STATEMENT OF THE MANAGEMENT BOARD

OF ENGIE ROMANIA SA TRADING COMPANY

The Management Board of ENGIE Romania SA trading company hereby declare that they are responsible for drawing up the Company's annual Financial Statements as at December 31, 2019.

In regard to the Company's annual Financial Statements as at December 31, 2019, the Management Board of ENGIE Romania SA trading company acknowledge the following:

a) The annual Financial Statements are drawn up in accordance with OMFP (*Order of the Minister of Public Finance*) no. 2844/2016 on the approval of the accounting regulations aligned to the International Financial Reporting Standards;

b) The accounting policies employed in drawing up the Financial Statements comply with the accounting regulations applied;

c) The annual Financial Statements provide a reliable picture of the financial position, the financial performance and the other information concerning the activity carried out;

d) The Company conducts its business in a sustained and uninterrupted fashion.

The present statement is in compliance with the provisions of art. 30 in Accounting Law no. 82/1991, republished.

PRESIDENT OF THE MANAGEMENT BOARD

ERIC STAB
Stamp: [ENGIE Romania S.A. COMPANY
J40/5447/2000]
Signature: [illegible]

Bucharest,
Date April 15, 2020

Administrators' Report
on the Individual Financial Statements
of ENGIE Romania S.A. as at December 31, 2019

Contents

Annexes:

I. Analysis of ENGIE Romania company's activity

Mil. RON		2018	2019	Variation
Income from customer contracts		**5,386.4**	**6,271.8**	**16%**
	natural gas	*4,457.3*	*4,534.2*	
	electricity	*929.1*	*1,737.5*	
Cost of goods sold		**-5,228.2**	**-6,153.6**	**18%**
	natural gas	-4,303.3	-4,468.8	
	electricity	-924.9	-1,684.8	
Other operating income		677.7	704.2	
Other operating expenses and provisions		-337.0	-386.0	
Depreciation and amortization costs		-161.1	-163.1	
Operating profit/loss		**337.8**	**273.4**	**-19%**
Financial outturn		157.1	114.0	
Net outturn		**455.9**	**335.7**	**-26%**

• *Natural gas supply*

Income from the supply of gas increased by 2% compared with the previous year, from 4,457.3 mil. RON as at December 31, 2018 to 4,534.2 mil. RON as at December 31, 2019, due to an increase in wholesale activities throughout 2019.

The gas margin for the period concluded on December 31, 2019 decreased from 154 mil. RON to 65.4 mil. RON, primarily as a result of achieving significantly low margins on the regulated market during the first half of the year, due to the purchase cost increase not entirely reflected in the final sale price for end consumers and the negative climatic effects during the first quarter, as well as on the free market, due to certain CETs (*heating power plants*) filing for insolvency.

Throughout 2019, the volumes sold amounted to 34.3 TWh, a decrease by 2.8 TWh compared with the previous year, following the higher temperatures in 2019 compared with 2018 and a decrease of the volumes sold to large consumers.

The number of customers as at the end of 2019 was 1,813,484, 4% more than in 2018, primarily due to the increase in the number of household consumers.

• *Electricity supply*

The electricity supply margin increased by 48.5 mil. RON compared with the previous year, due to the development of the customer portfolio, the wholesales and the electricity price increase, but also due to the positive result from the valuation of the open positions, as at December 31, 2019, for the electricity trading business.

Throughout 2019, the sold volumes amounted to 5.65 TWh, an increase by 2.20 TWh compared with the previous year as a result of an increase in wholesales.

• *Other operating income*

Other operating income increased by 4% compared with the period concluded on December 31, 2018, primarily due to an increase in income from the affiliated parties (services), as well as in the income from business carried out by ENGIE Servicii, invoiced to end customers (the corresponding cost being included in *Other operating expenses*).

• Other operating expenses and provisions

The Company recorded other operating expenses amounting to 386 mil. RON, an increase by 49 mil. RON compared with 2018, primarily due to the increase in labour costs, the costs associated to the service activity of ENGIE Servicii, the increase of other costs (facility management, utilities, security costs, expenses with IT, legal counsel, bank charges) and the effect of setting up provisions for risks.

The average number of employees in 2019 was 686 (2018: 655).

Throughout 2019, the Company's employees benefitted from various training programs, primarily in order to enhance the technical skills required as part of the operational activities.

• Depreciation and amortization costs

Depreciation and amortization costs amount to 163.1 mil. RON, , an increase by 1.9 mil. RON compared with the previous period, primarily due to the asset capitalisations performed during the period, an impact partially offset by the effect of revaluating the fixed assets as at December 31, 2019.

• Financial outturn

The financial outturn for the period concluded on December 31, 2019 is 114 mil. RON (profit), a decrease by 43.1 mil. RON from the financial outturn of the period concluded on December 31, 2018 (157.1 mil. RON in profit).

The financial outturn decrease is determined by the lower income from dividends received from the subsidiaries, an increase in interest expenses, outcomes partially offset by an increase in impairment reversals for the two wind farms in which the Company holds stakes (38.1 mil. RON vs 25.1 mil. RON in 2018) and higher interest income.

• Net outturn

The Company's net outturn is 335.7 mil. RON (profit), compared with 455.9 mil. RON (profit) for the period concluded on December 31, 2018.

• Main financial indicators

INDICATOR	2018	2019
I. Liquidity indicators		
Current liquidity		
Current assets (A)	3,367,154,108	3,078,832,883
Short-term liabilities (B)	2,184,727,441	1,903,802,002
A/B - as a number of times	1.54	1.62
II. Risk indicators		
Interest coverage ratio		
Profit before interest and corporate income tax (A)	485,301,905	373,817,560
Interest expenses (B)	9,621,861	13,559,304
A/B - as a number of times	50	28
Profitability indicators		
ROCE - Return on capital employed		
Operating profit after corporate income tax (A)	494,923,766	387,376,864
Employed capital (equity plus long-term liabilities) (B)	4,838,446,991	5,104,066,393
A/B	10%	8%

The main economic and financial indicators reflect the Company's good performance.

The value of current liquidity indicates the Company's solid capacity of covering its current liabilities.

• Investments

Investments in assets

The total value of the investments conducted in 2019 is 297.7 mil. RON (2018: 254.2 mil. RON).

The Company's main investments comprise the "Distribution system rehabilitation" chapter, amounting to 110.6 mil. RON (2018: 91.6 mil. RON), representing 37% of the investment total. The investments in the "Pipeline extensions" chapter amount to 22.9 mil. RON (2018: 11.4 mil. RON). The investments related to "New gas connections and concessions" amount to 81.3 mil. RON (2018: 66 mil. RON).

The value of the "Meters" chapter reached 26.8 mil. RON at the end of 2019 (2018: 27.2 mil. RON), determined by regular replacements, meters purchased for new customers, as well as by replacements of defective meters.

The investments in "Technical equipment" (GPS kits, portable gas analysers, gas detection devices) and in "Non-technical equipment" (machines, laptops and other IT equipment) reached the amount of 30.7 mil. RON at the end of 2019 (2018: 32.5 mil. RON).

The value of the "IT projects" chapter for 2019 is 10.3 mil. RON (2018: 8 mil. RON), whereas 15.2 mil. RON (2018: 17.4 mil. RON) were invested in building renovations and new projects.

II. Corporate governance

• Administrative, management and supervisory bodies

The Company is a joint-stock company established in accordance with the laws in Romania, that has a Management Board acting in a capacity of governing body and, in this capacity, having a collective responsibility for all of the Company's operations.

The Management Board's key activities focus on increasing the value of the shares, enhancing efficiency and rate of return and securing transparency across the Company's activities. Furthermore, their objective is to ensure adequate risk management, environmental protection and safe working conditions.

The Management Board delegate the Company's top management to the President of the Board, who also holds the Chief Executive Officer position. The President and Chief Executive Officer coordinates the Company's leadership and delegates some of his or her responsibilities to the Executive Committee members.

The Executive Committee's objective is to lead the Company pursuant to the mandate received from the Management Board, by means of regularly analysing the Company's results and making sure that the financial objectives are fulfilled, discussing and adopting decisions in regard to all the significant aspects of the company and ensuring the adequate implementation of the adopted decisions.

• Governance Code

Since it is not listed, the Company is not bound to comply with the Corporate Governance Code of Bucharest Stock Exchange ("Codes"). However, the Company believes that its current organisational and management set-up, the internal procedures and policies of ENGIE Group are largely aligned to the provisions of the Code.

The Company considers it has implemented a clearly defined and effective framework of procedures intended to prevent and settle any potential conflicts of interests. This policy has been carefully developed in accordance with all the relevant laws and ENGIE Group's policy on ethics and conflicts of interests.

Within the Company there is a Corporate Legislation and Shareholder Relations Department, which ensures permanent communication with, and the submission of necessary information to, all of ENGIE Romania's shareholders and organises the shareholders' general ordinary and extraordinary assemblies in line with the legal provisions in force.

The structures of the Financial Directorate, namely the Accounting Department, the Controlling Department and the Audit Committee, make sure that financial reports are drawn up in accordance with the local and international reporting standards. At present, the Company's financial statements are audited by Ernst & Young Assurances Services SRL, a member of an international audit company.

• Internal control

The Company's internal control comprises the following main components: the identification of each significant process, the clear definition of occupational responsibilities and procedures, the internal communication of relevant information, the analysis of main risks and methods to manage them, control activities specific for each process.

Control focuses on how the internal control rules and procedures are applied across all hierarchical and operational tiers: approval, authorisation, review, assessing the efficiency and effectiveness of these rules and procedures and segregation of duties.

The internal control system implemented across the Company:

- is part of a control environment implemented on 3 tiers, relying on clearly defined roles and responsibilities: the first control tier is ensured by process managers, the second by the Internal Control Service, and the third by the Internal Audit Service;
- is a unified system implemented as part of all the significant processes;
- relies on identifying the significant risks, both overall and at a process level, for each activity type (financial and accounting, sales, human resources, legal, etc);
- pursues implementing the control activities intended to reduce the identified risks to acceptable levels;
- is regularly monitored and assessed.

The Internal Control Service and the Internal Audit Service are subordinated to the Deputy Chief Executive Officer and comprise teams of 3 and 6 employees, respectively. The engagements carried out are in compliance with the internal control and audit plans, approved on an annual basis by the Executive Committee and the Audit Committee.

III. The company's foreseeable development

In 2020, the Company will continue the development endeavours carried out over the previous years. The main development paths for the Company will continue to be: business development (retention of existing customers, acquisition of new customers, increasing in the quality of services rendered, increasing electricity sales), efforts to develop and modernise the distribution network by carrying out investments, development of energy service suites, increasing the renewable energy portfolio, optimising the Company's organisational set-up by increasing productivity and business quality, job and skill management, as well as employee motivation.

The main challenges of ENGIE Romania for 2020 are:

- Making sure the Company's ambitions budget-wise are fulfilled, particularly in terms of materialising margin-related expectations, lowering cost levels and executing the investment plan;
- Preparations for the deregulation of the household consumer natural gas supply market as of July 1, 2020;
- Making sure the regulations set forth by ANRE (*Regulatory Authority for Energy*) are properly applied;
- Further pursuing the network security enhancing policy by means of investments in the modernisation of assets;
- Continuing the endeavours related to the development of trade management – customer-oriented, economic and financial management, as well as of a forecast culture. To that end, provisions were issued to conduct personnel skills upgrade courses as part of a three-year plan, which is currently in progress;
- Developing/diversifying service offers and energy efficiency, extending the renewable energy portfolio, as well as identifying new business opportunities (alternative car fuels with a low environmental impact, decentralised generation);
- Continuous improvement of productivity and further pursuit of the corporate transformation process.

IV. Analysis of financial risks

The Company is exposed to the international markets and has debts in foreign currencies (mainly in USD, for gas imports). Consequently, it can be affected by changes in oil prices, foreign exchange and interest rate changes. Furthermore, the Company grants trade credits to its customers and is exposed to the default risk. The most significant risks are described below.

a) The market risk

The market risk is the risk of having the fair value of future cash flows of an instrument fluctuate on account of changes in market prices. Market prices are accompanied by three risk types: the interest rate risk, the foreign exchange risk and the commodity price risk.

The commodity price risk – natural gas

Since the Company operates on a regulated market that is underpinned by a pass-through mechanism, it is normally protected against the price risk in relation to the regulated customers, as any unfavourable evolution of the gas price (and, with it, of foreign exchange for imported gas) and of other recognised components of costs is transferred to the regulated customer by the regulatory authority. The regulatory risk may appear in cases where ANRE does not acknowledge certain costs at their actual value or does not allow their subsequent recovery in accordance with the principles of the pass-through mechanism.

In regard to customers on the free market, the Company applies in relation to them pricing methods based on analyses starting from various scenarios on the evolution of costs for gas and related services, so that the risk associated to the evolution of costs should be lowered to an acceptable level.

The commodity price risk – electricity

The market risk is generated by the volatility of the prices used to trade in electricity. It is possible to witness a mismatch between the electricity purchase price and its selling price, a risk covered by means of a mechanism that passes costs through to customers and a hedging policy implemented across the Company.

The interest rate risk

The cash flow risk triggered by interest rates is the risk of interest expenses and interest income fluctuating because of variable interest rates.

Since the Company does not have interest-bearing financial assets or liabilities that could be measured at their fair value within the statement of financial position, it is not exposed to the fair value variation risk as a result of its fixed interest rates.

The foreign exchange risk

The Company conducts transactions in currencies different from its functional currency (RON), primarily for natural gas imports expressed in USD.

The foreign exchange risk associated to the regulated segment is theoretically covered by the pricing formula elaborated by ANRE, which recognises most of the gas cost under tariffs, with the exception of the foreign exchange variation between the payment date and the date when the import invoice is entered in the accounting records. For this risk portion not covered by the tariff, the Company hedges itself by way of USD (forward or spot) purchases.

The foreign exchange risk specific to the segment of eligible customers is covered by the implemented pricing formula.

b) The credit risk

The credit risk is the risk that a counterparty might not fulfil its obligations according to a financial instrument or according to a customer contract, thus leading to a financial loss. The Company is exposed to the credit risk resulted from its operating activities (primarily in relation to trade receivables) and from its financial activities, including its deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. This risk is monitored by a purposely assigned team.

c) Regulatory risks

The Company conducts its business within a strictly regulated environment and is bound to abide by a series of law and regulations that can undergo changes. Such changes in regulations can affect operations, prices, margins, investments and, as a result, the Company's strategy and profitability.

d) Operational risks

Risks concerning volumes related to weather conditions

In the energy sector, significant weather changes (mainly temperature-related) from one year to the next can give birth to major fluctuations of volumes, with direct effects upon the Company's revenues. In the case of gas sales, unfavourable weather effects (higher temperatures) can lead to the failure to achieve estimated sales volumes.

Risks concerning volumes related to the competitive environment and the increase of final selling prices

On the free market, the Company is facing intense competition both from domestic producers and from the other well-established suppliers. This may lead to the loss of certain customers to competitors.

Furthermore, the successive increase of the final selling prices following the deregulation of the price for domestically sourced gas may lead to a consumption decrease for certain consumer categories, with an impact on the Company's sales volumes.

Risks from the application of the Network Code provisions

As of November 1, 2016, each natural gas supplier is bound to make the daily balancing between sources and consumptions for the customers in their portfolio. If forecasts indicate possible imbalances, the supplier will try to cover the estimated surplus/deficit by means of transactions with other suppliers or on centralised markets. Since the spot prices used to perform the balancing are highly volatile, the supplier bears the risk of incurring additional costs.

In order to reduce this risk, the Company continuously improves its consumption estimating process and transfers this risk via the free market customer pricing system. On the regulated market, these costs should be recognised by ANRE based on the methodologies in effect.

e) The liquidity risk

The Company monitors the risk of facing a lack of funds by employing a recurring liquidity planning instrument. The Company carefully plans and monitors cash flows in order to prevent this risk and is also able to contract funding from the main partner banks.

V. Non-financial reporting

In accordance with the legal requirements concerning the disclosure of non-financial information, the Company draws up and publishes a separate sustainability report, which includes the information required in the non-financial statement and describes our sustainability initiatives.
The company's sustainability report for 2019 will be published by June 30, 2020 on www.engie.com.

VI. Events subsequent to the reporting period

In early 2020, GEO 1/2020 was published, approving the following changes with an impact upon the manner in which the electricity and natural gas market operates:

- The level of monetary contributions due for licensed activities, set forth at 2% of the turnover achieved by economic operators through their business subject to the licences granted by ANRE pursuant to GEO 114/2018 / 19/2019, was eliminated;
- Until June 30, 2020, the producers that conduct both the extraction and the sale of natural gas sourced on the territory of Romania are bound to sell for the price of 68 lei/MWh, under the conditions regulated by ANRE, the natural gas quantities resulted from the current internal production activity and/or the storage deposits, to suppliers of household customers and heat producers, understood as strictly the natural gas quantity used to produce heat, in combined heat and power plants and heating plants, intended for public consumption. The measure only applies if the average market price, monitored by ANRE, while also keeping in mind the quantities and prices recorded on each market segment, exceed the 68 lei/MWh threshold;
- Starting from July 1, 2020, the household consumer natural gas supply market is deregulated.
- The deregulation of the household customer electricity supply market is set forth to take effect as of January 1, 2021;
- The 6.9% rate of return on invested capital, for the calculation of electricity and natural gas transmission and distribution tariffs remains in effect until the end of April 2020.

On March 16, 2020, ENGIE Romania company received the final Tax Audit Report, which marked the end of the inspection conducted by ANAF (*National Agency for Fiscal Administration*) on the value added tax for the 2017-2018 period and the corporate income tax for the 2017 period. No significant errors were identified.

The international epidemiological situation determined by the spread of COVID-19 coronavirus debuted close to the reporting date and continued to develop throughout the period until the approval date of the financial statements. The company management analysed the situation generated by the COVID-19 coronavirus and considers it a subsequent event which does not adjusts the figures in the financial statements (in accordance with the provisions of OMF 2844/2016). As such, the financial results of the year concluded on December 31, 2019 shall not be influenced by this event.
As we found ourselves in the early stages of the event, the elevated level of uncertainties due to the unpredictable outcome of this virus makes it difficult to estimate its financial effects.

PRESIDENT OF THE MANAGEMENT BOARD

ERIC STAB
Stamp: [ENGIE Romania S.A. COMPANY
J40/5447/2000]
Signature: [illegible]

Bucharest, April 15, 2020

Appendix I

Assets inventory

Pursuant to decision no. 184/02.10.2019 of the General Manager of ENGIE Romania SA, an inventory of the company's asset elements was carried out.
The annual stocktaking commenced on October 5, 2019 and was completed on December 15, 2019.

The statement appears as follows:

	Balance	Value (RON)
1. Lands Account 211*		
	Virtual balance ENGIE	131,770,786
	Actual balance ENGIE	131,770,786
	Difference	-
2. Building premises Account 212*		
	Virtual balance ENGIE	3,595,225,033
	Virtual balance Wirom	78,645,439
	Total virtual balance	3,673,870,472
	Actual balance ENGIE	3,595,225,033
	Actual balance Wirom	78,645,439
	Total actual balance	3,673,870,472
	Difference	-
3. Technological equipment Account 213*		
	Virtual balance ENGIE	597,693,464
	Virtual balance Wirom	206,573
	Total virtual balance	597,900,037
	Actual balance ENGIE	597,693,464
	Actual balance Wirom	206,573
	Total actual balance	597,900,037
	Difference	-
4. Furniture, office automation Account 214*		
	Virtual balance ENGIE	22,317,192
	Virtual balance Wirom	174,386
	Total virtual balance	22,491,579
	Actual balance ENGIE	22,317,192
	Actual balance Wirom	174,386
	Total actual balance	22,491,579
	Difference	-
5. Materials Account 302*		
	Virtual balance ENGIE	7,875
	Total virtual balance	7,875
	Difference	-

6. Customers Account 4091*, 4092*, 411*, 418*		
	Virtual balance ENGIE	1,546,003,640
	Total virtual balance	1,546,003,640
	Difference	-
7. Cash at bank Account 512*		
	Virtual balance ENGIE	49,406,178
	Total virtual balance	49,406,178
	Difference	-
8. Cash at hand Account 531*		
	Virtual balance ENGIE	62,934
	Total virtual balance	62,934
	Difference	-
9. Suppliers Account 401*, 404*, 408*		
	Virtual balance ENGIE	1,033,606,561
	Total virtual balance	1,033,606,561
	Difference	-

Appendix II

Statement of non-taxable income and non-deductible expenses

The analysis of non-taxable income and of non-deductible expenses from a fiscal standpoint appears as follows:

Carry-overs of provisions	336,691,823
Tax amortization	249,456,061
Dividends received	52,069,520
Other non-taxable income	10,126,076
Total non-taxable income	**648,343,480**

Wage fund * 5% = 94,308,443 * 5% = 4,715,422

Social spending	*2,121,416*
Deductible ceiling	*4,715,422*
Non-deductible ceilings	337,751,134
Non-deductible amortization	182,643,063
Indemnifications, fines, penalties	2,699,011
Non-taxed revaluation reserves	8,880,643
Sales of disposed of assets	4,486,610
Sponsorship costs	3,421,087
Miscellaneous expenses	8,321,194
Company performance bonus provision	2,292,467
Non-deductible fuel costs	623,594
Non-deductible VAT	196,275
Trip costs overrun	179,391
Expenses from previous years	155,552
Non-deductible welfare	125,278
Total non-deductible expenses	**551,775,300**

Current corporate income tax costs	43,108,302
Deferred corporate income tax costs	8,564,286
Total non-deductible expenses with the corporate income tax statement	**603,447,889**

ENGIE Romania S.A.

Individual financial statements

FOR THE YEAR CONCLUDED ON
DECEMBER 31, 2019

Drawn up in accordance with Order no. 2844/2016 of the Ministry of Public Finance on the approval of the Accounting regulations aligned to the International Financial Reporting Standards

Contents

(The amounts are expressed in RON, unless otherwise provided)

Comprehensive income statement
For the fiscal year concluded on December 31, 2019

	Notes	2019 RON	2018 RON
Revenues from customer contracts			
Gas supply income		4,534,239,613	4,457,300,152
Electricity supply income		1,737,542,406	929,131,030
Other income	**5**	247,091,889	221,773,329
Total revenues from customer contracts		**6,518,873,908**	**5,608,204,511**
Other operating income	**6**	457,157,788	455,916,045
Gas purchase costs		(3,250,895,204)	(3,079,912,676)
Electricity purchase costs		(1,516,446,132)	(777,551,810)
Expenses with consumables		(10,977,460)	(11,304,776)
Gas transportation and storage costs		(391,862,367)	(425,275,164)
Gas distribution costs		(826,041,414)	(798,124,969)
Expenses with services related to electricity supply		(168,374,701)	(147,361,403)
Expenses with employee benefits	**7**	(103,162,507)	(92,371,964)
Amortisation and depreciation costs	**11,12**	(163,072,099)	(161,091,533)
Other expenses	**8**	(271,844,984)	(233,295,701)
Operating profit		**273,354,828**	**337,830,560**
Interest income	**9**	32,130,206	26,579,220
Interest expenses	**9**	(13,559,304)	(9,621,861)
Foreign exchange gains / (losses)		(1,542,317)	1,420,383
Dividend-based income	**9**	52,069,520	123,447,470
Provision for investment depreciations	**13.2**	38,180,705	25,177,747
Other financial gains / (losses)	**9**	6,743,226	(9,909,753)
Net financial income / (expenses)		**114,022,036**	**157,093,206**
Gross profit		**387,376,864**	**494,923,766**
Current corporate income tax costs	**10**	(43,108,302)	(43,737,629)
Deferred tax (costs) / credit	**10**	(8,564,287)	4,740,879
Net profit		**335,704,275**	**455,927,016**
Other comprehensive income elements – not to be subsequently reclassified under the profit and loss account			
Actuarial gains / (losses)	**21**	(1,569,385)	(1,567,151)
Revaluations of buildings and lands	**11**	43,062,263	-
Deferred tax pertaining to revaluations of buildings and lands	**10**	(6,889,962)	-
Other comprehensive income elements, net		**34,602,916**	**(1,567,151)**
Net comprehensive income		**370,307,191**	**454,359,865**

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab
President – Chief Executive Officer
Signature: [illegible]

Anne-Marie Gestin
Director, Financial, Purchases and General Business Directorate
Signature: [illegible]

(The amounts are expressed in RON, unless otherwise provided)

Statement of financial position
As at December 31, 2019

	Notes	December 31, 2020 RON	December 31, 2019 RON
Assets			
Long-term assets			
Tangible assets	**11**	3.244,634,647	3,011,604,887
Intangible assets	**12**	31,197,249	24,435,448
Financial investments	**13.1**	476,165	476,165
Investments in subsidiaries	**13.2**	494,505,620	451,873,255
Investments in associates	**13.3**	3,284,796	13,066,854
Other financial assets	**14.1**	154,937,037	154,563,715
Current assets			
Stocks	**15**	787,196,946	364,505,612
Trade receivables	**16**	1,348,737,388	1,796,785,979
Other receivables and current assets	**17**	20,888,179	98,165,680
Other financial assets	**14.1**	13,039,784	12,153,615
Cash and cash equivalents	**18**	908,970,586	1,095,543,222
TOTAL ASSETS		**7,007,868,397**	**7,023,174,432**
Own equity and debts			
Own equity			
Share capital, of which:		257,303,358	257,303,358
- Subscribed share capital	**19.1**	199,245,540	199,245,540
- Adjustment from share capital hyperinflation		58,057,818	58,057,818
Share premiums	**19.1**	655,809,806	653,633,485
Revaluation reserves	**19.3**	188,087,887	157,067,744
Legal reserve	**19.2**	49,014,519	47,702,078
Other reserves	**19.3**	177,173,461	174,555,318
Balance carried forward		3,557,895,601	3,348,402,595
Total own equity		**4,885,284,632**	**4,638,664,568**
Long-term liabilities			
Long-term provisions	**20**	7,000,000	8,000,000
Long-term employee benefits	**21**	22,312,700	17,935,016
Deferred tax debts	**10**	189,469,061	173,847,407
Current debts			
Trade payables to suppliers	**22**	1,039,653,712	1,323,161,210
Other current financial debts	**14.2**	554,034,973	587,483,985
Short-term provisions	**20**	4,546,262	2,299,283
Short-term employee benefits	**21**	11,638,621	12,424,815
Current corporate income tax debts		15,839,725	18,333,150
Other debts	**22**	278,088,711	241,024,998
TOTAL DEBTS AND OWN EQUITY		**7,007,868,397**	**7,023,174,432**

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab
President – Chief Executive Officer
Signature: [illegible]

Anne-Marie Gestin
Director, Financial, Purchases and General Business Directorate
Signature: [illegible]

(The amounts are expressed in RON, unless otherwise provided)

Statement of changes in own equity
for the fiscal year concluded on December 31, 2019

	Share capital RON	Share premiums RON	Legal reserves RON	Revaluation reserves RON	Other reserves RON	Balance carried forward RON	Capital total RON
As at January 1, 2019	**257,303,348**	**655,633,485**	**47,702,078**	**157,067,744**	**174,555,318**	**3,348,402,595**	**4,638,664,568**
Period profit						335,704,275	335,704,275
2020 revaluation	-	-	-	43,062,263	-	-	43,062,263
Revaluation-related deferred tax	-	-	-	(6,889,962)	-	-	(6,889,962)
Actuarial gains / (losses), net of deferred tax				-	(1,569,385)	-	(1,569,385)
Total comprehensive income	**-**	**-**	**-**	**36,172,301**	**(1,569,385)**	**335,704,275**	**370,307,191**
Revaluation reserve achieved throughout the year	-			(9,393,925)		9,393,925	
Related deferred tax	-	-	-	1,809,258	-	(1,809,258)	-
Integration following the Wirom Gas partition	10	2,176,321	1,312,441	2,432,510	3,505,007	2,982,148	12,408,437
Share-based payments	-	-	-	-	682,521	-	682,521
Paid dividends		-	-	-	-	(136,778,084)	(136,778,084)
As at December 31, 2019	**257,303,358**	**655,809,806**	**49,014,519**	**188,087,887**	**177,173,461**	**3,557,895,601**	**4,885,284,632**

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab
President – Chief Executive Officer
Signature: [illegible]

Anne-Marie Gestin
Director, Financial, Purchases and General Business Directorate
Signature: [illegible]

(The amounts are expressed in RON, unless otherwise provided)

Statement of changes in own equity
for the fiscal year concluded on December 31, 2018

	Share capital RON	Share premiums RON	Legal reserves RON	Revaluation reserves RON	Other reserves RON	Balance carried forward RON	Capital total RON
As at January 1, 2018	**257,303,348**	**653,633,485**	**47,702,078**	**165,490,490**	**175,484,756**	**3.052,675,080**	**4,352,289,237**
Period profit	-	-	-	-	-	455,927,016	455,927,016
Actuarial gains / (losses), net of deferred tax	-	-	-	-	(1,567,151)		(1,567,151)
Total comprehensive income	-	-	-	-	**(1,567,151)**	**455,927,016**	**454,359,865**
Revaluation reserve achieved throughout the year	-	-	-	(9,457,062)	-	9,457,062	-
Related deferred tax	-	-	-	1,034,316	-	(1,034,316)	-
Share-based payments	-	-	-	-	637,713	-	637,713
Paid dividends	-	-	-	-	-	(168,622,248)	(168,622,248)
As at December 31, 2020	**257,303,348**	**653,633,485**	**47,702,078**	**157,067,744**	**174,555,318**	**3,348,402,595**	**4,638,664,568**

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab	**Anne-Marie Gestin**
President – Chief Executive Officer	Director, Financial, Purchases and General Business Directorate
Signature: [illegible]	Signature: [illegible]

(The amounts are expressed in RON, unless otherwise provided)

Statement of cash flows

	Notes	2019 RON	2018 RON
Operational activities			
Profit before tax		387.376.864	494,923,766
Net outturn components which do not generate cash flows pertaining to the operational activity:			
Expenses with amortisations and depreciations of tangible assets	**11**	153.443.731	152,471,772
Expenses with amortisations and depreciations of intangible assets	**12**	6.625.753	8,619,762
Expenses with share-based payments		682.521	637,713
Expenses with / (Reversals from) impairments of financial assets	**13.2**	(38.180.705)	(25,177,747)
Unrealised value decreases / (increases) of financial instruments		(15.307.107)	9,155,944
Loss / (profit) from disposals of tangible assets	**8**	1.221.574	(1,197,857)
Financial income	**9**	(32.130.206)	(26,579,220)
Financial expenses	**9**	13.559.304	9.621,861
Dividend-based income	**9**	(52.069.520)	(123,447,470)
(Gains) / losses from receivables	**16**	32.281.072	4,394,834
Variation of value adjustments, provisions and post-employment benefits		(7.978.817)	17,934,137
Working balance (working capital) variation:			
(Increase) / Decrease of trade and other receivables		475.224.717	(609,087,762)
(Increase) / Decrease of stocks		(414.889.707)	(56,830,621)
Increase) / Decrease of trade and other payables		(235.747.034)	490,565,778
		274.112.440	**346,004,890**
Corporate income tax paid		(45.298.018)	(22,058,808)
Net cash flow (used in)/generated from operational activities		**228.814.422**	**323,946,082**
Investment activities			
Receipts from sales of tangible assets		4.668.619	7,211,134
Purchases of tangible assets	**11**	(312.105.060)	(271,627,591)
Purchases of intangible assets	**12**	(13.387.553)	(11,144,927)
Additional investments in subsidiaries (WIROM Gas)	**13.2**	(11.870.000)	-
Receipts of subsidies		9.501.668	15,662,522
Interest collected		27.574.637	24,484,667
Dividends collected	**9**	52.069.520	123,447,470
Net cash flow (used in)/generated from investment activities		**(243.548.169)**	**(111,966,725)**
Financing activities			
Cash pooling withdrawals in relation to subsidiaries		1.471.826.064	1,321,197,152
Cash pooling payments in relation to subsidiaries		(1.493.327.563)	(1,234,565,497)
Interest paid		(13.559.304)	(9,621,861)
Dividends paid	**23**	(136.778.084)	(168,622,249)
Net cash flow (used in)/generated from financing activities		**(171.838.887)**	**(91,612,454)**
Net variation of cash and cash equivalents		**(186.572.635)**	**120,368,903**
Cash and cash equivalents in the beginning of the year		1.095.543.222	975,176,319
Cash and cash equivalents at the end of the year	**18**	**908.970.586**	**1,095,543,222**

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab
President – Chief Executive Officer
Signature: [illegible]

Anne-Marie Gestin
Director, Financial, Purchases and General Business Directorate
Signature: [illegible]

1. INFORMATION ABOUT THE COMPANY

S.C. DGN DISTRIGAZ SUD S.A. was a joint-stock company whose scope of business consisted in the supply of natural gas across the southern part of Romania's territory. S.C. DGN DISTRIGAZ SUD S.A. was created pursuant to Government Decision no. 491/1998, implemented as of August 31, 1998, and its name was changed in April 2009 from S.C. DGN DISTRIGAZ SUD S.A. to S.C. GDF SUEZ Energy Romania S.A. On March 21, 2016, the Company's business name was changed from GDF SUEZ Energy Romania SA to ENGIE Romania SA ("the Company").

The Company's headquarters are at 4-6 Mărășești Blvd., district 4, Bucharest, Romania.

The Company is part of ENGIE Group. The annual consolidated financial statements are drawn up for the parent company on the whole – ENGIE, having its registered office at 1, place Samuel de Champlain 92930, Paris la Defense, France. These annual consolidated financial statements are publicly available by accessing the following web address: http://www.engie.com.

The Company also draws up consolidated financial statements in accordance with OMFP (*Order of the Minister of Public Finance*) 2844/2016 for the group comprising: ENGIE Romania SA and its subsidiaries, Distrigaz Sud Retele SRL, ENGIE Servicii SRL, Braila Winds SRL, Alizeu Eolian SA and ENGIE Building Solutions SRL.

As part of the plan designed to restructure the oil and gas sector in Romania, in August 1998, the business and all the assets and liabilities of former Romgaz R.A. (state-owned institution) were transferred to six new entities incorporated in Romania. The new companies were organised as a group in which S.N.G.N. Romgaz S.A. (entirely owned by the Ministry of Industry and Resources, currently the Ministry of Economy and Commerce) held 100% of each company's shares, including S.C. DGN DISTRIGAZ SUD S.A.

In May 2000, the Romanian Government issued Decision no. 334, according to which the shares of the companies owned by former Romgaz S.A. Autonomous Public Entity were transferred to the Ministry of Economy and Commerce. Between May 1, 2000 and May 31, 2005 S.C. DGN DISTRIGAZ SUD S.A. was entirely owned by the Ministry of Economy and Commerce.

Pursuant to Decision no. 42/2015 on the organisation and operation of the Ministry of Energy, the shares of ENGIE Romania previously held by the Ministry of Economy and Commerce were transferred to the Ministry of Energy.

The privatisation process across the Company commenced in 2004 and was completed during 2005. In June 2005, Romania Gas Holding company became the majority shareholder, owning 51% of the Company's share capital.

In accordance with the obligations stipulated by the Romanian and European legislation applicable in the natural gas sector (Law 351/2004, as subsequently amended and supplemented, and Directive 55/2003/EU, respectively), ENGIE Romania implemented the legal, operational, organisational and accounting separation of the distribution activity.

The separation solution chosen by ENGIE Romania, approved by the Regulatory Authority for Energy (ANRE), as per Decision no. 249/16.04.2007, stipulates the universal transfer of the distribution activity and of a portion of the company's assets and worth, pertaining to the distribution activity, in order to set up a new company: S.C. Distrigaz Sud Rețele S.R.L.

The new company became the holder of the concession contracts concluded for the natural gas distribution service and of the distribution licence, whereas the parent company kept the natural gas marketing and sales activity and the supply licence, as well as the support services, set to benefit both companies by means of a contract for services.

1. INFORMATION ABOUT THE COMPANY (continued)

The assets pertaining to the distribution activity remained among the parent company's assets, being made available to the distribution company pursuant to a lease contract. Pursuant to the same contract and the protocol on the rules governing the assets under said contract, the parent company undertook the task of carrying out the investments requested by the distribution company, within the limits of the annual financial plan approved group-wide by the parent company. The lease contract price is updated at the same time as the distribution tariff based on the ANRE-approved methodology.

The project on the partition of ENGIE Romania S.A. was approved by the Trade Register and published in the Official Gazette no. 2062 from 19.07.2007, Part IV. The final approval of the Shareholders' General Extraordinary Assembly was issued during the meeting from 19.12.2007. As a result of it, the Trade Register issued, on 18.02.2008, the Registration Certificate of S.C. Distrigaz Sud Retele S.R.L. In accordance with the partition project, the separation took effect, from an accounting standpoint, on the 1st of the month following the month of the entity's registration with the Trade Register.

On July 1, 2009, a new subsidiary of the company was established, ENGIE Servicii SRL, which took over the inspection and repair activities from Distrigaz Sud Rețele.

Brăila Winds and Alizeu Eolian subsidiaries were purchased by the Company in 2011 and 2012, respectively, both in their start-up phase as at the purchase date and having as their scope of business the production of electricity using wind turbines.

ENGIE Building Solutions SRL is a company purchased by ENGIE Servicii SRL on December 31, 2016.

ENGIE Romania held, since 1994, an investment amounting to 48.85% of Wirom Gas SA, a company specialised in natural gas distribution and supply within the perimeter of Turnu Măgurele, Alexandria, Oltenița, Giurgiu and Corabia cities.

It became a consolidated subsidiary on March 1, 2019, when 51.15% of its shares were purchased.

At the end of 2019, as per Judicial Civil Ruling 2144/12.12.2019, Wirom Gas SA went through a partition process by having its assets and worth universally transferred to ENGIE Romania SA and Distrigaz Sud Rețele SRL, a transfer that included its assets and liabilities, as well as its rights and obligations. The notes to the financial statements separately present the balance taken over, as at December 31, 2019, as a result of this partition.

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

2.1 Fundamentals for drawing up financial statements

Statement of compliance

The Company's financial statements were drawn up in accordance with the provisions of Order no. 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards, applicable to trading companies the immovable property of which are admitted to trading on a regulated market, as subsequently amended and clarified. These provisions are in compliance with the provisions of the International Financial Reporting Standards adopted by the European Union, except for the provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to the functional currency, except for the provisions of IAS 20 *Accounting for Government Grants* in relation to the acknowledgement of revenues from green certificates, and except for IFRS 15 *Revenue from Contracts with Customers* in relation to revenues from distribution network connection fees. For the purpose of drawing up these financial statements, in line with the legislative provisions in Romania, the Company's functional currency is set forth as the Romanian Leu (RON).

OMFP 2844/2016 replaced OMFP 1286/2012 starting with the 2016 financial statements. The changes introduced by OMFP 2844/2016 did not have a significant impact upon the Company's 2016 financial statements.

For all the periods until, and including, the year concluded on December 31, 2011, the Company drew up the financial statements in accordance with the Romanian accounting standards (OMFP 3055/2009 and, beforehand, OMFP 1752/2005, OMFP 94/2001, etc.). The financial statements for the year concluded on December 31, 2012, in accordance with OMFP 1286/2012, were the first financial statements drawn up in line with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

The present financial statements are drawn up according to the business continuity principle.

2.2 Main accounting policies

a) Currency conversions

The Company's financial statements are presented in RON, which is also the Company's functional currency, set forth in accordance with the requirements of IAS 21.

The transactions in foreign currencies are converted into RON using the foreign exchange rate valid on the transaction date. The monetary assets and liabilities expressed in foreign currencies at the end of the period are evaluated in RON using the foreign exchange rate valid on the fiscal year end date. The realised or unrealised gains and losses are recorded in the profit and loss account.

The RON - USD and RON - EUR foreign exchange rates as at December 31, 2019 and December 31, 2018 were:

	December 31, 2019	December 31, 2018
RON – USD	4.2608	4.0736
RON – EUR	4.7793	4.6639

The foreign exchange differences, whether favourable or unfavourable, between the rate as at the date when the receivables or debts in foreign currencies were recorded or the rate used to report them in the previous financial statements and the foreign exchange rate as at the fiscal year end date are recorded under financial income or expenses, as the case may be.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

b) Acknowledgement of revenues from customer contracts

Revenues from customer contracts include the supply of gas and electricity, as well as other services provided to third parties or affiliated parties.

In accordance with IFRS 15, revenues are recognised when a customer gains control over the goods or services rendered, and these are evaluated at the level of the consideration the Company is expected to be entitled to in exchange, not including the amounts collected on behalf of third parties. Depending on the nature of the goods or services, revenues can be recognised in time or at a specific time.

Revenues are recognised over time provided that:

- the customer simultaneously receives and consumes the benefits generated through the provision of the goods and services as the Group fulfils its obligation;
- the fulfilment by the Group creates or improves an asset which the customers controls as the asset is created or improved;
- the fulfilment by the Group does not create an asset with an alternative use for the Group.

All the other revenues which do not meet the criteria above are recognised at a specific time.

The Company concluded that it acts in the capacity of principal in the context of all its revenue commitments. The recognition criteria detailed below have to be met as at the revenue recognition date.

Revenues from the sale of goods

The revenues from the sale of commodities/goods are recognised at the time of transferring to the buyer the significant risks and benefits associated to the right of ownership over the goods, usually upon the delivery of those goods. Therefore, the Company calculated and recorded the revenues pertaining to the gas that was delivered in December 2020 and will be invoiced in January 2021 ("metered gas").

The revenues pertaining to these contracts are recognised at a specific time, based on actual quantities, at the prices set forth in the concluded contracts or at the tariffs set forth by the regulatory authority, as the case may be.

Revenues from services rendered

The revenues from the provision of services are recognised in the period when they were rendered and in accordance with the completion stage.

Variable consideration

Certain customer contracts entail volume-related discounts, financial discounts or commercial price reductions. In accordance with IFRS 15, the variable consideration needs to be estimated upon the start of the contract. The revenues are recognised as it becomes likely that a significant reversal of the value of the cumulated recognised revenues will not take place. Therefore, in the case of contracts for which the Company is unable to reasonably estimate the discounts, the revenues shall be recognised earlier than when a reasonable estimation can be done. In order to estimate the variable consideration that it would later on be entitled to, the Company applied the Expected value method.

Assets pertaining to customer contracts

Assets pertaining to customer contracts represent the Company's right to receive consideration in exchange for the goods or services transferred to a customer, and are different from trade receivables.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Debts from customer contracts

Debts from customer contracts are amounts collected from customers, as per the contractual clauses, for goods and services that are to be delivered and rendered, respectively, over the following period. These amounts shall be recognised under revenues when the said goods or services have been supplied.

c) Interest income

For all the financial instruments measured at amortised cost and the interest-bearing financial assets classified as available for sale, the interest-related revenues or expenses are recorded using the effective interest method, which is the rate that accurately updates the future cash payments and receipts throughout the projected operating life of the financial instrument or, where necessary, over a shorter duration, at the net book value of the financial asset or financial liability. Interest income is included in the profit and loss account under financial income.

d) Revenues from leases

The revenues from leases pursuant to the contract concluded in order to lease the assets associated to the distribution activity are recognised on a monthly basis, as per the provisions set forth in the contract.

e) Dividend-based income

The income is recognised upon the issuance of the Company's right to receive payment, generally when the shareholder has approved the dividend.

f) Government subsidies

Government subsidies are recognised when there are reasonable assurances that the subsidy will be received and all the related requirements will be fulfilled. If the subsidy concerns an expenditure element, it is recognised as income on a systematic basis, over the period when the costs it is designed to offset are recorded under expenses.

As of January 1, 2018, acc. to Order 3189/2017, if the subsidy concerns a tangible asset, it is recorded as deferred income under account 478 «Deferred income related to assets received by transfer from customers». The referred income becomes current revenue in the profit and loss account as the expenses required to amortise the respective fixed assets are recorded.

If the loans or similar types of aid are provided by the Government or similar institutions at an interest rate below the applicable market rate, the effect of this favourable interest is considered a government subsidy.

The subsidy accounting applies to branchings and pipelines funded through co-financing with the beneficiaries, pursuant to approved ANRE orders that regulate access to the natural gas distribution system (Order 32/2017 and 71/2018 for branchings and Order 104/2015 for pipelines).

g) Taxes

Current corporate income tax

The receivables and debts related to the current corporate income tax for the current period are measured at the value that is expected to be recovered from, or paid to, the fiscal authorities. The tax rates and the fiscal laws used to calculate the amounts are those adopted, as at the reporting date, by the Romanian legislation.

The current corporate income tax pertaining to the elements directly recognised under own equity is directly recognised under own equity, and not in the profit and loss account. The management regularly assess the positions presented in the financial statements in regard to cases where the applicable regulations on taxation are subject to interpretation, and set up provisions where necessary.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The taxation rate is applied to the taxable profit and is 16%. The fiscal loss can be reported over a period not exceeding 7 fiscal years. There are no fiscal losses reported as at December 31, 2019.

Deferred tax

The deferred tax is presented by applying the accrual accounting method to the temporary differences between the tax bases of assets and liabilities and the book value of these items, to draw up financial reports as at the reporting date.

The deferred tax debts are recognised for all the taxable temporary differences, except for the cases where:

- ► the deferred tax debt results from the initial recognition of goodwill or of an asset or of a net debt within a transaction that is not a business combination and which, as at the transaction date, does not affect the accounting profit or the taxable profit or loss, or
- ► the taxable temporary differences are associated to investments in subsidiaries, associated enterprises, as well as to equity interests in joint ventures, when the parent company, the investor or the associate is able to control the time of carrying over the temporary difference and there is a possibility that the temporary difference will not be carried over in the near future.

The deferred tax receivables are recognised for all the deductible temporary differences, for the deferral of unused tax credits and for any unused fiscal losses, to the extent to which a taxable profit (including taxable temporary differences) is likely to exist and in relation to which one could use the deductible temporary differences and the deferral of unused tax credits and any unused fiscal losses, except for the case where the deferred tax receivable pertaining to the deductible temporary differences originates from the initial recognition of an asset or a liability within a transaction which is not a business combination and which, as at the transaction date, does not affect the accounting profit or the taxable profit or loss. The deductible temporary differences associated to investments in subsidiaries, associated enterprises, as well as to equity interests in joint ventures are recognised only when it is likely to have the temporary differences reversed in the foreseeable/near future and there will be a future taxable profit (including taxable temporary differences) in relation to which deductible temporary differences could be used.
The book value of the deferred tax receivables is revised as at each reporting date and lowered to the extent to which it is no longer likely to have enough taxable profit to allow using the benefit of a portion of the deferred tax receivable or of the entire receivable. The unrecognised deferred tax receivables are revaluated as at each reporting date and are recognised insofar as it has become likely that the future taxable profit will allow the unrecognised deferred tax receivable to be recovered.

The deferred tax receivables and debts are evaluated at the tax rates projected to be applied for the period in which the asset is achieved or the debt is settled, based on the taxation rates (and the fiscal regulations) that were adopted, or largely adopted, by the reporting date.

The deferred tax on elements recognised outside profit and loss is recognised outside profit and loss. The deferred tax elements are recognised in correlation with the support transaction under other comprehensive income elements or directly under own equity.
The deferred tax receivables and debts are offset is there is a legal right to offset the current tax receivables with the current corporate income tax debts and the deferred taxes concern the same taxable entity and the same fiscal authority.

Value added tax

The revenues, expenses and assets are recognised at their value net of VAT, with the exception of:

- ► The case where the sales tax applicable to a purchase of assets or services cannot be recovered from the fiscal authority, in which case the sales tax is recognised as part of the asset purchase cost or as part of the expenditure element, as the case may be;
- ► The receivables and debts presented at a value that includes the sales tax.

The net value of the sales tax recoverable from, or payable to, the fiscal authority is included as part of receivables or debts in the statement of financial position.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

h) Tangible assets

Initial evaluation

Tangible assets are presented at cost, net of the accumulated amortisation and/or the accumulated losses from depreciation, as the case may be. This cost includes the cost of replacing the respective tangible asset, on the date of replacement, and the cost of debt for the long-term construction projects, provided that the recognition criteria are met.

When significant parts of tangible assets need to be replaced at certain intervals, the Company recognises the respective parts as individual assets with a specific useful life and amortises them accordingly. Furthermore, when a general inspection takes place, its cost is recognised in the book value of that tangible asset as a replacement, provided that the recognition criteria are met.

All the other repair and maintenance costs are recognised in the profit and loss account when such works are performed. The present value of the costs projected for scrapping the asset after use is included in the cost of the respective asset provided that the recognition criteria of a provision are met.

The cost of a tangible asset comprises:
(a) its purchase price, including the customs duties and the non-reimbursable purchase taxes, after the deduction of commercial discounts and rebates.
(b) any costs that can be directly attributed to bringing the asset to the location and to the state required for it to operate in the manner intended by the management.
(c) the initial estimate of the costs required to dismantle and move the item and to rehabilitate the location where it is placed, provided that the Company has this obligation.

The assets in progress include the cost of construction, of the tangible assets and any other direct expenses. These shall not be amortised over a certain period until the relevant assets have been completed and commissioned.

Deemed cost as at the date of transitioning to IFRS (January 1, 2011)

The Company used as at the transition date, as deemed costs, the values recorded after the revaluation from December 31, 2007, registered in accordance with the previously applicable accounting provisions (OMFP 3055/2009 and OMFP 1752/2005), for all the tangible assets, with the exception of lands and buildings.

Subsequent evaluation

The Company chose the revaluation model as the method to subsequently evaluate the lands and the buildings, and the cost model for the other tangible assets.

The cost-based model entails presenting tangible assets at cost, minus the cumulated amortisation and the depreciation losses, whereas the revaluation model entails tangible assets being accounted for at a revaluated value, this being the fair value as at the revaluation date minus any amortisation accumulated afterwards and any depreciation losses.

Amortisation of assets

Economic service life is the time period over which the asset is expected to be used by the Company. The amortisation is calculated by applying the linear method over the entire operating life of the asset. Lands are not amortised.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Type	Accounting operating life (years)
Buildings	50
Light constructions (hutting, sheds)	10
Steel distribution pipelines	30
Polyethylene distribution pipelines	40
Other constructions, technological equipment, machines and machinery	10
Meters	8-15
Convectors, other metering, control and adjustment devices	10
Means of transportation and other assets	5
IT equipment	3

The operating life and the amortisation method are regularly revised and, as the case may be, prospectively adjusted so that there should be a correlation with the expectations on the economic benefits brought by the respective assets.

In cases where the book value increased following revaluation, the increase is directly recorded under own equity, as a revaluation surplus. When the book value is reduced following revaluation, the reduction is recorded as expenditure, insofar as it does not decrease a previously recorded revaluation surplus.

The revaluation surplus included in own equity is transferred directly under balance carried forward when the surplus is achieved as the asset in question is amortised, shelved or sold.

Derecognition

A tangible asset element is recognised upon disposal or when no future economic benefit is expected anymore from its use or disposal. Any gain or loss resulting from the derecognition of an asset (calculated) as the difference between the net receipts upon disposal and the book value of the element) is included in the profit and loss account when the asset is derecognised.

i) Leasing

The Company determines, on the contract start date, whether a contract is or contains a lease. In other words, whether the contract grants the rights to use an identified asset, over a period of time, in exchange of consideration.

The Company applies a unique recognition and evaluation approach to all the leases, with the exception of short-term leases and leases on low-value assets. The Company recognises leasing debts in order to make leasing payments and the right to use asses that represents the right to use supporting assets.

i. *The right to use the assets*

The Company recognises the right to use the assets on the lease contract start date (that is, the date when the asset becomes available for use). The right to use the assets is measured at cost, less any cumulated amortisation and depreciation losses, and adjusted for any re-measurement of the leasing debts. The cost of the right to use the assets includes the amount of the recognised leasing debt, the initial direct costs and the leasing payments made on or prior to the start date, less the leasing incentives received.
The right to use the assets is straight-line amortised over the shorter duration between the lease period and the estimated useful life of the assets.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

If the right of ownership upon the leased asset is transferred to the Company at the end of the lease period or the cost reflects the exercise of an option to buy, the amortisation is calculated using the asset's estimated service life. The right to use the asset is, likewise, subject to depreciation.

ii. *The leasing debt*

As at the lease contract start date, the Company recognises the leasing debt measured at the actual value of the leasing payments that have to be made throughout the lease contract term. The leasing payments include fixed payments (including fundamentally fixed payments), minus any leasing incentives received, variable payments that depend upon an index or a rate, and amounts estimated to be paid as residual value guarantees.

The leasing payments also include the price for exercising an option to buy, that the Company is reasonably certain it will exercise, and the penalty payments for the lease contract termination, provided that the lease term reflects the option to terminate exercised by the Company.

The variable leasing payments that do not depend upon an index or a rate are recognised as expenses (except for the case where they are borne in order to produce stocks) during the period when the event or condition that triggers the payment occurs.

When calculating the actual value of the leasing payments, the Company uses its incremental borrowing rate as at the lease contract start date, given that the default interest rate for the lease contract is not easily determined. After the start date, the leasing debt value is increased in order to reflect the accrual of interest and reduced with the leasing payments made. Moreover, the book value of the leasing debts is remeasured if there is any modification, any change of the lease terms (for example, changes to future payments resulted from a modification of an index or a rate used in order to determine as such leasing payments) or any modification in the assessment of an option to buy the underlying asset.

The Company's leasing debts are included in the Commitments and Contingencies note (see note 25).

iii. *Short-term leases and leases on low-value assets*

The Company applies an exemption, in the case of lease contract recognition, for short-term lease contracts (meaning those contracts the lease term of which is 12 months or less from the contract start date and with no option to buy). Furthermore, it applies an exemption, in the case of lease contract recognition, to lease contracts for low-value assets. The leasing payments for short-term lease contracts and for lease contracts for low-value assets are recognised as linear expenses throughout the lease contract term.

j) Debt costs

Debt costs directly attributable to the purchase, construction or production of an asset that mandatorily entails a substantial period of time to be ready for is intended use or for sale are capitalised as part of that asset's cost. All the other debt costs are recorded under expenditure during the period when they are incurred. The debt costs represent interest and other costs incurred by the Company in order to borrow funds. The Company did not have, throughout 2019 and 2018, any debt costs directly attributable to the purchase, construction or production of an asset.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

k) Intangible assets

Intangible assets individually acquired are measured, upon initial recognition, at cost. After the initial recognition, intangible assets are accounted for at cost, minus any accumulated amortisation and any accrued depreciation losses, if any. Internally generated intangible assets, excluding the capitalised development costs, are not capitalised, whereas the expense is reflected in the profit and loss account when the expense is incurred.

The useful lives of intangible assets are assessed as definite or indefinite.

Intangible assets with a definite useful life are amortised throughout their economic service life and depreciation assessed whenever there are indications of intangible asset depreciation. The amortisation period and the amortisation method for an intangible asset with a definite useful life are revised at least at the end of each reporting period. The changes in projected useful lives or in the projected consumption pace for the future economic benefits embedded in the assets are accounted for by altering the amortisation method or period, as the case may be, and are treated as changes of accounting estimates.

The gains or losses resulting from the derecognition of an intangible asset are calculated as the difference between the net receipts from disposal and the book value of the element and are recognised in the profit and loss account when the asset is derecognised.

The Company's intangible assets are primarily represented by software and licences. The software items are straight-line amortised over a period not exceeding 3 years, whereas licences are amortised throughout their validity period.

l) Financial instruments – initial recognition and subsequent evaluation

Initial recognition and evaluation

A financial instrument is any contract that gives birth to a financial asset for one entity, and a financial debt or an equity instrument for another entity. The Company's financial assets comprise cash and cash equivalents, trade and other receivables (including loans to affiliated entities) and financial investments. The Company's financial debts comprise trade and other payables.

Initial and subsequent evaluation

Financial assets and liabilities are initially recognised at fair value. The transaction costs that are directly attributable to the purchase or issuance of financial assets and liabilities (different from financial assets and financial liabilities at fair value via profit or loss) are added to the initial recognition or deducted from the fair value of the financial assets or financial liabilities, as the case may be.

Financial assets are classified, at the time of their initial recognition, depending on the method of subsequent evaluation, at amortised cost, at fair value by means of other comprehensive income elements or at fair value through profit or loss.

The classification of financial assets, at the time of their initial recognition, depends on the contractual cash flows of the financial asset and on the Company's business model employed to manage them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs. Trade receivables are measured at the transaction price, determined in accordance with IFRS 15.

For a financial asset to be classified and measured at amortised cost or at fair value via other comprehensive income elements, it has to generate cash flows that are exclusively payments of the principal and of the interest associated to the outstanding principal value.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The Company's business model employed to manage financial assets concerns the way in which it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both.

The purchases or sales of financial assets that require the delivery of assets during the time period set forth according to market regulations or agreements (regular transactions) are recognised on the transaction date, meaning the date when the Company undertakes to purchase or sell that asset.

Financial debts shall be classified as subsequently measured at amortised cost, with the exception of (a) *financial liabilities at their fair value through profit or loss*, (b) *financial liabilities* occurring when a transfer of a financial asset fails to meet the derecognition requirements, (c) *financial guarantee contracts*, which are subsequently measured at the higher between *the value of the adjustment for losses* and *the initially recognised value*, (d) *commitments on granting a loan* at an interest rate below the market rate, which are subsequently measured at the higher between *the value of the adjustment for losses* and *the initially recognised value*, (e) *the offset for the contingency recognised by a purchasing entity part of a business combination*, an offset that has to be subsequently measured at fair value, with an impact upon profit or loss.

Subsequent evaluation

For subsequent evaluation purposes, the financial assets and liabilities specific to the Company are classified into three categories:

- Financial assets measured at amortised cost (receivables and granted loans) and Trade and other payables;
- Financial assets measured at fair value via the profit and loss account;
- Derivatives and hedge accounting.

Receivables and loans

This category is the most relevant to the Company. Receivables and loans are non-derivative financial assets, with fixed or determinable payments and which are not listed on active market. Upon their initial recognition, these financial assets are subsequently measured at amortised cost using the effective interest method, minus depreciation. The amortised cost is calculated taking into account any purchase discount or premium and any fees and costs that are an integral part of the effective interest rate. Amortisation based on the effective interest rate is included in the profit and loss account under financial income. The losses originating from depreciation are recognised in the profit and loss account under the cost related to goods sold or under other operating expenses in relation to receivables.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost, using the effective interest method. The effective interest method is a method to calculate the amortised cost of a financial payable and to allocate interest expenses from the relevant period. The effective interest rate is the rate which accurately updates the future cash payments estimated over the projected lifetime of the financial liability (including all the fees paid or received, which are an integral part of the effective interest rate, the transaction costs and other premiums or discounts) or (where applicable) over a shorter period, at the net book value from the initial recognition date.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Derecognition

Basically, a financial asset is de recognised when:

* The rights to receive cash flows produced by the asset have expired, or
* The Company has transferred its rights to receive cash flows produced by the asset or undertaken an obligation to pay in full the received cash flows, without significant delay, to a third party, pursuant to a commitment with identical flows ("pass-through"); and either (a) the Company has largely transferred all the risks and rewards related to its asset, or (b) the Company has not largely transferred or kept all the risks and rewards related to its asset, but has transferred control over that asset.

In the case where the Company has transferred its rights to receive the cash flows produced by an asset or has made a commitment with identical flows, it determines whether, and the extent to which, it has kept the risks and rewards pertaining to the right of ownership. In the case where it has neither transferred, nor kept, to a significant extent, all the risks and rewards pertaining to the asset, and has likewise not transferred control over the asset, the Company will continue to recognise the transferred asset to an extent that is proportionate to the Company's continuous involvement. In this case, the Company will recognise an associated debt, as well. The transferred asset and the associated debt are evaluated on a basis that would reflect the rights and obligations the Company has kept.

A financial liability is derecognised when the obligation related to that liability is extinguished, cancelled or expires. In the case where a financial liability is replaced by another liability originating from the same lender, under substantially different conditions, or where the terms of an existing liability are substantially altered, this substitution or alteration is stated as a derecognition of the initial liability and a recognition of the new liability. The difference between the related book values is recognised in the profit and loss account.

Offsets of financial instruments

Financial assets and financial liabilities are offset, and the net value is reported in the statement of financial position, if there currently is a legal right to offset the recognised amounts and there is an intention to settle on a net basis, to simultaneously capitalise on the assets and settle the liabilities.

Impairments of financial assets, also of investments in subsidiaries and associated entities

The Company recognises a loss of value in terms of the credit risk projected for all the financial assets which are not measured at fair value through the profit and loss account. The projected credit risk relies on the difference between the contractual cash flows and all the cash flows that the Company expects to receive, updated at an initial effective interest rate.

For trade receivables and contractual assets, the Company applies a simplified method to calculate credit risk. As a result, the Company does not target credit risk variation, but recognises a value loss throughout the lifetime of those receivables, based on the credit risk as at the date of each reporting period. The Company drew up an impairment matrix using historical data on unearned receivables, adjusted with specific factors specific to the debtors and the economic environment.

The Company places a financial asset in a default situation when the contractual payments have exceeded by 90 days their due dates. Nevertheless, in certain cases, the Company may deem a financial asset unearnable when internal or external information indicate the fact that the Company is unlikely to receive in full the outstanding contractual amounts prior to taking into consideration any guarantee instruments the Company might hold. A financial asset is derecognised when there is no reasonable forecast on the recovery of its contractual cash flows.

Investments in subsidiaries and associates

The Company's investments in the shares of subsidiaries and associates are measured at cost, minus any possible impairment losses.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Impairment losses in regard to investments in subsidiaries and associates are quantified based on the future cash flow estimates for the respective (groups of) cash-generating units. Impairment losses associated to investments are recorded in the category of financial expenses.

Fair value of financial instruments

The fair value of the financial instruments that are traded on active markets, as at each reporting date, is determined by reference to the listed market prices or the prices set forth by the dealer (for the long term, the price is subject to a tender, whereas for the short term the demanded price is paid), without any deduction of transaction costs. In order to estimate the fair value of financial instruments that are not traded on active markets adequate measurement models shall be used.

m) Derivatives and hedge accounting

Initial recognition and subsequent evaluation

Derivatives, such as currency forward contract, interest rate swaps and forward contracts for commodities, are employed in order to cover currency risks, interest rate risks and price risks regarding commodities, respectively. These derivatives are initially recognised at fair value on the date when a contract with derivatives is concluded, and subsequently measured at fair value. Derivatives are accounted for as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

The Company applies a hedging method (forward and spot USD purchases) to counter the foreign exchange variation between the payment date and the date when a natural gas import invoice is entered in the accounting records.

Any gains or losses stemming from altering the fair value of derivatives are recorded directly in the profit and loss account, except for the effective part of cash flow hedging, which is recognised under other comprehensive income elements.

In order to implement hedge accounting, the Company classifies hedges as follows:

- ► Fair value hedges, employed in order to hedge against exposure to changes in the fair value of a recognised asset or liability or in the fair value of an unrecognised firm commitment.
- ► Cash flow hedges, employed in order to hedge against exposure to cash flow variation, which can be attributed to a specific risk associated to a recognised asset or liability or to a very likely projected transaction or to the foreign exchange risk of an unrecognised firm commitment.

Upon setting up a hedging relationship, the Company officially designates and documents the hedging relationship for which it wishes to apply hedging accounting, as well as the risk management objective and strategy, required to implement the hedge. These hedges are projected as highly effective in the process of offsetting changes in fair value or in cash flows, and are permanently evaluated in order to determine whether they have actually had high effectiveness levels throughout the financial reporting periods to which they were designated.

Hedges that strictly meet the hedge accounting criteria are accounted for as follows:

Fair value hedging operations

A modification in the fair value of the fair value hedging derivative is recognised, under financing costs, in the profit and loss account. A modification in the fair value of the hedged element, that can be attributed to the hedged risk, is recorded as a portion of the book value of the hedged element and is similarly recognised in the profit and loss account.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

In the case of hedging the fair value against risks in relation to elements accounted for at amortised cost, the fair value adjustment is amortised through the profit and loss account, over the period remaining until the maturity date. Amortisation at the effective interest rate may commence as soon as there is an adjustment and must not commence later than the date when the hedged element stops being adjusted for changes in its fair value, changes that can be attributed to the hedged risk.

If the hedged element is derecognised, the unamortised fair value is promptly recognised in the profit and loss account.

When a firm commitment is designated as a hedged element, the subsequent cumulated alteration in the fair value of the firm commitment, that can be attributed to the hedged risk, is recognised as an asset or a liability, whereas the corresponding gains or losses are recognised in the profit and loss account.

Cash flow hedging operations

The effective portion of the gains or losses pertaining to a hedging instrument is recognised directly under other comprehensive income elements, in the cash flow hedging reserve, whereas the ineffective portion is promptly recognised in the profit and loss account.

The amounts recognised as other comprehensive income elements are transferred to the profit and loss account if the hedged transaction affects the profit or the loss. When the hedged element represents the cost of a non-financial asset or of a non-financial liability, the amounts recognised under other comprehensive income elements are transferred at the initial book value of the non-financial asset or liability.

If forecasts indicate that the projected transaction or the firm commitment will no longer take place or effect, the accrued gains or losses previously recognised under own equity shall be transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacing or converting a hedging instrument into a different hedging instrument, or if its designation as a hedge is revoked, any accrued gains or losses previously recognised under other comprehensive income elements shall remain under other comprehensive income elements until the projected transaction or the firm commitment affects profit or loss.

Classification as current / long-term

Derivatives which are not designated as effective hedging instruments are classified as either current or long-term (or are separated into current and long-term parts) based on an assessment of the facts and circumstances (e.g.: supporting cash flows).

n) Stocks

The value of the gas stock comprises the value of purchased gas, as well as the customs duties and customs clearance fees. The gas purchased from abroad is evaluated at the foreign exchange rate in the customs import declaration. In cases where no customs import declarations were present, the foreign exchange rate employed was the one at the end of the month during which the transaction took place.

The value of the natural gas stock only includes the gas molecule value, whereas the related services, such as storage and transportation, are directly recorded in the comprehensive income statement.

The net achievable value is estimated based on the selling price pertaining to normal business, less the estimated selling costs.

As at December 31, 2020, the Company found no indications that might suggest a gas stock depreciation: on the regulated market, these costs are recognised in the final selling price of gas, as per the ANRE regulations, whereas on the free market the pricing mechanism entirely covers these costs.

The stock evaluation method is the weighted average cost.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Inventory items are recorded in the balance carried forward account at the time of their commissioning and monitored off-balance sheet throughout their operating life (3 ani).

o) Depreciation of non-financial assets

The Company assesses whether there are, as at each reporting date, any indications that an asset might be depreciated. If there are such indications or if an annual testing for the depreciation of a particular asset is necessary, the Company will estimate the recoverable value of that asset. The recoverable value of an asset is the higher between the fair value of an asset or a cash-generating unit minus the costs associated to the sale and its value in use. The recoverable value is determined for an individual asset, except for the case where the asset does not generate cash receipts that are largely independent of those of other assets or groups of assets. When the book value of an asset or a cash-generating unit exceeds its recoverable value, the asset is considered depreciated and its book value is decreased up to its recoverable value.

When evaluating value in use, the estimated future cash flows are updated to their revised value using a pre-tax rate that would reflect current market valuations on the time value of money and the asset-specific risks. When determining the fair value minus the sale costs, recent transactions on the market, if any, are taken into consideration.

If such transactions cannot be identified, an adequate valuation model shall be used. These calculations are corroborated by means of valuation multiples, listed prices of shares for listed subsidiaries or other available fair value indicators.

Losses from impairments of ongoing business, including the depreciation of stocks, are recognised under the profit and loss account, except for lands or buildings that were previously revaluated and such revaluation was accounted for under other comprehensive income elements. In this case, too, the depreciation is recognised under other comprehensive income elements up to the value of any previous revaluation.

At the end of each reporting period, an assessment is conducted in order to determine whether there are any indications that previously recognised impairment losses are no longer present or have decreased. If such indications exist, the Company will estimate the recoverable value of the asset or cash-generating unit. A previously recognised impairment loss will be reversed only if a change has occurred in the assumptions used to determine the recoverable value of the asset. The reversal is limited, so that the book value of the asset should not exceed the recoverable value that asset would have had if it hadn’t previously been subject to impairment. Such a reversal is recognised in the profit and loss account, save for the case where the asset was revaluated, in which case the reversal being treated as a revaluation increase.

p) Cash and cash equivalents

Cash and cash equivalents include petty cash, current accounts and bank deposits with initial maturity below 3 months. Foreign currency deposits are revaluated at the foreign exchange rate at the end of the reporting period. The overdraft is deducted from the cash balance when drawing up the statement of cash flows.

q) Distribution of dividends

The Company recognises as a debt the distributions of dividends to its shareholders when the distribution is authorised and no longer at the Company’s discretion.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

r) Provisions

General

Provisions are recognised when the Company has a current (legal or constructive) obligation generated by a previous event, settling the obligation will likely require a disposal of resources integrating economic benefits, and the value of that obligation can be reliably estimated. The expense related to each provision appears in the profit and loss account.

Provisions are revised at the end of each reporting period and adjusted to reflect the management's best current estimate in this respect. If, in order to settle an obligation, a disposal of resources is no longer likely, the provision shall be cancelled through carry-over under revenues.

If risk-generating events should occur, the Company shall recognise a provision for the entire probable value known at the time.

Contingent liabilities are not to be recorded in the financial statements. They are only presented, save for the case where the likelihood of resource disposals representing economic benefits is low. A contingent asset will not be recorded in the financial statements, but will be presented when a receipt of economic benefits is likely to occur.

Restructuring provisions

Restructuring provisions are only recognised when the general criteria on the recognition of provisions, together with the criteria below, are cumulatively met:

- the Company implements a detailed official plan comprising: the activity, or part of the respective activity, subject to restructuring, the location and number of concerned employees, a detailed estimate of the related costs and a corresponding timescale.
- the Company built expectations on the performance of such restructuring, beginning to implement the plan in question or communicating its main characteristics to the people concerned.

Restructuring provisions only include direct costs related to the restructuring, meaning those that are necessarily generated by the restructuring and are not associated to the entity's ongoing business.

Provisions for litigations

Provisions for litigations are recognised when the management estimate that cash disposals will be required as a result of litigations with unfavourable results.

s) Pensions and other long-term employee benefits

Both the Company and its salaried employees are legally bound to pay determined contributions (included in the social security contributions) to the National Pension Fund, administered by the National House of Pensions and Social Insurance (a plan established on the "pay-as-you-go" principle"). As such, the Company has no legal or constructive obligation to pay additional future contributions. Its obligation is strictly to pay contributions when they become due. The Company's contributions to a determined contributions plan are recorded as expenses in the year to which they apply.

In accordance with Collective Labour Agreement no. 214/27.06.2019, each of the Company's employees is entitled to receive a retirement benefit, depending on their length of service within the Company, as follows:

- Less than 10 years - 5 gross salaries;
- Between 10 and 20 years - 6 gross salaries;
- Between 20 and 30 years - 7 gross salaries;
- Between 30 and 40 years - 8 gross salaries;
- More than 40 years - 9 gross salaries.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The Company uses the actuarial valuation method to evaluate post-employment benefits and the cost of current related services. This entails the use of demographic assumptions on the current employees and on former employees that can receive benefits (mortality rate, retirement age, etc.), as well as financial assumptions (inflation rate, salary increase rate). If adjustments to key assumptions are necessary, the amounts of post-employment benefits can be significantly affected.

The actuarial gains and losses related to long-term benefit plans are fully recognised in period when they occur, in the profit and loss account.

The social commitments stipulated in the Collective Labour Agreement, for which provisions are set up, are:

- Retirement benefit (detailed above);
- Illness benefits for pensioners;
- Other benefits for pensioners;
- Compensations related to restructuring plans;
- Merit salary bonuses for salaried employees;
- Company performance bonus.

t) Share-based payment

According to the plan approved across ENGIE Group, the Company's employees receive shares from the parent company, ENGIE (France), for no consideration, provided that they are Company employees on the date when such shares are received (as a rule, two years after being granted the right to receive these shares).

According to IFRS 2, the Company accounts for share-based payments under expenses with employee benefits, in compensation for an increase in own equity (other reserves), as a contribution from the parent company.

The fair value of bonuses granted as shares is estimated by reference to the price of the shares as at the granting date, keeping in mind the fact that no dividends are paid until ownership takes effect and by relying on the turnover rate of the staff in question. The fair value calculation also takes into account the period over which the instruments cannot be transferred.

u) Affiliated parties

Parties are deemed affiliated when one of them has the capacity to control/significantly influence the other party, by way of ownership, contractual rights, family relations or by other means. Affiliated parties include both other entities and natural persons, such as shareholders who control or have a significant influence, Company key staff members and immediate members of their families.

v) Balance carried forward and legal reserve

The legal reserve is created in accordance with the provisions of Companies Law, pursuant to which 5% of the annual accounting profit is transferred to the legal reserves, until their balance reaches 20% of the Company's share capital. If this reserve is used in full or in part to cover losses or to distribute under any form (such as the issuance of new shares in line with the Companies Law), it shall become taxable.

The Company management do not estimate they will use the legal reserve in such a way as to render it taxable (except for the case stipulated in the Fiscal Code, where the reserve set up by legal entities that supply utilities to trading companies undergoing a restructuring, reorganising or privatisation process may be used to cover impairments of the stake obtained following the receivable conversion procedure, whereas the amounts intended for the subsequent replenishment of the reserve are deductible as part of the taxable profit calculation).

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The accounting profit left after allocating the share of achieved legal reserve, within the limit of 20% of the share capital, shall be taken over under the balance carried forward in the beginning of the fiscal year following the one for which the annual financial statements are drawn up, a balance from which it will be distributed across the other legal avenues.

The appropriation of profit is, therefore, carried out during the following fiscal year, once the appropriation has been approved by the SGA (*Shareholders' General Assembly*).

w) Measurement at fair value

Fair value is the price that could be received following the sale of an asset or paid in order to transfer a debt from a transaction conducted during the normal business process between market players, as at the valuation date. Measurement at fair value relies on the assumption that the asset sale or debt transfer transaction takes place either:

- On the main market of that asset or liability, or
- In the absence of a main market, on the most beneficial market for that asset or liability.

The main market or the most beneficial market has to be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market players would use in order to determine the value of an asset or a liability, assuming that the market players are pursuing ways to obtain maximum economic benefits.

The fair value measurement of a non-financial asset takes into account the market players' ability to generate economic benefits by means of the most intense and best use of the asset or by selling it to another market player which, in their turn, might make the most intense and best use of it.
The Company uses adequate measurement techniques, taking into account the circumstances for which the available data is sufficient so as to allow a fair value measurement, maximising the use of relevant visible inputs and lowering the use of non-visible inputs.

All the assets and liabilities for which fair value is measured or presented in the financial statements are classified according to the fair value hierarchy, presented as shown below, the fair value measurement being entirely classified at the same level of the fair value hierarchy as the entry date with the lowest level, that is significant to the entire valuation:

- Level 1 - Prices listed on active markets for identical assets or liabilities (without adjustments);
- Level 2 - Valuation techniques for which the entry date with the lowest level, that is significant for the fair value measurement, is either directly or indirectly visible;
- Level 3 - Valuation techniques for which the entry date with the lowest level, that is significant for the fair value measurement, is non-identifiable.

For the assets and liabilities that are recurrently recognised in financial statements at their fair value, the Company shall determine whether any transfers occurred among the fair value hierarchy levels by reanalysing the category (based on the lowest level of information that is significant for the fair value measurement on the whole) at the end of each reporting date.

Independent valuators are employed to valuate significant assets, such as buildings and lands.

x) Contingent liabilities and assets

Contingent liabilities are not recorded in financial statements. They are only presented, save for the case where the probability of resource disposals representing economic benefits is low. A contingent asset shall not be recorded in the financial statements, but will be presented when a receipt of economic benefits is likely to occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Drawing up the Company's financial statements requires that the management formulate judgements, estimations and assumptions that affect the values reported for income, expenses, assets and liabilities, as well as the disclosed information accompanying these items, and to present contingent liabilities at the end of the reporting period. However, the uncertainty present in relation to these estimations and assumptions could result in a future significant adjustment for the book value of the asset or liability concerned during future periods.

Judgements

In the process of applying the Company's accounting policies, the management formulated the following judgements, with the greatest impact upon the amounts recognised in the financial statements:

- The accounting treatment of the gas distribution network lease contract

Given the legal obligation to separate the natural gas distribution business from the natural gas supply one, the Company kept among its assets the assets related to the distribution business, whereas Distrigaz Sud Rețele subsidiary became the holder of the concession contracts concluded for the natural gas distribution service and of the distribution licence. The assets pertaining to the distribution activity were made available to the distribution company pursuant to a lease contract. Pursuant to the same contract and the protocol on the rules governing the assets under said contract, the parent company undertook the task of carrying out the investments requested by the distribution company, within the limits of the annual financial plan approved group-wide by the parent company.

The management analysed this contract from the angle of IFRS 16 "Leases".
Keeping in mind that the lease contract price was set forth based on the ANRE-approved methodology on setting forth the distribution tariff and is part of the distribution tariff related to the capital expenditure, relying on the distribution volumes, the management concluded that the payments are entirely dependent upon on the distributed gas volumes and, therefore, operate as variable leasing payments that do not depend on an index or a rate (as such, these leasing payments were not included in the valuation of the liability resulted from the lease contract).

- Recognition of deferred taxes - receivable

The Company analysed the fulfilment of the criteria provided by IAS 12 on recognising the deferred tax - receivable resulted from the impairment adjustments carried out based on the investment impairment test performed on Braila Winds and Alizeu Eolian subsidiaries. Given the commencement of the absorption-based project of merging Brăila Winds and Alizeu Eolian subsidiaries into ENGIE Romania, approved in principle by the Shareholders' General Extraordinary Assembly of April 10, 2019, the Company recognised a deferred tax - receivable for these deductible temporary differences as at December 31, 2018, pertaining to the impairment basis of tangible assets (Note 10).

During the Engie Romania Shareholders' General Extraordinary Assembly of September 11, 2019, the Company approved opting out of the absorption-based project of merging Brăila Winds and Alizeu Eolian subsidiaries. Considering the assumptions that lead to estimating future profits based on the two wind farms' operations (Note 13.2), the Company maintained the deferred tax - receivable for these deductible temporary differences as at December 31, 2019, pertaining to the impairment basis of tangible assets.

At the end of each fiscal year, this judgment will be updated should there be any circumstantial changes.

Estimations and assumptions

The main assumptions concerning the future and other major causes of uncertain estimations as at the reporting date, which display a significant risk of causing significant adjustments across the book values of assets and liabilities over the following fiscal year, are presented below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Revenues from "metered gas" and natural gas technological consumption

The revenues generate from the customer categories for which consumption is metered throughout the fiscal year and read at 3-month intervals (revenues from "metered gas") are estimated for the invoices issued between readings, based on historical data, consumption statistics and the estimated selling price. These categories of customers primarily concern natural gas consumers included in B1-B4 categories (consumers with an annual consumption of up to 11,627.78 MWh), until June 30, 2019. As of July 1, 2019, considering the changes made in order to classify consumers in the new customer categories, the new categories are C1-C2 (consumers with an annual consumption of up to 2,800 MWh). The calculation of the estimated revenue from the metered gas was thought as the difference between the purchased gas, the invoiced gas and the technological consumption, measured at the average price for customer categories B1-B4 / C1-C2. As of 2012, the volume related to the technological consumption is determined based on the Marcogaz (Technical Association of the European Gas Industry) technique, taking into account the technological consumption history during the 2008-2010 period, a volume which was subsequently updated on a yearly basis.

The management of the Company use measuring and modelling instruments in order to determine the uninvoiced gas estimate and performs regular a posteriori tests to make sure that the error risks associated to the estimated sold quantities and the related revenues can be considered insignificant.

- Revaluation of tangible assets

The Company assesses lands and buildings at their fair value, whereas any changes to the recorded values are recognised under other comprehensive income elements. The Company contracted independent valuation specialists in order to determine the fair value as at December 31, 2019.

- Depreciation of non-financial assets and of investments in subsidiaries

Depreciation exists when the book value of an asset or a cash-generating unit exceeds its recoverable value, which represents the higher between the fair value, minus the costs associated to the sale, and its value in use. The calculation of the fair value minus the costs associated to the sale is done based on the data available from mandatory sales transactions performed as part of the transactions conducted on arm's length terms for other similar assets, or on the listed market prices, minus the asset disposal costs. The value in use calculation relies on a model of updated cash flows. Additional information is presented in note 13.

- Taxes

There are uncertainties concerning the interpretation of complex fiscal regulations, of changes in the tax legislation and of the value and timing of the future taxable profit. Considering the extended range of international relations and the long-term nature and complexity of existing contractual agreements, the differences emerged between the actual results and the assumptions made, or the future alterations of these assumptions, might entail future adjustments of the revenues and expenses related to already recorded taxes.

ENGIE Romania was inspected by the fiscal authorities, for the period until December 31, 2016, on the following taxes, duties and levies: VAT and corporate income tax. Additionally, ENGIE Romania is subject to a tax audit that covers the following duties and levies: corporate income tax for the 2017 period and VAT for the 2017-2018 period, an audit which, at the end of 2019 had not yet been completed.

The Romanian fiscal system is undergoing a strengthening process, as well as a process of harmonisation with the European legislation. Across fiscal authorities, there may be different interpretations in terms of fiscal legislation, that may lead to additional taxes and penalties. If the state authorities find non-compliances with fiscal and related regulations, these may lead to: the seizure of the amounts in question; additional fiscal obligations; fines and penalties. As such, the fiscal sanctions resulting from the infringement of legal provisions may lead to a significant debt.

The Company believes it has paid in due time and in their entirety all of its the taxes and levies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The Company took over, on December 31, 2015, following the integration of CONGAZ SA, a litigation resulted after the latter was inspected by the fiscal authorities, on the topic of challenging the fiscal debts and accessory obligations imposed by ANAF (*National Agency for Fiscal Administration*) (primarily concerning excise duty) and paid by CONGAZ SA. As at the signing date of these financial statements, no conclusive ruling has been delivered on the settlement of this litigation, however, the Company was granted a favourable decision in appeal court in December 2016. ANAF challenged the decision before the High Court of Cassation and Justice, the court appearance being set for June 16, 2020.

- Pension benefits

The cost pertaining to the retirement premiums and other post-employment medical benefits is determined using actuarial assessments. An actuarial assessment entails the issuance of various actuarial assumptions, which can differ from actual future developments. These include determining the discount rate, future salary increases, mortality rates. Given the assessment complexity, the supporting assumptions and the long-term nature, a liability concerning a determined benefit is extremely sensitive to changes in these assumptions. All assumptions are revised as at each reporting date.

- Operating lives of fixed assets and amortisation method

The Company estimates the operating life of tangible asset elements in accordance with the consumption / wear rate for the respective assets. The Company uses the straight-line amortization method for fixed assets.

The Company revised the estimated operating lives as at December 31, 2019 and concluded that no changes are required.

- Impairments of receivables

The Company has adopted IFRS 9 since January 1, 2018 by using the restatement of comparative amounts and changing the figures from previous fiscal years (2016 and 2017).
An impairment analysis is conducted as at each reporting date, using a matrix in order to measure expected credit losses.

In that respect, the Company analysed the trade receivables and assessed the method used to determine impairments, keeping in mind the customer eligibility and the portfolio classification criteria:

- Customers with a confirmed risk (customers undergoing judicial proceedings: bankruptcy, insolvency or reorganisation): the expected impairment is 100% of the existing receivable.
- Customers without a confirmed risk:
    - In the case of corporate customers, the impairment percentage is determined by taking into account each customer's credit risk and applied to the value of the receivable, VAT-exclusive;
    - In the case of small- and medium-sized customers, the impairment percentage is determined by taking into account the receipt statistics across the portfolio (following the analysis of historical data on the collection of receivables, by age interval, over the past 3 years) and the age of receivables, and is applied to the value of the receivable, VAT-inclusive.

The Company analysed the possibility of calculating sensitivity scenarios and concluded that such calculations were not necessary, given the calculation method for impairments of receivables.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 Changes due to new standards that came into effect

The accounting policies adopted are consistent with those in the previous fiscal year, except for the following modified IFRS, adopted by the Company on January 1, 2019:

• IFRS 16 Leasing

The standard sets forth the principles for the recognition, assessment, disclosure and provision of information about the lease contracts of the two parties to contract, namely the client ("lessee") and the provider ("lessor"). The new standard provides that lessees are to recognise most lease contracts within their financial statements. Lessees can make use of a single accounting model for all the contracts, save for certain exceptions. The lessor's accounting records is to remain largely unchanged. The management adopted the new standard on its entry-into-force date, the impact being insignificant to the Company's financial performance or position. As a result, the initial application date is the first day of the annual reporting period during which the Company applies for the first time the requirements of the new standard.

The Company chose to apply the standard to contracts that were previously identified as lease contracts in accordance with IAS 17 and IFRIC 4. Therefore, the Company shall not apply the standard to contracts not previously identified as having a lease content according to IAS 17 and IFRIC 4.
The Company chose to use the reliefs proposed by the standard for lease contracts the term of which ends after 12 months since initial application, as well as for lease contracts where the underlying asset is low-value.
The effect of adopting IFRS 16 on January 1, 2019 is insignificant to the Company's financial performance or position.

• IFRS 9: Negative offset advance payment characteristics (Amendments)

The change allows the measurement, at amortised cost or at fair value through other comprehensive income elements, of financial assets with advance payment characteristics, which allow, or impose to, a party to a contract either to pay or to receive reasonable compensation for the early termination of the contract (so that, from the asset owner's perspective, there may be a "negative offset"). The management determined that there was no material impact across the Company following the application of these amendments.

• IAS 28: Long-term interests in associates and joint ventures (Amendments)

The changes concern the fact whether the valuation and, in particular, the requirements related to the depreciation of long-term interests in associates and joint ventures, which are basically part of "the net investment" in the respective associate or joint venture, should be governed by IFRS 9, IAS 28 or a combination of these two standards. The changes clarify the fact that an entity will apply IFRS 9 *Financial instruments*, prior to applying IAS 28, to those long-term interests to which the equity method does not apply. When applying IFRS 9, an entity shall not take into account the book value adjustments of the long-term interests generated by the application of IAS 28. The management determined that there was no material impact across the Company following the application of these amendments.

• INTERPRETATION OF 23: Uncertainty in regard to the treatments applied to the corporate income tax

The interpretation addresses how corporate income taxes are treated in cases where the fiscal treatments involve a degree of uncertainty which affects the application of standard IAS 12. The interpretation provides guidance on how to analyse certain tax treatments either individually or jointly, how to conduct audits on fiscal authorities, the adequate method intended to reflect that uncertainty and the accounting records of changes in events and circumstances. The management determined that there was no material impact across the Company following the application of these amendments.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

• IAS 19: Alteration, forwarding or settlement plan (Amendments)

The changes stipulate that the entity should apply updated actuarial assumptions in order to determine the cost of current services and the net interest for the remaining annual reporting period after an alteration, decrease and settlement plan has been implemented. Furthermore, the changes clarify the manner in which the accounting records of an alteration, decrease and settlement plan affects the application of the requirements regarding the asset ceiling. The management determined that there was no material impact across the Company following the application of these amendments.

• IASB issued the Annual Improvements to IFRS Standards 2015 - 2017 Cycle, representing a collection of amendments to IFRS. The management determined that there was no material impact across the Company following the application of these amendments.

- ***IFRS 3 Business combinations and IFRS 11 Joint Arrangements:*** The changes brought to IFRS 3 clarify the fact that, when an entity gains control over an enterprise operating as a joint venture, that entity will revaluate the interests previously held in the enterprise in question. The changes brought by IFRS 11 clarify the fact that, when an entity gains joint control over an enterprise operating as a joint venture, that entity will not revaluate the interests previously held in the enterprise in question.

- ***IAS 12 Income taxes:*** The changes clarify the fact that the effects upon the corporate income tax of payments regarding financial instruments classified as own equity shall be recognised according to the way in which past transactions or events that generated distributable profit were recognised.

- ***IAS 23 borrowing costs:*** The changes clarify item 14 in the standard according to which, when an asset that qualifies as available for its intended use or for sale, and one of the specific loans related to that qualifiable asset is left outstanding at the same time, the respective loan shall be included in the funds an entity generally borrows.

4.2 Issued standards which are not yet in force and were not subject to early adoption

The Group did not adopt at an early stage the following standards / interpretations:

• Amendment to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in Associates and Joint Ventures*: Transactions concerning the sale of, or contributions with, certain assets between an investor and the associated entity or joint venture

The amendments concern an inconsistency identified between the requirements of IFRS 10 and those of IAS 28 in relation to the sale of, or contributions with, assets by/from an investor in favour of the associated entity or joint venture in question. The main outcome of the changes is that a total gain or loss is recognised when the transaction involves an enterprise (whether or not it operates as a subsidiary). A partial gain or loss is recognised when a transaction involves assets that do not represent an enterprise, even if they take the shape of a subsidiary. In December 2015, IASB indefinitely postponed the entry-into-force date of this change pending the results of a research project on how to account for using equity method. The changes are yet to be passed by the EU. The management determined that there was no material impact across the Company following the application of this standard.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

• The Conceptual Framework within the IFRS standards

IASB issued the revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework sets forth a comprehensive set of concepts on financial reporting, formulating standards, guidance for those who draw up financial statements to better elaborate consistent accounting policies and assistance for users in understanding and interpreting standards. Furthermore, IASB issued a separate enclosed document, Amendments to the References to the Conceptual Framework within the IFRS standards, which sets forth the changes to the standards in question, for the purpose of updating the references to the updated Conceptual Framework. The goal of the document is to support the transition to the revised Conceptual Framework for entities that develop accounting policies using the Conceptual Framework when no IFRS standard applies to a particular transaction. For those who draw up financial statements and develop accounting policies based on the Conceptual Framework, the document comes into effect for annual periods starting on or after January 1, 2020. The management determined that there was no material impact across the Company following the application of this standard.

• IFRS 3: Business Combinations (Amendments)

IASB issued changes to the definition of an enterprise (Amendments to IFRS 3) in order to address challenges that occur when an entity determines whether it has purchased an enterprise or a group of assets. The changes are in effect for business combinations in the case of which the purchase date falls during the first annual reporting period starting from, or after, January 1, 2020, as well as for asset purchases that take place at, or after, the start of that, whereas early application is allowed. These changes are yet to be passed by the EU. The management determined that there was no material impact across the Company following the application of this standard.

• IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: defining the term "material" (Amendments)

The changes come into effect for annual periods beginning on or after January 1, 2020 and early application is allowed. The amendments clarify the definition of the term „material" and the manner in which it has to be applied. The new definition mentions that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Furthermore, the explanations adjacent to the definition were improved. The changes also ensure a consistent definition of the term "material" within all IFRS standards. The management determined that there was no material impact across the Company following the application of this standard.

• Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The changes come into effect for annual periods beginning on or after January 1, 2020 and have to be retroactively applied. Early application is allowed. In September 2019, IASB published amendments to IFRS 9, IAS 39 and IFRS 7, which concluded the first stage of its activity intended to address the effects of the Interbank Offered Rates ("IBOR") reform upon financial reporting. The second stage will focus on aspects that could affect financial reporting when an existing reference value of the interest rate is replaced by a risk-free interest rate (RFR). The changes published address aspects that affect financial reporting during the period prior to replacing an interest rate existing reference value with an alternative interest rate, and well as the implications for the specific hedge accounting requirements in IFRS 9 *Financial instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*, which require a forward-looking analysis.

(The amounts are expressed in RON, unless otherwise provided)

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The changes stipulate temporary exemptions applicable to all the hedging relationships directly affected by the reference interest rate reform, exemptions that allow continuing the use of hedge accounting, throughout the uncertainty period before the replacement of an existing reference interest rate with an alternative interest rate, nearly risk-free. There are also changes to IFRS 7 *Financial Instruments: Disclosures*, in regard to additional information concerning the uncertainty that stems from the interest reference index reform. The management determined that there was no material impact across the Company following the application of these amendments.

• IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current liabilities or Long-term liabilities (Amendments)

The changes come into force for annual reporting periods beginning on or after January 1, 2022 and early application is allowed. The amendments intend to promote consistency when applying the requirements, helping companies determine whether, in the statement of financial position, the liabilities and other payment obligations with an uncertain settlement date should be classified as current or long-term. The changes affect the disclosure of liabilities in the statement of financial position and do not alter the current requirements on the measurement or the time to recognise whichever asset, liability, revenue or expense or the information entities disclose in regard to these elements. Moreover, the changes clarify the requirements on classifying liabilities that can be settled by a company which issues own equity instruments. These changes are yet to be passed by the EU. The management determined that there was no material impact across the Company following the application of these amendments.

5. OTHER INCOME

	2019 RON	2018 RON
Revenues from services rendered to affiliated parties (note 24)	145,210,451	139,585,798
Revenues from services rendered to third parties	75,794,116	65,872,056
Other revenues	26,087,322	16,315,475
Other revenues	**247,091,889**	**221,773,329**

Revenues from services rendered primarily concern support services rendered by the parent company, ENGIE Romania, to the affiliated parties within ENGIE Romania Group, and activities such as verifications and inspections of gas use installations and heating plants, caried out by ENGIE Servicii and invoiced to end consumers.

6. OTHER OPERATING INCOME

	2020 RON	2019 RON
Income from leases in relation to affiliated parties (note 24)	438,698,720	440,296,327
Penalty-based income	9,509,068	13,425,137
Other operating income	8,950,000	2,194,581
Other operating income	**457,157,788**	**455,916,045**

(The amounts are expressed in RON, unless otherwise provided)

7. EXPENSES WITH EMPLOYEE BENEFITS

Short-term benefits granted to salaried employees include allowances, salaries and social security contributions. These benefits are recognised as expenses at the time of rendering the services. The total labour costs are presented in the following table:

	2019 RON	2018 RON
Labour costs	95,616,095	83,551,968
Social security costs	2,144,674	1,863,387
Long-term employee benefits	1,994,704	3,734,220
Other salaried employee costs	3,407,034	3,222,389
Total labour costs	**103,162,507**	**92,371,964**

8. OTHER EXPENSES

	2019 RON	2018 RON
Expenses with gas-related services	62,704,942	55,370,782
Indemnifications, fines and penalties	21,736,801	30,441,935
Other costs with third-party services	31,193,426	23,133,490
Taxes and levies	31,076,928	21,273,379
Postage costs and telecommunications charges	12,739,777	12,190,041
Expenses with royalties, leases and rentals	13,614,326	11,398,507
Expenses with consultancy services	10,863,858	8,696,034
Expenses with security services	10,199,496	9,786,312
Marketing costs (commercials, advertising)	11,139,039	12,200,201
Administrative expenses	7,933,929	6,730,790
Maintenance and repair costs	7,006,497	6,695,331
Expenses with insurance premiums	4,320,337	4,335,734
Expenses with / (reversals from) impairments of receivables	11,053,182	12,937,918
Bank commissions	5,671,765	5,667,824
Management services	5,938,416	5,095,115
Expenses with utilities	4,313,615	4,037,990
(Gains) / losses from disposals of assets	1,221,574	(1,197,857)
Expenses with / (reversals from) provisions (note 20)	1,246,979	(8,714,529)
Other expenses	17,870,097	13,216,704
Total	**271,844,984**	**233,295,701**

Expenses with royalties, leases and rentals do not fall under the scope of IFRS 16.

Other expenses, amounting to 17,870,097 RON concern staff training costs, expenses with granted donations and subsidies, various non-deductible expenses, newspaper and magazine subscriptions, externally contracted manpower costs.

(The amounts are expressed in RON, unless otherwise provided)

9. INTEREST AND OTHER FINANCIAL EXPENSES / INCOME

Interest income	**2019 RON**	**2018 RON**
Income from interests on bank deposits	16,641,122	12,667,009
Income from interests on loans granted to affiliated parties (Note 24)	7,041,419	7,041,419
Interest income from cash pooling with subsidiaries (Note 24)	8,447,665	6,870,792
Total	**32,130,206**	**26,579,220**

Interest expenses	**2020 RON**	**2019 RON**
Expenses with interest on loans	-	564
Expenses with interest from cash pooling with subsidiaries (Note 24)	13,559,304	9,621,297
Total	**13,559,304**	**9,621,861**

Other financial gains / (losses)	**2019 RON**	**2018 RON**
Discounts granted	9,295	6,331
Gains/(Losses) from cash flow hedging instruments	6,635,239	(9,155,944)
Other financial gains / (losses)	98,692	(760,140)
Total	**6,743,226**	**(9,909,753)**

Dividend-based income	**2019 RON**	**2018 RON**
Tulcea Gaz	283,179	1,003,460
Distrigaz Sud Rețele	51,783,333	122,444,010
Romanian Commodities Exchange	3,008	-
Total	**52,069,520**	**123,447,470**

10. CORPORATE INCOME TAX

The total expenditure of the year is reconciled with the accounting profit as follows:

	2019 RON	**2018 RON**
Current corporate income tax		
Current corporate income tax	43,108,302	43,737,629
Deferred tax		
Related to the temporary differences	8,564,287	(4,740,879)
Corporate income tax costs recorded in the profit and loss account	**51,672,589**	**38,996,750**
Comprehensive income statement		
Revaluation-related deferred tax	6,889,962	-
Actuarial gains / (losses)	(381,277)	(216,159)
Corporate income tax recorded in the comprehensive income statement	**6,508,685**	**(216,159)**

(The amounts are expressed in RON, unless otherwise provided)

10. CORPORATE INCOME TAX (continued)

The reconciliation between the accounting profit and the corporate income tax calculation is presented below:

	2019 RON	2018 RON
Gross accounting profit	**387.376.864**	**494,923,766**
Corporate income tax at the statutory tax rate (16%)	61.980.298	79,187,803
Impact of non-deductible expenses and non-taxable revenues	(6.886.622)	(34,530,583)
Tax credit (sponsorship costs and allowance)	(3.421.087)	(5,660,470)
Corporate income tax costs recorded in the profit and loss account	**51.672.589**	**38,996,750**

Non-deductible expenses and non-taxable revenues primarily concern provisions and value adjustments.

The reconciliation of the deferred corporate income tax with the corresponding items in the statement of financial position and the comprehensive income statement is as follows:

	Statement of financial position		Comprehensive income statement	
	December 31, 2019 RON	December 31, 2018 RON	2019 RON	2018 RON
Fiscal differences related to fixed assets	(187.597.058)	(175.695.251)	(11.901.807)	(12.827.850)
Depreciation of fixed assets	2.963.768	2.368.064	595.704	(183.067)
Impairments of financial investments	563.488	563.488	-	-
Impairments of investments in subsidiaries	10.730.573	12.769.192	(2.038.619)	12.769.192
Impairments of current assets	13.594.782	9.994.847	3.599.934	1.799.369
Revaluation reserves	(27.285.863)	(28.705.322)	1.419.459	2.143.032
Long-term employee benefits – different from actuarial gains and losses	3.188.755	3.085.764	(113.165)	1.029.792
Short-term employee benefits	1.862.179	1.987.970	(125.791)	10.409
Expenses with / (income from) deferred tax recognized in the profit and loss account			**(8.564.286)**	**4.740.879**
Deferred tax on assets - Wirom takeover	(3.512.315)	-	-	-
Deferred tax on fiscal loss - Wirom takeover	2.531.315	-	-	-
Actuarial gains and losses	381.277	(216.159)	381.277	(216.159)
Revaluation-related deferred tax	(6.889.962)	-	(6.889.962)	-
Expenses with / (income from) deferred tax recognized under other comprehensive income elements	-	-	**(6.508.685)**	**(216.159)**
Net deferred tax	**(189.469.061)**	**(173.847.407)**		
Recognized in the statement of financial position as follows:				
Deferred tax – receivable	35.816.137	30.985.484		
Deferred tax – liability	(225.285.198)	(204.832.891)		
Deferred tax – net item	**(189.469.061)**	**(173.847.407)**		

Considering the Shareholders' General Extraordinary Assembly of April 10, 2019, which passed the approval in principle of the absorption-based merger of Brăila Winds and Alizeu Eolian subsidiaries with ENGIE Romania, starting from December 31, 2018, the Company recognised a deferred tax - receivable amounting to 12,769,192 RON for the deductible temporary difference resulted from the impairment loss on the investments in Brăila Winds and Alizeu Eolian subsidiaries.

10. CORPORATE INCOME TAX (continued)

During the Engie Romania Shareholders' General Extraordinary Assembly of September 11, 2019, the Company approved opting out of the absorption-based project of merging Brăila Winds and Alizeu Eolian subsidiaries.

Considering the assumptions that lead to estimating future profits based on the two wind farms' operations, the Company maintained the deferred tax - receivable for these deductible temporary differences as at December 31, 2019, pertaining to the impairment basis of tangible assets.

The temporary difference was obtained as at December 31, 2019 in the form of the difference between the tax basis as at December 31, 2019, amounting to 409,6 million RON and the accounting basis (adjusted according to the value in use) for Brăila Winds and Alizeu Eolian, as at December 31, 2019, amounting to 342.5 million RON.

At the end of each fiscal year, this judgement shall be updated should there be any circumstantial changes.

(The amounts are expressed in RON, unless otherwise provided)

11. TANGIBLE ASSETS

	Lands RON	Buildings RON	Facilities RON	Machinery, equipment and motor vehicles RON	Furniture and accessories RON	Constructions in progress RON	Total RON
Cost or fair value							
As at January 1, 2018	**116,539,178**	**317,069,979**	**2,791,743,523**	**560,333,459**	**15,770,173**	**193,649,466**	**3,995,105,778**
Receipts	-	-	-	-	-	243,085,775	243,085,775
Disposals	-	(118,914)	(121,636)	(13,605,043)	(676,445)	-	(14,522,038)
Transfer from investments in progress	-	9,436,880	109,885,416	59,619,080	1,464,009	(180,405,385)	-
As at December 31, 2018	**116,539,178**	**326,387,945**	**2,901,507,303**	**606,347,496**	**16,557,737**	**256,329,856**	**4,223,669,515**
Wirom Gas takeover		3,863,507	56,984,005	5,732,618	174,386	1,301,284	68,055,800
Revaluation	15,231,607	30,833,311					46,064,918
Revaluation-related transfer (cancellation of cumulated amortisation)		(52,592,563)					(52,592,563)
Receipts	-	-	-	-	-	284,331,219	284,331,219
Disposals	-	(46,222)	(7,320,944)	(35,122,175)	(47,558)	-	(42,536,899)
Transfer from investments in progress	-	23,282,553	132,609,853	48,414,232	5,807,012	(210,113,650)	
As at December 31, 2019	**131,770,785**	**331,728,531**	**3,083,780,217**	**625,372,171**	**22,491,577**	**331,848,709**	**4,526,991,990**
Amortisation and impairment adjustments							
As at January 1, 2018	-	**16,062,390**	**709,762,347**	**331,501,578**	**10,681,732**	**93,571**	**1,068,101,618**
Year amortisation	-	16,587,198	81,131,440	54,169,095	1,821,779		153,709,512
Disposals	-	(7,829)	(26,657)	(7,798,905)	(675,369)	-	(8,508,760)
Depreciation / (Depreciation reversal)	-	-	(1,144,170)	-	-	(93,571)	(1,237,741)
As at December 31, 2018	-	**32,641,759**	**789,722,960**	**377,871,768**	**11,828,142**		**1,212,064,629**
Wirom Gas takeover		267,823	1,808,437	929,303	80,014		3,085,577
Revaluation (cancellation of cumulated amortisation)		(52,592,563)					(52,592,563)
Year amortisation	-	19,978,152	77,482,241	53,173,089	2,089,716	-	152,723,198
Disposals	-	(27,349)	(3.637,739)	(32,934,001)	(47,558)	-	(36,646,647)
Depreciation / (Depreciation reversal)	-	-	3,723,148	-	-	-	3,723,148
As at December 31, 2019	-	**267.822**	**869,099,047**	**399,040,159**	**13,950,314**	-	**1,282,357,342**
Net book value							
As at December 31, 2019	**131,770,785**	**331,460,708**	**2,214,681,170**	**226,332,012**	**8,541,263**	**331,848,709**	**3,244,634,647**
As at December 31, 2018	**116,539,178**	**293,746,185**	**2,111,784,343**	**228,475,728**	**4,729,595**	**256,329,856**	**3,011,604,887**

(The amounts are expressed in RON, unless otherwise provided)

11. TANGIBLE ASSETS (continued)

The total value of the investments made in 2019 amounts to 297.7 million RON (2018: 254.2 million RON), of which 284.3 million RON as tangible assets (2018: 243.1 million RON) and 13.4 million RON as intangible assets (2018: 11.1 million RON). The Company's main investments comprise the distribution network rehabilitation, connections to the gas grid, meters and technical equipment.

Assets held under financial lease

As at December 31, 2019, the Company does not have any financial lease contracts concluded for fixed assets.

Sold and leased tangible assets

The Company did not have throughout 2019 any tangible assets subsequently sold and leased.

Revaluation of fixed assets

The most recent revaluation of all the tangible assets was carried out on December 31, 2007, by an independent valuator, its purpose being to determine both the market fair values of the fixed assets and the remaining operating lives. The valuation was recorded as per OMFP 1752/2005 and the value determined following this valuation was used as assumed cost for all the tangible assets, with the exception of lands and buildings.

As at December 31, 2019, the Company had the lands and buildings revaluated by an independent valuator. The purpose of this revaluation was to establish the market fair value of these assets.

The fair value was determined in relation to market information, using the market-based approach (the market comparison), the cost-based approach and the income-based approach (level 3 on the fair value measurement hierarchy) – the main input data being price per sq m and lease per sq m. The valuation techniques applied by the independent valuator are in compliance with the International Valuation Standards.

Furthermore, as at December 31, 2019, the Company performed the fiscal revaluation of the special buildings and constructions, in order to have them taxed, pursuant to the provisions of ANEVAR GES 500 Valuation Standards «Establishing the taxable value of buildings».

The statement of revaluation reserves, following the revaluation performed as at December 31, 2019, was as follows:

Revaluation	Revaluation as per GD 1553/2003	Revaluation as at December 31, 2007	Revaluation as at December 31, 2010	Revaluation as at December 31, 2013	Revaluation as at December 31, 2016	Revaluation as at December 31, 2019	Total revaluations as at December 31, 2019
Lands	1,586,819	78,086,315	4,904,769	2,157,336	3,733,496	15,441,995	105,910,730
Buildings/Stations	12,668,763	18,263,691	518,044	10,476,333	36,470,596	37,396,529	115,793,956
Total	14,255,582	96,350,007	5,422,813	12,633,668	40,204,092	52,838,524	221,704,686

The results of the revaluation as at December 31, 2019 were recorded as follows:

	Revaluation 2019
Revaluation reserve increases	52,838,524
Revaluation reserve decreases	(9,776,261)
Revaluation-based losses recorded under profit and loss	(2,894,674)
Revaluation-based increases recorded under profit and loss	5,897,330

(The amounts are expressed in RON, unless otherwise provided)

11. TANGIBLE ASSETS (continued)

If the land and the buildings had been accounted for using the historical cost principle, the net book value would have been as follows:

	Lands	Buildings
As at December 31, 2018		
Cost	26,113,788	418,475,346
Cumulated value adjustments	-	204,725,349
Net book value	26,113,788	213,749,998
As at December 31, 2019		
Cost	26,113,788	442,004,706
Cumulated value adjustments	-	217,985,881
Net book value	26,113,788	224,018,825

Assets encumbered by guarantees

The Company does not have any fixed assets encumbered by guarantees.

The value of fully amortised tangible assets
The gross book value of fully amortised tangible assets, net of the collected subsidy, which are still in use as at December 31, 2019, is 274,684,115 RON (2019: 284,349,050 RON).

Provisions for depreciations of fixed assets
As at December 31, 2019, the Company recorded a provision amounting to 18,523,549 RON (2019: 14,800,401 RON), for the depreciation of fixed assets (pipelines and branchings in particular), for the fixed assets comprised in the Scrapping Plans for 2020 (and 2019, respectively).

The Company checked for other internal or external indications of depreciation, but could not identify any.

12. INTANGIBLE ASSETS

	Licences and concessions RON	IT systems RON	Intangible assets in progress RON	Total RON
Cost				
As at January 1, 2018	**21,074,351**	**71,657,814**	**2,725,974**	**95,458,139**
Receipts	-	-	11,144,927	11,144,927
Disposals	-	-	-	-
Transfer from investments in progress	1,115,118	3,568,330	(4,683,448)	-
As at December 31, 2018	**22,189,469**	**75,226,144**	**9,187,453**	**106,603,066**
Wirom Gas takeover	28,738			28,738
Receipts	-	-	13,387,553	13,387,553
Disposals	-	-	-	-
Transfer from investments in progress	1,811,979	14,439,482	(16,251,461)	-
As at December 31, 2020	**24,030,186**	**89,665,626**	**6,323,545**	**120,019,357**
Amortisation and impairment adjustments				
As at January 1, 2018	**17,898,280**	**55,649,575**	-	**73,547,855**
Amortisation	2,000,879	6,618,883	-	8,619,762
Depreciation	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2018	**19,899,159**	**62,268,458**		**82,167,617**
Wirom Gas takeover	28,738			28,738
Amortisation	1,067,631	5,558,122	-	6,625,753
Depreciation	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2020	**20,995,528**	**67,826,580**	-	**88,822,108**
Net book value				
As at December 31, 2020	**3,034,658**	**21,839,046**	**6,323,545**	**31,197,249**
As at December 31, 2019	**2,290,310**	**12,957,686**	**9,187,453**	**24,435,449**

(The amounts are expressed in RON, unless otherwise provided)

13. FINANCIAL FIXED ASSETS

The Company's financial fixed assets are divided into:

1) Financial investments
2) Investments in subsidiaries
3) Investments in associates

13.1 Financial investments

	2019 RON	2018 RON
Book value as at January 1	**476,165**	**476,165**
Disposals	-	-
Book value as at December 31	**476,165**	**476,165**

	Equity interests %	Purchase cost RON	Impairment RON	Net value RON
2019				
Roman Brașov	1.19%	3,460,973	3,460,973	-
Other financial investments	<20%	536,995	60,830	476,165
Total		**3,997,968**	**3,521,803**	**476,165**
2018				
Roman Brașov	1.19%	3,460,973	3,460,973	-
Other financial investments	<20%	536,995	60,830	476,165
Total		**3,997,968**	**3,521,803**	**476,165**

In 2004, in order to facilitate the privatisation process, some of the Company's receivables were converted into shares with help from the Authority for State Assets Recovery ("AVAS"). As such, the Company obtained equity interests in companies undergoing the privatisation process, in accordance with GD 1249/2003, GD 1284/2004 and GEO 114/2003. The shares resulted from the conversion were transferred to AVAS pursuant to a protocol, in order to be sold. The total amount of the receivables, 3,521,802 RON, was provisioned for, being considered that the privatisation process of these companies was taking a particularly long time and entailed uncertainty in earning the equivalent value of the shares.

13.2 Investments in subsidiaries

	2020 RON	2019 RON
Book value as at January 1	**451,873,255**	**426,695,508**
Receipts – Wirom Gas purchase	11,870,000	-
Transfer from associates	9,782,058	-
Partition – Wirom - cancellation of equity interests in Wirom	(21,652,058)	-
DGSR – shares received following the Wirom partition	4,451,660	-
Depreciation reversal/carry-over	38,180,705	25,177,747
Book value as at December 31	**494,505,620**	**451,873,255**

The Company held an investment amounting to 48.85% in SC Wirom Gas SA, a natural gas distribution company serving Turnu Măgurele, Alexandria, Oltenița, Giurgiu and Corabia cities.
It became a consolidated subsidiary on March 1, 2019, when 51.15% of its share were purchased.
At the end of 2019, pursuant to as per Judicial Civil Ruling 2144/12.12.2019, Wirom Gas SA went through a partition process by having its assets and worth universally transferred to ENGIE Romania SA and Distrigaz Sud Rețele SRL, a transfer that included its assets and liabilities, as well as its rights and obligations.

(The amounts are expressed in RON, unless otherwise provided)

13. FINANCIAL FIXED ASSETS (continued)

The Company analysed the activity of its subsidiaries within the market context applicable to 2020, taking into account the results achieved and their financial position, and concluded the need for a partial reversal of the depreciation provision in the case of the wind-powered subsidiaries.

	Equity interests %	Purchase cost RON	Depreciation RON	Net value RON
2019				
Distrigaz Sud Rețele SRL	99.9722%	76,181,970	-	76,181,970
ENGIE Servicii SRL	99.99%	2,009,900	-	2,009,900
Brăila Winds SRL	99.99%	337,803,812	31,004,494	306,799,318
Alizeu Eolian SA	99.99%	191,815,701	82,301,269	109,514,432
Total		**607,811,383**	**113,305,763**	**494,505,620**
2018				
Distrigaz Sud Rețele SRL	99,9722%	71,730,310	-	71,730,310
ENGIE Servicii SRL	99,99%	2,009,900	-	2,009,900
Brăila Winds SRL	99,99%	337,803,812	52,970,911	284,832,901
Alizeu Eolian SA	99,99%	191,815,701	98,515,557	93,300,144
Total		**603,359,723**	**151,486,468**	**451,873,255**

Distrigaz Sud Retele SRL is a natural gas distribution company established on March 1, 2008. In accordance with the obligations stipulated by the Romanian and the European legislation applicable in the natural gas sector, the distribution activity of the former ENGIE Romania company was separated from the supply activity. The new company became the natural gas distribution service concession and distribution licence holder. Following the partition and integration of Congaz SA, the Company holds 99.9722% of the equity shares of Distrigaz Sud Rețele SRL. The own equity value at the end of 2019 is 170,693,616 RON (2018: 151,828,676 RON), of which 15,240,382 RON (2018: 14,350,048 RON) as reserves, and 64,023,691 RON (2018: 51,797,721 RON) as profit.

ENGIE Servicii SRL is a service provider in the natural gas sector, established on July 1, 2009, which took over the general and technical inspection and repair activities previously carried out by Distrigaz Sud Rețele SRL. This company's actual activity commenced on October 1, 2009. The company holds 99.99% of the equity shares of ENGIE Servicii SRL. The own equity value at the end of 2019 is 12,304,932 RON (2018: 3,978,441 RON), of which 402,000 RON (2018: 402,000 RON) as reserves, and 8,326,491 RON (2018: 274,803 RON) as profit.

Brăila Winds SRL was purchased by the Company in December 2011. The scope of business is the production of wind-powered electricity. The Company holds 99.995% of the equity shares of Braila Winds. The own equity value at the end of 2019 is 305,554,077 RON (2018: 284,832,911 RON), of which 5,859,354 RON (2018: 4,528,268 RON) as reserves, and 20,534,106 (2018: 15,586,326 RON) as profit.

Alizeu Eolian SA was purchased by the Company in 2012. The scope of business is the production of wind-powered electricity, the company managing to obtain at the end of 2013 the power producer licence. The Company holds 99.995% of the shares of Alizeu Eolian SA. The own equity value at the end of 2019 is 108,964,883 RON (2018: 93,300,150 RON), of which 3,276,104 RON (2018: 1,906,416 RON) as reserves, and 15,109,779 (2018: 10,314,725 RON) as profit.

The depreciation carried over at the end of 2019, for the investments in Brăila Winds and Alizeu Eolian subsidiaries, relies on the estimates of cash flows generated by the subsidiaries' business (values in use). Depending on the future trends of the electricity price, but also on the green certificate regulations, changes in this depreciation may occur.

(The amounts are expressed in RON, unless otherwise provided)

13. FINANCIAL FIXED ASSETS (continued)

Since 2014, the management has been performing the financial asset depreciation test where there were indications that their book value might be impaired. The depreciation found is, basically, a result of the current market condition prospects on the prices for energy and green certificates, which significantly affected the profitability of Alizeu Eolian and Brăila Winds subsidiaries. Considering this market trend, the Company revised the business plan for the remaining lifetime of the projects (2020-2033 for Alizeu Eolian and 2020-2032 for Brăila Winds).

The depreciation test the management performed as at December 31, 2019 entailed determining the recoverable value of the cash-generating units, corresponding to the values in use. The value in use is the updated value of the future cash flows estimated to be provided by a cash-generating unit.

Cash flow projections rely on the financial budgets approved by management, which cover the estimated useful life of wind farms, keeping in mind the approved amendments that supplement the legislation on the system designed to promote energy production from renewable energy sources (GEO 27/2017 on amending Law no. 220/2008). The discount rate (post-tax) taken into account was 8.3% (2018: 8.2%).

The balance of deferred green certificates, pertaining to the 2013-2017 interval and present as at December 31, 2019, is estimated to be traded in 2020 - 2031. The cash flow projection included the assumption of receiving a green certificate per MWh produced over the period starting with 2020 (an assumption that remained unchanged compared with the test of the previous year).

Another major factor influencing the value of future cash flows is the price of green certificates. The value employed in the model is 29.4 EUR, using the assumption that it will remain constant over the entire period (2020 - 2031). The energy price was estimated based on internal and external sources. The annual production intervals range between 128.8 GWh and 131 GWh, the equivalent of a 30% average capacity factor.

The value in use of cash-generating units, in the case of Brăila Winds and Alizeu Eolian, as at December 31, 2019 is 342.5 million RON. A 5% change in the energy price every year, all other variables staying unchanged, will lead to changes in the recoverable value by approximately 18.7 million RON. A 1% change in the discount rate, all other variables staying unchanged, will lead to changes in the recoverable value by approximately 18.4 million RON.

13.3 Investments in associates

	2019 RON	2018 RON
Book value as at January 1	**13.066.854**	**13.066.854**
Receipts	-	-
Transfer to subsidiaries	(9,782,058)	-
Book value as at December 31	**3,284,796**	**13,066,854**

(The amounts are expressed in RON, unless otherwise provided)

13. FINANCIAL FIXED ASSETS (continued)

	Equity interests %	Purchase cost RON	Depreciation RON	Net value RON
2019				
Tulcea Gaz	30.00%	3,284,796	-	3,284,796
Total		**3,284,796**	**-**	**3,284,796**
2018				
Tulcea Gaz	30.00%	3,284,796	-	3,284,796
Wirom Gas	48,85%	9,782,058		9,782,058
Total		**13,066,854**	**-**	**13,066,854**

Tulcea Gaz SA is a natural gas distribution company, located in Tulcea county, the majority shareholder of which is Infochem International SA (59.35%). Its scope of business consist in the supply and distribution of gas across Tulcea county. The own equity value at the end of 2019 is 17,491,006 RON (2018: 16,052,879 RON), of which 5,129,434 RON (2018: 5,847,572 RON) as reserves, and 1,438,128 RON (2018 loss: 718,138 RON) as profit.

14. OTHER FINANCIAL ASSETS / LIABILITIES

14.1 Other financial assets

	2019 RON	2018 RON
Cash flow hedging instruments through other comprehensive income elements		
Cash flow hedging instruments	8,671,868	-
Total financial instruments at fair value	**8,671,868**	**-**
Loans and receivables		
Loans to subsidiaries (Note 24)	154,332,469	154,332,469
Receivables from cash pooling with subsidiaries (Note 24)	4,367,916	12,153,615
Other receivables	604,568	231,246
Total loans and receivables	**159,304,953**	**166,717,330**
Total other assets	**167,976,821**	**166,717,330**
Short-term total	**13,039,784**	**12,153,615**
Long-term total	**154,937,037**	**154,563,715**

Throughout 2019, hedge accounting was not applied.

The details on the loans granted to subsidiaries as at December 31, 2019 is presented below:

	Alizeu Eolian
Amount granted	154,332,469
Subject matter of the loan	Investments
Maturity date	March 2024
Reimbursement	In full at maturity
Withdrawals	The amounts were withdrawn in March 2014
Interest	Fixed

(The amounts are expressed in RON, unless otherwise provided)

14. OTHER FINANCIAL ASSETS / LIABILITIES (continued)

14.2 Other financial liabilities

	2019 RON	2018 RON
Fair value of derivatives – liability	-	6,635,239
Other financial liabilities		
Liabilities from cash pooling with subsidiaries (Note 24)	554,034,973	580,848,746
Total other financial liabilities	**554,034,973**	**587,483,985**
Short-term total	**554,034,973**	**587,483,985**
Long-term total	-	-

14.3 Interest-bearing loans

The Company has also contracted the following credit facilities:

Lender	UniCredit	BRD	Raiffeisen
Amount granted	90 million RON	90 million RON	24 million RON
Type	Medium-term non-binding general-purpose loan	Non-binding general-purpose credit facility	General-purpose intraday overdraft facility
Withdrawals	The amounts were not withdrawn by December 31, 2019	The amounts were not withdrawn by December 31, 2019	The amounts were not withdrawn by December 31, 2019
Guarantees	Movable mortgage on bank accounts	Movable mortgage on bank accounts	No security
Amount granted	100 million RON	170 million RON	
Type	General-purpose overdraft	Non-binding general-purpose credit line	
Withdrawals	The amounts were not withdrawn by December 31, 2019	The amounts were not withdrawn by December 31, 2019	
Guarantees	No security available	Movable mortgage on bank accounts	

As at December 31, 2020, the Company also enjoyed the following letter of bank guarantee facilities:

- A credit line with B.R.D. - Groupe Societe Generale S.A., in the form of a facility to issue letters of bank guarantee for a total amount of 450,000,000 RON, valid until 30.10.2020 (the total balance used being 155,847,790 RON, of which 65,000 EUR, 154,809,962 RON ENGIE Romania, 727,224 RON WIROM Gas);

- A credit line with UniCredit Bank S.A., in the form of a facility to issue letters of bank guarantee for an amount of 450,000,000 RON, valid until 31.03.2021 (the balance used being 238,769,321 RON);

- A credit line with Raiffeisen Bank, in the form of a facility to issue letters of bank guarantee for an amount of 350,000,000 RON, valid until 30.04.2020 (the balance used being 56,462,801 RON);

- A credit line with BNP Paribas Fortis SA/NV Bruxelles Sucursala Bucuresti, in the form of a facility to issue letters of bank guarantee for a total amount of 450,000,000 RON (the balance used being 221,918,237 RON).

(The amounts are expressed in RON, unless otherwise provided)

15. STOCKS

	2019 RON	of which taken over from Wirom RON	2018 RON
Gas	787,186,129	7,793,752	364,505,612
Spare parts	10,817	7,875	-
Total	**787,196,946**	**7,801,627**	**364,505,612**

The Company uses the weighted average cost method as a stock assessment method.

The natural gas stock value includes only the value of the gas molecule, whereas the related services, such as storage and transportation, are directly recorded under costs.
The gas purchase and electricity purchase costs are presented in the global income statement. Other expenses in relation to stocks are non-significant.

16. RECEIVABLES

	2019 RON	of which taken over from Wirom RON	2018 RON
Trade receivables	893,886,028	15,414,192	1,049,320,358
Receivables from affiliated parties (Note 24)	126,734,269		352,354,983
Customers - invoices to be issued	523,660,534	4,144	568,398,404
Value adjustments for projected impairment losses	(195,591,716)	(676,376)	(173,287,766)
Total	**1,348,737,388**	**14,741,960**	**1,796,785,979**

In general, trade receivables have a 30-90-day payment deadline and, failing payment, penalties shall be calculated.

The Company recorded a value adjustment for projected impairment losses, amounting to 195,591,716 RON, as at December 31, 2019 (2019: 173,287,766 RON). This adjustment covers the risk of default in relation to doubtful customers and was set up considering the equivalent value of both gas/electricity consumption invoices issued and to be issued and the penalty ones.

The variations displayed by the value adjustments for impairments of receivables were as follows:

	Total RON
As at January 1, 2018	**146,043,547**
Increases throughout the year	353,700,729
Amounts used	4,394,834
Reversals throughout the year	(330,851,344)
As at December 31, 2018	**173,287,766**
Increases throughout the year	354,552,199
Amounts used	32,281,072
Reversals throughout the year	(365,205,698)
Taken over from Wirom Gas	676,376
As at December 31, 2020	**195,591,716**

(The amounts are expressed in RON, unless otherwise provided)

16. RECEIVABLES (continued)

The analysis of receivables, by maturity date, and of value adjustments for each customer category is presented below:

2019	**Total**	**Within deadline**	**0-90**	**90-120**	**121-365**	**> 1 year**
Receivables of household / non-household customers	1,013,584,312	898,467,778	43,273,315	1,645,857	14,654,131	55,543,232
Provision for customers	89,645,259	12,520,841	7,361,769	785,504	13,622,474	55,354,671
% Provisioning percentage	9%	1%	17%	48%	93%	100%
Receivables of large customers	403,962,250	277,380,899	46,887,402	4,557,922	59,963,767	15,172,259
Provision for large customers	105,946,457	26,256,044	11,920,243	3,856,419	50,846,953	13,066,798
% Provisioning percentage	26%	9%	25%	85%	85%	86%
2018	**Total**	**Within deadline**	**0-90**	**90-120**	**121-365**	**> 1 year**
Receivables of household / non-household customers	1,228,218,708	1,140,254,472	23,039,092	1,067,439	11,478,368	52,379,338
Provision for customers	74,628,001	8,587,953	4,579,070	659,733	10,401,466	50,399,780
% Provisioning percentage	6%	1%	20%	62%	91%	96%
Receivables of large customers	389,500,054	257,743,261	65,495,444	7,090,778	2.240	59,168,331
Provision for large customers	98,659,765	19,096,544	27,938,981	4,063,602	808	47,559,831
% Provisioning percentage	25%	7%	43%	57%	36%	80%

17. OTHER RECEIVABLES AND CURRENT ASSETS

Other receivables and current assets comprise:

	2019 RON	**Taken over from Wirom RON**	**2018 RON**
Receivables from levies and taxes	2,950,088	52,706	2,720,613
Sundry debtors	2,893,071	145,406	3,151,913
Other receivables	-	-	615,729
Other short-term receivables	**5,843,159**	**198,112**	**6,488,255**
Advance payments to suppliers	7,736,202	4,458,241	90,252,842
Deferred expenses	7,308,818	-	1,424,583
Advance payments and deferred expenses	**15,045,020**	**4,458,241**	**91,677,425**
Total	**20,888,179**	**4,656,353**	**98,165,680**

(The amounts are expressed in RON, unless otherwise provided)

18. CASH AND CASH EQUIVALENTS

As at December 31, 2019 and 2018, the net resources are as follows:

	2019 RON	Taken over from Wirom RON	2020 RON
Cash and cash at bank	49,469,121	13,495,700	128,619,639
Other cash equivalents	27,474	-	26,272
Short-term bank deposits	651,154,498	-	761,659,171
Short-term deposits with ENGIE Treasury Management	208,319,493	-	200,801,621
Green certificates	-	-	4,436,519
Total	**908,970,586**	**13,495,700**	**1.095,543,222**

According to the treasury policy, the Group's cash is considered in relation to an acceptable investment risk issued by the rating agencies. The liens on cash at bank are presented in note 25.

The treasury of ENGIE Romania Group is managed in a centralised manner in order to optimise the Group's cash flows and financial outturn. The centralising entity is ENGIE Romania, whereas Distrigaz Sud Rețele, ENGIE Servicii, ENGIE Buildings Solutions, Brăila Winds and Alizeu Eolian companies are silent entities.

Of the total amount in the bank accounts, the restricted amounts as at December 31, 2019 and 2018 consist in:

	2020 RON	Taken over from Wirom RON	2019 RON
Guarantees set up by customers	301,963	203,895	94,754
Guarantees set up by managers	28,881		18,046
Other securities	254,467		252,490
Total	**585,311**	**203,895**	**365,290**

19. SHARE CAPITAL AND RESERVES

19.1 Share capital

	Number of shares	Nominal value RON	Share capital RON	Adjustment for hyperinflation RON	Share premiums RON	Total RON
Balance as at January 1, 2018	**19.924.553**	**10**	**199.245.530**	**58.057.818**	**653.633.485**	**910.936.833**
Changes Ian. - Dec. 2018	-	-	-	-	-	-
Balance as at December 31, 2018	**19.924.553**	**10**	**199.245.530**	**58.057.818**	**653.633.485**	**910.936.833**
Changes Ian. - Dec. 2019	-	10	10	-	2.176.321	2.176.331
Balance as at December 31, 2019	**19.924.554**	**10**	**199.245.540**	**58.057.818**	**655.809.806**	**913.113.164**

As at December 31, 2019, the share capital of ENGIE Romania amounts to 199,245,540 RON in total, comprising 19,924,554 nominal shares amounting to 10 RON/share, distributed as follows:

(The amounts are expressed in RON, unless otherwise provided)

19. SHARE CAPITAL AND RESERVES (continued)

Shareholding structure	Number of shares	Value in RON	%
Romania Gas Holding	10,160,466	101,604,660	50.994700
The Romanian State – by means of the Ministry of Energy	7,371,320	73,713,200	36.996162
Fondul Proprietatea	2,390,698	23,906,980	11.998753
GDF International SAS	2	20	0.000010
Cogac S.A.S.	1	10	0.000005
Local council of M. Kogalniceanu Town	1,034	10,340	0.005190
Local council of Cogealac Town	620	6,200	0.003112
Local council of Ovidiu City	206	2,060	0.001034
Local council of Medgidia County	206	2,060	0.001034
ENGIE Dezvoltare și Consultanță	1	10	0.000005
Total	**19,924,554**	**199,245,540**	**100.000000**

The Company's share capital is fully paid as at December 31, 2020.

The Company does not hold any redeemable shares or preference shares. All of the issued shares are ordinary shares.

The share premium as at December 31, 2019 increased following the partition and integration of Wirom Gas SA by 2,176,321 RON, reaching the amount of 655,809,806 RON.

19.2 Legal reserve

The legal reserve is created in accordance with the provisions of Companies Law, pursuant to which 5% of the annual accounting profit is transferred to the legal reserves, until their balance reaches 20% of the Company's share capital. If this reserve is used in full or in part to cover losses or to distribute under any form (such as the issuance of new shares in line with the Companies Law), it shall become taxable. The Company management do not estimate they will use the legal reserve in such a way as to render it taxable (except for the case stipulated in the Fiscal Code, where the reserve set up by legal entities that supply utilities to trading companies undergoing a restructuring, reorganising or privatisation process may be used to cover impairments of the stake obtained following the receivable conversion procedure, whereas the amounts intended for the subsequent replenishment of the reserve are deductible as part of the taxable profit calculation).

The legal reserve set up as at December 31, 2019 (including the reserve of 1,312,441 RON taken over from Wirom Gas) is 49,014,519 RON.

19.3 Other reserves

Other reserves primarily consist in the reserve from the investment development share (December 31, 2019 and December 31, 2018: 159,433,888 RON), which was created in line with the Romanian legislation in force from the gross profit, and may be used by the Company strictly for investments in the natural gas distribution network. If it is used for other purposes, the reserve becomes taxable in full. The management do not intend to use this reserve. The Company took over, upon integrating Wirom Gas SA, the amount of 3,505,007 RON, representing allocations from the profit invested during the 2006-2008 period.

Furthermore, the Company is unable to distribute the balance of the revaluation reserves (December 31, 2019: 220,013,839 RON, December 31, 2018: 188,036,348 RON); these reserves may be distributed only after they are realised and transferred to the balance carried forward. The statement of financial position presents the revaluation reserves reduced with the deferred tax associated to them.

The balance carried forward includes the revaluation surplus, recorded in accordance with OMF 3055/2009 and OMFP 1752/2005, achieved until April 1, 2009, pertaining to the revaluation performed by the Company as at December 31, 2007 and amounting to 165,254,136 RON, to be taxed should the Company use this reserve (distribution of dividends or a different use). The management do not intend to use this reserve.

(The amounts are expressed in RON, unless otherwise provided)

20. PROVISIONS

	Provision for litigations RON	Other provisions RON	Total RON
As at January 1, 2018	**3,313,812**	**15,700,000**	**19,013,812**
Provisions set up throughout the year	1,985,471	-	1,985,471
Provisions carried over under revenues	(3,000,000)	(4,199,645)	(7,199,645)
Provisions used		(3,500,355)	(3,500,355)
As at December 31, 2018	**2,299,283**	**8,000,000**	**10,299,283**
Provisions set up throughout the year	2,382,612	-	2,382,612
Provisions carried over under revenues	(41,077)	(1,000,000)	(1,041,077)
Provisions used	(94,556)	-	(94,556)
As at December 31, 2019	**4,546,262**	**7,000,000**	**11,546,262**
As at December 31, 2018			
In the short term	2,299,283	-	2,299,283
In the long term	-	8,000,000	8,000,000
As at December 31, 2019			
In the short term	4,546,262	-	4,546,262
In the long term	-	7,000,000	7,000,000

The Company set up provisions for the litigations in progress as at the reporting dates.

21. EMPLOYEE BENEFITS

	2019 RON	2020 RON
Net liabilities at the start of the period	30,359,831	25,209,558
Expenses with additional provisions	4,495,254	7,344,299
Reversals of provisions	2,382,542	-
Provisions used	(3,286,306)	(2,194,026)
Net liabilities at the end of the period	**33,951,321**	**30,359,831**

As at December 31, 2019, the Company holds a provisions amounting to 22,312,700 RON (2018: 17,935,016 RON) for long-term benefits granted to salaried employees.

The other provisions for salaried employee benefits are in the short term and concern both the performance company bonus and performance bonuses.

(The amounts are expressed in RON, unless otherwise provided)

22. SUPPLIERS AND OTHER CURRENT LIABILITIES

	2019 RON	Taken over from Wirom RON	2018 RON
Suppliers	874,853,546	4,946,824	1,120,119,726
Liabilities to affiliated parties (Note 24)	164,804,066	-	203,041,484
Total suppliers – trade payables	**1,039,653,712**	**4,946,824**	**1,323,621,210**
Advance payments from customers	89,846,455	-	59,160,801
Sundry creditors	82,084,985	-	66,376,099
Salaries payable and related contributions	8,173,262	-	7,015,481
VAT payable	88,355,907	-	93,654,491
Excise and other duties	3,405,453	-	7,494,529
Other short-term liabilities	6,222,648	-	7,323,598
Total other short-term liabilities	**278,088,710**	**-**	**241,024,998**
Total suppliers and current liabilities	**1,317,742,422**	**4,946,824**	**1,564,186,208**

The “suppliers” balance decrease as at December 31, 2019 was largely determined the decrease of natural gas purchase prices in 2029, following the 68 RON/MWh price cap imposed on the gas purchased from domestic producers in order to cover the consumption of household consumers.

23. DIVIDENDS

The end purposes of the accounting profit is emphasized in the accounting records during the year when the shareholders’, or the associates’, general assembly has approved the appropriation of profit by registering the amounts representing dividends due to shareholders or associates, reserves and other purposes, in accordance with the law. No modifications are allowed to the profit appropriation records.

The 2019 net outturn will be appropriated in line with the Decision of the Shareholders’ General Ordinary Assembly.

	2019 RON	2018 RON
Dividends paid throughout the year	136,778,084	168,622,248
Dividends/share (RON/share)	6.86	8.86

24. PRESENTATION OF AFFILIATED PARTIES

The Company’s affiliated parties are:

Company name	Nature of the relationship
ENGIE	Parent company
Distrigaz Sud Rețele	Subsidiary
ENGIE Servicii	Subsidiary
Brăila Winds	Subsidiary
Alizeu Eolian	Subsidiary
ENGIE Building Solutions	Subsidiary of ENGIE Servicii
Tulcea Gaz	Associate
ENGIE Dezvoltare și Consultanță	Member of ENGIE Group
ENGIE Treasury Management	Member of ENGIE Group
Depomures	Member of ENGIE Group
ENGIE Energy Management Romania	Member of ENGIE Group

(The amounts are expressed in RON, unless otherwise provided)

24. PRESENTATION OF AFFILIATED PARTIES (continued)

The details of transactions and balances with the affiliated parties, for the years 2019 and 2020, are:

Sales from transactions with affiliated parties		2019 RON	2018 RON
ENGIE	Electricity sales	-	21,286
	Gas sales	370,270	1,841,227
	Other services	1,977,484	866,974
	Deposit interest	8,168,491	6,571,194
	Total	**10,516,245**	**9,300,681**
Distrigaz Sud Rețele	Leases of assets	438,568,745	440,116,262
	Provision of support services	136,033,157	130,226,351
	Technological consumption invoice	132,087,926	120,053,552
	Connections to the distribution network	34,866,442	9,554,933
	Dividends	51,783,333	122,444,010
	Total	**793,339,602**	**822,395,108**
ENGIE Servicii	Leases of assets	111,975	108,073
	Sales of fixed assets	18,534	5,918,839
	Gas sales	35,345	50,295
	Provision of support services	5,316,139	5,402,300
	Other revenues (cash pooling interest)	225,645	298,099
	Total	**5,707,638**	**11,777,606**
Brăila Winds	Provision of support services	2,004,453	2,116,433
	Balancing services	5,903,238	6,154,037
	Leases of assets	9,000	36,000
	Electricity sales	453,414	478,791
	Total	**8,370,105**	**8,785,261**
Alizeu Eolian	Provision of support services	1,836,702	1,820,714
	Balancing services	6,557,721	6,848,687
	Other revenues (loan interest)	7,041,419	7,041,419
	Leases of assets	9,000	36,000
	Electricity sales	184,572	1,168,243
	Total	**15,629,414**	**16,915,063**
ENGIE Building Solutions	Support services	20,000	20,000
	Other revenues	60,570	8,540
	Total	**80,570**	**28,540**
Tulcea Gaz	Gas sales	2,597,787	-
	Other revenues	48,644	-
	Dividends	283,179	1,003,460
	Total	**2,929,610**	**1,003,460**
Wirom Gas	Gas sales	-	**21,952,256**
Depomures	Contract for services	200,000	200,000
	Electricity sales	93,916	61,516
	Total	**293,916**	**261,516**
ENGIE Energy Management Romania	Gas sales	3,731,157	2,274,850
	Other revenues	354,032	-
	Total	**4,085,190**	**2,274,850**
ENGIE Dezvoltare și Consultanță	Provision of support services	50,760	50,329
Total sales from transactions with affiliated parties		**841,003,050**	**894,744,669**

(The amounts are expressed in RON, unless otherwise provided)

24. PRESENTATION OF AFFILIATED PARTIES (continued)

Purchases from transactions with affiliated parties and dividends paid		2019 RON	2018 RON
ENGIE	Electricity purchases	-	40,355
	Gas purchases	271,863,099	66,961,836
	Management services	5,938,416	5,095,115
	Software licence and maintenance	5,806,937	4,130,753
	Other purchases	1,459,846	1,377,408
	Total	**285,068,298**	**77,605,466**
ENGIE	Dividends paid	**69,749,584**	**85,988,409**
Distrigaz Sud Rețele	Natural gas distribution services	822,004,983	795,112,473
	Purchases of materials	43,956	56,384
	Cash pooling interest	9,552,544	7,098,308
	Quality-related services	140,000	140,000
	Works follow-up services (capitalised)	93,500,197	75,214,176
	Total	**925,241,680**	**877,621,340**
ENGIE Servicii	Miscellaneous – technical inspections, verifications	60,625,716	54,641,002
	Facility management	12,469,589	10,790,264
	Other purchases	559,483	237,200
	Purchases of assets	132,641	-
	Total	**73,787,430**	**65,668,466**
Brăila Winds	Electricity purchases	20,224,060	23,841,035
	Purchases of green certificates	20,563,389	21,309,177
	Cash pooling interest	2,498,294	1,606,908
	Total	**43,285,743**	**46,757,119**
Alizeu Eolian	Electricity purchases	21,340,015	24,410,916
	Purchases of green certificates	22,311,037	22,238,413
	Cash pooling interest	1,508,466	914,746
	Total	**45,159,518**	**47,564,075**
Tulcea Gaz	Natural gas distribution	60,687	343,459
	Gas purchases	2,243,326	-
	Total	**2,304,013**	**343,459**
Wirom Gas	Natural gas distribution	-	**990,890**
Depomures	Gas storage (including injection and extraction)	25,482,472	19,121,796
ENGIE Building Solutions	Energy efficiency services	2,966,440	2,687,753
	Cash pooling interest		1,335
	Total	**2,966,440**	**2,689,088**
ENGIE Energy Management Romania	Gas purchases	**28,009,832**	**-**
Administrators	Allowances	**370,095**	**363,426**
Total purchases from transactions with affiliated parties		**1,501,425,106**	**1,224,713,535**

(The amounts are expressed in RON, unless otherwise provided)

24. PRESENTATION OF AFFILIATED PARTIES (continued)

Receivables from affiliated parties		2019 RON	2018 RON
ENGIE	Trade receivables	**1,231,092**	**2,096,691**
Distrigaz Sud Rețele	Trade receivables	**118,459,579**	**313,488,948**
ENGIE Servicii	Trade receivables	656,785	406,866
	Cash pooling	1,181,403	11,383,967
	Total	**1,838,188**	**11,790,833**
ENGIE Building Solutions	Trade receivables	545,217	5,950
	Cash pooling	3,186,514	769,648
	Total	**3,731,730**	**775,598**
Brăila Winds	Trade receivables	**877,346**	**3,925,557**
Wirom Gas	Trade receivables	**-**	**26,123,185**
Alizeu Eolian	Long-term loan	154,332,469	154,332,469
	Trade receivables	1,931,028	5,278,647
	Total	**156,263,497**	**159,611,115**
Tulcea Gaz	Trade receivables	**1,175,666**	-
Depomures	Trade receivables	**67,158**	**73,298**
ENGIE Dezvoltare și Consultanță	Trade receivables	**53,666**	**40,483**
ENGIE Energy Management Romania	Trade receivables	**1,736,732**	**915,358**
ENGIE Treasury Management	Deposit	**208,319,493**	**200,801,621**
Total Receivables from affiliated parties		**493,754,147**	**719,642,687**

Liabilities to affiliated parties		2019 RON	2018 RON
ENGIE	Trade payables	14.831.903	16.442.060
Distrigaz Sud Rețele	Cash pooling	353.544.270	421.807.225
	Trade payables	131.423.589	166.477.295
	Total	**475.061.267**	**588.284.520**
ENGIE Servicii	Trade payables	9.279.089	7.500.102
	Total	**9.279.089**	**7.500.102**
Brăila Winds	Cash pooling	124.082.147	99.810.134
	Trade payables	2.189.953	4.003.971
	Total	**126.272.100**	**103.814.105**
Alizeu Eolian	Cash pooling	76.408.556	59.231.279
	Trade payables	2.287.900	4.980.581
	Total	**78.696.455**	**64.211.860**
ENGIE Building Solutions	Trade payables	734.777	890.004
	Cash pooling	-	108
	Total	**734.777**	**890.112**
Engie Energy Management Romania	Trade payables	7.699.452	-
Wirom Gas	Trade payables	-	166.815
Tulcea Gaz	Trade payables	11.143	58.898
Depomures	Trade payables	1.299.557	2.521.759
Liabilities to affiliated parties		**718.839.039**	**783.890.230**

(The amounts are expressed in RON, unless otherwise provided)

24. PRESENTATION OF AFFILIATED PARTIES (continued)

The receivables from affiliated parties and the liabilities to affiliated parties are not backed by guarantees. In general, the deadlines for the payment of liabilities and the collection of receivables are 20 days. All the transactions are carried out at market prices.

25. COMMITMENTS AND CONTINGENCIES

The 2020 investment budget amounts to 382,510,672 RON (2018: 286,632,973 RON). The largest portion of the expenditure provided in the budget concerns the extension, modernisation and replacement of the current pipeline and branching system, as well as the modernisation and retrofitting of available facilities and setting up new distributions.

The details of the 2020 investment budget appears as follows:

Distribution system rehabilitation	182,500,000
Pipeline extensions, CNG, specific technical equipment	142,500,000
Other investments	57,510,672
Total	**382,510,672**

Furthermore, as of 2011, the Company received the approval to carry out, using structural funds, two investment projects intended to upgrade the natural gas network (13,699,638 RON). The subsidies are granted with the approval of the Ministry of Economy, Trade and Business Environment, together with the Intermediate Agency for Energy. The investment projects were carried out and commissioned as at December 31, 2015.

According to the financing agreements, the obligations throughout the sustainability period (5 years after the completion of the projects) are as follows:

- to fulfil the progress and outcome benchmarks, as they have been stipulated in the contracts, and to report them on a yearly basis to AM POS CCE (*Management Authority for Sectoral Operational Programme - Increase Economic Competitiveness*) / OIE (*Intermediate Agency for Energy*);
- to keep and make available to OIE, AM POS CCE, the Certification and Payment Authority, the Audit Authority, EC and to any other body qualified to verify the manner in which non-reimbursable funds are used, all the original documents;
- not to carry out significant changes throughout the Project implementation and sustainability periods and to maintain the investment over a period of at least 5 years following the final payment date, under the penalty of having the Agreement terminated, the provision of non-reimbursable funds ceased and the full amounts granted up to that point returned, in accordance with the national legislation.

Natural gas

As at December 31, 2019, the Company had concluded contracts for the purchase of domestically sourced and imported natural gas, in order to secure the consumption requirements of household and non-household customers and to meet the requirements on accumulating the minimum storage stocks, for the initially estimated quantity of 15.1 TWh, of which 0.2 TWh pertaining to Wirom Gas (15.5 TWh as at 31.12.2018).

At the end of 2020, the Parent company had also concluded natural gas storage and transportation contracts with gas service suppliers, amounting to 201.1 million RON (of which 1.4 million RON pertaining to Wirom Gas) (2018: 228.6 million RON).

Environmental protection costs

At present, it appears that increased attention is paid in Romania to the environmental protection subject matter.

The role of the Romanian environment-related legislation is to prevent environmental pollution and degradation and to implement measured suitable to this purpose, to protect human health, to rationally capitalise on renewable and non-renewable resources and to maintain a national ecological balance.

25. COMMITMENTS AND CONTINGENCIES (continued)

The legal provisions and the other environment-related regulations applicable to activities with an impact upon the environment, carried out within our company, are included in the following normatives:

- Emergency Ordinance no. 195/2005 on the protection of the environment;
- Decision no. 1756/2006 on restricting the noise emission levels produced by equipment intended for use outside buildings;
- Law no. 104/2011 on ambient air quality;
- Decision no. 856/2002 on waste management records and the approval of the hazardous waste list;
- Law 211/2011 on the waste regime;
- GD no. 1061/2008 on the transportation of hazardous and non-hazardous waste across Romania's territory;
- Order no. 135/2010 on the procedure to assess the environmental impact and to issue environmental permits;
- Emergency Ordinance no. 196/2005 on the Environmental Fund;
- Order no. 549/2006 on approving the model and content of the "Declaration on the obligations to the Environmental Fund" form;
- Order no. 70/2019 on amending and supplementing Order no. 591/2017 of the Deputy Prime Minister and the Minister of the Environment on approving the model and content of the "Declaration on the obligations to the Environmental Fund" form and the instructions to fill out and submit said form;
- Law no. 121/2014 on energy efficiency.

In 2019, the environmental protection costs amounted to 6,394,311 RON and materialised into:

- Programs of measures to comply with the environmental legislation (contribution to the la Environmental Fund) 102 RON;
- Energy efficiency measures (including the thermal rehabilitation of buildings): 6,132,760 RON;
- Measures on selective collection, temporary storage and disposal of Group household waste: 243,810 RON;
- Programs to maintain the Environmental quality – OHS integrated Management System: 17,639 RON in expenses made.

In 2019, ENGIE Romania was neither involved in any major environmental pollution incidents, nor taken to court for damage inflicted upon the environment.

Lease contracts

As at December 31, 2019, the Company did not have any lease contracts concluded.

(The amounts are expressed in RON, unless otherwise provided)

25. COMMITMENTS AND CONTINGENCIES (continued)

Guarantees for contractual obligations

In order to guarantee the fulfilment of contractual obligations, the Company issued the following letters of bank guarantee:

Issuer	Beneficiary	Amount	Currency	Validity
UNICREDIT	ROMGAZ	151,642,258	RON	02.06.2020
BRD	OMV PETROM	103,553,422	RON	02.06.2020
BNP Paribas	OMV PETROM	73,170,720	RON	25.01.2021
BNP Paribas	ROMGAZ	23,294,250	RON	11.03.2020
UNICREDIT	OMV PETROM	21,054,075	RON	15.01.2020
UNICREDIT	OPCOM	20,000,000	RON	31.12.2020
BNP Paribas	OMV PETROM	19,569,521	RON	02.06.2020
RAIFFEISEN BANK	TRANSGAZ	16,232,386	RON	02.03.2020
BNP Paribas	TRANSGAZ	15,166,025	RON	01.04.2020
UNICREDIT	ROMANIAN COMMODITIES EXCHANGE	15,000,000	RON	07.12.2020
RAIFFEISEN BANK	TRANSGAZ	12,753,862	RON	02.03.2020
BNP Paribas	TRANSGAZ	11,119,196	RON	01.04.2020
BNP Paribas	OMV PETROM	9,000,000	RON	10.11.2020
RAIFFEISEN BANK	TRANSGAZ	7,975,744	RON	02.06.2020
BNP Paribas	TRANSGAZ	7,600,000	RON	16.01.2020
BRD	NUCLEARELECTRICA	6,306,456	RON	25.01.2020
BRD	NUCLEARELECTRICA	6,088,056	RON	25.01.2020
UNICREDIT	COMPLEX ENERGETIC OLTENIA	5,315,328	RON	15.03.2020
BNP Paribas	TRANSGAZ	5,219,340	RON	30.01.2020
BNP Paribas	TRANSGAZ	5,094,163	RON	02.12.2020
UNICREDIT	ROMANIAN COMMODITIES EXCHANGE	5,000,000	RON	25.04.2020
BRD	ROMANIAN COMMODITIES EXCHANGE	4,750,000	RON	31.01.2020
RAIFFEISEN BANK	TRANSGAZ	4,606,680	RON	02.12.2020
BRD	NUCLEARELECTRICA	4,462,363	RON	26.01.2021
UNICREDIT	COMPLEX ENERGETIC OLTENIA	4,040,400	RON	25.01.2020
RAIFFEISEN BANK	TRANSGAZ	3,728,918	RON	02.03.2020
BRD	NUCLEARELECTRICA	3,712,800	RON	25.01.2020
BRD	NUCLEARELECTRICA	3,510,000	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	3,410,628	RON	25.01.2020
RAIFFEISEN BANK	TRANSGAZ	3,409,150	RON	02.06.2020
BNP Paribas	HIDROELECTRICA	3,371,628	RON	25.01.2020
UNICREDIT	COMPLEX ENERGETIC OLTENIA	3,356,028	RON	25.01.2020
BRD	NUCLEARELECTRICA	3,137,628	RON	25.01.2020
BRD	HIDROELECTRICA	3,000,000	RON	06.02.2020
BRD	OMV PETROM	2,962,056	RON	02.06.2020
UNICREDIT	COMPLEX ENERGETIC OLTENIA	2,640,816	RON	15.03.2020
UNICREDIT	COMPLEX ENERGETIC OLTENIA	2,626,992	RON	15.03.2020
BNP Paribas	HIDROELECTRICA	2,455,280	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	2,444,000	RON	25.01.2020
BNP Paribas	JOINT ALLOCATION OFFICE	2,389,250	RON	15.01.2021
BNP Paribas	MET ROMANIA ENERGY	2,380,150	RON	30.04.2020
BNP Paribas	TRANSGAZ	2,306,637	RON	30.01.2020
BRD	ELECTRIC PLANNERS	2,067,078	RON	25.01.2020
BRD	ENTREX SERVICES S.R.L.	2,028,780	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	2,005,058	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	1,969,500	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	1,957,800	RON	25.01.2020
UNICREDIT	OPCOM	1,785,000	RON	25.07.2020
BNP Paribas	HIDROELECTRICA	1,760,850	RON	25.01.2020
BRD	AXPO ENERGIE ROMANIA	1,731,600	RON	25.01.2020
UNICREDIT	TRANSELECTRICA	1,716,000	RON	21.01.2020
BRD	TRANSELECTRICA	1,680,342	RON	31.01.2021

(The amounts are expressed in RON, unless otherwise provided)

25. COMMITMENTS AND CONTINGENCIES (continued)

Issuer	Beneficiary	Amount	Currency	Validity
BNP Paribas	HIDROELECTRICA	1,678,014	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	1,670,214	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	1,576,614	RON	25.01.2020
BNP Paribas	ENERGY DISTRIBUTION SERVICES	1,531,562	RON	30.04.2020
BNP Paribas	HIDROELECTRICA	1,514,214	RON	25.01.2020
RAIFFEISEN BANK	CEZ VANZARE	1,461,254	RON	25.01.2020
BNP Paribas	Electrica Furnizare	1,314,306	RON	25.01.2021
BNP Paribas	Electrica Furnizare	1,310,134	RON	25.01.2021
RAIFFEISEN BANK	TRANSGAZ	1,079,385	RON	02.03.2020
RAIFFEISEN BANK	DISTRIBUTIE ENERGIE OLTENIA	1,054,843	RON	10.01.2020
BNP Paribas	PRIMARIA BUSTENI	1,034,800	RON	01.06.2020
BNP Paribas	HIDROELECTRICA	1,012,928	RON	25.01.2020
BNP Paribas	HIDROELECTRICA	1,011,104	RON	25.01.2020
BRD	VIENNA ENERGY FORTA NATURALA SRL	1,004,672	RON	25.01.2020
UNICREDIT	ROMANIAN COMMODITIES EXCHANGE	1,000,000	RON	31.12.2020
	OTHERS	23,416,220	RON	
	TOTAL	**670,228,478**		

Guarantees related to contracted loans

For the revolving credit lines contracted with B.R.D. – Groupe Société Générale S.A. and UniCredit Bank S.A., as well as for the letter of bank guarantee issuance facilities contracted with B.R.D. – Groupe Société Générale S.A., UniCredit Bank S.A. and Raiffeisen Bank S.A., the Company placed under a lien the resources in the accounts opened with the respective banks.

The Company's balance includes guarantees set up by customers, managers, treasurers and administrators, amounting to 381,417 RON, including the amount of 203,895 RON taken over from WIROM Gas SA (2018: 365,290 RON).

The Company received the following guarantees (letters of bank guarantee, insurance policies, promissory notes, deposits) for the performance of the various types of contracts:

Guarantee type	Issuer	Beneficiary	Amount	Currency	Validity
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	81,805,280	RON	31.12.2019
SGB	BCR	OMV PETROM	73,170,720	RON	11.01.2021
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	13,500,000	RON	31.12.2019
SGB	BCR	OMV PETROM	9,000,000	RON	25.11.2020
PCG	AIK GROUP	AIK GROUP	7,000,000	RON	31.12.2019
SGB	CITI BANK	CEZ VANZARE	5,821,200	RON	25.01.2020
SGB	UNICREDIT	SDEE TRANSILVANIA SUD	4,602,444	RON	25.01.2020
SGB	ALPHA BANK	NUCLEARELECTRICA	3,541,318	RON	25.01.2020
SGB	ALPHA BANK	NUCLEARELECTRICA	3,418,678	RON	25.01.2020
SGB	Banca Transilvania	ELECTRICA FURNIZARE	3,017,916	RON	27.01.2020
SGB	Banca Transilvania	ELECTRICA FURNIZARE	2,334,150	RON	25.01.2021
PCG	AIK GROUP	AIK GROUP	2,333,400	RON	31 12.2019
SGB	Banca Transilvania	ELECTRICA FURNIZARE	2,326,740	RON	25.01.2021
PCG	S.C. PAYZONE S.A./PAYPOINT PLC	S.C. PAYZONE S.A./PAYPOINT PLC	2,300,000	RON	31.12.2019
SGB	Banca Transilvania	COMPLEX ENERGETIC OLTENIA	2,268,840	RON	27.01.2020
SGB	BRD	DELGAZ GRID	2,254,098	RON	25.01 2020
SGB	BRD	DELGAZ GRID	2,230,536	RON	25.01.2020
SGB	UNICREDIT	ELECTRICA FURNIZARE	2,145,000	RON	25.04.2020
SGB	ALPHA BANK	NUCLEARELECTRICA	2,084,880	RON	25 01.2020
SGB	EXIM BANK	ALRO S.A.	2,069,886	RON	25.01.2020
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	2,000,000	RON	31.12.2019
SGB	ALPHA BANK	NUCLEARELECTRICA	1,971,000	RON	25.01.2020
SGB	BCR	HIDROELECTRICA	1,915,199	RON	25.01.2020
SGB	OTP BANK	ENERGY DISTRIBUTION SERVICES	1,911,760	RON	31.12.2020
SGB	OTP BANK	ENERGY DISTRIBUTION SERVICES	1,911,760	RON	25.01.2021

(The amounts are expressed in RON, unless otherwise provided)

25. COMMITMENTS AND CONTINGENCIES (continued)

Guarantee type	Issuer	Beneficiary	Amount	Currency	Validity
SGB	BCR	HIDROELECTRICA	1,893,297	RON	25.01.2020
SGB	RAIFFEISEN BANK	COMPLEX ENERGETIC OLTENIA	1,883,400	RON	25.01.2020
SGB	Banca Transilvania	ELECTRICA FURNIZARE	1,766,700	RON	27.01.2020
SGB	ALPHA BANK	NUCLEARELECTRICA	1,761,899	RON	25,01.2020
SGB	Banca Transilvania	ELECTRICA FURNIZARE	1,704,300	RON	27.01.2020
SGB	Banca Transilvania	ELECTRICA FURNIZARE	1,554,300	RON	27.01_2020
SGB	OTP BANK	ENERGY DISTRIBUTION SERVICES	1,531,562	RON	30.04.2020
SGB	BRD	ENEL ENERGIE MUNTENIA	1,508,958	RON	25.01.2020
SGB	Banca Transilvania	HIDROELECTRICA	1,363,464	RON	25.01.2020
SGB	Banca Transilvania	HIDROELECTRICA	1,357,200	RON	25.01.2020
SGB	Banca Transilvania	INFORM LYKOS SA	1,356,503	RON	04.05.2020
SGB	BRD	DELGAZ GRID	1,312,546	RON	25.01.2020
SGB	BRD	DELGAZ GRID	1,312,546	RON	25.01.2020
SGB	RAIFFEISEN BANK	ALIVE CAPITAL	1,200,000	RON	25,07.2022
SGB	OTP BANK	ELECTRIC PLANNERS	1,160,744	RON	20.01.2020
SGB	UNICREDIT	ENTREX SERVICES	1,139,238	RON	25.01.2020
SGB	UNICREDIT	HIDROELECTRICA	1,113,447	RON	25.01.2020
SGB	Banca Transilvania	HIDROELECTRICA	1,105,950	RON	25.01.2020
SGB	Banca Transilvania	HIDROELECTRICA	1,099,380	RON	25.01.2020
SGB	BRD	DISTRIBUTIE ENERGIE OLTENIA	1,054,843	RON	10,01.2020
BO	RAIFFEISEN BANK	C-GAZ& ENERGY DISTRIBUTIE	1,000,000	RON	31.12.2019
SGB	UNICREDIT	HIDROELECTRICA	988,785	RON	25,01.2020
SGB	RAIFFEISEN BANK	AXPO ENERGIE ROMANIA	972,360	RON	25.01.2020
SGB	BCR	HIDROELECTRICA	942,269	RON	25.01.2020
SGB	BCR	HIDROELECTRICA	937,889	RON	25,01.2020
SGB	RAIFFEISEN BANK	OMV PETROM GAS	906,387	RON	15.02.2020
SGB	BCR	HIDROELECTRICA	885,329	RON	25.01.2020
SGB	BCR	HIDROELECTRICA	850,289	RON	25.01.2020
INSURANCE POLICY	EXIM BANK	INTERGUARD SRL	582,559	RON	26.08.2020
SGB	UNICREDIT	VIENNA ENERGY FORTA NATURALA SRL	557,914	RON	25.01.2020
SGB	BCR	HIDROELECTRICA	534,538	RON	25,01.2020
SGB	UNICREDIT	HIDROELECTRICA	389,172	RON	25.01.2020
SGB	BCR	MOBILE DISTRIBUTION	300,000	RON	12.05.2020
BO	BCR	EVA ENERGY	250,000	RON	31,12.2019
BO	BCR	EVA ENERGY	250,000	RON	31.12.2019
BO	BCR	EVA ENERGY	250,000	RON	31.12.2019
BO	BCR	EVA ENERGY	250,000	RON	31.12.2019
BO	BCR	EVA ENERGY	250,000	RON	31,12.2019
BO	BCR	EVA ENERGY	250,000	RON	31.12.2019
INSURANCE POLICY	GROUPAMA	INFO PROT IMPEX	228,546	RON	09.12.2020
PCG	VITOL HOLDING BV	VITOL HOLDING BV	2,000,000	EUR	30.11.2020
SGB	ING Bank	ORANGE ROMANIA SA	27,924	EUR	15.12.2024
INSURANCE POLICY	CertAsig	ACCURATE BUSINESS	27,578	EUR	30.11.2022
SGB	ALPHA BANK	TELEKOM ROMANIA COMUNICATIONS SA	23,488	EUR	26.12.2018
SGB	Banca Transilvania	SII IT&C SERVICES	21,942	EUR	03.08.2020
SGB	BCR	PRIMATECH SRL	20,000	EUR	08.04.2020
SGB	CITY INSURANCE	VEHICLE MANAGEMENT	17,964	EUR	19.07.2021
SGB	UNICREDIT	ATOS IT SOLUTIONS Romania	15,282	EUR	24.12.2021
SGB	UNICREDIT	NEATWORK FACILITY MANAGEMENT	15,000	EUR	01.08.2022
SGB	UNICREDIT	STAR STORAGE SRL	14,225	EUR	15.09.2022
INSURANCE POLICY	CITY INSURANCE	S&T ROMANIA SRL	10,927	EUR	01.02.2021
		Others	628,167	RON	
		Others	67,198	EUR	
TOTAL			**277,319,286**	**RON**	
TOTAL			**2,261,528**	**EUR**	

PCG – Parent company guarantee
SGB – Letter of bank guarantee
BO – Promissory note

(The amounts are expressed in RON, unless otherwise provided)

25. COMMITMENTS AND CONTINGENCIES (continued)

Furthermore, the Company has set up guarantees, for the quality of the investment works, in the form of gradual withholdings from invoices, as follows:

Counterparty	Issuer	Amount
CONI SRL	BCR	4,889,389
IRIGC IMPEXSRL	BRD	1,543,724
INSPET SA	Garanti Bank	1,039,010
AVIPROD GRUP	BCR	1,037,651
MIRAL INSTAL COMPANY SRL	BRD	628,865
INSTANT CONSTRUCT COMPANY	CEC	527,751
GETIMROM INSTAL SRL	BCR	518,976
ELSTER AEROTEH SRL	BNP PARISBAS Fortis Bank	437,559
INSTPRO SRL	BCR	404,893
INSTAL PROIECT GAZ SRL	Piraeus Bank	401,299
MIRAL INSTAL COMPANY SRL	BCR	391,963
ROCIP INSTAL SRL	BCR	351,568
STRACO GRUP SRL	UniCredit Tiriac Bank	347,503
TEX ART CONCEPT SRL	RIB	332,475
CALIN SERVICE TOTAL SRL	BRD	328,401
ANTOPREST ACTIV SRL	BRD	323,204
BOGART BUILDING MANAGEMENT	Raiffeisen Bank	308,396
ACVATOT SRL	BRD	246,508
INSTAL GAZ IMPEXSRL	BCR	220,446
DHM PRINTING&ADVERTISING	Banca Transilvania	200,848
PRO ACVA INSTAL SRL	Raiffeisen Bank	199,536
TOTAL GAZ INDUSTRIE SA	BRD	197,815
MITREA PREST SRL	BCR	181,616
GOGAN SRL	Banca Transilvania	174,752
PETROCONST	BRD	169,696
GIMVEST SRL	Piraeus Bank	161,903
GESIC PROD SRL	BRD	159,017
INSTERMON SRL	BRD	151,205
ARENA COM SRL	Banca Transilvania	144,238
ROCIP INSTAL SRL	BRD	142,849
DIMAR SRL	BRD	137,987
PROSPER GAZ SRL	Raiffeisen Bank	137,065
COFELY BUILDING SERVICES&MAINTENANCE	Raiffeisen Bank	134,605
AEROTEH SA	BRD	134.53
STAR P&G Braila	Garanti Bank	112,697
TRANSELECTRONIC PROD SRL	BCR	103,785
	OTHER	1,948,388
TOTAL		**18,872,113**

Insurance policies

In 2019, the Company had the following insurance policies concluded:

Third party liability

In order to lower the liability risk in the event of damages incurred by third parties as both natural persons and legal entities, through the fault of ENGIE Romania SA, the liability policy for this risk was renewed and it covers, in addition to the Company’s liability for damages caused to third parties, its liability for accidental pollution, the employer’s liability to their employees and professional liability. This insurance is part of the ENGIE Group program, being negotiated at a centralised level and valid for the 01.07.2019 - 30.06.2020 interval. The insurance is also valid for Distrigaz Sud Rețele, ENGIE Servicii, ENGIE Building Solutions, Brăila Winds, Alizeu Eolian – companies with a co-insured status.

25. COMMITMENTS AND CONTINGENCIES (continued)

Insurance on buildings and property among the company's assets

In 2019, ENGIE Romania SA had a building and property insurance concluded for the office at 4-6 Mărășești Blvd., District 4, Bucharest, as well as for operational headquarters in the territory, with a 3-year validity, the insurer being Asigurarea Românească – ASIROM VIENNA INSURANCE GROUP SA.

Other types of insurances concluded

- The insurances concluded for the car fleet of ENGIE Romania SA comprise the civil liability insurance for car owners (RCA) and the optional motor-vehicle insurance policy (CASCO). These insurance policies were contracted by means of Marsh Broker de Asigurare - Reasigurare S.R.L., who acted as a broker for the Company pursuant to an insurance service brokerage contract valid until 06.09.2020. The car fleet of ENGIE Romania SA is ensured (CASCO and RCA policies) by GROUPAMA ASIGURARI SA pursuant to a contract concluded on 23.10.2018 and valid for 3 years.

- ENGIE Romania SA has a private healthcare insurance contract concluded with GROUPAMA on 01.06.2018, valid over a 36-month period, intended to cover the medical services accessed, as per the contractual conditions, by the employees and their dependants (adult and/or minor) in Romania, within REGINA MARIA network, as well as outside it.

Transfer price

In accordance with the relevant fiscal legislation, the fiscal evaluation of a transaction carried out with affiliated parties is underpinned by the concept of market price pertaining to the respective transaction. Pursuant to this concept, the transfer prices have to be adjusted so as to reflect the market prices that would have been set forth among entities among which no affiliation relationship exists and which act independently, based on the "normal market conditions".

The fiscal authorities may conduct verifications of the transfer prices in the future in order to determine whether the respective prices comply with the "normal market conditions" principle, so that the Romanian taxpayer's taxable basis should not be distorted.

Local taxes

Property owner's tax

In regard to lands under the state's public or private property and under concession, leased or made available for use, the property owner's tax represents the fiscal task applicable to statutory undertakers, lessees or holders of rights to use. The Company benefits from lands made available for use by mayor's offices, lands on which it owes property owner's tax.

Other commitments and contingencies

The Network Code

Starting from November 1, 2016, ANRE has implemented certain changes in the Network Cods as per Order 75/2016. One of these changes concerns the suppliers' obligation to calculate capacity overruns (additional capacities beyond what was reserved) on a daily basis (beforehand, these were calculated on a monthly basis).

In February 2017, the Company received from Transgaz invoices amounting to 46 million RON (VAT-inclusive) related to capacity overruns, for the months of November and December 2016. The Company's interpretation of the provisions in the Network Code was that these costs should only amount to 16 million RON (VAT-inclusive) and, as such, the Company did not recognise in its financial statements a liability or a provision for the difference of 30 million RON resulted from the different interpretation by Transgaz of the same provisions.

25. COMMITMENTS AND CONTINGENCIES (continued)

Considering this difference in interpreting the legislative framework, the Company and Transgaz requested that ANRE clarify the situation. At the end of May 2017, ANRE issued a decision in favour of the Transgaz interpretation, and the Company paid the unrecognised difference of 30 million RON (as well as all the subsequent invoices). Consequently, the Company recorded this amount in the 2017 profit and loss account and does not consider it an error that should be rectified in the opening balance and in the comparative figures. At the same time, the Company appealed in court the ANRE decision and obtained in trial court its annulment. The trial is in progress as at the signing date of the financial statements, the date of the following court appearance being April 14, 2021.

Litigations

At the end of 2019, ENGIE Romania is in litigation with various mayor's offices due to the roads being left unpaved following the network replacement and maintenance works. Furthermore, the Company was taken to court primarily for litigations related to work and to certain ownership rights. The Company recorded provisions (Note 20) for litigations where it deems a disposal of resources to be likely, for an amount best estimated for such disposal of resources.

26. OBJECTIVES OF, AND POLICIES FOR, THE MANAGEMENT OF FINANCIAL RISKS

The Company's main financial liabilities are trade payables and loans (via the cash-pooling mechanism with the subsidiaries). The main purpose of these trade payables is to finance the Company's operations, as well as to provide guarantees in support thereof.

The Company's main financial assets are trade receivables, cash and cash equivalents, deposits with affiliated parties, cash-pooling with subsidiaries and loans to subsidiaries, investments in subsidiaries and associates.

As at December 31, 2019, the management estimate that the book value is approximately equal to the fair value for all of the Company's financial assets and liabilities, with the exception of investments in subsidiaries and associates, due to the short maturity dates and/or interest rate modification deadlines (for variable interests), as well as due to the low trading costs. In regard to investments in subsidiaries and associates, as well as the loans granted to them, their fair value cannot be estimated. All of the Company's financial assets and liabilities are at Level 3 of the fair value hierarchy, with the exception of cash and cash equivalents, found at Level 1.

The Company is primarily exposed to the credit risk, the market risk and the liquidity risk. The Company leaders supervise the management of these risks. All the activities concerning derivatives, intended to manage the risks, are performed by teams of specialists with suitable skills and experience. The Company's policy is not to perform transactions with derivatives for speculative gains.

The Management Board reviews and approves the management policies of each of these risks, presented in brief below.

The market risk

The market risk is the risk that the fair value of the future cash flows of an instrument will fluctuate due to changes in market prices. Market prices present risks of four varieties: the interest rate risk, the foreign exchange risk, the commodity price risk and the risk related to other prices, such as the share price risk.

<u>The commodity price risk – natural gas</u>

The Company operates both on the regulated market and on the free market for the benefit of natural gas consumers.

26. OBJECTIVES OF, AND POLICIES FOR, THE MANAGEMENT OF FINANCIAL RISKS (continued)

Given that the regulated market is underpinned by a pass-through mechanism, the Company is normally protected against the price risk in relation to the regulated customers, as any unfavourable evolution of the gas price (and, with it, of foreign exchange for imported gas) and of other recognised components of costs is transferred to the regulated customer by the regulatory authority.

The regulatory risk can appear in cases where ANRE does not acknowledge certain costs at their actual value or does not allow their subsequent recovery in accordance with the principles of the pass-through mechanism.

In regard to customers on the free market, the Company applies in relation to them pricing methods based on analyses starting from various scenarios on the evolution of costs for gas and related services, so that the risk associated to the evolution of costs should be lowered to an acceptable level.

<u>The commodity price risk – electricity</u>

The market risk is generated by the volatility of the prices used to trade in electricity. It is possible to witness a mismatch between the electricity purchase price and its selling price, a risk covered by means of a mechanism that passes costs through to customers and a hedging policy implemented across the Group.

<u>The interest rate risk</u>

The cash flow risk triggered by interest rates is the risk of interest expenses and interest income fluctuating because of variable interest rates. As at the date of these financial statements, the Company does not have any variable-rate interest-bearing loans.

Since the Company does not have interest-bearing financial assets or liabilities that could be measured at their fair value within the statement of financial position, it is not exposed to the fair value variation risk as a result of its fixed interest rates.

<u>The foreign exchange risk</u>

The foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of foreign exchange fluctuations primarily concerns the Company's operating activities where the income or expenditure is denominated in a currency different from the Company's functional currency.

The Company conducts transactions in currencies different from its functional currency (RON), primarily for natural gas imports expressed in USD.

The foreign exchange risk pertaining to the regulated segment is theoretically covered by the tariff formula elaborated by ANRE, which recognises the largest part of the gas cost under tariffs, except for the foreign exchange rate variation between the date when the import invoice is entered in the accounting records and the payment date. For this risk portion not covered by the tariff, the Company hedges itself by way of USD forward or spot purchases on the date when an invoice is entered in the accounting records.

As at December 31, 2019 and 2018, the Company's assets and liabilities expressed in foreign currencies different from RON did not generate a significant net exposure to the foreign exchange risk, having the following balances:

	Monetary assets		Monetary liabilities	
	2020 RON	2019 RON	2020 RON	2019 RON
USD	18,861,331	34,422,480	49,871,612	16,896,304
EUR	1,333,945	22,275,250	15,062,302	4,160,420

26. OBJECTIVES OF, AND POLICIES FOR, THE MANAGEMENT OF FINANCIAL RISKS (continued)

The credit risk

The credit risk is the risk that a counterparty might not fulfil its contractual obligations according to a customer contract or a financial instrument, thus causing the Company a financial loss. The Company is exposed to the credit risk resulted from its operating activities, primarily in relation to trade receivables, and from its financial activities, including its deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

The credit risk associated to the customers is managed by the Company pursuant to its internal procedures, subject to the risk policy set forth across the ENGIE Group, procedures according to which the risk class is calculated, decisions on maximum exposure are made and, where necessary, risk mitigation instruments are requested (e.g., bank guarantees, letters of bank guarantee issued by the customers' parent companies, advance payments).

The balance of receivables is monitored at the end of each reporting period and any major delivery to a customer is analysed. Depreciation indications are analysed as at each reporting date, based on payment delay intervals, but also on other specific information about significant individual debtors.

The maximum exposure to the credit risk as at the reporting date is represented by the book value of the receivables, as they are presented in Note 16 and Note 17.

Cash and cash equivalents, other financial assets

The credit risk resulted from balances with banks and financial institutions is managed by the Company's treasury department, according to the Company's policies.
The Company's maximum exposure to the credit risk, for cash and cash equivalents, is presented in Note 18, and for other financial assets in Note 14.1.

The Company limits the maximum exposure to each financial institution and has current accounts and deposits only with highly reputable banks.

Operational risks

Volume-related risks

Risks concerning volumes related to weather conditions

In the energy sector, significant weather changes (mainly temperature-related) from one year to the next can give birth to major fluctuations of volumes, with direct effects upon the Company's revenues. In the case of gas sales, unfavourable weather effects (higher temperatures) can lead to the failure to achieve estimated sales volumes.

Risks concerning volumes related to the competitive environment and the increase of final selling prices

On the free market, the Company is facing intense competition both from domestic producers and from the other well-established suppliers. This may lead to the loss of certain customers to competitors and, with it, of related volumes.

Furthermore, the successive increase of the final selling prices following the deregulation of the price for domestically sourced gas may lead to a consumption decrease for certain consumer categories, with an impact on the Company's sales volumes.

(The amounts are expressed in RON, unless otherwise provided)

26. OBJECTIVES OF, AND POLICIES FOR, THE MANAGEMENT OF FINANCIAL RISKS (continued)

Risks from the application of the Network Code provisions

As of November 1, 2016, each natural gas supplier is bound to make the daily balancing between sources and consumptions for the customers in their portfolio. If forecasts indicate possible imbalances, the supplier will try to cover the estimated surplus/deficit by means of transactions with other suppliers or on centralised markets. Since the spot prices used to perform the balancing are highly volatile, the supplier bears the risk of incurring additional costs.

In order to reduce this risk, the Company continuously improves its consumption estimating process and transfers this risk via the free market customer pricing system. On the regulated market, these costs should be recognised by ANRE based on the methodologies in force.

The liquidity risk

The Company monitors the risk of facing a lack of funds by employing a recurring liquidity planning instrument. The Company carefully plans and monitors cash flows in order to prevent this risk and is also able to contract funding from the main partner banks.

The table below provides details on the landscape of maturities for the Company's financial liabilities based on contractual payments not updated:

Million RON	< 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
December 31, 2019					
Bank loans (note 14.3)	-	-	-	-	**-**
Cash pooling / Loans (note 14.2)	554	-	-	-	**554**
Trade and other payables (note 22)	1,400	-	-	-	**1,400**
Provisions	-	5	-	7	**12**
Employee benefits	-	12	-	-	**12**
Current corporate income tax debts	-	-	-	-	**-**

Million RON	< 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
December 31, 2018					
Bank loans (note 14.3)	-	-	-	-	**-**
Cash pooling / Loans (note 14.2)	581	-	-	-	**581**
Trade and other payables (note 22)	1,564	-	-	-	**1,564**
Provisions	-	2	-	8	**10**
Employee benefits	-	12	-	-	**12**
Current corporate income tax debts	-	-	-	-	**-**

Capital management

The capital includes share capital and the reserves attributable to shareholders. The main goal of managing the Company's capital is that of securing a constantly strong credit rating and normal capital proportions in order to support its business and maximise shareholding value. Considering the Company's low indebtedness levels, it did not perform an active management of its capital throughout the fiscal years concluded on December 31, 2019 and 2018 and did not quantify any objectives in that respect.

Fair value measurement

As at December 31, 2019 and 2020, the Company does not have any financial assets or liabilities measured at fair value in the financial statements.

(The amounts are expressed in RON, unless otherwise provided)

27. SUBSEQUENT EVENTS

In early 2020, GEO 1/2020 was published, approving the following changes with an impact upon the manner in which the electricity and natural gas market operates:

- The level of monetary contributions due for licensed activities, set forth at 2% of the turnover achieved by economic operators through their business subject to the licences granted by ANRE pursuant to GEO 114/2018 / 19/2019, was eliminated;
- Until June 30, 2020, the producers that conduct both the extraction and the sale of natural gas sourced on the territory of Romania are bound to sell for the price of 68 lei/MWh, under the conditions regulated by ANRE, the natural gas quantities resulted from the current internal production activity and/or the storage deposits, to suppliers of household customers and heat producers, understood as strictly the natural gas quantity used to produce heat, in combined heat and power plants and heating plants, intended for public consumption. The measure only applies if the average market price, monitored by ANRE, while also keeping in mind the quantities and prices recorded on each market segment, exceed the 68 lei/MWh threshold;
- Starting from July 1, 2020, the household consumer natural gas supply market is deregulated.
- The deregulation of the household customer electricity supply market is set forth to take effect as of January 1, 2021;
- The 6.9% rate of return on invested capital, for the calculation of electricity and natural gas transmission and distribution tariffs remains in effect until the end of April 2020.

On March 16, 2020, the Company received the final Tax Audit Report, which marked the end of the inspection conducted by ANAF on the value added tax for the 2017-2018 period and the corporate income tax for the 2017 period. No significant errors were identified.

The international epidemiological situation determined by the spread of COVID-19 coronavirus debuted close to the reporting date and continued to develop throughout the period until the approval date of the financial statements. The company management analysed the situation generated by the COVID-19 coronavirus and considers it a subsequent event which does not adjusts the figures in the financial statements (in accordance with the provisions of OMF 2844/2016). As such, the financial results of the year concluded on December 31, 2019 shall not be influenced by this event.

As we found ourselves in the early stages of the event, the elevated level of uncertainties due to the unpredictable outcome of this virus makes it difficult to estimate its financial effects.

The financial statements on pages 3 – 65 were approved by the Management Board and authorised for issuance on April 15, 2020.

Eric Stab	**Anne-Marie Gestin**
President – Chief Executive Officer	Director, Financial, Purchases and General Business Directorate
Signature: [illegible]	Signature: [illegible]

Form **S1040_A1.0.1** Pursuant to OMFP[1] no. 2.844/2016 and OMFP 3781/23.12.2019 Valid form as of: 24.02.2020	**Annual accounting report***	Checksum **0**	Form type **IR**
		Reporting date **31.12.2019**	Year **2019**
Identification data ► ** Mandatory fields*	* Entity ENGIE ROMANIA SA	[√] **Annual accounting report** *Form S1040* [ ] Annual financial statement *Form S1041* [ ] The annual financial statements were approved according to the law	
[FORM VALIDATED]	* Registration number with the Trade Register J40-5447-2000 * Tax identification number 13093222		
	* Core business: CNAE Code – Activity designation 3523 - Trade of gas through mains		
	* Core business effectively conducted: CNAE Code – Activity designation 3523 - Trade of gas through mains		
	* Corporate form of ownership 34 – Joint-stock company	*Tick as the case may be* [√] **Large taxpayers who submit their balance sheet to Bucharest** [ ] Branch [ ] Net assets below half the subscribed capital	
	Street: Mărășești Blvd. — Number: 4-6		
	Building — Entrance — Apartment		
	Telephone — e-mail		
	* County: Bucharest Municipality — District: District 4		
	* Locality Bucharest		

Signatures ► ** Mandatory fields* *The electronic signature may only be applied after the successful completion of the form validation*	**Administrator** * Last name and first name ERIC STAB	**Drawn up** * Last name and first name ANNE-MARIE GESTIN	
Electronic signature	**Stamp:** [ENGIE Romania S.A. COMPANY J40/5447/2000] **Signature:** [illegible]	* Capacity 11 – Chief financial officer	
		Registration no. with the professional body	
		Tax identification code	
		Signature: [illegible]	

[1] OMFP – Order of the Minister of Public Finance

*) Annual accounting reports as at December 31, 2019, drawn up by entities subject to the Accounting regulations compliant with IFRS, approved as per Order of the Minister of Finance no. 2.844/2016, as subsequently amended and supplemented, provided by item 1.1 in Annex 3 to Order of the Minister of Finance no. 3781/2019 on the main matters related to the drawing up and submission of annual financial statements and annual accounting reports, by economic operators, to the Ministry of Finance territorial offices, as well as on regulating certain accounting matters.

Indicators *Fields with calculated values*	**Capital – total** 4,885,284,633	**Profit / loss** 335,704,275	**Subscribed capital** 199.245,540

CODE 10. STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY as at 31.12.2020 (lei)
The lines and correlations in the "Row no." column shall be taken into account instead of those in the "Row Code" column

Row code	**Element designation**	**Row no.**	**Current fiscal year balance as at:**	
			01.01.2019	**31.12.2019**
	A	B	1	2
	A. FIXED ASSETS			
	I. INTANGIBLE ASSETS			
01	1. Development expenses (acct. 203 - 2803 - 2903)	01		
02	2. Concessions rights, patents, licenses, trademarks and other similar rights and other intangible assets (acct. 205 + 208 - 2805 - 2808- 2905 - 2906 - 2908)	02	24,435,448	31,197,249
03	3. Goodwill (acct. 2071)	03		
04	4. Advances (acct. 4094 -4904)	04		
05	5. Intangible assets of harnessing and evaluation of mineral resources (acct. 206 - 2806 - 2907)	05		
06	**TOTAL (row 01 to 05)**	06	**24,435,448**	**31,197,249**
	II. TANGIBLE ASSETS			
07	1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2911 - 2912)	07	2,692,971,448	2.907,398,611
08	2. Technical equipment and machinery (acct. 213 + 223 - 2813 - 2913)	08	228,475,728	227,735,655
09	3. Other equipment, machinery and furniture (acct. 214 + 224 - 2814 - 2914)	09	4,729,596	8,541,265
10	4. Real estate investments (acct. 215 + 251* - 2815 - 285* - 2915 – 295*)	10		
11	5. Tangible assets in progress (acct. 231 - 2931)	11	256,118,764	323,390,917
12	6. Real estate investments in progress (acct. 235 - 2935)	12		
13	7. Tangible assets of harnessing and evaluation of mineral resources (acct. 216 - 2816 - 2916)	13		
14	8. Bearer plants (acct. 218 - 2818 - 2918)	14		
15	9. Advances (acct. 4093 - 4903)	15	211,093	8,457,793
16	**TOTAL (row 07 to 15)**	16	**3,182,506,629**	**3,475,524,241**
17	**III. PRODUCTIVE BIOLOGICAL ASSETS** (acct. 241 + 227 - 284 - 294)	17		
303	**IV. RIGHTS TO USE LEASED ASSETS** (acct. 251* - 285* - 295*)[1]	18		
	V. FINANCIAL FIXED ASSETS			
18	1. Shares in subsidiaries (acct. 261 - 2961)	19	451,873,255	494,505,620

	A	B	1	2
19	2. Loans to group entities (acct. 2671 + 2672 - 2964)	20	154,332,469	154,332,469
20	3. Shares in associated entities and jointly controlled entities (acct. 262 + 263 - 2962)	21	13,066,854	3,284,796
21	4. Loans to associated entities and jointly controlled entities (acct. 2673 + 2674 - 2965)	22		
22	5. Other long-term investments (acct. 265 - 2963)	23	476,167	476,166
23	6. Other loans (acct. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	24	231,247	604,568
24	**TOTAL (row 19 to 24)**	25	**619,979,992**	**653,203,619**
25	**FIXED ASSETS – TOTAL (row 06 + 16 + 17 + 18 + 25)**	26	**3,826,922,069**	**4,159,925,109**
	B. CURRENT ASSETS			
	I. STOCKS			
26	1. Raw materials and consumables (acct. 301 + 302 + 303 +/- 308 +321 + 322 +323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	27		10,817
27	2. Fixed assets held for sale (acct. 311)	28		
28	3. Work in progress (acct. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952)	29		
29	4. Finished goods and merchandise (acct. 326 + 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 +/-368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 – 4428)	30	364,505,612	787,186,129
30	5. Advances (acct. 4091 - 4901)	31	7,869,403	
31	**TOTAL (row 27 to 31)**	32	**372,375,015**	**787,196,946**
	II. RECEIVABLES			
32	1. Trade receivables (acct. 2675* + 2676 *+ 2678* + 2679* - 2966* - 2968* +411 + 413 + 418 - 491 - 494)	33	1,792,786,900	1,342,690,236
33	2. Advances paid (acct. 4092 - 4902)	34	175,094	7,736,202
34	3. Receivables from affiliated entities (acct. 451** - 495*)	35	12,153,615	4,367,964
35	4. Receivables from associated entities and jointly controlled entities (acct. 453** - 495*)	36		
36	5. Receivables arising from transactions with derivatives (acct. 4652)	37		8,671,868
37	6. Other receivables (acct. 425 + 4282 + 431** + 436** + 437** + 4382 + 441**+ 4424 + 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 461 + 4662 + 473** + 4762** - 496 + 5187)	38	52,100,469	54,654,859
38	7. Subscribed capital not paid (acct. 456 - 495*)	39		
301	8. Receivables representing dividends appropriated during the fiscal year (acct. 463)	40		
39	**TOTAL (row 33 to 40)**	41	**1,857,216,078**	**1,418,121,129**

40	**III. SHORT-TERM INVESTMENTS** (acct. 505 + 506 + 507 + 508* - 595 - 596 - 598 + 5113 + 5114)	42	966,897,311	859,473,991
41	**IV. PETTY CASH AND BANK ACCOUNTS** (acct. 508* + acct. 5112 + 512 + 531 + 532 + 541 + 542)	43	128,645,902	49,496,586
42	**CURRENT ASSETS – TOTAL (row 32 + 41 + 42 + 43)**	44	**3,325,134,306**	**3,114,288,652**
43	**C. DEFERRED EXPENSES** (acct. 471 + 474) **(row 46 + 47)**, of which:	45		**7,308,818**
44	Amounts to be carried over within a one-year period (acct. 471* + acct. 474*)	46	1,424,583	7,308,818
45	Amounts to be carried over within a period exceeding one year (acct. 471* + acct. 474*)	47		
	D. LIABILITIES: AMOUNTS TO BE PAID WITHIN A ONE-YEAR PERIOD			
46	1. Debenture loans given separately from convertible bonds (acct. 161 + 1681 -169)	48		
47	2. Bank loans (acct. 1621 + 1622 + 1624 + 1625 + 1627 +1682 + 5191 + 5192 + 5198)	49		
48	3. Advance payments from customers (acct. 419)	50	59,160,801	89.846,455
49	4. Trade payables to suppliers (acct. 401 + 404 + 408 + 4641)	51	1,236,953,786	1.033.606,562
50	5. Trade notes payable (acct. 403 + 405)	52		
52	6. Amounts due to group entities (acct. 1661 + 1685 + 2691 + 451***)	53	580,848,746	554.034,973
53	7. Amounts due to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453***)	54		
54	B. Payables arising from transactions with derivatives (acct. 4651)	55	6,635,239	
55	9. Other payables, including debts to the state budget and social security budget (acct. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 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)	56	254,947,934	261.245.617
56	**TOTAL (row 48 to 56)**	57	**2,138,546,506**	**1,938,733,607**
57	**E. NET CURRENT ASSETS / NET CURRENT LIABILITIES** **(row 44 + 46 - 57 - 74 - 77 - 80)**	58	**1,184,725,949**	**1,179,577,140**
58	**F. TOTAL ASSETS MINUS CURRENT LIABILITIES** **(row 26 + 47 + 58)**	59	**5,011,648,018**	**5,339,502,249**
	G. LIABILITIES: AMOUNTS TO BE PAID WITHIN A PERIOD EXCEEDING ONE YEAR			
59	1. Debenture loans given separately from convertible bonds (acct. 161 + 1681 - 169)	60		
60	2. Bank loans (acct. 1621 + 1622 + 1624 + 1625 + 1627 +1682 + 5191 + 5192 + 5198)	61		
61	3. Advance payments from customers (acct. 419)	62		
62	4. Trade payables to suppliers (acct. 401 + 404 + 408 + 4641)	63		

63	5. Trade notes payable (acct. 403 +405)	64		
65	6. Amounts due to group entities (acct. 1661 + 1685 + 2691+ 451***)	65		
66	7. Amounts due to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453***)	66		
67	8. Payables arising from transactions with derivatives (acct. 4651)	67		
68	9. Other payables, including debts to the state budget and social security budget (acct. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 4761*** + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	68	173,847,407	189,469,061
69	**TOTAL (row 60 to 68)**	69	**173,847,407**	**189,469,061**
	H. PROVISIONS			
70	1. Provisions for employee benefits (acct. 1517)	70	17,935,016	22,312,700
71	2. Other provisions (acct. 1511 + 1512 + 1513 + 1514 + 1518)	71	10,299,283	11,546,262
72	**TOTAL (row 70 + 71)**	72	**28,234,299**	**33,858,962**
	DEFERRED INCOME			
73	1. Investment subsidies (acct. 475) - total (row 74 + 75), of which:	73		
74	Amounts to be carried over within a one-year period (acct. 475*)	74		
75	Amounts to be carried over within a period exceeding one year (acct. 475*)	75		
76	2. Deferred income (acct. 472) - total (row 77 + 78), of which:	76	**3,286,434**	**3,286,723**
77	Amounts to be carried over within a one-year period (acct. 472*)	77	3,286,434	3,286,723
78	Amounts to be carried over within a period exceeding one year (acct. 472*)	78		
79	3. Deferred income related to assets received by transfer from customers (acct. 478) - total (row 80 + 81) , of which:	7.9	**170,901,743**	**230,889,593**
80	Amounts to be carried over within a one-year period (acct. 478*)	60		
81	Amounts to be carried over within a period exceeding one year (acct. 478*)	81	170,901,743	230,889,593
82	**TOTAL (row 73 + 76 + 79)**	82	**174,188,177**	**234,176,316**
	J. CAPITAL AND RESERVES			
	I. CAPITAL			
83	1. Subscribed capital paid (acct. 1012)	83	199,245,530	199,245,540
84	2. Subscribed capital not paid (acct. 1011)	84		

85	3. Subscribed capital representing financial payables[2] (acct. 1027)		85		
302	4. State-owned equity plus assets (acct. 1015)		86		
86	5. Adjustments to the share capital/state-owned equity plus assets (acct. 1028)	BALANCE C	87	58.057.818	58.057.818
87		BALANCE D	813	0	
88	6. Other shareholders' equity elements (acct. 103)	BALANCE C	89	5.556.491	7.334.029
89		BALANCE D	90		
90	**TOTAL (row 83 + 84 + 85 + 86 + 87 - 88 + 89 - 90)**		91	**262,859,839**	**264,637,387**
91	**II. SHARE PREMIUMS (acct. 104)**		92	659,027,023	661,885,865
92	**III. REVALUATION RESERVES (acct. 105)**		93	155,913,394	188,087,888
93	1. Legal reserves (acct. 1061)		94	47,702,078	49,014,519
94	2. Statutory or contractual reserves (acct. 1063)		95	159,433,888	162,938,895
95	3. Other reserves (acct. 1068)		96	824,478	824,478
95	**TOTAL (row 94 to 96)**		97	**207,960,444**	**212,777,892**
97	Foreign exchange differences arising from converting individual annual financial statements in a presentation currency different from the functional currency (acct. 1072)	BALANCE C	98		
98		BALANCE D	99		
99	Own shares (acct. 109)		100		
100	Gains related to own equity instruments (acct. 141)		101		
101	Losses related to own equity instruments (acct. 149)		102		
102	**V. BALANCE CARRIED FORWARD, EXCEPT FOR THE BALANCE CARRIED FORWARD ON THE FIRST ADOPTION OF IAS 29** (acct.117)	BALANCE C	103	2,947,375,863	3,272,590,337
103		BALANCE D	104	0	
104	**VI. BALANCE CARRIED FORWARD ON THE FIRST ADOPTION OF IAS 29** (acct. 118)	BALANCE C	105		
105		BALANCE D	105	50,399,011	50,399,011
106	**VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD** (acct. 121)	BALANCE C	107	455,927,017	335,704,275
107		BALANCE D	108		

108	Profit appropriation (acct. 129)	109		
109	**SHAREHOLDERS' EQUITY – TOTAL (row 91 + 92 + 93 + 97 + 98 - 99 - 100 + 101 - 102 + 103 - 104 + 105 - 106 + 107 - 108 - 109)**	110	**4,638,664,569**	**4,885,284,633**
110	Private patrimony (acct. 1023)[3]	111		
111	Public patrimony (acct. 1026)	112		
112	**CAPITAL - TOTAL (row 110 + 111 + 112)**	113	**4,638,664,569**	**4,885,284,633**

VALIDATED FORM	Checksum of Form 10: 93959369151 / 253093070451

Signatures ►	**Administrator** Last name and first name ERIC STAB	**Drawn up** Last name and first name ANNE-MARIE GESTIN
	Stamp: [ENGIE Romania S.A. COMPANY J40/5447/2000] **Signature:** [illegible]	Capacity 11 – Chief financial officer Registration no. with the professional body **Signature:** [illegible]

* Accounts to be appropriated depending on the nature of the respective elements.
** Debit balances of the respective accounts.
*** Credit balances of the respective accounts.

1) This line does not cover the rights to use that fall under the definition of a real estate investment and will be presented on line 10.
2) This account emphasizes the shares which, as indicated by IAS 32, are financial payables.
3) To be filled out by entities which are subject to the provisions of Order no. 668/2014 of the minister of public finance and of the minister delegate for the budget on the approval of the Clarifications on drawing up and updating the centralised inventory of the immovable property under the private property of the state and the rights in rem subject to stocktaking, as subsequently amended and supplemented.

CODE 20. STATEMENT OF INCOME AND EXPENSES as at 31.12.2019 (lei) *The lines and correlations in the “Row no.” column shall be taken into account instead of those in the “Row Code” column*					
Row code	**Indicator designation**		**Row no.**	**Reporting period**	
				01.01.2018 - 31.12.2018	**01.01.2019 - 31.12.2019**
A			B	1	2
01	Net turnover (row 02 + 03 - 04 + 05)		01	6,066,962,460	6,989,247,059
02	Sold production (acct. 701 + 702 + 703 + 704 + 705 + 706 +708 – acct. 6815*)		02	694,283,227	707,235,067
03	Revenues from the sale of goods (acct. 707 - acct. 6815*)		03	5,372,679,233	6,282,011,992
04	Commercial discounts granted (acct. 709)		04		
05	Income from operating subsidies related to net turnover (acct. 7411)		05		
06	Income related to the costs of work in progress (acct. 711 + 712 + 713)	BALANCE C	06	20,245	39,118
07		BALANCE D	07		
	Revenues from assets production and real estate investments (row 09 + 10)		08	1,412,604	351,338
09	Revenues from tangible and intangible assets production (acct. 721 + 722)		69	1,412,604	351,338
10	Revenues from production of real estate investments (acct. 725)		10		
11	Income from fixed assets (or groups intended for disposal) held for sale (acct. 753)		11		
12	Revenues from revaluation of assets (acct. 755)		12		5,897,330
13	Revenues from real estate investments (acct. 756)		13		
14	Revenues from biological assets and agricultural products (acct. 757)		14		
15	Income from operating subsidies (acct. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)		15		
16	Other operating income (acct. 758 + 751), of which		16	97,317,603	127,188,115
17	- revenues from investment subsidies (acct. 7584)		17		390,918
301	- income from bargain purchases (acct. 7587)		18		
18	**OPERATING INCOME - TOTAL (row 01 + 06 - 07 + 08 + 11 + 12 + 13 + 14 + 15 + 16)**		19	**6,165,712,912**	**7,122,722,960**
19	a) Raw material and consumable expenses (acct. 601 + 602)		20	10,373,903	10,198,657
20	Other material expenses (acct. 603 + 604 + 606 + 608)		21	930,873	778,804
21	b) Other external expenses (on electricity, heating and water) (acct. 605)		22	4,037,990	4,313,615
22	c) Merchandise expenses (acct. 607)		23	3,857,924,932	4,768,551,572
23	Commercial discounts received (acct. 609)		24		

A		B	1	2
24	Staff expenditure (row 26+ 27), of which:	25	88,648,464	101,173,711
25	a) Salaries and wages (acct. 641 + 642 + 643 + 644)	26	84,124,620	97,084,810
26	b) Social security and welfare costs (acct. 645 + 646)	27	4,523,844	4,088,901
27	a) Value adjustments related to assets (row 29 + 30 - 31)	28	166,257,413	171,704,264
28	a.1) Depreciation costs and depreciation adjustments (acct. 6811 + 6813 + 6816 + 6817 + from acct. 6818)	29	167,667,668	171,704,264
303	a.2) Depreciation costs for assets pertaining to the rights to use leased assets (acct. 685)	30		
29	a.3) Income (acct. 7813 + 7816 + from acct. 7818)	31	1,410,255	
30	b) Value adjustments of current assets (row 33 - 34)	32	31,639,054	53,908,645
31	b.1) Expenses (acct. 654 + 6814 + from acct. 6818)	33	358,278,090	386,909,053
32	b.2) Income (acct. 754 + 7814 + from acct. 7818)	34	326,639,036	333,000,408
33	Other operating expenses (row 36 to 44)	35	1,673,050,032	1,744,169,047
34	1. Expenses regarding external services (acct. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	36	1,551,608,192	1,592,024,180
35	2. Expenses with other taxes, duties and similar levies; expenses representing transfers and contributions owed pursuant to special normatives (acct. 635 + 6586)	37	21,273,379	31,076,928
36	3. Environmental protection expenses (acct. 652)	38	194,711	230,966
37	4. Expenses related to fixed assets (or groups intended for disposal) held for sale (acct. 653)	39		
38	5. Expenses arising from reassessment of assets (acct. 655)	40		2,894,673
39	6. Expenses with real estate investments (acct. 656)	41		
40	7. Expenses with biological assets (acct. 657)	42		
41	8. Expenses with natural disasters and other similar events (acct. 6587)	43		
42	9. Other expenses (acct. 651 + 6581 + 6582 + 6583 + 6584 + 6585 + 6588)	44	99,973,750	117,942,300
43	Adjustments related to provisions (row 46 -47)	45	-4,980,309	3,241,683
44	- Expenses (acct. 6812)	46	5,900,117	4,585,398
45	- Income (acct. 7812)	47	10,880,426	1,343,715
46	**OPERATING EXPENSES - TOTAL (row 20 to 23 - 24 + 25 + 28 + 32 + 35 + 45)**	48	**5,827,882,352**	**6,858,039,998**
OPERATING PROFIT OR LOSS:				
47	- Profit (row 19 - 48)	49	**337,830,560**	**264,682,962**

48	- Loss (row 48 - 19)	50	**0**	**0**
49	Income from shares held in subsidiaries (acct. 7611)	51	122,444,010	51,783,333
50	Revenues from shares on associated entities (acct. 7612)	52	1,003,460	283,179
51	Revenues from shares on associated entities and jointly controlled entities (acct. 7613)	53		3,008
52	Income from operations with securities and other financial instruments (acct. 762)	54		6,635,239
53	Income from transactions with derivatives (acct. 763)	55		8,671,868
54	Foreign exchange gains (acct. 765)	56	13,352,955	18,492,979
55	Interest income (acct. 766)	57	26,579,220	32,130,204
56	- of which, income from group entities	58	13,912,211	15,489,084
57	Income from operating subsidies for interest payable (acct. 7418)	59		
58	Income from short-term financial investments (acct. 7617)	60		
59	Other financial income (acct. 7615 + 764 + 767 + 768)	61	78,209	109,197
60	**FINANCIAL INCOME – TOTAL (row 51 + 52 + 53 + 54 + 55 + 56 + 57 + 59 + 60 + 61)**	62	**163,457,854**	**118,109,007**
61	Value adjustments on financial assets and financial investments held as current assets (row 64 - 65)	63	-25,177,747	-38,180,705
62	- Expenses (acct. 686)	64		
63	- Income (acct. 786)	65	25,177,747	38,180,705
64	Expenses on operations with securities and other financial instruments (acct. 661)	66		
65	Expenses related to transactions with derivatives (acct. 662)	67	9,155,944	.
66	Interest expenses (acct. 666)	58	9,621,861	13,559,304
67	- of which, expenses pertaining to relations with group entities	69	9,621,297	13,559,304
304	Costs with interest on leasing contracts (acct. 6685)	70		
68	Other financial expenses (acct. 663 + 664 + 665 + 667 + 6681 + 6682 + 6668)	71	12,764,589	20,036,506
69	**FINANCIAL EXPENSES – TOTAL (row 63 + 86 + 67 + 68 + 70 + 71)**		**6,364,647**	**-4,584,895**
FINANCIAL PROFIT OR LOSS:				
70	- Profit (row 62 - 72)	73	**157,093,207**	**122,693,902**
71	- Loss (row 72 - 62)	74	**0**	**0**

72	**TOTAL INCOME (row 19 + 62)**	75	**6,329,170,766**	**7,240,831,967**
73	**TOTAL EXPENSES (row 48 + 72)**	76	**5,834,246,999**	**6,853,455,103**
	GROSS PROFIT OR LOSS:			
74	- Profit (row 75 -76)	77	**494,923,767**	**387,376,864**
75	- Loss (row 76 - 75)	78	**0**	**0**
78	Current profit tax (acct. 691)	79	43,737,629	43,108,302
77	Deferred corporate tax (acct. 692)	60	-4,740,879	8,564,287
78	Income from deferred corporate tax (acct. 792)	81		
302	Tax specific to certain activities (acct. 695)	82		
79	Other taxes not presented among the above items (acct. 698)	83		
	REPORTING PERIOD NET PROFIT OR LOSS:			
80	- Profit (row 77 -79 - 80 + 81 - 82 - 83)	84	**455,927,017**	**335,704,275**
81	- Loss (row 78 + 79 + 80 - 81 + 82 + 83) (row 79 + 80 + 82 + 83 - 81 - 77)	85	**0**	**0**
VALIDATED FORM	Checksum of Form 20: 99969680809 / 253093070451			

Signatures ►	**Administrator** Last name and first name ERIC STAB	**Drawn up** Last name and first name ANNE-MARIE GESTIN
	Stamp: [ENGIE Romania S.A. COMPANY J40/5447/2000] **Signature:** [illegible]	Capacity 11 – Chief financial officer Registration no. with the professional body **Signature:** [illegible]

* Accounts to be appropriated depending on the nature of the respective elements.

On line 26 – the rights of collaborators are included, as well, set forth according to the labour laws and taken over from the debit movement of account 621 “Externally contracted manpower costs”, analytical “Collaborators as natural persons”.

<table>
<tr><td></td><td colspan="5">CODE 90. INFORMATIVE DATA as at 31.12.2019 (lei)
The lines and correlations in the “Row no.” column shall be taken into account instead of those in the “Row Code” column</td></tr>
<tr><td>Row code</td><td>I. Data on the achieved outturn</td><td>Row no.</td><td>No. of units</td><td colspan="2">Amounts</td></tr>
<tr><td></td><td>A</td><td>B</td><td>1</td><td colspan="2">2</td></tr>
<tr><td>01</td><td>Units that made profit</td><td>01</td><td>1</td><td colspan="2">355,704,275</td></tr>
<tr><td>02</td><td>Units that incurred losses</td><td>02</td><td>0</td><td colspan="2">0</td></tr>
<tr><td>03</td><td>Units that neither made profit, nor incurred losses</td><td>03</td><td>0</td><td colspan="2">0</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">II. Data on outstanding payments</td><td rowspan="2">Row no.</td><td rowspan="2">Total (col. 2 + 3)</td><td colspan="2">Of which:</td></tr>
<tr><td>For ongoing activities</td><td>For investment activities</td></tr>
<tr><td></td><td>A</td><td>B</td><td>1</td><td>2</td><td>3</td></tr>
<tr><td>04</td><td>Outstanding payments - total (row 05 + 09 + 15 to 17 + 19), of which:</td><td>04</td><td></td><td></td><td></td></tr>
<tr><td>05</td><td>Outstanding accounts payables - total (row 06 la 08), of which:</td><td>05</td><td></td><td></td><td></td></tr>
<tr><td>06</td><td>- in excess of 30 days</td><td>08</td><td></td><td></td><td></td></tr>
<tr><td>07</td><td>- in excess of 90 days</td><td>07</td><td></td><td></td><td></td></tr>
<tr><td>08</td><td>- in excess of 1 year</td><td>08</td><td></td><td></td><td></td></tr>
<tr><td>09</td><td>Outstanding liabilities to the social security budget - total (row 10 to 14), of which:</td><td>09</td><td></td><td></td><td></td></tr>
<tr><td>10</td><td>- state social security contributions payable by employers, salaried employees and other similar persons</td><td>1 0</td><td></td><td></td><td></td></tr>
<tr><td>11</td><td>- health insurance fund contributions</td><td>11</td><td></td><td></td><td></td></tr>
<tr><td>12</td><td>- contributions to the supplementary pension fund</td><td>12</td><td></td><td></td><td></td></tr>
<tr><td>13</td><td>- unemployment insurance fund contributions</td><td>13</td><td></td><td></td><td></td></tr>
<tr><td>14</td><td>- other social liabilities</td><td>14</td><td></td><td></td><td></td></tr>
<tr><td>15</td><td>Outstanding liabilities to the budgets of special funds and other funds</td><td>15</td><td></td><td></td><td></td></tr>
<tr><td>16</td><td>Outstanding liabilities to other creditors</td><td>16</td><td></td><td></td><td></td></tr>
<tr><td>17</td><td>Taxes, duties and contributions to the state budget not paid on due date, of which:</td><td>17</td><td></td><td></td><td></td></tr>
<tr><td>301</td><td>- precautionary work insurance</td><td>18</td><td></td><td></td><td></td></tr>
<tr><td>18</td><td>Taxes, duties to local budgets not paid on due date</td><td>19</td><td></td><td></td><td></td></tr>
<tr><td></td><td>III. Average number of salaried employees</td><td>Row no.</td><td>December 31, 2018</td><td colspan="2">December 31, 2019</td></tr>
<tr><td></td><td>A</td><td>B</td><td>1</td><td colspan="2">2</td></tr>
<tr><td>19</td><td>Average number of salaried employees</td><td>20</td><td>655</td><td colspan="2">686</td></tr>
<tr><td>20</td><td>Actual number of salaried employees present at the end of the period, namely as at December 31</td><td>21</td><td>678</td><td colspan="2">701</td></tr>
</table>

	A	B	1	
	IV. Royalties paid throughout the reporting period, collected subsidies and outstanding receivables	***Row no.***	**Amounts**	
	A	B	1	
21	Royalties paid throughout the reporting period for goods in the public domain, received under concession, of which:	22		
22	- royalties or goods in the public domain paid to the state budget	23		
23	Mining royalty paid to the state budget	24		
24	Oil royalty paid to the state budget	25		
25	Land leases paid throughout the reporting period[1)]	26		
26	Gross revenues from services paid to non-resident individuals, of which:	27		
27	- tax due to the state budget	25		
28	Gross revenues from services paid to non-resident individuals from European Union member states, of which:	29		
29	- tax due to the state budget	30		
30	Subsidies collected throughout the reporting period, of which:	31		
31	- subsidies collected throughout the reporting period, pertaining to assets	32	9,501,668	
32	- subsidies pertaining to revenues, of which:	33		
33	- subsidies intended to stimulate employment*)	34		
34	Outstanding receivables not collected on the due dates set forth in commercial contracts and/or by the normatives in force, of which:	35		
35	- outstanding receivables from entities in the majority or state-owned sector	36		
36	- outstanding receivables from entities in the private sector	37		
	V. Vouchers granted to salaried employees	***Row no.***	**Amounts**	
	A	B	1	
37	Equivalent value of vouchers granted to salaried employees	38	2,093,846	
302	Equivalent value of vouchers granted to other categories of beneficiaries, different from salaried employees	39		
	VI. Expenses for research and development activities)**	***Row no.***	**December 31, 2019**	**December 31, 2020**
	A	B	1	2
38	Research and development expenses	40		
39	- by funding source (row 45 + 46), of which	41	298,385	335,039
40	- from public funds	42		
41	- from private funds	43	298,385	335,039

42	- based on the nature of expenditure (row 45 + 46)	44		
43	- current expenditure	45		
44	- capital expenditure	46		
	VII. Innovation expenses*)**	***Row no.***	**December 31, 2018**	**December 31, 2019**
	A	B	1	2
45	Innovation expenses	47		
	VIII. Other information	***Row no.***	**December 31, 2018**	**December 31, 2019**
	A	B	1	2
46	Advances for the purchase of intangible assets (acct. 4094), of which:	48		
303	- advances to non-resident non-affiliated entities for the purchase of intangible assets (from acct. 4094)	59		
304	- advances to non-resident affiliated entities for the purchase of intangible assets (from acct. 4094)	50		
47	Advances for the purchase of tangible assets (acct. 4093), of which:	51		
305	- advances to non-resident non-affiliated entities for the purchase of tangible assets (from acct. 4093)	52	211,093	8,457,793
306	- advances to non-resident affiliated entities for the purchase of tangible assets (from acct. 4093)	53		
48	Financial fixed assets gross value (row 55 + 61), of which:	54	774,988,260	770,031,184
49	Shares held in affiliated entities, equity interests, other long-term investments and bonds, in gross amounts (row 56 + 57 + 58 + 60), of which:	55	620,424,545	615,094,147
50	- unlisted shares issued by residents	56	208,880,523	199,098,465
51	- equity shares issued by residents	57	411,544,022	415,995,682
52	- shares and equity shares issued by non-residents, of which	58		
307	- holdings of at least 10%	59		
53	- bonds issued by non-residents	60		
54	Long-term receivables, in gross amounts (row 62 + 63), of which:	61	154,563,715	154,937,037
55	- long-term receivables in lei and expressed in lei, the settlement of which is carried out depending on the exchange rate of a certain foreign currency (from acct. 267)	62		
56	- long-term receivables in foreign currencies (from acct. 267)	63	154,563,715	154,937,037
57	Trade receivables, advances for purchases of goods identified as stocks and for services rendered to suppliers and other similar accounts, in gross amounts (acct. 4091 + 4092 + 411 + 413 + 418 + 4642), of which:	64	1,974,119,163	1,554,475,947
58	- trade receivables in relation to non-resident non-affiliated entities, advances for purchases of goods identified as stocks and for services rendered to non-resident non-affiliated suppliers and other similar accounts, in gross amounts, in relation to non-resident non-affiliates (from acct. 4091 + from acct. 4092 + from acct. 411 + from acct. 413 + from acct. 418 + from acct. 4642)	65		

308	- trade receivables in relation to non-resident affiliated entities, advances for purchases of goods identified as stocks and for services rendered to non-resident affiliated suppliers and other similar accounts, in gross amounts, in relation to non-resident affiliates (from acct. 4091 + from acct. 4092 + from acct. 411 + from acct. 413 + from acct. 418 + from acct. 4642)	66		
59	Receivables not received on the due date (from acct. 4091 + from acct. 4092 + from acct. 411 + from acct. 413)	67	219,721,030	241,697,886
60	Staff-related receivables and similar accounts (acct. 425 + 4282)	68		1,825
61	Receivables from the social security budget and the state budget (from acct. 431 + 436 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 74 to 78), of which:	69	48,948,700	51,772,715
62	- receivables from the social security budget (acct. 431+ 437 + 4382)	70	2,720,613	2,815,086
63	- tax receivables from the state budget (acct. 436 + 441 + 4424 + 4428 + 444 + 446)	71	46,227,943	48,875,164
64	- subsidies to be collected (acct. 445)	72		
65	- special funds – duties and similar levies (acct. 447)	73	144	170
66	- other receivables in connection with the state budget (acct. 4482)	74		82,295
67	The entity’s receivables in relation to affiliated entities (acct. 451), of which:	75	12,153,615	4,367,964
68	- receivables in relation to non-resident affiliated entities (from acct. 451), of which:	76		
69	- trade receivables in relation to non-resident affiliated entities (from acct. 451)	77		
70	Receivables from the social security budget and the state budget, not received on the due date (from acct. 431 + from acct. 436 + from acct. 437 + from acct. 4382 + from acct. 441 + from acct. 4424 + from acct. 4428 + from acct. 444 + from acct. 445 + from acct. 446 + from acct. 447 + from acct. 4482)	78	1,767,694	1,767,694
71	Receivables from transactions with derivatives (acct. 4652)	79		8,671,868
72	Other receivables (acct. 453 + 456 + 4582 + 461 + 4662 + 471 + 473 + 4762) (row 81 to 83), of which:	80	5,190,465	10,218,895
73	- settlements in relation to associated entities and jointly controlled entities, capital-related settlements for shareholders and settlements from joint operations (acct. 453 + 456 + 4582)	81		
74	- other receivables in relation to natural persons and legal entities, different from receivables in relation to public institutions (the state institutions) (from acct. 461 + 4662 + from acct. 471 + from acct. 473)	82	5,190,465	10,218,895
75	- amounts carried over from account 542 “Cash advances”, representing cash advances, granted according to the law and not settled by the reporting date (from acct. 461)	83		
76	Interest receivable (acct. 5187), of which:	84		
77	- from non-residents	85		
314	Interest to be collected from non-residents (from acct. 4518 + from acct. 4538)	86		
78	Value of loans to economic operators****)	87		
79	Short-term investments, in gross amounts (from acct. 505 + 506 + 507 + from acct. 508), (row 89 to 92), of which:	88		
80	- unlisted shares issued by residents	89		

81	- equity shares issued by residents	90		
82	- shares issued by non-residents	91		
83	- bonds issued by non-residents	92		
84	Other amounts receivable (acct. 5113 + 5114)	93		
85	Cash at hand in lei and in foreign currencies (row 95 + 96), of which:	94	64,574	62,934
86	- in lei (acct. 5311)	95	6,980	6,515
87	- in foreign currencies (acct. 5314)	96	57,594	56,419
88	Cash at bank in lei and in foreign currencies (row 98 + 100), of which:	97	107,466,154	21,943,177
89	- in lei (acct. 5121), of which:	98	50,768,424	20,125,760
90	- current accounts in lei opened with non-resident banks	99		
91	- in foreign currencies (acct. 5124), of which:	100	56,697,730	1,817,417
92	- current accounts in foreign currencies with non-resident banks	101		
93	Other cash at bank and letters of credit (row 103 + 104), of which:	102	21,088,902	27,463,002
94	- amounts under settlement, letters of credit and other amounts to be collected, in lei (acct. 5112 + from acct. 5125 + 5411)	103	21,088,902	27,463,002
95	- amounts under settlement and letters of credit in foreign currencies (from acct. 5125 + 5414)	104		
96	Payables (row 106 + 109 + 112 + 113 +116 + 118 + 121 + 122 + 127 + 131 + 134 + 135 + 141), of which:	105	2,480,815,750	2,362,665,029
97	Foreign short-term bank loans (loans received from non-resident financial institutions, for which the credit agreement term is under 1 year) (from acct. 519), (row 107 + 108), of which:	106		
98	- in lei	107		
99	- in foreign currencies	108		
100	Foreign short-term bank loans (loans received from non-resident financial institutions, for which the credit agreement term is greater than or equal to 1 year) (from acct. 162), (row 110 + 111), of which:	109		
101	- in lei	110		
102	- in foreign currencies	111		
103	State treasury loans and related interests (acct. 1626 + from acct. 1682)	112		
104	Other loans and related interests (acct. 166 + 1685 + 1686 + 1687), (row 114 + 115), of which:	113		
105	- in lei and expressed in lei, the settlement of which is carried out depending on the exchange rate of a certain foreign currency	114		

106	- in foreign currencies	115		
107	Other loans and similar debts (acct. 167), of which:	116	420,834	408,779
108	- value of concessions granted (from acct. 167)	117	420,834	408,779
109	Trade payables, advances received from customers and other similar accounts, in gross amounts[2)] (acct. 401 + 403 + 404 + 405 + 408 + 419 + 4641), of which:	118	1,296,114,586	1.123,453,016
110	- trade payables in relation non-resident non-affiliated entities, advances received from non-resident non-affiliated customers and other similar accounts, in gross amounts, in relation to non-residents non-affiliates (from acct. 401 + from acct. 403 + from acct. 404 + from acct. 405 + from acct. 408 + from acct. 419 + from acct. 4641)	119	21,056,725	64,966,805
309	- trade payables in relation non-resident affiliated entities. advances received from non-resident affiliated customers and other similar accounts, in gross amounts, in relation to non-residents affiliates (from acct. 401 + from acct. 403 + from acct. 404 + from acct. 405 + from acct. 408 + from acct. 419 + from acct. 4641)	120		
111	Staff-related payables and similar accounts (acct. 421 + 422 + 423 + 424 + 426 + 427 + 4281)	121	16,224,734	16,112,090
112	Payables to the social security budget and the state budget (acct. 431 + 436 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 123 to 126), of which:	122	342,771,468	349,592,567
113	- payables in relation to the social security budget (acct. 431 + 437 + 4381)	123	2,724,234	3,141,537
114	- tax liabilities in relation to the state budget (acct.436 + 441 + 4423 + 4428 + 444 + 446)	124	336,580,753	346,401,364
115	- special funds – duties and similar levies (acct. 447)	125	48,421	49,666
116	- other payables in connection with the state budget (acct. 4481)	126	3,418,060	
117	The entity’s payables in relation to affiliated entities (acct. 451), of which:	127	580,848,746	554,034,973
118	- payables in relation to non-resident affiliated entities[3)] (from acct. 451), of which:	128		
310	- with an initial maturity in excess of one year	129		
119	- trade payables in relation to non-resident affiliated entities, regardless of the maturity (from acct. 451)	130		
120	Amounts owed to shareholders/associates (acct. 455), of which:	131		
121	- amounts owed to shareholders/associates as natural persons	132		
122	- amounts owed to shareholders/associates as legal entities	133		
123	Payables from transactions with derivatives (acct. 4651)	134		
124	Other payables (acct. 269 + 453 + 456 + 457 + 4581 + 462 + 4661+ 472 + 473 + 4761 + 478 + 509), (row 136 to 140), of which:	135	244,435,382	319,063,604
125	- settlements in relation to associated entities and jointly controlled entities, capital-related settlements for shareholders, dividends and settlements from joint operations (acct. 453 + 456 +457 + 4581)	136		

126	- other payables in relation to natural persons and legal entities, different from payables in relation to public institutions (the state institutions)[4] (from acct. 462 + acct. 4661 + from acct. 472 + from acct. 473)	137	73,533,639	88,174,011
127	- subsidies not carried over as revenues (from acct. 472)	138	170,901,743	230,889,593
128	- levies to pay for financial fixed assets and short-term investments (acct. 269 + 509)	139		
129	- deferred income pertaining to assets received via transfer from customers (acct. 478)	140		
130	Interest payable (acct. 5186), of which:	141		
311	- to non-residents	142		
315	Interest payable to non-residents (from acct. 4518 + from acct. 4538)	143		
131	Value of loans from economic operators****)	144		
132	Subscribed capital paid (acct. 1012) of which:	145	199,245,530	199,245,540
133	- listed shares[5]	146		
134	- unlisted shares[6]	147	199,245,530	199,245,540
135	- equity shares	148		
136	- subscribed capital paid by non-residents (from acct. 1012)	149		
137	Patents and licenses (from acct. 205)	150	22,189,470	24,001,449
	IX. Information on externally contracted manpower costs	***Row no.***	**December 31, 2018**	**December 31, 2019**
	A	B	1	2
138	Externally contracted manpower costs (acct. 621)	151	1,133,440	1,190,285
	X. Information on goods from the state public domain	***Row no.***	**December 31, 2018**	**December 31, 2019**
	A	B	1	2
139	Value of the goods under management from the state public domain	152		
140	Value of the goods under concession from the state public domain	153		
141	Value of the leased goods from the state public domain	154		
	XI. Information on goods under state private property subject to stocktaking according to OMFP no. 668/2014	Row no.	**December 31, 2018**	**December 31, 2019**
	A	B	1	2
142	Net book value of the goods[7]	155		

		Row no.	**December 31, 2018**		**December 31, 2019**	
			Amount (col. 1)	**%**[8] (col. 2)	**Amount** (col. 3)	**%**[8] (col. 4)
	A	B	1	2	3	4

	A	B	1	2	3	4
143	Shared capital paid (acct. 1012)[8] (row 157 + 160 + 164 + 165 + 166 + 167), of which:	156	199,245,530	X	199,245,540	X
144	- held by public institutions (row 158 + 159), of which:	157	73,713,200	37	73,713,200	37
145	- held by centrally subordinated public institutions;	158	73,713,200	37	73,713,200	37
146	- held by locally subordinated public institutions;	159		0		0
147	- held by state-owned companies, of which:	160		0		0
148	- fully state-owned;	161		0		0
149	- majority state-owned;	162		0		0
150	- minority state-owned;	163		0		0
151	- held by autonomous public entities	164		0		0
152	- held by privately-owned companies	165	101,604,660	50.99	101.604.660	50.99
153	- held by natural persons	166		0		0
154	- held by other entities	167	23,927,670	12.01	23.927.680	12.01

		Row no.	Amounts (lei)	
	A	B	2018	2019
155	**XIII. Dividends/levies due to the state or the local budget, to be appropriated from the fiscal year profit by the national enterprises, national companies, stand-alone and autonomous public entities, of which:**	168		
156	**- to central government institutions;**	169		
157	**- to local government institutions;**	170		
158	**- to other shareholders in which the state / territorial-administrative units / public institutions directly/indirectly hold(s) shares or equity interests, regardless of their share.**	171		

		Row no.	Amounts (lei)	
	A	B	2018	2019
159	**XIV. Dividends/levies due to the state or the local budget and transferred during the reporting period from the reported profit of national enterprises, national companies, stand-alone and autonomous public entities, of which:**	172		

	A	B	1	2
160	- dividends/levies from the previous fiscal year's profit, of which transferred:	173		
161	- to central government institutions;	174		
162	- to local government institutions;	175		
163	- to other shareholders in which the state / territorial-administrative units / public institutions directly/indirectly hold(s) shares or equity interests, regardless of their share.	176		
164	- dividends/levies from the profit of the fiscal years ended before the previous year, of which transferred:	177		
165	- to central government institutions;	178		
166	- to local government institutions;	179		
167	- to other shareholders in which the state / territorial-administrative units / public institutions directly/indirectly hold(s) shares or equity interests, regardless of their share.	180		
	XV. Dividends appropriated to shareholders from the profit carried forward	***Row no.***	**Amounts (lei)**	
	A	B	**2018**	**2019**
313	- Dividends appropriated to shareholders, throughout the reporting period, from the profit carried forward	181		
	XVI. Interim appropriations of dividends according to Law no. 163/2018	***Row no.***	**Amounts (lei)**	
	A	B	**2019**	
312	- interim dividends appropriated[9)]	182		
	XVII. Receivables taken over through assignment from legal entities***)**	***Row no.***	**Amounts (lei)**	
			December 31, 2018	**December 31, 2019**
	A	B	1	2
168	Receivables taken over through assignment from legal entities (at their nominal value), of which:	183		
169	- receivables taken over through assignment from affiliated legal entities	184		
170	Receivables taken over through assignment from legal entities (at their purchase cost), of which:	185		
171	- receivables taken over through assignment from affiliated legal entities	186		
	XVIII. Revenues from agricultural activities****)**	***Row no.***	**Amounts (lei)**	
			December 31, 2018	**December 31, 2019**
	A	B	1	2
172	Revenues from agricultural activities	187		

VALIDATED FORM	Checksum of Form 30: 22411661580 / 253093070451

Signatures ►	**Administrator** Last name and first name ERIC STAB	**Drawn up** Last name and first name ANNE-MARIE GESTIN
	Stamp: [ENGIE Romania S.A. COMPANY J40/5447/2000] **Signature:** [illegible]	Capacity 11 – Chief financial officer
		Registration no. with the professional body
		Signature: [illegible]

*) Subsidies intended to stimulate employment (transfers from the state budget to the employer) – they represent the amounts granted to employers to pay the graduates of educational establishments, to incentivise unemployed persons who are hired prior to the expiration of the unemployment period, to incentivise unemployed persons who are hired under a continuous labour contract, unemployed persons older than 45, unemployed persons who are single providers for their families or unemployed persons who, within 3 years from their employment date, meet the requirements for requesting a partial early retirement pension or to be granted the retirement pension, or for other circumstances stipulated by the legislation in force in relation to the unemployment insurance system and incentivising employment.

**) To be filled out with expenses made with research and development activities, namely fundamental, applied research, technological development and innovation, set forth in line with the provisions of Government Ordinance no. 57/2002 on scientific research and technological development, approved with amendments and additions by Law no. 324/2003, as subsequently amended and supplemented. The expenses shall be filled out as provided by Commission Implementing Regulation (EU) no. 995/2012 of 26 October 2012 laying down detailed rules for the implementation of Decision no. 1608/2003/EC of the European Parliament and of the Council concerning the production and development of Community statistics on science and technology, published the Official Journal of the European Union, series L, no. 299/27.10.2012.

***) To be filled out with expenses made with innovation activities, as provided by Commission Implementing Regulation (EU) no. 995/2012 of 26 October 2012 laying down detailed rules for the implementation of Decision no. 1608/2003/EC of the European Parliament and of the Council concerning the production and development of Community statistics on science and technology, published the Official Journal of the European Union, series L, no. 299/27.10.2012.

****) The category of economic operators does not cover the entities regulated and supervised by the National Bank of Romania and the Financial Supervisory Authority, the reclassified companies within the public administration and non-profit companies serving general population households.

*****) For the receivables taken over through assignment from legal entities, one shall fill out both their nominal value and their purchase cost.

In relation to the “affiliated legal entity” status, one shall take into account the provisions of art. 7 item 26 let. c) and d) in Law no. 227/2015 on the Fiscal Code, as subsequently amended and supplemented.

******) According to art. 11 in Commission Delegated Regulation (EU) no. 639/2014 of 11 March 2014 supplementing Regulation (EU) no. 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and amending Annex X to that Regulation, “(1)… receipts obtained from agricultural activities shall be those receipts that have been received by a farmer from his agricultural activity, within the meaning of Article 4 paragraph (1) letter (c) of the said Regulation (R (EU) no. 1307/2013) on his holding, including the Union support under the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), as well as any national aid granted for agricultural activities, except complementary national direct payments pursuant to Articles 18 and 19 of Regulation (EU) No 1307/2013.

Receipts from processing of agricultural products within the meaning of Article 4 paragraph (1) letter (d) of Regulation (EU) No 1307/2013 of the holding shall be deemed as receipts from agricultural activities provided that the products processed remain the ownership of the farmer and that such processing results in another agricultural product within the meaning of Article 4 paragraph (1) letter (d) of Regulation (EU) No 1307/2013.

Any other receipts are considered revenues from non-agricultural activities.

(2) For the purposes of paragraph 1, “receipts” means gross receipts before deduction of related costs and taxes…”

1) One shall include the leases paid for occupied lands (crops, pastures, meadows etc.) and pertaining to business premises (terraces etc.) that belong to private owners or public administration entities, including leases for the use of bodies of water for leisure or other purposes (fishing etc.).

2) On lines 118 – 120, col. 1, entities shall also enter the amounts from account 406.

3) The value on the line “receivables in relation to affiliated entities (from acct. 451), of which: ”shall NOT be calculated by adding up the values from the lines “with an initial maturity in excess of one year” and “trade payables in relation to non-resident affiliated entities, regardless of the maturity (from acct. 451)”.

4) In the category “Other payables in relation to natural persons and legal entities, different from payables in relation to public institutions (the state institutions)”, one shall not include the subsidies pertaining to the revenues in the balance of account 472.

5) Securities rendering ownership rights over companies, negotiable and traded according to the law.

6) Securities rendering ownership rights over companies and not to be traded.

7) To be filled out by economic operators subject to the provisions of provisions of Order no. 668/2014 of the minister of public finance and of the minister delegate for the budget on the approval of the Clarifications on drawing up and updating the centralised inventory of the immovable property under the private property of the state and the rights in rem subject to stocktaking, as subsequently amended and supplemented.

8) In section “XII. Shared capital paid”, rows 157 - 167, col. 2 and col. 4 shall be filled out by entities with the percentage corresponding to the share capital held within the total share capital paid filled out on row 156.

9) This row comprises the dividends appropriated according to Law no. 163/2018 which amends and supplements Accounting Law no. 82/1991, amends and supplements Companies Law no. 31/1990, as well as amends Law no. 1/2005 on the organization and functioning of cooperatives. The dividends presented on row 168 are not to be reported.

CODE 40. STATE OF FIXED ASSETS as at 31.12.2019 -lei						
Asset elements	***Row no.***	**Gross values**				
		Initial balance	**Increases**	**Decreases**		**Final balance (col. 5 = 1 + 2 - 3)**
				Total	**Of which: dismantling and scrapping**	
A	B	1	2	3	4	5
I. Intangible assets						
Development expenses	01				X	
Other assets	02	106,603,065	13,416,291		X	120,019,356
Intangible assets of harnessing and evaluation of mineral resources	03				X	
Advances for the purchase of intangible assets	04				X	
TOTAL (row 01 to 04)	05	**106,603,065**	**13,416,291**		**X**	**120,019,356**
II. Tangible assets						
Lands	06	116,539,180	15,231,607		X	131,770,787
Buildings	07	3,402,461,228	254,971,518	7,367,167		3,650,065,579
Technical equipment and machinery	08	606,347,496	54,146,849	35,122,175		625,372,170
Other equipment, machinery and furniture	09	16,557,738	5,981,398	47,558		22,491,578
Real estate investments	10					
Tangible assets of harnessing and evaluation of mineral resources	11					
Bearer plants	12					
Tangible assets in progress	13	256,329,857	285,632,503	210,113,650		331,848,710
Real estate investments in progress	14					
Advances for the purchase of tangible assets	15					
TOTAL (row 06 to 15)	16	4,398,235,499	615,963,875	252,650,550		**4,761,548,824**
III. Active biologics productive	17				X	
IV. Rights to use leased assets	18				X	
V. Financial fixed assets	19	**774,988,263**	**16,694,980**	**21,652,058**	X	**770,031,185**
ACTIVE IMOBILIZATE -TOTAL (row 05 + 16 + 17 +18 + 19)	20	5,279,826,827	646,075,146	274,302,608		5,651,599,365

► STATE OF DEPRECIATION OF FIXED ASSETS					
Asset elements	***Row no.***	**Initial balance**	**Depreciation throughout the year**	**Depreciation pertaining to decommissioned assets**	**Year-end depreciation (col. 9 = 6+7-8)**
A	B	6	7	8	9
I. Intangible assets					
Development expenses	21				
Other assets	22	82,167,617	6,654,490		88,822,107
Intangible assets of harnessing and evaluation of mineral resources	23				
TOTAL (row 21 + 22 + 23)	24	**82,167,617**	**6,654,490**		**88,822,107**
II. Tangible assets					
Lands	25	811,231,557	46,944,090	3,665,088	854,510,559
Buildings	26	377,871,768	54,102,392	32,934,001	399,040,159
Technical equipment and machinery	27	11,828,144	2,169,730	47,558	13,950,316
Other equipment, machinery and furniture	28				
Real estate investments	29				
Tangible assets of harnessing and evaluation of mineral resources	30				
Bearer plants	31	**1,200,931,469**	**103,216,212**	**36,646,647**	**1.267,501,034**
TOTAL (row 25 to 31)	32				
III. Productive biological assets	33				
IV. Rights to use leased assets	34	1,283,099,086	109,870,702	36,646,647	1.356,323,141
DEPRECIATIONS – TOTAL (row 24 + 32 + 33 + 34)	35	811,231,557	46,944,090	3,665,088	854,510,559

► **STATE OF IMPAIRMENT ADJUSTMENTS**					
Asset elements	***Row no.***	**Initial balance**	**Adjustments made throughout the year**	**Adjustments carried over as revenues**	**Final balance (c. 13 = 10 + 11 - 12)**
A	B	10	11	12	13
I. Intangible assets					
Development expenses	36				
Other assets	37				
Intangible assets of harnessing and evaluation of mineral resources	38				
TOTAL (row 36 to 38)	39				
II. Tangible assets					
Lands	40				
Buildings	41	14,797,401	3,726,148		18,523,549
Technical equipment and machinery	42				
Other equipment, machinery and furniture	43				
Real estate investments	44				
tangible assets of harnessing and evaluation of mineral resources, measured at cost	45				
Bearer plants	46				
Tangible assets in progress	47				
Real estate investments in progress	48				
TOTAL (row 40 to 48)	49	14,797,401	3,726,148		18,523,549
III. Productive biological assets	50				
IV. Rights to use leased assets	Si				
V. Financial fixed assets	52	**155,008,271**		**38,180,705**	**116,827,566**
IMPAIRMENT ADJUSTMENTS – TOTAL (row 39 + 49 + 50 + 51 + 52)	53	169,805,672	3,726,148	38,180,705	135,351,115
VALIDATED FORM	Checksum of Form 40: 36752358911 / 253093070451				

Signatures ►	**Administrator** Last name and first name ERIC STAB	**Drawn up** Last name and first name ANNE-MARIE GESTIN
	Stamp: [ENGIE Romania S.A. COMPANY J40/5447/2000] **Signature:** [illegible]	Capacity 11 – Chief financial officer Registration no. with the professional body **Signature:** [illegible]