a) debtors for whom penalties were calculated for non-payment of electricity distribution debts in the amount of 2,761,009 (2020: 2,672,319);
- b) debtors to whom penalties were calculated for non-payment of claims from other activities 2,858,409 (2020: 3,425,079);
- c) debtors from the connection fee in the amount of 12,236,330 (2020: 7,976,144);
- d) debtors regarding electricity embezzlement in the amount of 2,487,402 (2020: 2,482,889);
- e) other miscellaneous debtors in the amount of 8,145,608 (2020: 1,214,619).

The value adjustments for various debtors established by the Company on December 31, 2021 in the amount of 8,675,810 (2020: 8,235,809) mainly refer to:

- receivables from debtors regarding electricity deductions in the amount of 2,487,402 (2020: 2,482,889),
- penalties for non-payment of debts from energy distribution in the amount of 2,672,411 (2020: 2,672,318),
- penalties for non-payment on time of other receivables in the amount of 2,677,188 (2020: 2,095,228), and
- claims for other debtors in the amount of 838,809 (2020: 985,374).

On December 31, 2021, the "Other receivables" category in the amount of 3,263,791 (2020: 1,789,085) mainly includes: interest receivable in the amount of 13,014 (2020: 464,069), the Company's contribution to the National Single Fund of social health insurance in the amount of 1,161,789 (2020: 1,137,165), the profit tax paid in addition 2,037,724 (2020:0) and other claims in the amount of 51,264 (2020: 187,851).

The movements in adjustments for impairment of receivables were as follows:

	2020	2021
Balance on January 1	54,856,143	62,020,181
Increases during the year	9,059,611	17,836,260
Cassation (loss of receivables)	(1,870)	(839,756)
Refunds during the year	(1,893,703)	(502,910)
Balance on December 31	62,020,181	78,513,775

NOTE 6: CASH AND BANK ACCOUNTS

	Balance on January 1, 2021	Balance on December 31, 2021
Bank accounts in RON	85,434,740	208,279,710
Bank accounts in foreign currency	38,729	24,422
Bank deposits for a maximum of 3 months	341,643,076	27,643,076
Amounts under settlement	105,117	16,514
Total	427,221,662	235,963,722

As of December 31, 2021, the Company benefits from a multi-optional credit facility in a maximum amount of EUR 11,000,000 which is granted until September 25, 2022 and which can be used as:

- Credit line (overdraft), in RON, in a maximum value of EUR 11,000,000 (not used on December 31, 2020) or
- Ceiling for issuing letters of guarantee, in RON, in maximum value of EUR 11,000,000

On December 31, 2021, from the credit facility presented above, the Company had issued letters of guarantee in the amount of Ron 34,519,499 and Euro 1,800,000, the equivalent of Ron 8,908,650 (2020: 36,211,920) in favor of various energy suppliers and the Energy Market Operator (OPCOM).

The company, on December 31, 2021, has deposits in RON, with a term of 1 week in the amount of 20,000,000 (2020: 50,000,000 RON), with a term of 1 month in the amount of 7,643,076 (2020: 7,643,076) and within 2 months 0 (2020: 284,000,000).

NOTE 7: PREPAYMENTS

	Balance on January 1, 2020	Balance on December 31, 2021	Amounts on December 31, 2021 to be resumed in	
			<1 year	>1 year
Rents	2,340	21,011	17,074	3,937
Insurance	1,008,018	1,278,242	1,278,242	
OPCOM	84,179	107,431	107,431	
IT	155,758	99,445	99,445	
Other expenses incurred in advance	39,050	119,268	119,268	
Total	1,289,345	1,625,397	1,621,460	3,937

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	59,318,191	68,969,961	68,969,961	-	-
Other suppliers	25,198,670	23,101,308	23,101,308	-	-
Fixed asset suppliers - related parties	3,916,751	8,493,715	8,493,715	-	-
Other fixed assets suppliers	33,578,795	55,454,602	55,454,602	-	-
Suppliers - invoices receivable - affiliated parties	12,358,905	5,430,404	5,430,404	-	-
Suppliers - invoices receivable - others	36,011,823	58,676,006	58,676,006	-	-
Total commercial debts - suppliers	170,383,137	220,125,996	220,125,996	-	-
Advances received on account of the connection fee	67,000,636	64,374,230	64,374,230	-	-
Other advances from customers	220,117	214,020	214,020	-	-
Total advances	67,220,755	64,588,250	64,588,250	-	-
Advances and guarantees - others	251,324	207,505	207,505	-	-
Salaries and other employee rights	2,670,123	3,722,764	3,722,764	-	-
Social insurance and other taxes related to salaries	3,421,311	4,072,427	4,072,427	-	-
Other debts to the state budget and to local budgets	7,152,962	2,227,090	2,227,090		
Other liabilities - to related parties	631,636	2,497	2,497	-	-
Other liabilities - various	4,938,573	5,507,668	5,507,668	-	-
Total other liabilities, including tax and other social security liabilities	19,065,931	15,739,952	15,739,952		
Total liabilities	256,669,823	300,454,198	300,454,198	-	-

1) Debts to other suppliers on December 31, 2021 in the amount of 137,231,917 (2020: 94,789,289) refer to the purchase of electricity for own technological consumption in the amount of 14,022,808 (2020: 13,431,060), suppliers for the purchase of goods and services 50,554,212 (2020: 34,521,120) and for the debt for suppliers' immobilization including receivable invoices in the amount of 72,654,897 (2020: 46,837,110).

(2) On December 31, 2021, debts to related parties in the amount of 82,896,577 (2020: 76,225,485) refer to the purchase of electricity for own technological consumption in the amount of 4,595,060 (2020: 1,117.369), purchases of goods and services in the amount of 68,715,378 (2020: 72,227,945) and purchases of fixed assets in the amount of 9,583,641 (2020: 2,248,532) and other debts to related parties 2,497 (2020: 631,636). For amounts due to related parties see Note 19.

Debts to the state and local budgets in the amount of RON 2,227,090 (2020: 7 RON,152,962) come from:

- salary tax debt of RON 723,910 (2020: RON 606,977);
- profit tax debt in the amount of RON 0 (2020: RON 1,497,545);
- debt regarding the concession fee in the amount of RON 473,300 (2020: RON 444,184);
- other taxes and fees RON 299,585 (2020: RON 298,581)
- Unclaimed VAT - RON 730,294 (2020: RON 4,305,675).

NOTE 9: PROVISIONS

Name of the provision	Balance on January 1, 2020	Transfer to account	Transfer from account	Balance on December 31, 2021
Provisions for pensions and other similar obligations	37,927,208	3,329,867	2,478,223	38,778,852
Provisions for terminating the employment contract	-	12,143,920	3,430,905	8,713,015
Provisions for litigation	223,754	-	223,754	-
Other provisions	2,646,470	376,062	537,060	2,485,472
Total	4,001,937	3,303,292	4,001,937	3,303,292

Provisions for pensions and other similar obligations

On December 31, 2021, the Company established provisions for pensions and similar obligations in the amount of 38,778,852 (2020: 37,927,208):

- a) provisions for Kilowatts granted to own employees and pensioners in the amount of 23,309,490 (2020: 37,927,208);
- b) provisions for jubilee premiums in the amount of 12,022,175 (2020: 12,953,860);
- c) provisions for pensions in the amount of 3,447,187 (2020: 4,993,725).

As of January 1, 2019, the 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 premiums, for uninterrupted seniority within Enel, which consist of the following:
 - at 20 - 1 gross monthly basic salary;
 - at 25 - 1.5 gross monthly basic salaries;
 - at 30 - 2 gross monthly basic salaries;
 - at 35 - 3 gross monthly basic salaries;
 - at 40 - 4 gross monthly basic salaries;
 - at 45 - 5 gross monthly basic salaries;
- c) 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

As of December 31, 2021, the Company has provisions for litigation in the amount of 2,485,472 (December 31, 2020: 4,993,725), of which the most significant:

- RON 760,265 representing the claims requested by the Territorial Administrative Unit of Remetea Mare (2020: 760,265);
- RON 364,217 representing claims and compensations for use of land (2020: 570,653);
- RON 248,000 representing compensation for fire claims (2020: 248,000);
- RON 189,432 representing claims equivalent to penalties, advances, connection contracts (2020: 192,432).

Part of the provision registered on December 31, 2021 for litigation was resumed as a result of the settlement of some ongoing processes at the end of last year, of which:

- 341,723, representing claims equivalent to contracts for claims and compensations for land use.

The increase in the provision during 2021 mainly refers to:

- 106,000 representing compensation for electricity consumption to Crosi Product SRL
- 111,000, representing compensation for lack of land use, natural persons;
- 41,949 representing compensation for broken bulbs for street lighting;

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 223,754, 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 constituted provisions for restructuring in the amount of 8,713,015 (2020: 0) as a result of the agreement signed between the Company and the union, which stipulates 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 the eligible employees according to the agreement.

Other provisions

As of December 31, 2021, other provisions include:

- provisions set up for expenses with performance awards and other awards, payable in 2021 in the amount of 1,970,649 (2020: 3,025,029);
- provisions for unpaid leave until December 31, 2021 in the amount of 1,332,643, (2020: 976,908).

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	1,952,542	1,841,743	104,774	1,736,969
Deferred income related to assets received by transfer from customers (connection fee)	531,579,879	570,630,910	21,964,275	548,666,635
Total	533,532,421	572,472,653	22,069,049	550,403,604

NOTE 11: CAPITAL AND RESERVES

Subscribed share capital

	Balance on January 1, 2020	Balance on December 31, 2021
Subscribed capital - number of ordinary shares	38,215,380	38,215,380
Nominal value per ordinary share - RON per share	10	10
Value of subscribed share capital - RON	382,153,800	382,153,800

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

Shareholding's structure

	31 Decembre 2020	%	31 Decembre 2021	%
ENEL SpA	194,912,340	51,0036	194,912,340	51,0036
Societatea de Administrare a Participatiilor in Energie (SAPE)	95,035,020	24,8683	95,035,020	24,8683
"FONDUL PROPRIETATEA" S.A.	92,206,440	24,1281	92,206,440	24,1281
Total	382,153,800	100	382,153,800	100

Capital premium

As of December 31, 2021, the Company presents premiums in the amount of 9,146,618 (2019: 9,146,618).

Revaluation reserves

In 2021, the Company registered a decrease in the revaluation reserve in the amount of 12,286,055 (2020: 8,548,778) by transfer to the category "Retained earnings representing the revaluation surplus realized from revaluation reserves", representing the revaluation reserve related to the fixed assets discharged during 2021.

The result of the exercise and the distribution of the profit

Distribution of the profit	2020	2021
Result carried forward at the beginning of the financial year	1,109,988,151	247,688,086
Surplus realized from revaluation reserves	8,548,778	12,286,055
Net profit to be distributed	38,596,886	(33,245,712)
- dividends	(886,157,421)	(77,308,580)
- others	(23,288,306)	
Undistributed profit, retained undistributed result at the end of the financial year	247,688,086	149,419,849

In accordance with the Ordinary General Meeting of Shareholders of May 12, 2021, the profit of the financial year ended on December 31, 2020 in the amount of 38,596,886 was distributed as follows:

- other reserves in the amount of RON 23,288,306 representing the reserve related to the reinvested profit tax facility; and
- the carried over result in the amount of RON 15,308,580.

During the Ordinary General Meeting of Shareholders on May 12, 2021, the distribution of dividends to the Company's shareholders was approved in the total amount of RON 77,308,580 proportional to the participation quota in the share capital. The dividends were paid on July 21, 2021.

The Company's financial statements for the financial year ending on December 31, 2021 will be approved by the Ordinary General Meeting of Shareholders that will take place in May 2022.

NOTE 12: NET TURNOVER

Sales by geographical areas:

	Sales in 2020	Sales in 2021
Domestic sales	516,875,725	547,395,837
Total sales	516,875,725	547,395,837

In 2021, the Company achieved a turnover of RON 547,395,837 (2020: RON 516,875,725) of which:

- revenues from active energy distribution 473,300,716 (2020: 444,183,931)
- revenues from reactive energy distribution 22,169,225 (2020: 23,103,061);
- revenues from the sale of energy on the balancing market 6,301,489 (2020: 2,494,309);
- revenues from the sale of energy on the next day's market 638,689 (2020: 994,522);
- revenues from the connection fee, approval fee and reception of works 4,569,286 (2020: 2,978,824);
- rental income 32,157,706 (2020: 38,507,573);
- other revenues 7,745,293 (2020: 4,669,960) (sale of goods, other revenues) and
- income from embezzlement 513,433 (2020: - 56,455).

The company distributed electricity to approximately 0.940 million consumers (2020: 0.928 million consumers), the total amount of electricity distributed to final consumers being approximately 4,579,255 Mwh (2020: 4,328,223 Mwh). The average electricity distribution rate for the entire year 2021 was 103.4 RON/Mwh (2020: 102.6 RON/Mwh).

The distribution price regulated by ANRE order are the following:

January 1 - December 31 2021		
High voltage	Medium voltage	Low voltage
15.51	38.27	107.81

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

NOTE 13: OTHER OPERATING INCOME

Other operating income in the amount of 23,947,147 (2020: 22,323,641) includes income from subsidies for investments in the amount of 21,740,323 (2020: 20,072,597), income from compensations, fines 1,078,014 (2020: 1,002. 382) and other incomes in the amount of 1,128,810 (2020: 1,248,662).

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 in the trial balance, with the amount of 43,993,276 (2020: 38,955,180). This represents the value of materials initially registered as stocks 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 material expenses include mainly expenses with electricity for own technological consumption, in the amount of 242,663,361(2020: 159,402,230)

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:

	2020	2021
Members of the Board	84,112	81,312
Director	123,898	152,217
Total	208,010	233,529

At the end of the financial year, there were no advances or loans granted to management.

The Company had no obligation to pay pensions to former members of the Board and executive management.

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:

	2020	2021
Management	58	56
Administrative	296	299
Staff representing workers and foremen	404	402
Total	758	757

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

	2020	2021
Salary expenses	85,501,430	93,446,984
Expenses with vouchers granted to employees	2,502,025	3,226,940
Social security expenses	4,072,697	4,335,899
Total	92,076,152	101,009,823

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	81,088	112,814
2	Expenses with royalties, management locations and rents	627,020	3,682,567
3	Expenses with banking and similar services	81,457	121,572
4	Expenses with insurance premiums	1,019,429	1,628,439
5	Expenses with commissions and fees	445,700	587,653
6	Expenses with professional training	186,594	278,933
7	Expenditures on studies and research	117,995	78,600
8	Maintenance and repair expenses	28,669,490	41,036,160
9	Postal and telecommunications charges	5,511,818	1,280,087
10	Travel and transfer expenses	21,268	202,699
11	Protocol, advertising, and publicity expenses	238,757	70,121
12	Other expenses with services performed by third parties	47,153,811	53,297,971
13 (row 1-12)	Expenses on external services - total	84,154,427	102,377,616
14	Expenses with taxes, fees and similar payments	7,823,830	9,489,799
15	Expenses on environmental protection	340,067	360,878
16	Other expenses	14,626,598	13,985,218
17 (row 13-16)	Total	106,944,922	126,213,511

Other expenses for services performed by third parties include:

	2020	2021
Services provided by other entities within Enel group	25,214,346	27,445,825
Meter reading services	4,360,627	3,465,664
Other personnel connected costs	2,101,077	4,946,546
Security and cleaning services	8,203,439	8,202,151
IT services	3,932,654	6,126,379
Consulting and audit	275,925	686,863
ANRE contribution	1,570,986	963,826
Other	1,494,757	1,460,717
Total	47,153,811	53,297,971

Other expenses (row 16 of the table above) include expenses with compensations, fines and penalties in the amount of 8,774,801 (2020: 8,491,863) and net loss from the sale of fixed assets of 3,083,100 (2020: 3,933,918), sponsorship expenses in the amount of 608,223 (2020: 687,567) and other operating expenses in the amount of 1,519,094 (2020: 1,513,249).

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

NOTE 17: FINANCIAL INCOME AND EXPENDITURE

		2020	2021
Financial revenues			
1	Interest income - deposits	6,545,970	3,900,916
2	Income from exchange rate differences	1,633,410	902,271
	Other financial income, total	1,633,410	902,271
	Financial revenues, total	8,179,380	4,803,187

		2020	2021
Financial expenditure			
1	Expenses from exchange rate differences	3,001,629	2,163,116
	Other financial expenses, total	3,001,629	2,163,116
	Financial expenses, total	3,001,629	2,163,116

NOTE 18: INCOME TAX

	2020	2021
Net accounting result	38,596,886	(33,245,712)
Effect of non-deductible expenses (including income tax)	42,777,881	64,227,300
Non-taxable income	(7,973,411)	(15,057,517)
Items similar to income	20,300,798	10,716,977
Tax depreciation	(155,585,373)	(152,504,328)
Accounting depreciation	125,405,302	109,373,699
Tax profit	63,522,083	(16,489,581)
Income tax expense before adjustments (16%)	10,163,533	-
Fiscal credit related to the reinvested profit	(3,726,129)	(420,131)
Sponsorship	(1,117,516)	-
Total income tax expense	5,319,888	-

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.

	2020	2021
Income tax to be paid at the beginning of the year	-	1,497,545
Correction income tax 2020	-	(420,131)
Expenditure with the income tax during year	5,319,888	-
Payments	(5,822,343)	(3,115,138)
Income tax to be paid / (surplus) at the end of the year	497,545	(2,037,724)

NOTE 19: INFORMATION ON RELATIONS TO AFFILIATED PARTIES

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

The affiliated parties, as well as a brief description of their activities and relations with the Company, are as follows:

Company	Related party	Activity	Main relations with the Company
E-Distributie Muntenia, Romania	Under joint control (part of the Enel Group)	Electricity distribution 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	Sale of electricity distribution services; energy purchases
E-Distributie Dobrogea, Romania	Under joint control (part of the Enel Group)	Electricity distribution in the geographical area of Dobrogea	Purchases of smart meters and materials
E-Distribuzione, Italia	Under joint control (part of the Enel Group)	Electricity distribution and electricity trading for captive customers in Italy	Procurement of support, assistance, and consulting services
Enel SpA, Italia	Majority shareholder	Management services	Procurement of support, assistance and consultancy services
Enel Italia	Under joint control (part of the Enel Group)	Accounting and computer services	Procurement of support, assistance and consultancy services
Enel Servicii Comune, Romania	Under joint control (part of the Enel Group)	Management and consulting services	Procurement of support, assistance and consultancy services
Enel Energie, Romania	Under joint control (part of the Enel Group)	Electricity trading in Dobrogea area and Banat area / Support services for the Distribution Operator	Sale of electricity distribution services; energy procurement; Procurement of services for support network services
Enel Romania	Under joint control (part of the Enel Group)	Management and consulting services	Procurement of support, assistance and consulting services
Enel Green Power Romania	Under joint control (part of the Enel Group)	Electricity production	Purchase and sale of energy
Enel Trade Energy	Under joint control (part of the Enel Group)	Energy trading	Purchase / sale of electricity
Enel Global Inf.and Netw.srl, Italia	Under joint control (part of the Enel Group)	Management and consulting services	Procurement of support, assistance and consultancy services
Enel X	Under joint control (part of the Enel Group)	Management services	Procurement of electric auto charges
Enel Global Services	Under joint control (part of the Enel Group)	Management and consulting services	Procurement of support, assistance and consultancy services

19.2. Amounts due and receivable from related parties

	Balance receivables from		Balance liabilities	
	31 December 2020	31 December 2021	31 December 2020	31 December 2021
E-Distributie Dobrogea	298,704	161,575	1,281,303	762,302
Enel X	-	-	1,924	1,440
Enel Global Inf. and Network SRL	-	-	20,496,820	23,861,941
Enel Global Services	-	-	11,411,976	12,263,796
E-Distributie Muntenia	349,253	8,977,010	1,499,245	2,305,839
E-Distribuzione	756,532	5,456	9,393,602	9,465,833
Enel Green Power Romania	-	-	-	2,297,511
Enel Spa	-	-	28,389,624	29,655,983
Enel Italia	-	-	(886,040)	(900,360)
Enel Romania	13,133	16,904	(782,967)	(1,534,803)
Enel Energie	34,658,036	51,411,542	813,513	2,297,386
Enel Servicii Comune	230,823	159,291	3,488,988	2,393,897
Enel Energie Muntenia	478,164	651,227	1,117,497	25,812
Total	36,784,643	61,383,005	76,225,485	82,896,577

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 Dobrogea	529,515	718,406	1,736,162	723,938
Enel Global	-	-	(115,224)	724,662
Enel Green Power Romania	-	-	617,885	23,726,997
Enel X	-	-	1,617	40,293
E-Distribuzione	637,743	296,474	16,093,960	18,324,595
Enel Energie	310,078,261	319,214,348	3,144,830	22,732,202
Enel Italia	-	-	(161,331)	108,132
Enel Italia Global	-	-	(607,276)	-
Enel Romania	17,981	21,874	4,010,159	6,595,180
Enel Servicii Comune	389,487	413,659	7,694,423	5,829,656
Enel SPA	-	-	4,423,888	1,716,632
Enel Energie Muntenia	5,644,762	5,440,458	2,793,066	39,418
E-Distributie Muntenia	981,856	3,322,913	7,255,980	8,937,171
Enel Global Inf. and Network SRL	-	-	11,030,685	14,418,080
Total	318,279,605	329,428,132	57,918,824	103,916,957

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.

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 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 1,823,484 (2020: 4,338,456 in 2020 Company performed several investments works that also had a positive impact on the environment - insulation of overhead power lines against electric shock to birds and modernization of retention tanks in stations).

20.5 Land used by the Company

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

Law no. 160/2012 and Law 123/2012 provide that the lands on which the transformation points are located, the electrical distribution networks existing at the entry into force of the respective laws (July 2003 / February 2007) are and remain the public property of the state. At the same time, license holders for the exploitation of electricity production, transport or distribution capacities acquire rights of use, servitudes of underground, surface or aerial passage and rights of access to public utilities, in relation to the lands, public or private property, located in the vicinity of the energy capacity.

However, the law does not prevent the Company from obtaining ownership deeds over the land surfaces on which the existing transformer points or electrical distribution networks are located.

The company is involved in processes related to the existence of energy equipment on lands owned by third parties, the legal actions having as object their relocation or the conclusion of lease contracts for the occupied lands. The company established provisions for litigations that reflect management's best estimate regarding potential losses.

In accordance with the provisions of the Privatization Contract applicable to the Company and those of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, of Law no. 137/2002 on some measures for accelerating the privatization and of the Methodological Norms for the application of the Government Emergency Ordinance no. 88/1997 regarding the privatization of the commercial companies, with the subsequent amendments and completions, and of the Law no. 137/2002 regarding some measures for accelerating the privatization approved by the Government Decision no. 577/2002, the Company restarted the process of increasing the share capital with the value of the lands for which the Certificates of Attestation of the Property Right ("CAPR") were issued, after the privatization, as well as the steps of rectification or obtaining some certificates for the lands used by the Company, in order to increase the share capital.

Currently, 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 CAPR were obtained issued by the Ministry of Industry and Resources on behalf of the privatized entity, namely FDFEE Electrica Banat SA, the Company launched in 2018 an operation to increase the share capital of the Subscriber. Thus, the Decision of the Extraordinary General Meeting of Shareholders no. 5 / 06.12.2018 decided to increase the share capital of the company with the equivalent value of the 103 lands.

Decision of the Extraordinary General Meeting of Shareholders no. 5 / 06.12.2018 was attacked by the company's shareholder, Societatea de Administratie a Participantiilor in Energie SA, as well as by Societatea Energetica Electrica SA. The litigation is currently suspended by parties' agreement, taking into account the negotiations for the amicable settlement of the dispute.

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 exists 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 changes in the accounts, the balance of this capital account was taken over by a reserve account (1068 "Other reserves").

Any other share capital increases 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 the CARP holder and the entity entitled to receive shares following those share capital increases.

On April 4, 2019, as a result of obtaining the RECOM interrogation report no. 648344, the Company acknowledged that the structure of the Company's shareholders inexplicably includes Societatea Energetica Electrica SA - a private company - as shareholder of E-Distributie Banat with a share in profit and loss of 0.00431744696016%.

The situation generated a number of 6 litigations, including the one in which the Company challenged, before the Timiș Court, the resolution of the Trade Register by which Electrica was registered as a shareholder of E-Distributie Banat, in file no. 1994/30/2019. The first instance court rejected the request, and in the appeal phase, the case was suspended by the court in order for the parties to try to find an amicable solution to the CARP problem.

Currently, the Company is trying to resolve this issue amicably, by concluding a transaction contract with Societatea de Administrare a Participatiilor si Societatea Energetica Electrica SA.

20.6 Compensatory payments

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

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

In case of collective dismissals, the Company will pay to the dismissed employees a dismissal fund in relation to the seniority in work, as follows:

Seniority in work	Number of gross basic 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 who wish 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, the Company had issued letters of guarantee in the amount of RON 34,519,499 and Euro 1,800,000, the equivalent of RON 8,908,650 (2020: 36,211,920) in favor of some various energy suppliers and the Energy Market Operator (OPCOM).

22.2 Other commitments

Ongoing contracts

On December 31, 2021, the Company is engaged in the development of contracts signed previously, 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 its own technological consumption.

Explanations	Value
Suppliers for investment, maintenance, services and various	380,090,000
Suppliers of energy	174,770,000

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 file prepared by E-Distributie Dobrogea, the Bucharest Court of Appeal partially admitted the action, the decision not being drawn up, the other two cases were suspended until the final resolution of the case initiated by E-Distributie Dobrogea.

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

The companies have formulated 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, solved in February, March, April 2021, the court acknowledging the wavier applications.

NOTE 24: SUBSEQUENT EVENTS

At the end of February 2022, the Ministry of Energy launched into public debate the draft GEO regarding the measures applicable to final 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 final customers should not aggravate the level of energy poverty, the Draft GEO provides, among other things, the maintenance at the current level of the regulated prices related to the transport and distribution services of electricity and natural gas for the period of application 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 related to 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

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