

**ENGIE Romania S.A.**

**and its subsidiaries**

**Consolidated financial statements**

**FOR THE YEAR ENDED ON DECEMBER 31, 2020**

Prepared in accordance with Order no. 2844/2016 of the  
Ministry of Public Finance on the approval of  
the accounting regulations pursuant to  
to the International Financial Reporting Standards

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**Comprehensive income statement**  
**For the fiscal year ended on December 31, 2021**

	Note	2021 RON	2020* RON
<b>Income</b>			
Acquisition expenses and operating derivatives	6.1	6,683,546,298	6,228,954,757
Expenses with employee's benefits	6.2	(5,225,615,888)	(4,675,838,374)
Depreciation and depreciation expenses	8	(518,127,258)	(475,162,622)
Other operating expenses	12, 13	(226,076,647)	(210,643,873)
Income from green certificates	9	(858,695,256)	(463,929,397)
Other operating revenues		53,586,294	49,940,874
	7	177,339,818	104,106,732
<b>Profit from exploitation</b>		<b>85,957,361</b>	<b>557,428,097</b>
Interest income	10	22,348,949	25,123,475
Interests' expense	10	(1,152,290)	(9,145)
Profit / (losses) from exchange rate differences		(15,398,593)	(10,817,091)
Other financial profit / (losses).	10	(10,357,151)	8,419,584
<b>Financial expenses, net</b>		<b>(4,559,085)</b>	<b>22,716,823</b>
Share of the profit / (loss) of the associates		23,133	137,984
<b>Gross profit</b>		<b>81,421,409</b>	<b>580,282,904</b>
Current income tax expense	11	(49,434,689)	(80,342,021)
(Expense) / deferred tax income	11	37,937,152	(7,125,839)
<b>Net income</b>		<b>69,923,872</b>	<b>492,815,044</b>
<i>Attributable to the shareholders of the parent company</i>		<i>69,915,983</i>	<i>492,801,409</i>
<i>Attributable to non-controlling interests</i>		<i>7,358</i>	<i>13,635</i>
<b>Other elements of the comprehensive result - which will not be subsequently reclassified in profit and loss account</b>			
Actuarial profit / (losses) for employees' benefits	22	12,111,432	1,544,500
Deferred tax related to actuarial profit/(losses).		(1,937,829)	(247,120)
<b>Other elements of the comprehensive result - which will later be profit and loss account</b>			
Cash flow coverage	20.4	316,041,188	-
Deferred tax related to the coverage of treasury flows		(50,566,590)	-
<b>Other elements of the comprehensive result, net</b>		<b>275,648,201</b>	<b>1,297,380</b>
<b>Net comprehensive result</b>		<b>345,572,073</b>	<b>494,112,424</b>
<i>Attributable to the shareholders of the parent company</i>		<i>345,564,184</i>	<i>494,098,789</i>
<i>Attributable to non-controlling interests</i>		<i>7,358</i>	<i>13,635</i>

The financial statements on pages 3 – 87 were approved by the Board of Directors and authorized for issuance on April 15, 2022.

Eric Stab  
President – Chief Executive Officer

Anne-Marie Gestin  
Chief Financial Officer

**Consolidated statement of financial position**  
**As on December 31, 2021**

	Note	31.12.2021	31.12.2020
<b>Assets</b>			
<b>Long-term assets</b>			
Tangible assets	12	4,119,473,033	3,789,201,502
Intangible assets	13	73,606,136	45,892,548
Financial investments	14.1	476,166	476,166
Investments in associates	14.2	4,979,683	5,385,286
Other financial assets	15.1	4,372,288	672,626
Long-term derivatives	15.1	89,592,020	-
Deferred tax receivables	11	44,603,372	55,243,714
<b>Current assets</b>			
Stocks	16	562,749,327	475,573,903
Trade receivables	17	1,962,042,573	1,110,349,781
Other receivables and current assets	18	226,429,377	35,643,835
Other current financial assets		32,777,680	3,415,623
Short-term derivatives	15.1	1,106,409,403	92,237,936
Cash and cash equivalents	19	1,020,501,661	1,283,538,711
<b>TOTAL ASSETS</b>		<b>9,248,012,719</b>	<b>6,897,631,631</b>
<b>Own equity and debts</b>			
<b>Own equity</b>			
Share capital, of which:		257,303,358	257,303,358
- <i>Subscribed share capital</i>	20.1	199,245,540	199,245,540
- <i>Adjustment from share capital hyperinflation</i>		58,057,818	58,057,818
Share premiums	20.1	655,809,806	655,809,806
Revaluation reserves	20.3	160,667,401	173,168,590
Reserves to cover cash flow	20.4	265,474,598	-
Legal reserve	20.2	49,014,519	49,014,519
Other reserves	20.3	222,268,450	210,784,598
Balance carried forward		3,989,906,682	4,057,015,759
<b>Total own equity attributable to the parent company's shareholders</b>		<b>5,600,444,814</b>	<b>5,403,096,630</b>
Non-controlling interests		41,114	46,167
<b>TOTAL CAPITAL</b>		<b>5,600,486,459</b>	<b>5,403,142,797</b>
<b>Long-term liabilities</b>			
Leasing debts	26	3,071,122	3,154,952
Long-term provisions	21	132,428,654	171,760,917
Long-term employees' benefits	22	124,712,005	118,839,252
Subsidies		12,187	12,187
Deferred tax debts	11	207,487,891	203,560,965
<b>Long term derivatives - liabilities</b>	15.2	74,581,513	-
<b>Current debts</b>			
Trade payables to suppliers	23	1,457,851,714	462,335,550
Leasing debts	26	186,075	186,075
Other current financial debts	15.2	748,444,470	79,591,553
Short-term provisions	21	312,845,013	5,975,378
Short-term employee benefits	22	48,096,290	45,510,162
Other debts	23	537,809,326	403,561,843
<b>TOTAL EQUITY</b>		<b>9,248,012,719</b>	<b>6,897,631,631</b>

The financial statements on pages 3 – 87 were approved by the Board of Directors and authorised for issuance on April 15, 2022.

Eric Stab  
President – Chief Executive Officer

Anne-Marie Gestin  
Chief Financial Officer

**Consolidated statement of changes in own equity for the fiscal year ended on December 31, 2021**

	Share capital RON	Capital premiums RON	Legal reserves RON	Reserves from cash flow RON	Reserves from revaluation RON	Other reserves RON	Reported Result RON	Attributable to shareholders of the parent company	Interests that do not control RON	Total equity RON
<b>On January 1, 2021</b>	<b>257,303,358</b>	<b>655,809,806</b>	<b>49,014,519</b>	-	<b>173,168,590</b>	<b>210,784,598</b>	<b>4,057,015,759</b>	<b>5,403,096,629</b>	<b>46,167</b>	<b>5,403,142,797</b>
Profit for the period		-	-	-	-	-	69,915,983	69,915,983	7,358	69,923,872
Fair value evaluation of instruments covering treasury flows	-	-	-	376,983,119	-	-	-	376,983,119		376,983,119
Reclassification in the profit and loss account of the value of hedging instruments a cash flows, upon recognition covered transactions	-	-	-	(60,941,931)	-	-	-	(60,941,931)		(60,941,931)
Deferred tax related to the reserve of cash flow coverage	-	-	-	(50,566,590)	-	-	-	(50,566,590)		(50,566,590)
Actuarial profit/(losses), net of deferred tax	-	-	-	-	-	10,173,603	-	10,173,603		10,173,603
<b>Total comprehensive result</b>	-	-	-	<b>265,474,598</b>		<b>10,173,603</b>	<b>69,915,983</b>	<b>345,564,184</b>	<b>7,358</b>	<b>345,572,073</b>
<b>Surplus transfer from revaluation</b>	-	-	-	-	(13,361,456)	-	13,361,456	-	-	-
Related deferred tax	-	-	-	-	860,267	-	(860,267)	-	-	-
Share-based payments	-	-	-	-	-	1,310,248	-	1,310,248	-	1,310,248
Dividends paid	-	-	-	-	-	-	(149,526,249)	(149,526,249)	(12,411)	(149,538,660)
<b>On December 31, 2021</b>	<b>257,303,358</b>	<b>655,809,806</b>	<b>49,014,519</b>	<b>265,474,598</b>	<b>160,667,401</b>	<b>222,268,449</b>	<b>3,989,906,682</b>	<b>5,600,444,814</b>	<b>41,113</b>	<b>5,600,486,459</b>

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**Consolidated statement of changes in own equity for the fiscal year ended on December 31, 2021**

	Share capital RON	Capital premiums RON	Legal reserves RON	Reserves from cash flow RON	Other reserves RON	Reported Result RON	Attributable to shareholders of the parent company	Interests that do not control RON	Total equity RON
<b>On January 1, 2020</b>	<b>257,303,358</b>	<b>655,809,806</b>	<b>49,014,519</b>	<b>189,734,754</b>	<b>209,421,651</b>	<b>3,648,359,457</b>	<b>5,009,643,545</b>	<b>49,358</b>	<b>5,009,692,903</b>
Profit for the period	-	-	-	-	-	492,801,409	492,801,409	13,635	492,815,044
Revaluation reserves									
Deferred tax related to revaluation	"		,	,					
Actuarial profit/(losses), net of deferred tax	-	-	-	-	1,297,380		1,297,380		1,297,380
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,297,380</b>	<b>492,801,409</b>	<b>494,098,788</b>	<b>13,635</b>	<b>494,112,424</b>
Surplus transfer from revaluation				(17,398,602)		17,398,602			
Related deferred tax				832,438		(832,438)			
Share-based payments			-	-	65,567		65,567	-	65,567
Dividends paid						(100,711,271)	(100,711,271)	(16,826)	(100,728,097)
<b>On December 31, 2020</b>	<b>257,303,358</b>	<b>655,809,806</b>	<b>49,014,519</b>	<b>173,168,590</b>	<b>210,784,598</b>	<b>4,057,015,759</b>	<b>5,403,096,629</b>	<b>46,167</b>	<b>5,403,142,797</b>

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President – Chief Executive Officer

Anne-Marie Gestin  
Chief Financial Officer

## Consolidated statement of cash flows

### Operational activities

Profit before tax		81,421,409	580,282,904
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#### Components of the net result that do not generate cash flows related to the operating activity:

Expenses with amortization and depreciation of tangible assets	12	215,154,839	201,650,443
Expenses with amortization and depreciation of intangible assets	13	10,921,808	8,993,430
Share-based payment expenses		1,310,248	65,568
Unrealized decreases / (increases) in value of financial instruments		(44,287,870)	(3,983,660)
Losses from disposal of tangible assets	9	3,529,259	169,068
Financial expenses	10	1,152,290	9,145
Interest income	10	(22,348,949)	(25,123,475)
Associates' share of (profit) / loss		(23,133)	(137,984)
(Profit) / losses from receivables	17	694,679	31,057,722
Variation in value adjustments, provisions and post-employment benefits		366,879,740	(14,480,392)

Variation of working capital (working capital):			
(Increase) / Decrease in trade receivables and other receivables		(1,033,494,206)	206,171,763
(Increase) / Decrease in stocks		(87,186,555)	330,964,337
Increase / (Decrease) trade debts and other debts		1,049,681,139	(391,630,803)

		<b>543,404,698</b>	<b>924,008,066</b>
Profit tax paid		(78,796,746)	(90,079,535)
Net cash flow (used in)/generated from operating activities		<b>464,607,952</b>	<b>833,928,531</b>

### Investment activities

Proceeds from the sale of tangible assets		5,274,693	1,663,379
Purchases of tangible assets	12	(583,314,312)	(402,641,169)
Purchases of intangible assets	13	(38,635,396)	(16,856,724)
Dividends received		428,736	-
Receipt of subsidies		15,790,986	26,419,532
Net cash flow (used in)/generated from investment activities		<b>(600,455,291)</b>	<b>(391,414,982)</b>

### Financing activities

Interest collected		22,348,949	25,123,475
Interest paid	24	(149,538,660)	(100,728,097)
Net cash flow (used in)/generated from financing activities		<b>(127,189,711)</b>	<b>(75,604,622)</b>

Net variation in cash and cash equivalents		<b>(263,037,050)</b>	<b>366,908,927</b>
Cash and cash equivalents at the beginning of the year		1,283,538,711	916,629,784
Cash and cash equivalents at the end of the year	19	<b>1,020,501,661</b>	<b>1,283,538,711</b>

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Eric Stab  
President – Chief Executive Officer

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## 1. INFORMATION ABOUT THE GROUP

**ENGIE Romania SA** is a joint-stock company whose scope of business consists in the supply of natural gas across the southern part of Romania's territory. The company was created pursuant to Government Decision no. 491/1998, implemented on August 31, 1998, and its name was changed on 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's registered office is at 4-6 Mărășești Blvd., district 4, Bucharest, Romania.

**ENGIE Romania SA** is part of ENGIE Group. ENGIE Group's annual consolidated financial statements are prepared for the parent company— 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 consolidated companies comprised under ENGIE Romania Group are: ENGIE Romania SA (the Parent company) and Distrigaz Sud Rețele SRL, ENGIE Servicii SRL, Brăila Winds SRL, Alizeu Eolian SA and ENGIE Building Solutions SRL, Helios Development Project SRL and Solar Development Project SRL.

**Distrigaz Sud Rețele SRL** was set up in March 2008 following the process of legally and accounting separation of the natural gas supply and distribution activities, and the related services from the activities of ENGIE Energy Romania SA. The Company took over, by way of transfer, a part of the parent company's assets, and became the holder of the concession contracts concluded for the natural gas distribution service and of the distribution license.

Distrigaz Sud Retele is a limited liability company. ENGIE Romania holds 99.9738% of the equity shares. The Company is coordinated by the Shareholders' General Assembly, the executive body of which is the Board of Directors.

The Company's scope of business is primarily the regulated activity of natural gas distribution. In addition to this, the Company carries out other non-regulated activities such as access to the distribution system. From a territorial standpoint, it is organized into four Regional Directorates (not registered as legal entities) and 51 working places registered with the Trade Register.

The Company's registered office is at 4-6 Mărășești Blvd., building B, District 4, Bucharest and is registered with the Trade Register under number J40/2728, having Fiscal Registration Number 23308833.

**ENGIE Servicii SRL** was established on July 1, 2009, following the approval of the new technical rules for natural gas distribution, which allowed technical inspections and verifications of operating equipment and facilities for household consumers to be conducted by other companies outside distribution operators, as well. Furthermore, as per ANRE Order 7/2009, the validity requirements for the distribution license underwent changes that allowed outsourcing the technical inspections and verifications of operating equipment and facilities.

The company's actual activity commenced on October 1, 2009, via a business transfer from Distrigaz Sud Retele.

ENGIE Servicii is a limited liability company. 99.99% of the total equity shares is held by ENGIE Romania SA. The Company is coordinated by the Shareholders' General Assembly, the executive body of which is the Board of Directors. The company's current business name as of March 21, 2016 was changed from Distrigaz Confort to ENGIE Servicii.



The Company's scope of business is primarily technical inspections and verifications of operating equipment and facilities and related services. It is organized into three regions (not registered as legal entities) and 17 agencies.

The Company's registered office is at 38 Gramont Street, 7th floor, District 4, Bucharest and is registered with the Trade Register under number J40/7422, having Fiscal Registration Number 25724432.

**Braila Winds SRL** is a limited liability company established in 2009 and purchased 99.995% by ENGIE Romania SA in December 2011. Its scope of business is wind-based electricity production.

The Company's registered office is at 4-6 Mărășești Blvd., District 4, Bucharest and is registered with the Trade Register under number J40/12230/16.09.2016, having Fiscal Registration Number 26308340.

**Alizeu Eolian SA** is a public limited company, set up in 2010 and purchased 99.995% by ENGIE Romania SA in December 2012. Its scope of business is wind-based electricity production.

The Company's registered office is at 4-6 Mărășești Blvd., District 4, Bucharest and is registered with the Trade Register under number J40/11634/02.09.2016, having Fiscal Registration Number 27214294.

**ENGIE Building Solutions SRL** is a Company the core business of which is the performance of plumbing, heating and air conditioning works, as well as the provision of technical services for industrial customers. It became a subsidiary on November 1, 2016, following the purchase of 100% of its equity shares by ENGIE Servicii SRL from Cofely Holding GmbH and from Cofely GEBÄUDETECHNIK GmbH. The company's name was changed following the purchase, from Cofely Building Services and Maintenance SRL to ENGIE Building Solutions SRL.

The Company's registered office is at 38 Gramont Street, District 4, Bucharest and is registered with the Trade Register under number J40/724/2001, having Fiscal Registration Number 13660947.

**Helios Development Project SRL** and **Solar Development Project SRL** are two companies owning photovoltaic parks located in Stalpu, Buzău county, 100% acquired by ENGIE Romania on December 22, 2021.

The registered offices of the companies are located in Bucharest, Bd. Marasesti no. 4-6, Sect. 4, and are registered at the Trade Register under numbers J40/22722/2021 and J40/22723/2021 respectively, with Fiscal Registration Number 30351780 and 35349799.

On December 17, 2020, the Company completed a transfer of assets pertaining to the purchase of two solar farms located in Cristuru Secuiesc, Harghita county.

On May 17, 2021, the Company completed an asset transfer related to the purchase of a photovoltaic park located in Nenciulesti, Teleorman county.

These financial statements of ENGIE Romania Group, for the year concluded on December 31, 2020, are authorized for issuance as per the Directors' decision from April 7, 2021

## 2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

### 2.1 Fundamentals for drawing up financial statements

#### Statement of compliance

The Group's financial statements were drawn up in accordance with the provisions of Order no. 2844/2016 on the approval of the Accounting Regulations according 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 considered the Romanian Leu (RON).

For all the periods concluded from December 31, 2008 to, and including, December 31, 2011, the Group drew up the financial statements in accordance with the Romanian accounting standards (OMFP 3055/2009 and, previously, OMFP 1752/2005). 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").

OMFP 2844/2016 replaced OMFP 1286/2012 starting with the financial statements of 2016. The changes brought by OMFP 2844/2016 did not have a significant impact on the financial statements of the Company in 2016.

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

### 2.2 Consolidation fundamentals

The consolidated financial statements comprise the financial statements of the Parent company and those of its subsidiaries, as of December 31, 2021.

The subsidiaries are consolidated since the date they are acquired, namely, since they become controlled by the Group, and remain consolidated until this control ceases. The subsidiaries' financial statements are drawn up for the same reporting period as for the parent entity, using consistent accounting policies.

The Group controls an entity when it has exposure or rights over the variable results pursuant to its shareholding in the entity it has invested in and is able to use its authority upon the entity it has invested in to influence the value of results. In general, control derives from owning the majority percentage of voting rights.

All the balances, transactions, profits, and losses resulting from transactions within the Group, as well as the dividends within the Group, are eliminated in their entirety.

The comprehensive income within a subsidiary is attributed to the non-controlling interest even if this leads to a negative balance of that non-controlling interest.

Any changes in the equity interests of a subsidiary, without the loss of control, are accounted for as an equity transaction.

If the Group loses control over a subsidiary, it shall:

- Derecognize the subsidiary's assets (goodwill included) and liabilities
- Derecognize the accounting value of any non-controlling interests
- Derecognize the cumulated foreign exchange differences recorded under its own equity
- Recognize the fair value of the equivalent value received
- Recognize the fair value of any unappropriated investment
- Recognizes in profit or loss any surplus or deficit
- Reclassify to profit or loss or retained earnings, as the case may be, the part corresponding to the Parent Company from the previously recognized components to other elements of the comprehensive result.

## **2.3 Main accounting policies**

### **a) Business combinations and goodwill**

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is evaluated as the total value of the transferred equivalent value, the fair value measured on the purchase date and the value of any non-controlling interest in the acquired entity. For each business combination, the Group chooses whether it evaluates the non-controlling interest in the acquired entity at fair value or at the proportionate share of the net identifiable assets of the acquired entity. The costs of the purchase made are registered under administrative expenses.

When the Group acquires an enterprise, it evaluates the undertaken financial assets and liabilities in order to classify or designate them accordingly based on contractual terms, the economic conditions, as well as on other pertinent conditions existing on the acquisition date. This includes, where applicable, separating the derivatives embedded in the host contracts by the acquired entity.

If the business combination is performed in stages, the previously held stake is revaluated at the fair value from the acquisition date and any gains or losses shall be recognized under profit or loss.

Any contingent consideration that has to be transferred by the acquirer is recognized at the fair value from the purchase date. A contingent consideration of an asset or a liability, which stands as a financial instrument subject to IFRS 9 "*Financial Instruments*" is measured at fair value and its modification shall be recognized under profit or loss or as a change under other comprehensive income. If a contingent consideration is not subject to IFRS 9, it is measured in accordance with the corresponding IFRS standard. A contingent consideration classified as own equity shall not be revaluated and any subsequent settlements shall be registered under own equity.

Goodwill is initially measured at cost, representing the value by which the total between the transferred consideration and the recognized value of the non-controlling interests exceeds the net value of the identifiable assets purchased and of the liabilities undertaken. If the fair value of the acquired net assets exceeds the total value of the transferred consideration, the profits are recognized under profit or loss.

After the initial recognition, goodwill is measured at cost minus any accrued impairment losses. In order to perform impairment tests, the goodwill acquired from a business combination is allocated, from the acquisition date to each of the Group's cash-generating unit believed to be benefitting from

said combination, whether or not other assets or liabilities of the acquired entity are allocated to those units.

Acquisitions of subsidiaries and transfers of activities that are not business combinations represent acquisitions of assets. The Group identifies the assets acquired and the liabilities assumed and allocates the total consideration proportionally to their fair values at the date of acquisition. No goodwill is recognized for asset purchases.

#### **b) Investments in associated entities**

The Group's investments in an associated entity are accounted for by applying the equity method. An associated entity is an entity upon which the Group has a significant influence.

According to the equity method, the investment is initially recognized under cost. The accounting value of the investment is adjusted to include the post-acquisition changes to the Group's share in the net assets of the associated entity. The goodwill corresponding to the associated entity is included in the accounting value of the investment and shall be neither harmonized, nor impairment-tested separately.

The profit and loss account reflects the Group's share in the associated entity's results. Where there is a modification directly recognized under the associated entity's own equity, the Group recognizes the share corresponding to any changes and presents it, if necessary, in the statement of changes in own equity.

The unrealized profit and losses from transactions between the Group and the associated entity are eliminated proportionate to the stake in the associated entity.

The Group's share to the profit or loss of an associated entity is presented in the profit and loss account and represents the profit or loss after tax and the non-controlling interests in the associated entity's subsidiaries.

The associated entity's financial statements are drawn up for the same period as for the Group. If necessary, adjustments are made to align the accounting policies to those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss in relation to its investment in the associated entity. As at each reporting date, Group determines whether there is proof that the investment in the associated entity is impaired. If such proof exists, the Group calculates the impairment value as the difference between the associated entity's recoverable value and accounting value and recognizes the amount in the profit and loss account under "Share in the losses of an associated entity".

When losing the relevant influence upon an associated entity, the Group measures and recognizes any investment kept in the respective entity at fair value. Any difference between the associated entity's accounting value as at the date of losing the relevant influence and the fair value of the kept investment, plus the receipts from disposal, are recognized under profit or loss.

#### **c) Currency conversions**

The Group's financial statements are presented in RON, which is also the Group'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 realized or unrealized profit and losses are registered in the profit and loss account. The RON - USD and RON - EUR foreign exchange rates as of December 31, 2020 and December 31, 2019 were:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
RON - USD	4,3707	3,9660
RON - EUR	4,9481	4,8694

The foreign exchange differences, whether favorable or unfavorable, 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.

### **Acknowledgement of revenues**

#### **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 recognized 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 recognized in time or at a specific time.

Revenues are recognized 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 control 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 recognized at a specific time.

The revenues are evaluated at the fair value of the consideration received or to be received, taking into account the contractual payment terms and excluding any taxes and duties. The Group 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 recognized 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 Group calculated and recorded the revenues pertaining to the gas that was delivered in December 2021 and will be invoiced in January 2022 ("metered gas" and "metered electricity").

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

#### **Revenues from services rendered**

The revenues from the provision of services are recognized in the period when they were rendered and in accordance with the completion stage. The Group records revenues from gas distribution and from other services rendered.

#### **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 at the beginning of the contract. The revenues are recognized as it becomes likely that a significant reversal of the value of the cumulated recognized 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 recognized 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 Group 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.

#### **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 recognized under revenues when the said goods or services have been supplied.

#### **e) Margin from electricity trading activity**

The margin from the electricity trading activity presents the net result of the trading transactions for:

- electricity purchase or sale contracts, which can be settled in cash or through another financial instrument, or by trading financial instruments, as if the respective contracts were financial instruments (being accounted as financial instruments and valued at fair value), and
- instruments with net financial settlement (without physical delivery), mainly swaps (valued at fair value).

#### **Interest income**

For all the financial instruments measured at amortized cost and the interest-bearing financial assets classified as available for sale, the interest-related revenues or expenses are registered 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 accounting value of the financial asset or financial liability. Interest income is included in the profit and loss account under financial income.

- Dividend-based income

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

**f) Government subsidies**

Government subsidies are recognized 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 recognized as income on a systematic basis, over the period when the costs it is designed to offset are registered under expenses.

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

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 favorable interest is considered a government subsidy.

The subsidy accounting applies to branching 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 71/2019 for branching and Order 104/2015 for pipelines; Order 32/2017 was repealed and replaced by Order 178/2020, and Order 104/2015 was replaced by Order 169/2020, whereas beneficiaries stopped co-financing branching and pipelines up to 2.5 km long once these Orders came into effect). Order 178/2020 was repealed by ANRE order 18/2021, respectively the Regulation on the connection to the gas distribution system, by which the Distribution System Operator is obliged to finance the necessary investment works in order to receive, register and process connection requests to the distribution system; also, the applicants can finance the works, with the Distribution System Operator returning these amounts in 5 years from commissioning, in equal instalments.

Government Emergency Ordinance 118/2021 (with subsequent amendments) introduced price caps for natural gas and electricity for household consumers and certain categories of non-household consumers between November 1, 2021 and March 31, 2022. Suppliers receive compensation from the state budget for the ceilings granted, as follows:

- For customers under the last resort supply regime, the difference between the price of purchases dedicated to these customers and the capped price is compensated, respectively
- For the other categories of customers, the difference between the weighted average price for ongoing purchase contracts with delivery in the targeted period and the capped price is compensated.

GEO 118/2021 (with subsequent amendments) specifies that this compensation represents a subsidy for suppliers.

## **Green certificates**

Green certificates constitute a subsidy regulated by the Romanian Government for producers of energy from renewable sources. Renewable energy producers are entitled to receive green certificates that can be traded on a regulated market and for which producers receive cash by means of trading. Green certificates are issued on a monthly basis by the transmission operator, Transelectrica, based on the electricity quantities produced and delivered throughout the network.

For each 1 MWh of wind power produced, the Group was entitled to receive 2 green certificates until the end of 2017. As of January 1, 2018, the Group is entitled to receive 1 green certificate for each 1 MWh produced. Green certificates are recognized when the Group is entitled to receive them. The Group is entitled to receive green certificates when it produces electricity that is registered in the power grid by Transelectrica SA.

As of July 1, 2013, the Romanian Government changed the mechanism of assistance for renewable energy producers. For the Group as a wind power producer, the effect was that, despite being entitled, as before, to receive 2 green certificates for each 1 MWh that entered Romania's power grid, one of the 2 green certificates was suspended from trading as of July 1, 2013. The green certificates suspended from trading ("postponed green certificates") could be traded as of January 1, 2018 over a period of 8 years (from the balance of postponed green certificates pertaining to the July 2013 – February 2017 interval, an equal number of green certificates is allocated for trading purposes).

Until OMFP 895/2017 came into effect, green certificates were recognized at fair value when the Group was entitled to receive them. In the case of both green certificates that can be traded at once and postponed green certificates, the fair value relies on the average trading price as at the date when they were received. At regular intervals and at least at the fiscal year closure, the Group would update the green certificates of the balance at fair value. To that end, the Group would consider the current and the projected trading prices. The accounting treatment of green certificates was changed once OMFP 895/2017 came into effect, pursuant to which green certificates are recorded into an off-balance sheet account and recognized under revenues only when they have actually been traded.

## **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, or largely adopted, as at the reporting date, by the Romanian legislation.

The current corporate income tax pertaining to the elements directly recognized under own equity is directly recognized 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.

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.



## 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 accounting value of these items, to draw up financial reports as at the reporting date.

The deferred tax debts are recognized 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 recognized 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 recognized 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 accounting 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 unrecognized deferred tax receivables are revaluated as at each reporting date and are recognized insofar as it has become likely that the future taxable profit will allow the unrecognized 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 elements are recognized in correlation with the support transaction under other comprehensive income elements or directly under own equity.

The deferred tax receivables and debts are offset if 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 recognized at their value net of VAT, except for:

- 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 recognized 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.

## **g) Tangible assets**

### **Initial evaluation**

Tangible assets are presented at cost, net of the accumulated amortization 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 Group recognizes the respective parts as individual assets with a specific useful life and amortizes them accordingly. Furthermore, when a general inspection takes place, its cost is recognized in the accounting value of that tangible asset as a replacement, provided that the recognition criteria are met.

All the other repair and maintenance costs are recognized 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 Group 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 amortized 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 Group 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 Group 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 amortization 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 amortization accumulated afterwards and any depreciation losses.

## Amortization of assets

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

Type	Accounting operating life (years)
Buildings	50
Building premises with metallic structure (wind turbine metallic tower)	20
Light constructions (hutting, sheds)	10
Steel distribution pipelines	30
Polyethylene distribution pipelines	40
Wind engines (wind turbine without components)	20
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

For most of the assets related to the photovoltaic parks acquired as an assets' transfer by the Group (in December 2020 and May 2021), the remaining lifetime at the date of acquisition was established based on an initial lifetime, upon commissioning, of 25 years.

The operating life and the amortization 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 accounting value increased following revaluation, the increase is directly registered under own equity, as a revaluation surplus. When the accounting value is reduced following revaluation, the reduction is registered 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 amortized, shelved, or sold.

## Derecognition

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

### *i) Leasing*

The Group determines, on the contract commencing 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 Group 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 Group recognizes leasing debts in order to make leasing payments and the right to use assets that represents the right to use supporting assets.

#### *i. The right to use the assets*

The Group recognizes the right to use the assets on the lease contract's commencing 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 amortization 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 recognized leasing debt, the initial direct costs and the leasing payments made on or prior to the commencing date, less the leasing incentives received.

The right to use the assets is straight-line amortized over the shorter duration between the lease period and the estimated useful life of the assets.

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

#### *ii. The leasing debt*

At the lease contract's starting date, the Group recognizes 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 Group 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 is exercised by the Group.

The variable leasing payments that do not depend upon an index or a rate are recognized 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 Group uses its incremental borrowing rate as at the lease contract's commencing date, given that the default interest rate for the lease contract is not easily determined. After the commencing date, the leasing debt value is increased in order to reflect the accrual of interest and reduced with the leasing payments made. Moreover, the accounting value of the leasing debts is remeasured if there is any amendment, 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 Group's leasing debts are included in the Commitments and Contingencies note (see note 26).

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

The Group 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 commencing 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 recognized 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 is intended for use or for sale are capitalized 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 Group in order to borrow funds. The Group did not have, throughout 2020 and 2021, any debt costs directly attributable to the purchase, construction or production of an asset.

*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 amortization and any accrued depreciation losses, if any. Internally generated intangible assets, excluding the capitalized development costs, are not capitalized, 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 amortized throughout their economic service life and depreciation assessed whenever there are indications of intangible asset depreciation. The amortization period and the amortization 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 amortization method or period, as the case may be, and are treated as changes of accounting estimates.

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

The Group's intangible assets are primarily represented by software and licenses. The software items are straight-line amortized over a period not exceeding 3 years, whereas licenses are amortized throughout their validity period. Additionally, the intangibles generated following the purchase of subsidiaries are amortized throughout the operating life of their assets.

## **Goodwill**

The goodwill generated from the purchase of a new entity is initially measured at cost and represents the difference between the purchase cost and the fair value of the purchased percentage of the entity's identifiable assets, liabilities, and contingent liabilities. Goodwill is not subject to amortization but is tested for impairment on a yearly basis. Once it has been impaired, it can no longer be appreciated.

### ***1) 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 Group's financial assets comprise cash and cash equivalents, trade, and other receivables (including loans to affiliated entities) and financial investments. The Group's financial debts comprise trade and other payables.

#### **Initial and subsequent evaluation**

Financial assets and liabilities are initially recognized 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 amortized 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 Group's business model employed to manage them. The Group 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 that do not contain a significant financing element are measured at the transaction price, determined in accordance with IFRS 15 (the fair value).

For a financial asset to be classified and measured at amortized 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.

The Group'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 recognized on the transaction date, meaning the date when the Group undertakes to purchase or sell that asset.

Financial debts shall be classified as subsequently measured at amortized 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 value between the adjustment for losses and the initially recognized value, (d) commitments on granting a loan at an interest rate below the market rate, which are subsequently measured at the higher value between the adjustment for losses and the initially recognized value, (e) the offset for the contingency recognized 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 Group are classified into three categories:

- Financial assets measured at amortized cost (receivables and granted loans) and Trade and other payables;
- Financial assets measured at fair value by means of other comprehensive income elements;
- 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 amortized cost using the effective interest method, minus depreciation. The amortized cost is calculated considering any purchase discount or premium and any fees and costs that are an integral part of the effective interest rate. Amortization based on the effective interest rate is included in the profit and loss account under financial income. The losses originating from depreciation are recognized in the profit and loss account under other operating expenses.

### **Trade and other payables**

Trade and other payables are subsequently measured at amortized cost, using the effective interest method. The effective interest method is a method to calculate the amortized 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 accounting value from the initial recognition date.

### **Derecognition**

Basically, a financial asset is derecognized when:

- The rights to receive cash flows produced by the asset have expired, or
- The Group 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 Group has largely transferred all the risks and rewards related to its asset, or (b) the Group has not largely transferred or kept all the risks and rewards related to its asset but has transferred control over that asset.

In case where the Group 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 Group will continue to recognize the transferred asset to an extent that is proportionate to the Group's continuous involvement. In this case, the Group will recognize 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 Group has kept.

A financial liability is derecognized 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 accounting values is recognized 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 recognized amounts and there is an intention to settle on a net basis, to simultaneously capitalize on the assets and settle the liabilities.

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

The Group recognizes 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 Group expects to receive, updated at an initial effective interest rate.

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

The Group 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 Group may deem a financial asset unearnable when internal or external information indicate the fact that the Group 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 derecognized when there is no reasonable forecast on the recovery of its contractual cash flows.

#### **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. These derivatives are initially recognized 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.

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

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

- ▶ Fair value hedges, employed in order to hedge against exposure to changes in the fair value of a recognized asset or liability or in the fair value of an unrecognized 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 recognized asset or liability or to a very likely projected transaction or to the currency risk of an unrecognized firm commitment.

Hedge accounting can be applied if all the following criteria are met:

- Only eligible hedging instruments are designated
- When initiating a hedging relationship, the Group formally designates and documents the hedging relationship for which the Group wishes to apply hedge accounting and the risk management objective and strategy to undertake the hedging.
- The hedging relationship meets the following hedging efficiency requirements:
  - o There is an economic relationship between the hedged item and the hedging instrument,
  - o The effect of credit risk does not dominate the changes in value resulting from the economic relationship, and
  - o The hedging ratio in the hedging relationship is the same as the ratio between the quantities of the designated hedged item and the designated hedging instrument.

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 recognized 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 registered as a portion of the accounting value of the hedged element and is similarly recognized in the profit and loss account.

In the case of hedging the fair value against risks in relation to elements accounted for at amortized cost, the fair value adjustment is amortized through the profit and loss account, over the period remaining until the maturity date. Amortization 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 derecognized, the unamortized fair value is promptly recognized 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 recognized as an asset or a liability, whereas the corresponding profit or losses are recognized in the profit and loss account.

### **Cash flow hedging operations**

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

The amounts recognized 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 recognized under other comprehensive income elements are transferred at the initial accounting 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 recognized 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 recognized 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 registered 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 of December 31, 2020, the Group found no indications that might suggest a gas stock depreciation.

The stock evaluation method is the weighted average cost.

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 years).

**o) Depreciation of non-financial assets, including investments in subsidiaries and associated entities**

The Group 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 Group 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 accounting 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 recognized 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 recognized 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 recognized impairment losses are no longer present or have decreased. If such indications exist, the Group will estimate the recoverable value of the asset or cash-generating unit. A previously recognized 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 accounting 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 recognized in the profit and loss account, except 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 recognizes as a debt the distributions of dividends to its shareholders when the distribution is authorized and no longer at the Company's discretion.

#### **r) Provisions**

##### **General**

Provisions are recognized when the Group 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 Group shall recognize a provision for the entire probable value known at the time.

Contingent liabilities shall not be registered in the financial statements. They are only presented, except 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.

##### **Provisions for onerous contracts**

Onerous contracts are contracts for which the inevitable costs for the Group to fulfill its contractual obligations exceed the economic benefits that the Group expects to obtain. At the balance sheet date, the Group recognizes a provision for the value of the present obligation resulting from onerous contracts.

##### **Provisions for litigations**

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

#### **s) Pensions and other long-term employee benefits**

Both the Group 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 Group has no legal or constructive obligation to pay additional future contributions. Its obligation is strictly to pay contributions when they become due.

In accordance with Collective Labour Agreement no. 142/08.07.2020, each of the Group's employees is entitled to receive a retirement benefit, depending on their length of service within the Group, as follows:

- Less than 10 years - 4 gross salaries;
- Between 10 and 20 years - 5 gross salaries;
- Between 20 and 30 years - 6 gross salaries;
- Between 30 and 40 years – 7 gross salaries;
- More than 40 years - 8 gross salaries.

The employee who terminates employment with the Group as a result of retirement due to the age limit will receive, in addition to the allowance mentioned above, regardless of seniority in the Group, another basic gross monthly salary on the date of retirement.

The Group 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 recognized in period when they occur, under other comprehensive income elements.

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 Group's employees in Romania receive shares from the parent company, ENGIE (France), for no consideration, provided that they are employees of Group's companies 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 Group 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 considers 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, Group 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 Group'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 Group 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, reorganizing or privatization 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 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 Group.

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 Group uses adequate measurement techniques, considering the circumstances for which the available data is sufficient so as to allow a fair value measurement, maximizing 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 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 recognized in financial statements at their fair value, the Group shall determine whether any transfers occurred among the fair value hierarchy levels by reanalyzing 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 valuers are employed to value significant assets, such as buildings and lands.

#### **x)Contingent liabilities and assets**

Contingent liabilities are not registered 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 registered in the financial statements but will be presented when a receipt of economic benefits is likely to occur.

Preparation of the Group's financial statements requires that the management to formulate judgments, estimates and assumptions that affect the reported values for revenues, expenses, assets and liabilities, as well as the presented information that accompanies them, and to present the contingent liabilities at the end of the reporting period. However, the existing uncertainty related to these estimates and assumptions could result in a significant future adjustment of the accounting value of the affected asset or liability in future periods.

#### **Judgements**

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

##### *- Purchases of assets*

In 2011 and 2012, the Group purchased 99.995% of the shares of Brăila Winds SRL and Alizeu Eolian SA, unlisted companies operating in the field of wind power production. Both companies were in their start-up phases on the purchase date and had no running operations or processes. The Group's management analyzed the share purchases in relation to IFRS 3 Business combinations and concluded that the requirements for considering those two transactions as business combinations were not met, primarily given that the two companies purchased did not meet the requirements for being deemed standalone businesses.

As a result, both transactions were treated as asset purchases from the Group's standpoint, which entails that the transaction price was exclusively allocated to the purchased assets and liabilities (without recording any goodwill).

Similarly, on December 17, 2020, the Company finalized a transfer of assets pertaining to the purchase of two solar farms, located in Cristuru Secuiesc, Harghita county; on May 17, 2021, the parent company completed a transfer of assets related to the purchase of a photovoltaic park located in Nenciulesti, Teleorman county; on December 22, 2021, the parent company acquired 100% of the shares of Helios Development Project SRL and Solar Development Project SRL, two companies owning photovoltaic parks located in Stalpu, Buzău county.

*- Applicability of IFRIC 12*

In 2010, under the supervision of ACUE (Association of Energy Utility Companies), a thorough analysis on the applicability of IFRIC 12 in regard to natural gas and electricity distribution concessions was conducted. The Conclusion of this analysis was that IFRIC 12 was not applicable.

*- Recognition of deferred taxes - receivable*

The Company analyzed the fulfilment of the criteria provided by IAS 12 on recognizing 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 assumptions leading to the estimation of future profits from the activity of the two wind farms (Note 12), the Company recognized a deferred tax - receivable for these deductible temporary differences as of December 31, 2020 and December 31, 2021, 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.

*- Recognition of revenues from subsidies to offset price capping*

The parent company analyzed the fulfillment of the criteria provided by IAS 20 and concluded that:

- For customers under the last resort supply regime, there is reasonable certainty regarding the amounts to be received as a subsidy when the Company has the information related to the consumption of these customers, respectively related to the purchase price of natural gas for these customers.
- For the other categories of customers, there is reasonable certainty regarding the amounts to be received as a subsidy only when the National Energy Regulatory Authority communicates the respective amounts to the Ministry of Energy.

Therefore, in the financial statements as of December 31, 2021, recognizes only the revenues from subsidies related to customers under the last instance supply regime for the months of November and December 2021 (see Note 6.1).

*- Evaluating the liquidity of the electricity market*

The Group periodically analyzed the liquidity of the electricity market and concluded that from January 1, 2021, the criteria for the "can be easily converted into cash" evaluation of contracts with physical delivery on the OPCOM market were met, so that the Group's activity of electricity trading is reported starting from this date as net margin (see Note 6). The evaluation of the liquidity of the electricity market took into account both historical indicators (such as the traded quantities, the number of participants, the number of daily transactions) and the coupling of the next-day electricity markets in



Romania, Hungary, Slovakia and the Czech Republic with the Multi market -Regional Coupling, which includes 22 other European countries, for the creation of the single European electricity market, planned (and realized) in 2021.

*- Provision for onerous contracts resulting from price capping*

Government Emergency Ordinance 118/2021 (with subsequent amendments) introduced price caps for natural gas and electricity for domestic consumers and certain categories of non-domestic consumers between November 1, 2021 and January 31, 2022, respectively for domestic consumers and the majority of non-domestic consumers -households between February 1 and March 31, 2022. Suppliers receive compensation from the state budget for the ceilings granted, as follows:

- For customers under the last resort supply regime, the difference between the purchases price dedicated to these customers and the capped price is compensated
- For the other categories of customers, the difference between the weighted average price for ongoing purchase contracts with delivery in the targeted period and the capped price is compensated.

Thus, for domestic and non-domestic customers who are not in the supply regime of last resort, because the suppliers recover from the state budget amounts lower than the price reductions granted to customers as a result of the ceiling mechanism, the contracts with customers for which it applies the caps that were in force on December 31, 2021 have become onerous. Thus, the Parent Company established a provision for estimating the difference between the amounts that will be granted as caps to customers with contracts in force on December 31, 2021, respectively the amounts that will be recovered from the state budget for these caps (see Note 21).

### **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 accounting values of assets and liabilities over the following fiscal year, are presented below.

*- Revenues from “metered gas” and natural gas technological consumption*

The revenues generate from the categories of clients 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, considering the technological consumption history during the 2008-2010 period, a volume which was subsequently updated on a yearly basis.

The management of the Group use measuring and modelling instruments in order to determine the un-invoiced 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 Group assesses lands and buildings (note 12) at their fair value, whereas any changes to the recorded values are recognized under other comprehensive income elements. The Group contracted independent valuation specialists in order to determine the fair value as on December 31, 2019.

As on December 31, 2021, the Group assessed the evolution of the prices throughout 2021 and concluded that the changes were not sufficiently significant to require a new valuation.

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

Depreciation exists when the accounting 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 12.

Based on the developments on the electricity and green certificate markets, as well as on the regulations regarding renewable energy subsidies, the management identified the impairment indices of Alizeu Eolian and Brăila Winds cash-generating units.

A first impairment test was performed at the end of 2013, resulting in a loss RON 49.5 million. At the end of 2014, a new impairment test was performed, and revealed as the recoverable value the value in use, as well as an additional impairment loss of both intangible and tangible assets, amounting to RON 95 million. At the of 2015, the impairment test revealed an additional impairment loss of RON 36.6 million.

The performance of the impairment test at the end of 2016 revealed a new loss, amounting to RON 18 million. At the end of 2017 after updating the assumptions included in the impairment test, the losses amounting to RON 19,6 million were reversed. At the end of 2018, the Group concluded that any changes to the impairment recorded during the previous years were not necessary. After updating the assumptions included in the impairment test, as on December 31, 2019, a new reversal was performed in losses amounting to RON 6.5 million. As on December 31, 2020 another reversal was performed on losses amounting to RON 0.7 million. Also, on December 31, 2021, a reversal was performed in losses amounting of RON 1.2 million.

The main assumptions employed when calculating the value in use were the discount rate (post-tax) of 8.65% (2020: 9.18% post-tax), the projected prices for electricity and green certificates, as well the operational assumptions concerning the production of the two wind farms.

*- 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 on the following taxes: corporate income tax for the period until December 31, 2017 and VAT for the 2017-2019 period.

The other companies within the Group were not subject to audits throughout the disclosed periods. The fiscal years remain open for verifications for 5 years after the submission of the relevant annual tax returns.

The Romanian fiscal system is undergoing a consolidation process and is in the process of being harmonized with European legislation. There may be different interpretations by the tax authorities in relation to the tax legislation which may lead to additional taxes and penalties. If the state authorities find fiscal violations and related regulations, they can lead to: confiscation of the amounts in question, additional fiscal obligations, fines and penalties. As a result, the fiscal sanctions resulting from the violation of the legal provisions can lead to a significant debt.

The group considers that it has paid all its taxes on time and in full.

On December 31, 2015, on the occasion of the integration of CONGAZ SA, the parent company took over a dispute resulting from its inspection by the fiscal authorities, with the object of disputing the debts and fiscal accessories imposed by ANAF (mainly related to excise taxes) and paid by CONGAZ SA. The company obtained a favorable decision in the first instance in December 2016. ANAF appealed the decision to the High Court of Cassation and Justice, the date of appearance being set for June 16, 2020. At this last term, the final decision of the high The Courts of Cassation and Justice are positive for ENGIE Romania, establishing that the amounts were not owed, therefore the decision received at the first instance to cancel the initial documents as well as the decisions to pay the accessories related to the main debit is maintained. Thus, the parent company submitted to ANAF in August 2020, a request for the refund of the amounts paid. On August 6, 2021, the amounts were collected by the Parent Company (see Note 7).

Law 155/2020 introduced a "windfall tax" by which the State was to collect 90% of the amount resulting from the difference between the actual purchase price and the regulated price of producers in the amount of 68 RON/MWh, from July 2020 until on June 30, 2021, for sales to household customers (and thermal energy producers, for consumption intended for household customers) in a special account, these amounts to be used exclusively for the protection of vulnerable customers.

On December 31, 2020, the Group registered in the financial statements a debt for "windfall tax" estimated based on a conservative scenario for the allocation of purchases, assessing that the payment of this tax is probable. Considering that no application rules have been published regarding this fee, the Company has reviewed its assessment regarding this fee, and concluded that on December 31, 2021, payment of this fee is no longer likely and has derecognized the debt previously registered (see Notes 6 and 23).

- 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. Details in Note 22.

*- Operating lives of fixed assets and amortization method*

The Group estimates the operating life of tangible asset elements in accordance with the consumption / wear rate for the respective assets. The Group uses the straight-line amortization method for fixed assets. The Group revised the estimated operating lives as on December 31, 2021 and concluded that no changes are required.

*- Impairments of receivables (Note 17)*

The Group 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 Group analyzed 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 reorganization): the expected impairment is 100% of the existing receivable.
- Customers without a confirmed risk:
  - o 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;
  - o 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.

In the context of the COVID 19 pandemic, the Group analyzed the credit risk of the customers in its gas and electricity supply portfolio, concluding that the segment of small- and medium-sized customers was directly affected by the introduction of the state of emergency / alert, which led to their businesses being partially or entirely shut down. Upon analyzing the receivables pertaining to these customers, the Group set up an additional provision, compared with the method that determines impairments strictly based on historical data, to consider the additional credit risk generated by the pandemic.

The Group analyzed 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 Group on January 1, 2021:

- **Reform of the interest rate reference index - Second stage - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

In August 2020, the IASB published the Interest Rate Benchmark Reform - Stage Two - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 standards, completing its activity to respond to the effects of the IBOR reform. The amendments provide temporary exemptions that address the effects on financial reporting when IBOR is replaced by a risk-free alternative. The amendments provide, in particular, a practical solution when accounting for changes in the basis for determining the contractual cash flows related to financial assets and liabilities, requiring the adjustment of the effective interest rate, similar to an update of the market interest rate. The amendments also provide exemptions from the termination of the hedging relationship, including a temporary exemption from the need to separately identify the hedged component when a risk-free instrument is designated in a hedging relationship of a risk component. There are also changes to IFRS 7 Financial instruments: Disclosures to enable users of financial statements to understand the effects of the IBOR reform on the entity's financial instruments and risk management strategy. Although the application is retrospective, the entities must not carry out restatements for previous periods. The amendments had no impact on the Group's financial statements.

- **IFRS 4: Insurance contracts (Amendments)**

Amendments brought to IFRS 4 modify the fixed expiry date of the temporary exemption provided for in IFRS 4 Insurance contracts for the application of IFRS 9 Financial instruments, so that entities should apply IFRS 9 for annual periods starting on or after January 1, 2023. The amendments have not had any impact on the Group's financial statements.

- **IFRS 16 Leases - Rent concessions related to COVID-19 (Amendment)**

The amendment is applied retrospectively for annual reporting periods beginning on or after June 1, 2020. Early application is permitted, including within financial statements that have not yet been authorized by May 28, 2020. The IASB amended the standard by granting lessees exemptions from the application of the requirements of IFRS 16 regarding the treatment of changes to leasing contracts for rent concessions that arise as a direct consequence of the COVID-19 pandemic. The amendment provides a practical solution for lessees to account for any change in lease payments resulting from rent concessions related to COVID-19 in the same way they would record the change under IFRS 16 if it did not represent a change to the lease agreement, only if all the following conditions are met:

- > The change in lease payments results in a revised consideration for the leasing contract that is substantially similar to or lower than the consideration for the leasing contract immediately prior to the change.
- > Any reduction in lease payments only affects payments originally due on or before June 30, 2021.
- > There was no substantial change to the other terms and conditions of the leasing contract. The amendment had no impact on the Group's financial statements.

## 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:

- **IFRS 17: Insurance contracts**

The standard comes into force for annual periods beginning on or after January 1, 2021 and early application is allowed, provided that standards IFRS 15 Revenue from Contracts with Customers, and IFRS 9 Financial Instruments were applied, as well. During the meeting in March 2020, the Board decided to postpone the entry-into-force date until 2023. IFRS 17 Insurance contracts sets forth the principles for the recognition, assessment, disclosure, and provision of information concerning issued insurance contracts. Furthermore, the standard stipulates the application of similar principles in the case of the reinsurance contracts held and of issued investment contracts with discretionary participation features. The goal is to ensure the provision of relevant information, by the issuing entities, in a manner that faithfully reflects the respective contracts. This information provides a basis for the users of financial statements to assess the effects the contracts falling under the scope of IFRS 17 have upon the entity's financial position, financial performance, and cash flows.

This new standard will not have an impact on the financial statements of the Group, because it does not issue insurance contracts.

- **IFRS 17: Insurance contracts (Amendments)**

The amendments to IFRS 17 take effect retrospectively for annual periods beginning on or after January 1, 2023 and early application is permitted. The amendments are intended to help entities implement the standard. In particular, the amendments are intended to reduce costs by simplifying certain requirements of the standard, to make it easier to provide explanations regarding financial performance and to facilitate the transition by postponing the effective date of the standard to 2023 and also by providing additional exemptions with the aim of reducing the effort required to apply IFRS 17 for the first time.

These amendments will not have an impact on the Group's financial statements, as it does not issue insurance contracts.

- **IFRS 17: Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendments)**

The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. For entities that apply IFRS 17 and IFRS 9 at the same time for the first time, the amendment adds a transition option for an "overlapping classification" regarding the comparative information of financial assets. An entity that applies the overlapping classification for a financial asset must present comparative information as if the classification and measurement requirements of IFRS 9 had been applied for that financial asset. Also, when applying the overlap classification for a financial asset, an entity need not apply the impairment requirements of IFRS 9. The amendment aims to help entities avoid temporary accounting mismatches between financial assets and liabilities associated with insurance contracts and, therefore, to improve the usefulness of comparative information for users of financial statements. These amendments have not yet been adopted by the EU.

These amendments will not have an impact on the Group's financial statements, as it does not issue insurance contracts.

• **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 favor of the associated entity or joint venture in question. The main outcome of the changes is that a total profit or loss is recognized when the transaction involves an enterprise (whether or not it operates as a subsidiary). A partial profit or loss is recognized 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 no significant impact was reflected into the Group's consolidated financial statements 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. However, as a reaction to the COVID-19 pandemic, the Board postponed the entry-into-force date by one year, namely until January 1, 2023, in order to grant companies more time to implement the imposed classification changes. The amendments intend to promote consistency when applying the classification 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 recognize 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 the company through the issuance of own equity instruments.

In November 2021, the Council published a draft, which clarifies how to treat debts that are subject to financial commitments that must be respected, at a later date than the reporting period. In particular, the Council proposes amendments with a reduced scope for IAS 1, which effectively revoke the 2020 amendments that required entities to classify as current liabilities that are the subject of financial commitments that must be respected only in the next twelve months following the reporting period if these financial commitments are not fulfilled at the end of the reporting period. Instead, the proposals would require entities to present separately all long-term liabilities that are the subject of financial commitments that must be met only within twelve months of the reporting period. Also, if the entities do not comply with such future commitments at the end of the reporting period, additional information will be required. The proposals will be effective for annual reporting periods beginning on or after January 1, 2024 and will have to be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Council also proposed to appropriately postpone the date of entry into force of the amendments from 2020, so that the entities will not be obliged to change current practices before the entry into force of the proposed amendments. These amendments, including the proposals included in the exposure draft, have not yet been adopted by the EU.

The management estimates that these amendments will not have an impact on the financial statements of the Group, because it has no debts for the purpose of these amendments.

- **IFRS 3 Business Combinations; IAS 16 Tangible assets; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well 2018-2020 annual improvements (Amendments)**

The changes come into force for annual periods beginning on or after January 1, 2022 and early application is allowed. IASB issued amendments, restricted in scope, to the following IFRS standards:

- **IFRS 3 Business Combinations (Amendments)** updates a reference from IFRS 3 to the Conceptual Framework for Financial Reporting, without amending the accounting requirements for business combinations.

- **IAS 16 Tangible assets (Amendments)** - the changes forbid a company to deduct from the costs of tangible assets the amounts earned from the sale of produced elements while the company prepares the respective asset for operation. However, a company will recognize these receipts from sales, and the related cost, under the profit or loss account.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** - the changes specifically indicate the costs a company will include when calculating the cost required to perform a contract, in order to determine whether a contract is onerous.

- **The 2018-2020 annual improvements** introduce minor changes to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IAS 41 Agriculture and to the Illustrative Examples accompanying IFRS 16 Leases.

The management estimates that these amendments will not have an impact on the financial statements of the Group.

- **IFRS 16 Lease contracts for concessions granted following the COVID-19 pandemic (Amendments)**

The amendment applies to annual reporting periods starting on or after April 1, 2021, and early application is permitted, including within financial statements that have not yet been authorized to be issued by the date of the amendment. In March 2021, the Council amended the conditions of the practical solution provided for in IFRS 16, which granted lessees exemptions from the application of the requirements of IFRS 16 relating to the modification of leasing contracts for rent concessions as a direct consequence of the COVID-19 pandemic. As a result of the amendment, the practical solution currently applies to rent concessions for which any reduction in lease payments affects only payments initially due on or before June 30, 2022, if the other conditions for applying the practical solution are met.

The management estimates that this amendment will not have an impact on the financial statements of the Group, because it has no concessions regarding the rent.

- **IAS 1 Presentation of financial statements and IFRS practice statement no. 2: Presentation of accounting policies (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 and early application is permitted. The amendments provide guidance for the application of judgments regarding materiality in the presentation of information related to accounting policies. In particular, the amendments to IAS 1 replace the requirement to present "significant" accounting policies with a requirement to present "material" accounting policies. Also, guidance and illustrative examples are added to the Practice Statement to help applying the concept of materiality when making judgments about the disclosures of accounting policies. The amendments have not yet been adopted by the EU.

Management estimates that these amendments will not result in major changes in the presentation of accounting policies in the Group's financial statements.



• **IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, early application is permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start date of the respective period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates represent and how they differ from changes in accounting policies and correction of errors. The amendments have not yet been adopted by the EU.

Management estimates that these amendments will not have a significant impact on the Group's financial statements, because the significant accounting estimates in the Company's financial statements comply with the new definition.

• **IAS 12 Income taxes: Deferred tax related to assets and liabilities resulting from a single transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 and early application is permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception in IAS 12 and specify how companies should account for deferred tax for transactions such as leases and decommissioning obligations. According to the amendments, the exception regarding initial recognition does not apply to transactions that, upon initial recognition, give rise to equal deductible and taxable temporary differences. It only applies if the recognition of a lease asset and a lease liability (or a decommissioning liability and a decommissioning asset) give rise to deductible and taxable temporary differences that are not equal. The amendments have not yet been adopted by the EU.

Management estimates that this amendment will not have a significant impact on the Group's financial statements because it has no material transactions for the purpose of the amendment.

## **5. ACQUISITIONS OF SUBSIDIARIES**

In 2020 and 2021, the Group did not acquire subsidiaries.

On December 22, 2021, the parent company acquired 100% of the shares of Helios Development Project SRL and Solar Development Project SRL, two companies owning photovoltaic parks located in Stalpu, Buzău county. This transaction was an assets' purchase. The balance of cash and cash equivalents of these companies at the date of acquisition was RON 414,865.

## 6. REVENUES, PURCHASE COSTS AND OPERATING DERIVATIVES

### 6.1 Revenues

Revenues from contracts with customers	2021	2020
Income from gas supply	5,191,214,202	4,458,001,486
The effect of capping the gas price	(125,598,933)	-
Grants to compensate for gas price capping	32,547,362	-
Income from electricity supply and electricity production	1,004,170,912	616,394,056
The effect of capping the price of electricity	(135,194)	-
Income tax for energy producers	(6,806,675)	-
Revenues from the gas distribution service and related	362,756,216	333,297,168
Income from other services	133,170,790	117,218,967
Other incomes	19,937,227	4,591,267
Income from other electricity contracts	34,418,488	699,451,813
Margin from electricity trading activity	37,781,903	-
<b>Total revenues</b>	<b>6,683,546,299</b>	<b>6,228,954,757</b>

The revenues from gas supply in 2020 are presented net of the impact of the derivative instruments used to cover the variable price supply portfolio, in the amount of RON 9,182,307 (income). In 2021, the Group did not perform similar hedging operations.

Revenues from other electricity contracts include in 2020 revenues related to trading activity in the amount of RON 619,213,880, for which trading accounting is applied starting from January 1, 2021 (being reported in the margin from electricity trading activity in 2021).

### 6.2 Purchase costs and operating derivatives

	2021	2020
Gas purchase expenses		
Expenses with the gas distribution service	3,878,613,089	3,082,418,390
Gas transportation and storage expenses	34,864,055	25,162,504
Expenses with the purchase of electricity	323,344,270	322,602,748
Net expenses with electricity exploitation derivatives	842,272,356	904,588,502
Electricity service charges	(67,014,400)	167,482,597
	213,536,517	173,583,633
	<b>5,225,615,888</b>	<b>4,675,838,374</b>

Gas purchase expenses in 2021 are presented net of the impact of the derivative instruments used to cover the portfolio of purchases for supply, amounting to RON 71,447,065 income (2020: RON 27,191,565 income).

Electricity exploitation derivatives consist in 2020 of instruments with net financial settlement (without physical delivery), mainly swaps, of which RON 124,316,296 is the expense related to trading activity, for which trading accounting is applied starting from 1 January 2021 (being reported in the margin from the electricity trading activity in 2021), and RON 43,166,301 the related expense of covering the portfolio of purchases for supply. In 2021, the derivatives of electricity exploitation (RON 67,014,400 income) are related exclusively to covering the portfolio of acquisitions for supply.

Gas purchase expenses include in 2020 the value of the "windfall tax" estimate (see also Note 23), respectively in 2021 and the derecognition of this estimate.

## 7. OTHER OPERATING INCOME

	2021 RON	2020 RON
Income from penalties	8,418,344	7,788,669
Income from the capitalization of works for the development of the gas distribution network	120,535,983	89,728,352
Other	48,385,491	6,589,711
Other operating revenues	<b>177,339,818</b>	<b>104,106,732</b>

Other operating revenues include in 2021 the collection of RON 30,930,493 for the excise duty and accessories related to Congaz, reimbursed by the National Fiscal Administration Agency.

## 8. EXPENSES WITH EMPLOYEES' BENEFITS

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

	2021 RON	2020 RON
Salary expenses	489,781,712	457,579,461
Social security expenses	10,361,361	9,453,040
Long-term employee benefits (Note 22)	17,984,185	8,130,122
<b>Total salary expenses</b>	<b>518,127,258</b>	<b>475,162,622</b>

In 2021, the average number of employees of the Group was 4,183 (2020: 4,016).

### **Share-based payments**

The income pertaining to share-based payments included under other labor costs amounts to RON 1,310,248 in 2021 (2020: RON 65,568). The shares granted as part of the plans are detailed below:

Plan date	"Taking effect" date	Number of shares	Fair value per share as at the "Taking effect" date
PS 14/12/2016	14.03.2021	3,500	7.91
PS 13/12/2017	14.03.2021	23,450	11.03
PS 11/12/2018	14.03.2022	25,175	8.95
PS 17/12/2019	15.03.2023	27,200	10.84
PS 17/12/2020	15.03.2024	25,150	9.44
PS 17/12/2021	15.03.2025	24,425	9.15

These share-based payment plans are organized across ENGIE Group. ENGIE Romania Group does not have any effective payment liability in relation to its employees and accounts for these shares as a shareholders' contribution to own equity.

## 9. OTHER EXPENSES

	2021 RON	2020 RON
Expenses with consumables	151,663,404	123,259,576
Taxes and fees	69,004,296	64,948,856
Other expenses with services provided by third parties	57,809,143	48,501,036
Maintenance and repair expenses	23,593,609	23,513,261
Postage and telecommunications fees	22,655,031	18,766,100
Expenses with royalties, management locations and rents	24,589,959	20,259,054
Other expenses with gas-related services	1,700,483	5,131,744
Administrative costs	13,677,619	12,779,199
Expenses with consulting services	12,062,603	10,317,728
Security costs	13,671,947	12,264,797
Expenses with asphaltting works	20,863,593	16,941,102
Insurance premium expenses	12,500,020	10,769,752
Marketing expenses (advertising, advertising)	15,986,026	15,999,657
Management services	6,409,871	8,743,407
Bank fees	6,305,235	6,010,729
Utility expenses	5,114,365	4,283,230
Expenditure with green certificates	38	810,847
Expenses/ (reversals) from value adjustments of receivables	52,263,754	27,888,201
(Gain)/loss from disposal of fixed assets	3,529,259	169,068
Compensations, fines and penalties	5,074,823	21,088,586
Expenses/(reversals) from provisions	304,477,198	(9,883,610)
Other expenses	35,742,979	21,367,080
<b>TOTAL</b>	<b>858,695,256</b>	<b>463,929,397</b>

Expenses with taxes and fees mainly include: licenses for licensed activities (natural gas distribution, natural gas and electricity supply, electric energy production), the monopoly tax from the natural gas distribution activity, the royalty related to the gas distribution service, the high efficiency cogeneration.

Expenses from provisions refer in 2021 mainly to the provision for onerous contracts resulting from price capping (see Note 3 and Note 21).

## 10. INTEREST AND OTHER FINANCIAL EXPENSES / INCOME

Interest income	2021 RON	2020 RON
Income from interests on bank deposits	22,348,949	25,123,475
<b>Total</b>	<b>22,348,949</b>	<b>25,123,475</b>

  

Interest expenses	2021 RON	2020 RON
Expenses with interest on loans	(1,152,290)	(9,145)
<b>Total</b>	<b>(1,152,290)</b>	<b>(9,145)</b>

Other financial gains / (losses)	2021 RON	2020 RON
Discounts received	480,657	167,918
Profit / (losses) from "economic" hedging instruments against cash flow risks	(10,847,743)	8,170,391
Other financial gains / (losses).	9,936	81,275
Total	<b>480,657</b>	<b>167,918</b>

Profit / (losses) from "economic" hedging instruments refer to the valuation at fair value at the balance sheet date for hedging derivatives for which hedge accounting is not applied.

## 11. CORPORATE INCOME TAX

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

	2021 RON	2020 RON
<b>Current profit tax</b>		
Current profit tax	49,434,689	80,342,021
<b>Deferred tax:</b>		
Related to temporary differences	(37,937,152)	7,125,839
<b>Expense/Credit with profit tax recorded in the profit and loss account</b>	<b>11,497,537</b>	<b>87,467,860</b>
<b>The situation of the comprehensive result</b>		
Deferred tax related to the treasury flow coverage reserve	50,566,590	
Deferred tax for actuarial gains / (losses).	1,937,829	247,120
<b>Profit tax registered in the statement of the comprehensive result</b>	<b>52,504,419</b>	<b>247,120</b>

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

<b>Gross accounting profit</b>	<b>81,421,409</b>	<b>580,282,904</b>
Profit tax at the statutory tax rate (16%)	13,027,425	92,845,265
The impact of non-deductible expenses and non-taxable income	11,137,927	7,757,166
Tax credit (sponsorship expenses and bonus)	(9,181,971)	(10,588,448)
Tax credit (legal reserve)	(3,485,844)	(2,546,123)
<b>The profit tax expense recorded in the profit and loss account</b>	<b>11,497,537</b>	<b>87,467,860</b>

Non-deductible expenses and non-taxable income refer mainly to provisions and value adjustments.

In 2021, the Group benefited from bonuses in value of RON 4.3 million as part of the fiscal measures taken by the Romanian State to encourage the capitalization of companies.

In 2020, the Group benefited from bonuses in value of RON 4.3 million to reduce the effects of the COVID-19 pandemic.

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	
	2021 RON	2020 RON	2021 RON	2020 RON
Fiscal differences related to fixed assets	(215,089,021)	(204,175,415)	(10,913,606)	(16,148,532)
Financial investments	563,488	563,488	(889,365)	(908,070)
Fiscal differences related to Brăila Winds and Alizeu Eolian	8,933,138	9,822,503	1,781	(90,475)
Adjustments for depreciations of inventories	203,883		3,379,218	(5,230,593)
Impairments of current assets	30,774,154	202,102	859,951	7,902,444
Revaluation reserves	(25,532,153)	27,394,936	(7,294,746)	3,636,724
Long-term provisions	10,676,585	(26,392,103)	2,877,470	1,300,819
Long-term employees' benefits	19,953,921	17,971,331	413,780	2,411,843
Short-term employees' benefits	7,695,406	19,014,280	47,473,729	-
Short-term provisions	47,473,729	7,281,626	2,028,940	-
Fiscal loss	2,028,940	-	(10,913,606)	(16,148,532)
<b>Expenses with / (income from) deferred tax recognized in the profit and loss account</b>			37,937,152	(7,125,840)
Actuarial gains/(losses) for employee benefits	-		(1,937,829)	(247,120)
Revaluation-related tax	(50,566,590)		(50,566,590)	
<b>Expenses with / (income from) deferred tax recognized under other comprehensive income elements</b>	(162,884,519)	(148,317,251)	(52,504,419)	(247,120)
Recognized in the statement of financial position as follows:				
Deferred tax – receivable	44,603,372	55,243,714		
Deferred tax – liability	(207,487,891)	(203,560,965)		
<b>Deferred tax – net item</b>	(162,884,519)	(148,317,251)		

The temporary difference related to Braila Winds and Alizeu Eolian was obtained on December 31, 2021 through the difference between the fiscal base in the amount of RON 346,317,121 and the accounting base (adjusted according to the value in use) for Braila Winds and Alizeu Eolian of RON 290,485,011 (December 31, 2020: RON 377,829,362 and RON 316,438,716 respectively).

At the end of each financial year, this reasoning is updated if there are changes in circumstances.

**ENGIE ROMANIA S.A. AND ITS SUBSIDIARIES**  
**Consolidated financial statements - OMFP 2844/2016**  
**for the fiscal year ended on December 31, 2021**  
(The amounts are in RON, unless otherwise provided)

	Lands	Buildings	Facilities	Machinery, equipment and motor vehicles	Furniture and accessories	Constructions in progress	Right to use the assets	Total
	RON	RON	RON	RON	RON	RON	RON	RON
<b>Cost or fair value</b>								
<b>December 31, 2019</b>	<b>134,352,139</b>	<b>553,068,170</b>	<b>3,083,602,331</b>	<b>1,032,347,807</b>	<b>25,887,779</b>	<b>334,650,934</b>	<b>-</b>	<b>5,163,909,160</b>
Purchases of photovoltaic parks		5,997,399		25,392,108	438,116		3,341,027	35,168,650
Inputs	-	-	-	-	-	359,092,371	-	359,092,371
Outputs	(56,434)	(797,669)	(2,332,828)	(14,575,785)	(187,690)			(17,950,405)
Transfer from ongoing investments	51,568	11,233,750	199,807,223	73,067,364	1,585,133	(285,745,038) -	-	-
<b>On December 31, 2020</b>	<b>134,347,273</b>	<b>569,501,649</b>	<b>3,281,076,727</b>	<b>1,116,231,493</b>	<b>27,723,339</b>	<b>407,998,268</b>	<b>3,341,027</b>	<b>5,540,219,776</b>
Purchases of photovoltaic parks	3,811,114	2,971,661		13,192,386	1,355			19,976,516
Inputs						534,690,607		534,690,607
Outputs	(1,082,297)	(4,689,680)	(13,964,721)	(39,767,620)	(254,974)			(59,759,293)
Transfer from ongoing investments		14,796,161	291,248,845	93,106,010	4,366,174	(403,517,190)		-
<b>On December 31, 2021</b>	<b>137,076,090</b>	<b>582,579,791</b>	<b>3,558,360,851</b>	<b>1,182,762,269</b>	<b>31,835,893</b>	<b>539,171,685</b>	<b>3,341,027</b>	<b>6,035,127,606</b>
Depreciation and depreciation adjustments								
On January 1, 2020		<b>190,075,238</b>	<b>858,947,858</b>	<b>500,575,585</b>	<b>15,887,108</b>			<b>1,565,485,789</b>
<b>Amortization of the year</b>	<b>-</b>	<b>37,334,238</b>	<b>85,336,852</b>	<b>80,197,228</b>	<b>3,266,904</b>	<b>-</b>	<b>-</b>	<b>206,135,222</b>
Outputs		(6,139)	(1,595,768)	(14,328,361)	(187,690)	-		(16,117,958)
<b>Impairment / (Reversal of impairment)</b>		<b>-</b>	<b>(5,325,201)</b>	<b>(3,199)</b>	<b>-</b>	<b>843,621</b>	<b>-</b>	<b>(4,484,779)</b>
<b>On December 31, 2020</b>	<b>-</b>	<b>227,403,337</b>	<b>937,363,741</b>	<b>566,441,251</b>	<b>18,966,323</b>	<b>843,621</b>	<b>-</b>	<b>1,751,018,274</b>
Depreciation of the year	-	33,207,940	93,055,520	83,750,264	3,625,219	-	183,060	213,822,003
Output	-	(802,518)	(10,537,846)	(39,365,144)	(249,833)	-	-	(50,955,341)
Impairment / (Reversal of impairment)	-	-	329,659	(1,592,881)	-	3,032,858	-	1,769,636
<b>On December 31, 2021</b>		<b>259,808,759</b>	<b>1,020,211,075</b>	<b>609,233,488</b>	<b>22,341,709</b>	<b>3,876,479</b>	<b>183,060</b>	<b>1,915,654,573</b>
<b>Net book value December 31, 2020</b>	<b>134,347,273</b>	<b>342,098,312</b>	<b>2,343,712,985</b>	<b>549,790,242</b>	<b>8,757,016</b>	<b>407,154,647</b>	<b>3,341,027</b>	<b>3,789,201,502</b>
<b>Net book value December 31, 2021</b>	<b>137,076,090</b>	<b>322,771,032</b>	<b>2,538,149,776</b>	<b>573,528,781</b>	<b>9,494,184</b>	<b>535,295,206</b>	<b>3,157,967</b>	<b>4,119,473,033</b>

## 12. TANGIBLE ASSETS

The total value of the investments made in 2021 is RON 593.3 million (2020: RON 411.1 million), of which tangible immobilizations RON 554.7 million (2020: RON 394.3 million) and RON 38.6 million intangible immobilizations (2020: RON 16.9 million). The Group's main investments include the rehabilitation of the distribution network, connections to the gas network, meters and technical equipment.

On May 17, 2021, the Group completed an asset transfer related to the purchase of a photovoltaic park located in Nenciulesti, Teleorman county.

On December 22, 2021, the Group bought 100% of the shares of Helios Development Project SRL and Solar Development Project SRL, companies that own photovoltaic parks located in Stalpu, Buzău county, as well as the lands related to these photovoltaic parks.

### Assets held in leasing

On December 17, 2020, the Group took over the surface contract related to the land on which the photovoltaic panels are installed located in Cristuru Secuiesc, Harghita county. In the financial statements concluded on December 31, 2021, the Group has recorded the right of use as well as the leasing debt related to these lands, in the amount of RON 3,157,966.

### Tangible assets sold and rented

During the year 2021, the Group had no tangible assets sold and subsequently rented.

### Revaluation of fixed assets

The last revaluation of all tangible assets took place on December 31, 2007, by an independent appraiser, and aimed to establish both the fair, market values of the fixed assets, as well as the remaining useful lives. The evaluation was registered according to OMFP 1752/2005 and the value determined following this evaluation was used as the assumed cost for all tangible assets except land and buildings.

The method chosen for recording the results of the revaluation was according to OMFP 1752/2005 that of the simultaneous revaluation of the gross value and accumulated depreciation. During 2013, the parent company decided to reclassify the accumulated depreciation on December 31, 2007 in order to correctly present the revalued (net) value as an assumed cost, according to the application method chosen for IFRS 1.

On December 31, 2019, the Group proceeded to re-evaluate the land and buildings by an independent appraiser. The purpose of this revaluation was to establish the fair market value of these fixed assets. The fair value was determined by reference to market information, using the market approach (market comparison), the cost approach and the income approach (level 3 in the fair value measurement hierarchy) - with the main input data being price per square meter and rent per square meter. The evaluation techniques applied by the independent evaluator are in accordance with the International Evaluation Standards.



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
<b>As at December 31, 2020</b>		
Cost	28,418,937	678,236,393
Cumulated value adjustments	-	304,901,024
<b>Net book value</b>	<b>28,418,937</b>	<b>373,117,298</b>
<b>As at December 31, 2021</b>		
Cost	34,223,362,	687,224,036
Cumulated value adjustments	-	324,236,740
<b>Net book value</b>	<b>34,223,362</b>	<b>363,007,296</b>

### ***Assets encumbered by guarantees***

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

### ***The value of fully amortised tangible assets***

The gross book value of fully amortized tangible assets, net of the collected subsidy, which are still in use as at December 31, 2021, is RON 361.532.937,89 (2019: RON 327,348,424).

### ***Provisions for depreciations of fixed assets***

As at December 31, 2021, the Group registered a specific provision amounting to RON 16,835,252 (2019: RON 16,505,593), for the depreciation of fixed assets (pipelines and branching in particular), for the fixed assets comprised in the Scrapping Plans for 2022 (and 2021, respectively).

The Group checked for other internal or external indications of depreciation in regard to the gas segment, but could not identify any.

The impairment test performed by the Group as at December 31, 2021 for the two wind farms involved 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 8.65% (2019: 8.3%).

The balance of deferred green certificates, pertaining to the 2013-2017 interval and present as of December 31, 2021, is estimated to be traded in 2022 – 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 (2022 - 2031). The energy price was estimated based on internal and external sources.

The value in use of cash-generating units, in the case of Brăila Winds and Alizeu Eolian, as of December 31, 2021 is RON 290.5 million. A 5% change in the energy price every year, all other variables staying unchanged, will lead to changes in the recoverable value by approximately RON 22.4 million. A 1% change in the discount rate, all other variables staying unchanged, will lead to changes in the recoverable value by approximately RON 13.5 million.

### 13. INTANGIBLE ASSETS

	Licences and concessions	IT systems	Intangible assets BW, AE	Intangible assets in progress	Goodwill	TOTAL
	RON	RON	RON	RON	RON	RON
<b>Cost</b>						
<b>As at January 1, 2020</b>	<b>24,637,500</b>	<b>89,979,875</b>	<b>83,074,002</b>	<b>6,780,038</b>	<b>5,572,870</b>	<b>210,044,285</b>
Acquisition of photovoltaic park	303,817	-	-	-	-	303,817
Inputs	-	-	-	16,552,904	-	16,552,904
Outputs	-	-	-	-	-	-
Transfer from investments in progress	2,359,392	11,641,484	-	(14,000,876)	-	-
<b>As at December 31, 2020</b>	<b>27,300,709</b>	<b>101,621,359</b>	<b>83,074,002</b>	<b>9,332,066</b>	<b>5,572,870</b>	<b>226,901,007</b>
Solar farm purchases	-	-	21,786,972	-	-	21,786,972
Inputs	-	-	-	16,848,424	-	16,848,424
Outputs	-	-	-	-	-	-
Transfer from investments in progress	3,924,380	11,602,029	-	(15,526,409)	-	-
<b>As at December 31, 2021</b>	<b>31,225,089</b>	<b>113,223,387</b>	<b>104,860,974</b>	<b>10,654,082</b>	<b>5,572,870</b>	<b>265,536,403</b>
<b>Amortisation and impairment adjustments</b>	<b>21,006,379</b>	<b>67,934,650</b>	<b>83,074,002</b>			<b>172,015,031</b>
<b>As at January 1, 2020</b>	<b>984,862</b>	<b>8,008,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,993,430</b>
Amortisation	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Outputs	-	-	-	-	-	-
<b>As at December 31, 2020</b>	<b>21,991,241</b>	<b>75,943,219</b>	<b>83,074,002</b>	<b>-</b>	<b>-</b>	<b>181,008,461</b>
Amortisation	1,818,112	9,103,696	-	-	-	10,921,808
Outputs	23,809,352	85,046,915	83,074,002	-	-	191,930,269
<b>As at December 31, 2021</b>	<b>23,809,352</b>	<b>85,046,915</b>	<b>83,074,002</b>	<b>-</b>	<b>-</b>	<b>191,930,269</b>

For details concerning the impairment of intangible assets, see in Note 12 the information about the impairment test conducted on Brăila Winds and Alizeu Eolian cash-generating units.

### 14. TANGIBLE ASSETS

The Group's financial fixed assets are divided into:

- Financial investments
- Investments in associates

The Group analyzed the activity of its associated enterprises within the market context applicable to 2021, taking into account the results achieved and their financial position, and concluded that neither setting up an impairment provision, nor reversing the existing ones is necessary.

#### 14.1 Financial investments

	2021 RON	2020 RON
<b>Book value as of January 1</b>	<b>476,166</b>	<b>476,166</b>
Disposals	-	-
<b>Book value as of December 31</b>	<b>476,166</b>	<b>476,166</b>

	Equity interests %	Purchase cost RON	Impairment RON	Net value RON
<b>2021</b>				
Roman Braşov	1.19%	3,460,973	3,460,973	-
Other financial investments	<20%	536,995	60,830	476,166
<b>Total</b>		<b>3,997,968</b>	<b>3,521,803</b>	<b>476,166</b>

	Equity interests %	Purchase cost RON	Impairment RON	Net value RON
<b>2020</b>				
Roman Braşov	1.19%	3,460,973	3,460,973	-
Other financial investments	<20%	536,995	60,830	476,166
<b>Total</b>		<b>3,997,968</b>	<b>3,521,803</b>	<b>476,166</b>

In 2004, in order to facilitate the privatization process, some of the Group's receivables were converted into shares with help from the Authority for State Assets Recovery ("AVAS"). As such, the Group obtained equity interests in companies undergoing the privatization 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, RON 3,521,802, was provisioned for, being considered that the privatization process of these companies was taking a particularly long time and entailed uncertainty in earning the equivalent value of the shares.

#### 14.2 Investments in associates

The Group has a 30% investment in Tulcea Gaz SA a natural gas distribution company, located in Tulcea county, the majority shareholder of which is Infochem International SA (59.35%). Its scope of business consists in the supply and distribution of gas across Tulcea county. The own equity value at the end of 2021 is RON 16,598,943 (2020: RON 17,950,953), of which RON 5,343,553 (2020: RON 5,319,994) as reserves, and RON 355,518 (2020: RON 1,707,515) as profit.

The table below presents summed-up financial information on the Group's investment in Tulcea Gaz S.A., for the related shareholding percentage:

	2020 RON	2020 RON
Current assets	1,258,434	2,050,623
Fixed assets	4,849,980	4,942,778
Liabilities	1,128,732	1,608,115
<b>Own equity</b>	<b>4,979,683</b>	<b>5,385,286</b>
Income	7,707,388	7,263,710
Profit	106,655	512,255
<b>Book value of the investment in Tulcea Gaz</b>	<b>4,979,683</b>	<b>5,385,286</b>

## 15. OTHER ASSETS / FINANCIAL LIABILITIES

### 15.1 Other financial assets

	2021 RON	2020 RON
<b>Financial instruments at fair value</b>		
Portfolio (cash flow hedge - hedge accounting and "economic" coverage") (Note 20,4)	313,118,586	12,646,383
Gas	215,301,970	8,170,391
Electricity	97,816,616	4,475,992
Trading electricity	879,193,381	79,591,553
Rate of exchange	3,689,456	
Total financial instruments at fair value - asset	<b>1,196,001,423</b>	<b>92,237,936</b>
Other claims	4,372,288	672,626
Total other financial assets	<b>1,200,373,711</b>	<b>92,910,562</b>
Of which ;		
<b>Total short term</b>	<b>1,106,409,403</b>	<b>92,237,936</b>
<b>Total long term</b>	<b>93,964,308</b>	<b>672,626</b>

The increase in the balances for the financial instruments at fair value for the electricity trading activity on December 31, 2021 (both asset and liability) was mainly determined by the increase in the purchase prices of natural gas and electricity in 2021 and secondarily by the increase in traded volumes.

### 15.2 Other financial liabilities

	2021	2020
Financial instruments at fair value		
Trading electricity	819,581,776	79,591,553
Rate of exchange	3,444,208	-
<b>Total financial instruments at fair value</b>	<b>823,025,983</b>	<b>79,591,553</b>
From which:		
<b>Total short term</b>	<b>748,444,470</b>	<b>79,591,553</b>
<b>Total long term</b>	<b>74,581,513</b>	<b>-</b>

### 15.3 Interest bearing loans

The parent company also has contracted the following credit facilities:

	UNICREDIT	BRD	RAIFFEISEN
<b>Amount awarded</b>	90 million RON	90 million RON	200 million RON
<b>Type</b>	Non-committal medium-term credit for general needs	Non-committal credit facility for general needs	Overdraft facility for general needs
<b>Withdrawn</b>	The amounts were not withdrawn until December 31, 2021	The amounts were not withdrawn until December 31, 2021	The amounts were not withdrawn until December 31, 2021
<b>Guarantees</b>	Pledge on bank accounts	Pledge on bank accounts	Pledge on bank accounts
<b>Amount awarded</b>	100 million RON	170 million RON	
<b>Type</b>	Overdraft credit for general needs	Uncommitted credit line for general needs	
<b>Withdrawn</b>	The amounts were not withdrawn until December 31, 2021	The amounts were not withdrawn until December 31, 2021	
<b>Guarantees</b>	No guarantees	Pledge on bank accounts	
<b>Amount awarded</b>	116 million RON		
<b>Type</b>	Factoring line without recourse		
<b>Withdrawn</b>	97,945,787.01 RON used on December 31, 2021		
<b>Guarantees</b>	Not applicable		
<b>Amount awarded</b>	245 million RON		
<b>Type</b>	Reverse factoring line		
<b>Withdrawn</b>	238,553,494.98 RON used on December 31, 2021		
<b>Guarantees</b>	There is no guarantee		

On December 31, 2021, the Parent Company also benefits from the following facilities for letters of guarantee:

- A line of credit with B.R.D. - Groupe Societe Generale S.A. as facility for issuing bank guarantee letters in the amount of RON 450,000,000, valid until 29.10.2022 (the total balance used RON 218,800,080.45, of which EUR 261,704, RON 217,505,142, 89);
- A line of credit with UniCredit Bank S.A. as facility for issuing bank guarantee letters in the amount of RON 450,000,000, valid until 31.03.2022 (the balance used RON 413,503,982.26, of which BGN 100,000, RON 413,250,992.26);
- A credit line with Raiffeisen Bank as facility for issuing bank guarantee letters in the amount of RON 450,000,000 valid until 30.06.2023 (the balance used RON 311,174,725.82, of which EUR 10,000,000, RON 261,693,725,82);
- A line of credit with BNP Paribas Fortis SA/NV Brussels Bucharest Branch as facility for issuing bank guarantee letters in the amount of RON 494,500,000 (the balance used RON 438,568,517.96, of which EUR 750,000, RON 434,857,442.96).
- A line of credit with Banca Transilvania as facility for issuing letters of bank guarantee in the amount of RON 200,000,000, valid until 21.09.2022 (the balance used RON 149,622,223.69).

## OTHER ASSETS / FINANCIAL LIABILITIES (continued)

On December 31, 2021, the Distrigaz Sud Retele branch benefited from the following facility for letters of guarantee:

- A line of credit with B.R.D. - Groupe Societe Generale S.A. as facility for issuing bank guarantee letters in the total amount of RON 40,000,000, valid until October 29, 2022 (the balance used RON 8,264,679.75).

## 16. INVENTORY

	2021	2020
Gas	531,065,064	445,808,841
Spare parts	27,826	18,365
Consumables	32,930,706	29,982,582
Project being installed at the client		1,027,252
Inventory depreciation	(1,274,269)	(1,263,138)
<b>Total</b>	<b>562,749,327</b>	<b>475,573,903</b>

The group uses the weighted average cost method as the inventory valuation method.

Only the value of the gas molecule is included in the value of the natural gas stock, and related services such as storage and transportation are registered directly on costs.

The expenses with the purchase of gas and the purchase of electricity are presented in Note 6.2 and the expenses with consumable materials in Note 9. Other expenses with stocks are insignificant.

## 17. RECEIVABLES

	2021	2020
Trade receivables		
Receivables from related parties (Note 25)	1,596,488,751	995,129,884
Clients invoices to be drawn up	88,685,680	20,859,931
Value adjustments for the impairment of uncertain receivables	702,592,696	440,628,918
	(425,724,554)	(346,268,953)
<b>Total</b>	<b>1,962,042,573</b>	<b>1,110,349,781</b>

Commercial receivables generally have a payment term of 30-90 days, and in case of non-payment, penalties are calculated.

The increase in the balances of receivables and customer invoices to be drawn up on December 31, 2021 was mainly determined by the increase in the purchase prices of natural gas and electricity in 2021, and in turn generated the increase in value adjustments for depreciation.

In December 2021, the Group derecognized receivables in amount of RON 98 million, transferred through factoring without recourse (see Note 15.3) as financing for 95% of the total amount of RON 103 million of invoices for a large customer, at nominal value. The claim of RON 5 million that was not transferred to the bank remained at the nominal value in the balance on December 31, 2021. The

factoring operation took place to manage liquidity needs from January 2022. The group did not carry out any other operations of factoring in 2021 (no factoring operation in 2020).

The Group registered a value adjustment for the depreciation of receivables in the amount of RON 425,724,554 on December 31, 2021 (2020: RON 346,268,952). This adjustment covers the risk of non-payment of uncertain customers and was established both for the counter value of the gas/electricity consumption invoices issued as well as for the penalties.

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

	Total RON
On January 1, 2020	355,735,226
Increases during the year	393,763,520
Amounts used	(31,057,722)
Reversals during the year	(372,172,072)
On December 31, 2020	346,268,952
Increases during the year	550,350,394
Amounts used	(694,679)
Reversals during the year	(470,200,114)
On December 31, 2021	425,724,554

The analysis of receivables, by maturity date, is presented below:

2021	Total	Within deadline	0-90	90-120	121-365	> 1 year
Receivables of household / non-household customers	1,637,267,365	1,433,456,445	79,959,944	2,627,753	64,711,123	56,521,099
Provision for customers	142,497,412	46,470,235	11,915,954	2,290,167	24,803,233	57,017,822
% Provisioning percentage	9%	3%	15%	87%	38%	101%
Receivables of large customers	661,805,084	377,578,927	41,102,530	1,967,693	2,348,737	238,807,195
Provision for large customers	283,227,142	60,025,918	13,044,610	1,651,402	1,937,631	206,567,580
% Provisioning percentage	43%	16%	32%	84%	82%	86%

  

2020	Total	Within deadline	0-90	90-120	121-365	> 1 year
Receivables of household / non-household customers	998,124,081	850,885,106	76,144,159	3,561,895	24,682,656	42,850,265
Provision for customers	107,945,689	24,605,985	14,787,585	3,199,477	22,544,316	42,808,326
% Provisioning percentage	11%	3%	19%	90%	91%	100%
Receivables of large customers	448,254,602	192,050,655	10,707,054	880,154	17,064,270	227,552,469
Provision for large customers	238,323,263	18,825,998	7,954,936	685,148	13,867,794	196,989,388
% Provisioning percentage	53%	10%	74%	78%	81%	87%

ELCEN Bucuresti, the thermal energy producer from Bucharest, filed for insolvency on October 6, 2016. As on the insolvency date, the receivable payable by ELCEN Bucuresti to Distrigaz Sud Rețele amounted to RON 165 million, reaching RON 202.2 million as on December 31, 2020.

## 18. OTHER RECEIVABLES AND CURRENT ASSETS

	2021 RON	2020 RON
Receivables from levies and taxes	11,256,588	8,808,928
Gas and electricity compensations	70,104,634	
Gas ceiling subsidies	32,547,362	
Sundry debtors	22,159,718	10,535,936
VAT collected invoices Romanian Commodity Exchange	71,993,400	
<b>Other short-term receivables</b>	<b>208,061,701</b>	<b>19,344,864</b>
Advance payments to suppliers	1,157,585	893,489
Deferred expenses	17,210,090	15,405,483
<b>Advance payments and deferred expenses</b>	<b>18,367,676</b>	<b>16,298,972</b>
<b>Total</b>	<b>226,429,377</b>	<b>35,643,835</b>

Compensation for gas and electricity is owed by the Romanian State through the Ministry of Energy for non-household customers and through the National Agency for Payments and Social Inspection for household customers. The subsidies for gas and electricity caps are owed by the Romanian State through the Ministry of Energy. The company no longer has to fulfill any conditions for receiving the subsidy recognized on December 31, 2021.

The receivable from the Romanian Commodity Exchange refers to the VAT collected by the Romanian Commodity Exchange until the appearance of clarifications from the fiscal authorities regarding the application of the reverse charge mechanism.

## 19. CASH AND CASH EQUIVALENTS

As on December 31, 2021 and 2020 the net resources are as follows:

	2021 RON	2020 RON
Cash and cash at bank	248,245,067	70,310,594
Other cash equivalents	26,212	35,017
Short-term bank deposits	672,037,882	797,467,224
Short-term deposits with ENGIE Treasury Management	100,192,500	415,725,876
<b>Total</b>	<b>1,020,501,661</b>	<b>1,283,538,711</b>

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 26.

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



From the total availability in accounts, the restricted amounts on December 31, 2021 and December 31, 2020 consist of:

	2021 RON	2020 RON
Guarantees set up by customers	382,375	113,191
Guarantees set up by managers	101,937	106,424
Other securities	341,758	334,232
<b>Total</b>	<b>826,070</b>	<b>553,846</b>

## 20. SHARE CAPITAL AND RESERVES

### 20.1 Share capital

	Number of shares	Nominal value RON	Share capital RON	Adjustment for hyperinflation RON	Share premiums RON	Total RON
Balance as of December 31, 2020	19,924,554	10	199,245,540	58,057,818	655,809,806	913,113,164

As at December 31, 2021, the subscribed share capital of the Parent company, ENGIE Romania, amounts to RON 199,245,540 in total, comprising 19,924,554 nominal shares amounting to 10 RON/share, distributed as follows:

2021 shareholding structure	Number of shares	Value in RON	%
Romania Gas Holding	10,160,467	101,604,670	50.994702
The Romanian State – by the Ministry of Energy	7,371,320	73,713,200	36.996161
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 Cogeaalac 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
<b>Total</b>	<b>19,924,554</b>	<b>199,245,540</b>	<b>100.000000</b>

The share capital of the parent company is fully paid up on December 31, 2021.

The parent company has no redeemable shares and no preferential shares. All shares issued are ordinary shares.

The capital premium on December 31, 2021 is in the amount of RON 655,809,806 (2020: RON 655,809,806) and was registered mainly for the capital increase on the occasion of the privatization of the Company (RON 610,048,663).

### 20.2 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 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's 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, reorganizing or privatization 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).

In 2021, the parent company established a legal reserve in the amount of RON 49,014,519 (2020: RON 49,014,519).

### 20.3 Other reserves

Other reserves consist mainly of the reserve from the development quota for investments (December 31, 2021 and December 31, 2020: RON 159,433,888) which was constituted according to the legislation in force in Romania from the gross profit, and can be used by the parent company only for investments in the natural gas distribution network. In case of using this reserve for other destinations, the reserve becomes fully taxable. Management has no intention of using this reserve. Likewise, the parent company cannot distribute the balance of the revaluation reserves (31 December 2021: RON 193,992,105, 31 December 2020: RON 207,292,372); these reserves are distributable only after they are realized and transferred to the retained earnings. The consolidated statement of the financial position shows the revaluation reserves reduced by the related deferred tax.

The carried forward result includes the revaluation surplus registered according to OMF 3055/2009 and OMFP 1752/2005 which was realized until April 1, 2009 and which is related to the revaluation performed by the Company on December 31, 2007, in the amount of RON 165,254,136, which will be taxed if the Company uses this reserve (dividend distribution or other use). Management has no intention of using this reserve.

On December 31, 2021, the actuarial gains from provisions related to the long-term benefits of employees recorded in other reserves (net of the related deferred tax) amount to RON 30,132,028 (2020: RON 19,958,425).

The shares received free of charge by employees registered on December 31, 2021 in other reserves are in value of RON 28,373,047 (2020: RON 27,062,799).

### 20.4 Cash flow hedge reserve against risks

During 2021, the Group applied cash flow hedge accounting against risks, both for natural gas purchases and for electricity purchases, as follows:

	Natural gas RON	Electricity RON	Total reserve to cover cash flow RON
Fair value evaluation of cash flow hedging instruments	278,888,838	98,094,281	376,983,119
Reclassification in the profit and loss account of the instruments for hedging cash flows, upon recognition of the hedged transactions	(60,941,931)		(60,941,931)
Deferred tax related to the cash flow coverage reserve	(34,871,505)	(15,695,085)	(50,566,590)
<b>Total comprehensive result</b>	<b>183,075,402</b>	<b>82,399,196</b>	<b>265,474,598</b>

## 21 . PROVISIONS

	Provision for litigations RON	Other provisions RON	Provisions for onerous contracts RON	Total RON
<b>As at January 1, 2020</b>	<b>24,535,933</b>	<b>149,795,429</b>		<b>174,331,362</b>
Provisions set up throughout the year	179,593	28,617,576		28,797,169
Provisions carried over under revenues	(1,059,220)	(6,652,088)		(7,711,308)
Provisions used	(17,680,928)	-		(17,680,928)
<b>As at December 31, 2021</b>	<b>5,975,378</b>	<b>171,760,917</b>		<b>177,736,296</b>
Provisions set up throughout the year	14,860,657	28,617,576	296,710,808	318,188,465
Provisions carried over under revenues	(684,181)	(6,652,088)		(9,704,750)
Provisions used	(4,017,649)	-		(40,946,343)
<b>As at December 31, 2021</b>	<b>16,134,205</b>	<b>171,760,917</b>	<b>296,710,808</b>	<b>445,273,668</b>
<b>As at December 31, 2020</b>				
In the short term	5,975,378	-		5,975,378
In the long term	-	171,760,917		171,760,917
<b>As at December 31, 2021</b>				
In the short term	16,134,205	-	296,710,808	312,845,013
In the long term	-	132,428,654		132,428,654

The group established provisions for ongoing litigation at the reporting dates.

The provision for onerous contracts is established on December 31, 2021 reflect the impact of the price caps in accordance with the Government's Emergency Ordinance 118/2021 (with subsequent amendments) on the supply contracts with the Company's customers in force on December 31, 2021.

The amounts used from other provisions in 2021 refer to connection works carried out in 2021 for which the amounts had been collected in advance from customers, according to ANRE Orders 32/2017 and 71/2019.

## 22. EMPLOYEE BENEFITS

	2021 RON	2020 RON
<b>Net liabilities at the beginning of the period</b>	<b>164,349,414</b>	<b>142,689,774</b>
Expenses with additional provisions	39,009,661	33,568,530
Reversals of provisions	(17,975,344)	(1,623,000)
Provisions used	(12,575,436)	(10,285,890)
<b>Net liabilities at the end of the period</b>	<b>172,808,295</b>	<b>164,349,414</b>

On December 31, 2021, the Group established a provision in the amount of RON 124,712,005 (2020: RON 118,839,252) for benefits granted to employees, classified as long-term debt. The movements of this provision during the year were as follows:

	RON
<b>As of January 1, 2021</b>	118,839,252
Actuarial (gains) / losses	(12,111,432)
Discounting costs	4,701,689
Cost of current services	13,282,496
<b>As of December 31, 2021</b>	<b>124,712,005</b>

The main assumptions used for the actuarial calculation of these benefits are:

- Discount rate 4.0% (2020: 4.3%)
- Salaries' growth rate 4.5% (2020: 5.0%)
- Mortality: INS statistical table 2017 (2020: the same)
- Employees' rotation: average below 1%, the calculation is broken down by each company and employee category (2020: the same).

The other provisions for employee benefits are short-term and refer to both the company's performance bonus and individual performance bonuses.

## 23. SUPPLIERS AND OTHER CURRENT LIABILITIES

	2021 RON	2020 RON
Suppliers	986,508,363	442,250,889
Liabilities to affiliated parties	471,343,351	20,084,661
<b>Total suppliers – trade payables</b>	<b>1,457,851,714</b>	<b>462,335,550</b>
Advance payments from customers	66,171,982	74,567,300
Sundry creditors	113,863,498	116,397,848
Salaries payable and related contributions	37,729,230	34,344,397
VAT payable	279,358,850	90,909,322
Excise and other duties	27,928,763	81,396,796
Other short-term liabilities	10,758,683	5,946,180
<b>Total other short-term liabilities</b>	<b>537,809,326</b>	<b>403,561,843</b>
<b>Total suppliers and current liabilities</b>	<b>1,995,661,040</b>	<b>865,897,393</b>

The increase in supplier balances, debts to related parties and VAT payable on December 31, 2021 was mainly determined by the increase in the purchase prices of natural gas and electricity in 2021.

On December 31, 2020, the balance for excise and other taxes included the "windfall tax" estimate, introduced by Law 155/2020.

## 24. DIVIDENDS

The end purposes of the accounting profit are 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 2021 net outturn will be appropriated in line with the Decision of the Shareholders' General Ordinary Assembly. The Parent company distributed dividends throughout the years 2021 and 2020 as follows:

	2021 RON	2020 RON
Dividends paid throughout the year	149,526,249	100,711,283
Dividends/share (RON/share)	7.50	5.05

## 25. PRESENTATION OF AFFILIATED PARTIES

Company name	Nature of the relationship
ENGIE	Parent company
Tulcea Gaz	Associated
ENGIE Dezvoltare și Consultanță	Member of ENGIE Group
ENGIE Treasury Management	Member of ENGIE Group
ENGIE Global Markets	Member of ENGIE Group
ENGIE Energy Management Romania	Member of ENGIE Group
Depomures	Member of ENGIE Group
Flashnet	Member of ENGIE Group
Metora	Member of ENGIE Group
Storengy	Member of ENGIE Group
Tractebel	Member of ENGIE Group

The companies affiliated to the Group on December 31, 2021 are the companies from the ENGIE group (including Depomures SA, ENGIE Global Market, ENGIE Energy Management Romania), and the associate Tulcea Gaz SA.

The details of transactions and balances with the affiliated parties, for the years 2020 and 2021, is:

Revenues from related party transactions		2021 RON	2020 RON
ENGIE SA	Sale of natural gas		7,390,455
	Other services	1,237,703	618,440
	Deposit interest	11,260,165	7,406,383
	<b>Total</b>	<b>12,497,869</b>	<b>15,415,278</b>
ENGIE Global Markets	Realized and unrealized gains from derivatives to hedge cash flows for natural gas and electricity	<b>702,394,036</b>	<b>45,339,016</b>
ENGIE Energy Management Romania	Sale of natural gas	134,148,660	16,975,839
	Other services	1,456,769	415,200
	<b>Total</b>	<b>135,605,429</b>	<b>17,391,039</b>
Tulcea Gaz	Sale of natural gas		
		108,964	3,835,012
	Other services		34,800
	dividends	428,736	-
	<b>Total</b>	<b>537,700</b>	<b>3,869,812</b>
Depomures	Service contract	157,616	90,536
	Sales revenue	200,000	200,000
	<b>Total</b>	<b>357,616</b>	<b>290,536</b>
ENGIE Dezvoltare si Consultanta	Support services		
		51,602	51,195
	Tractebel	63,641	-
	Sale of natural gas		
Metora	Other services	331,946	-
Storengy	Other services	65,135	-
<b>Total revenues from transactions with related parties</b>		<b>851,904,974</b>	<b>82,356,876</b>

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ENGIE SA	Gas purchases		152,523,838
	Management services	6,965,661	8,743,407
	License and maintenance software	14,472,937	6,859,503
	Other services	3,461,567	1,985,315
	Dividends	76,250,465	51,357,418
	<b>Total</b>	<b>101,150,629</b>	<b>221,469,481</b>
ENGIE Energy Management Romania	Gas purchases	1,073,805,565	38,875,589
Tulcea Gaz	Natural gas distribution	1,047,360	1,084,092
Depomures	Gas storage (including injection and extraction)	19,962,455	21,008,236
ENGIE Global Markets	Other services	1,075,848	-
Tractebel	Other services	1,251,225	-
Flashnet	Other services	81,229	-
Directors	Allowances for the administrators of the parent company	667,487	640,282
<b>Total acquisitions from related party transactions and dividends paid</b>		<b>1.199.041.798</b>	<b>283,077,680</b>

<b>Receivables from related parties</b>		<b>2021</b>	<b>2020</b>
ENGIE	Trade receivables	618,440	730,918
ENGIE Global Market	Active derivative instruments	572,522,787	8,170,391
	Trade receivables	78,181,423	10,619,881
Depomures	Trade receivables	90,108	74,684
ENGIE Dezvoltare si Consultanta	Trade receivables	124,603	63,197
ENGIE Energy Management Romania	Trade receivables	9,299,683	8,961,486
Tulcea Gaz	Trade receivables	620	409,765
ENGIE Treasury Management	Deposit	100,192,500	415,725,876
Metora	Trade receivables	305,666	-
Storengy	Trade receivables	65,135	-
<b>Total receivables from related parties</b>		<b>761,400,967</b>	<b>444,756,198</b>

Liabilities from affiliated parties		2020 RON	2019 RON
ENGIE	Trade payables	16,038,698	16,174,894
ENGIE Global Market	Passive derivative instruments	37,244	
ENGIE Energy Management Romania	Trade payables	453,275,256	2,585,095
Tulcea Gaz	Trade payables	821,652	
Depomures	Trade payables	1,034,508	14,661
Tractebel	Trade payables	54,764,	1,310,011
Flashnet	Trade payables	81,229	
		<b>43,351</b>	
<b>Total liabilities to affiliated parties</b>		<b>471,343,351</b>	<b>20,084,661</b>

The receivables from affiliated parties and the liabilities to affiliated parties are not guaranteed. In general, debt payment and receivable collection deadlines are within 20 days. All the transactions are carried out at market prices.

## 25. COMMITMENTS AND CONTINGENCIES

### *Fixed assets*

The 2022 investment budget is in amount of RON 662,946,004 (2020: RON 733,463,683). The largest portion of the expenditure provided in the budget concerns the extension, modernization and replacement of the current pipeline and branching system, as well as the modernization and retrofitting of available facilities and setting up new distributions.

The details of the 2022 investment budget appear as follows:

Distribution system rehabilitation	142,551,239
Pipeline extensions, CNG, specific technical equipment	415,765,668
Other investments	104,629,097
<b>Total</b>	<b>662,946,004</b>

Also, on December 31, 2021, the Group has in force a firm purchase offer for the assets of a photovoltaic park, in amount of RON 17.7 million.

### *Deferred green certificates*

According to ANRE Order 24/2017, (current and deferred) green certificates have actual value strictly at the time when they are traded. In order to comply with this order, MFP (*Ministry of Public Finance*) issued Order 895/2017, pursuant to which green certificates are recognized in the balance sheet and in the profit and loss account when they are traded, which is when they actually acquire value. The Group changed the accounting treatment, recording off-balance sheet the deferred green certificates.

The deferred green certificates shall be granted during the 2018-2025 period.



The off-balance sheet situation of deferred and current, non-transacted green certificates on December 31, 2021 and 2020 is presented as follows:

	2021		2020	
	number	value	number	value
Current green certificates	47,789	6,796,107	31,071	4,334,716
Deferred green certificates	460,805	65,531,402	459,575	64,114,817
Tradable green certificates	100,572	14,302,415	90,408	12,612,721
Long-term green certificates	360,233	51,228,987	369,167	51,502,096
<b>TOTAL</b>	<b>508,594</b>	<b>72,327,509</b>	<b>490,646</b>	<b>68,449,533</b>

Green certificates are valued at RON 142.2107 /green certificate.

### ***Natural gas and electricity***

On December 31, 2021, the parent company has concluded contracts for the purchase of natural gas from internal production and from imports to ensure the consumption needs of domestic and non-domestic customers and to fulfill the obligations of establishing storage stock for the amount of approximately 14.23 TWh (11.66 TWh on 31.12.2020).

At the end of 2021, the parent company also has signed natural gas storage and transport contracts with gas service providers in amount of RON 158.3 million (2020: RON 177.9 million).

On December 31, 2021, the parent company has concluded electricity purchase contracts with physical delivery to ensure the consumption needs of domestic and non-domestic customers for the amount of approximately 0.51 TWh, and for the trading activity an amount of approximately 1.26 TWh.

### ***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 measures suitable to this purpose, to protect human health, to rationally capitalize on renewable and non-renewable resources and to maintain a national ecological balance.

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 normative:

- 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 2021, the environmental protection costs amounted to RON 11,105,133 (2020: RON 10,218,740 ) and materialized into:

- Programs of measures to comply with the environmental legislation (contribution to the la Environmental Fund, water rights permits);
- Monitoring environmental factors (rebuilding embankments);
- Monitoring own energy consumption and energy efficiency measures;
- Measures for the thermal rehabilitation of buildings and enhancing thermal efficiency;
- Measures on selective collection, temporary storage and disposal of household waste;
- Programs to maintain the Environmental Management System;
- Programs of measures to comply with the legislation – obtaining environmental permits for investment works;
- Monitoring of environmental factors: expenses made with restoring lands to their initial state.

In 2021 (and 2020), the Group was neither involved in any major environmental pollution incidents, nor taken to court for damage inflicted upon the environment.

Due to the permanent monitoring of environmental factors, following the controls carried out by the territorial Environmental Protection Agencies and the Environmental Guard, no significant aspects were found in relation to any violations of legal provisions in the field.

### ***Lease contracts***

On December 17, 2020, the Company took over the superficies agreement pertaining to the lands which host the photovoltaic panels in Cristuru (note 12).

In the financial statements concluded as of December 31, 2021, the Company recorded the right to use, and the loan related to these lands.

	2021 RON	2020 RON
The current part	186,075	186,075
The long-term part	3,071,122	3,154,952
<b>Total lease-based debt</b>	<b>3,257,197</b>	<b>3,341,027</b>

**Guarantees for contractual obligations**

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

UNICREDIT	ROMGAZ	180.598.054	RON	5/5/2022
RAIFFEISEN	OMV PETROM	132.200.014	RON	5/5/2022
BNP Paribas	ROMGAZ	131.119.150	RON	3/5/2022
BNP Paribas	OMV PETROM	102.668.607	RON	3/5/2022
BNP Paribas	ROMGAZ	89.797.324	RON	1/5/2022
UNICREDIT	BURSA ROMANA DE MARFURI	80.000.000	RON	12/7/2022
BRD	OMV PETROM	74.738.293	RON	1/5/2022
RAIFFEISEN	CEZ a.s	49.184.000	RON	1/20/2024
BRD	NUCLEARELECTRICA	43.695.805	RON	12/31/2022
RAIFFEISEN	ROMGAZ	41.587.490	RON	5/5/2022
UNICREDIT	OPCOM	40.200.000	RON	12/31/2022
RAIFFEISEN	ROMGAZ	40.154.473	RON	2/5/2022
BRD	HIDROELECTRICA	35.000.000	RON	1/25/2023
Banca Transilvania	ROMGAZ	33.933.151	RON	2/5/2023
Banca Transilvania	OMV PETROM	30.186.905	RON	2/7/2022
RAIFFEISEN	TRANSGAZ	28.139.717	RON	3/2/2022
Banca Transilvania	OMV PETROM	26.399.215	RON	5/5/2022
UNICREDIT	OMV PETROM	21.493.361	RON	2/5/2023
BRD	BURSA ROMANA DE MARFURI	20.000.000	RON	3/31/2022
UNICREDIT	RWE	19.377.000	RON	2/5/2022
BNP Paribas	TRANSGAZ	16.061.026	RON	5/31/2022
Banca Transilvania	ROMGAZ	13.710.112	RON	8/5/2022
UNICREDIT	RWE	13.584.150	RON	2/5/2023
Banca Transilvania	OMV PETROM	12.992.302	RON	5/6/2022
BNP Paribas	TRANSGAZ	12.584.803	RON	1/31/2022
Banca Transilvania	ELECTRICA FURNIZARE	12.286.250	RON	1/31/2023
UNICREDIT	ROMGAZ	12.228.958	RON	2/5/2022
RAIFFEISEN	ROMGAZ	12.147.970	RON	2/5/2022
BNP Paribas	OMV PETROM	12.054.350	RON	2/5/2022
BNP Paribas	HIDROELECTRICA	11.188.458	RON	1/25/2023
BNP Paribas	OMV PETROM	11.052.720	RON	5/6/2022
Banca Transilvania	OMV PETROM	10.823.528	RON	5/6/2022
UNICREDIT	OMV PETROM	10.081.722	RON	8/5/2022
BRD	TRANSGAZ	10.050.210	RON	4/4/2022
BNP Paribas	MET ROMANIA ENERGY	9.871.200	RON	5/6/2022
BRD	TRANSGAZ	9.376.848	RON	4/4/2022
UNICREDIT	RWE	7.830.000	RON	2/5/2022
BNP Paribas	TRANSGAZ	7.600.000	RON	1/16/2023
BNP Paribas	MUNICIPIUL BRASOV	5.875.859	RON	11/30/2022
UNICREDIT	TRANSELECTRICA	5.709.000	RON	1/21/2023
UNICREDIT	BURSA ROMANA DE MARFURI	5.000.000	RON	7/1/2022
BRD	OPCOM	5.000.000	RON	12/31/2022
BNP Paribas	ROMGAZ	4.605.300	RON	2/5/2022
BRD	NUCLEARELECTRICA	4.553.875	RON	1/26/2022
BRD	NUCLEARELECTRICA	4.553.875	RON	1/26/2022
BRD	NUCLEARELECTRICA	4.425.461	RON	1/26/2023
UNICREDIT	ENEL ENERGIE MUNTENIA	4.000.000	RON	7/19/2022
BNP Paribas	NEXT ENERGY DISTRIBUTION	3.830.432	RON	5/6/2022
BNP Paribas	JOINT ALLOCATION OFFICE	3.711.075	RON	3/31/2023
BRD	TRANSGAZ	3.589.013	RON	3/21/2022
UNICREDIT	OPCOM	3.250.000	RON	12/31/2022
RAIFFEISEN	TRANSGAZ	3.240.198	RON	12/2/2022
BNP Paribas	OMV PETROM	3.124.675	RON	2/5/2023
RAIFFEISEN	TRANSGAZ	3.060.906	RON	3/2/2022
Banca Transilvania	HIDROELECTRICA	2.587.766	RON	1/25/2022
UNICREDIT	OPCOM	2.250.000	RON	12/31/2022

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BNP Paribas	ENERGY DISTRIBUTION SERVICES	1.990.482	RON	1/25/2023
Banca Transilvania	OMV PETROM	1.856.043	RON	2/6/2023
BNP Paribas	PRIMARIA TARGOVISTE	1.843.250	RON	3/10/2022
UNICREDIT	OPCOM	1.785.000	RON	7/25/2022
BNP Paribas	HIDROELECTRICA	1.579.781	RON	4/25/2022
BNP Paribas	PRIMARIA BUSTENI	1.573.600	RON	5/15/2022
UNICREDIT	TRANSELECTRICA	1.468.401	RON	9/30/2022
UNICREDIT	OMV PETROM	1.408.544	RON	2/5/2022
Banca Transilvania	OMV PETROM	1.400.333	RON	2/6/2023
BNP Paribas	OIL TERMINAL	1.274.815	RON	12/31/2022
Banca Transilvania	DELGAZ GRID	2.079.050	RON	1/25/2022
Banca Transilvania	SDEE TRANSILVANIA SUD	1.180.410	RON	1/25/2022
RAIFFEISEN	ROMGAZ	1.162.957	RON	2/5/2022
BRD	MET ROMANIA ENERGY	1.091.700	RON	2/5/2023
BNP Paribas	OMV PETROM	1.070.408	RON	2/5/2022
Banca Transilvania	ELECTRICA FURNIZARE	1.058.646	RON	1/25/2022
BNP Paribas	MET ROMANIA ENERGY	1.055.250	RON	2/5/2023
UNICREDIT	BURSA ROMANA DE MARFURI	1.000.000	RON	12/31/2023
UNICREDIT	OPCOM	1.000.000	RON	12/31/2022
	Altele	6.426.259		
<b>Total</b>		<b>1.531.669.530</b>		

Furthermore, the Group set up guarantees for concessions of distribution services in favor of the Ministry of Energy, as follows:

- For concessions in the case of which the distribution system was already commissioned, the guarantee represents 50% of the royalty due the previous year;
- For concessions in the case of which the distribution system was not yet commissioned, the guarantee is established based on the quantity estimated to be distributed during the first year of operation and represents 50% of the royalty.

UAT COMUNA VULTURU	COMUNA VULTURU	4430/02.06.2020	03.07.2022	52
UAT COMUNA CHISCANI	COMUNA CHISCANI	10943/9.10.2018	08.05.2022	408,622
TOWN HALL TURNU MĂGURELE	TURNU MĂGURELE	50/11.06.2004	18.06.2022	124
TOWN HALL CORABIA	CORABIA, OLT	AA1/05.07.2018 TO CTR NO.322/30.11.2011	04.02.2022	22,541
TOWN HALL OLTEȚA	OLTEȚA	57/21.06.2004	18.06.2022	996
TOWN HALL GIURGIU	GIURGIU	135/12.07.2005	06.07.2022	49,288
TOWN HALL ALEXANDRIA	ALEXANDRIA	71/23.08.2004	18.06.2022	640
TOWN HALL ALEXANDRIA	ALEXANDRIA	70/23.08.2004	18.06.2022	1,492
TISMANA	TISMANA, GORJ	13874/11.10.2019	11.10.2024	5,468
TISMANA	TISMANA, GORJ	13874/11.10.2019	25.10.2022	23
MINISTRY OF ENERGY	COMUNA DRAGUTESTI	COMUNA 120/18.02.2005	21.12.2022	54,362
MINISTRY OF ENERGY	CHISCANI, BRAILA	120/18.02.2005	28.03.2022	71,587
MINISTRY OF ENERGY	BUZĂU	120/18.02.2005	19.06.2022	94,435
MINISTRY OF ENERGY	MIHAILESTI, JUD. GIURGIU	120/18.02.2005	12.06.2022	110,279
MINISTRY OF ENERGY	COMUNA VALEA CALUGAREASCA,			
MINISTRY OF ENERGY	PRAHOVA	120/18.02.2005	12.06.2022	134,844
MINISTRY OF ENERGY	PLESOIU, OLT	120/18.02.2005	10.10.2022	229,175
MINISTRY OF ENERGY	SCORTENI	120/2005	07.01.2024	110,713
MINISTRY OF ENERGY	SLATIOARA, OLT	113/15.12.2004	12.03.2024	39,419
MINISTRY OF ENERGY	ADJUD, VRANCEA	AA37/2020 LA CTR CONCESIUNE 747/2004 AA	18.01.2022	6,555
MINISTRY OF ENERGY	BRAZI, PRAHOVA	34/2020 ASSIGNING CONTRACT 747/2004 AA	18.01.2022	37,688
MINISTRY OF ENERGY	FOCȘANI, VRANCEA	35/2020 TO ASSIGNING CONTRACT 747/2004 AA	18.01.2022	185,182
MINISTRY OF ENERGY	GURA ȘUTII, DAMBOVITA VALU LUI TRAIAN,	36/2020 TO ASSIGNING CONTRACT 747/2004	18.01.2022	81,094

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MINISTRY OF ENERGY	CONSTANTA	1/04.01.2011	24.02.2022	9,255
MINISTRY OF ENERGY	BUCSANI,DAMBOVITA GLODEANU	85/06.10.2004	16.03.2022	3,196
MINISTRY OF ENERGY	SILISTEA,			
MINISTRY OF ENERGY	DAMBOVITA	82/06.10.2004	16.03.2022	584
MINISTRY OF ENERGY	FILIPESȚI I DE PĂDURE	XVI 1261472/10.02.2009	03.04.2022	661
MINISTRY OF ENERGY	ARICESTII RAHTIVANI	XVI 1261470/10.02.2009	03.04.2022	731
MINISTRY OF ENERGY	COMUNA MANESTI	XVI 1261471/10.02.2009	03.04.2022	401
MINISTRY OF ENERGY	MAMAIA SAT, NĂVODARI	95/15.12.2004	19.04.2022	45,897
MINISTRY OF ENERGY	MAMAIA,PALAZU MARE	96/15.12.2004	19.04.2022	272,437
MINISTRY OF ENERGY	OVIDIU SI POIANA	97/15.12.2004	19.04.2022	10,914
MINISTRY OF ENERGY	POIAN, POIENIȚA	1524/19.03.2020	16.04.2022	54
MINISTRY OF ENERGY	CONFORM OMEC 747/2004	120/18.02.2005	21.05.2022	4,974,180
MINISTRY OF ENERGY	VIȘTEA(BV)	131/04.03.2005	21.05.2022	90
MINISTRY OF ENERGY	CÂRCEA(DJ)	34/11.05.2004	21.05.2022	17,803
MINISTRY OF ENERGY	LELEȘTI(GJ)	58/29.06.2004	21.05.2022	1,851
MINISTRY OF ENERGY	SAT TEGHES	149/17.01.2006	21.05.2022	505
MINISTRY OF ENERGY	TUNARI(IF)	80/06.10.2004	21.05.2022	1,438
MINISTRY OF ENERGY	COLONESTI(OT)	41/28.05.2004	21.05.2022	1,428
MINISTRY OF ENERGY	CÂMPINA(PH)	86/06.10.2004	21.05.2022	1,255
MINISTRY OF ENERGY	BARCANESTI(PH)	104/15.12.2004	21.05.2022	554
MINISTRY OF ENERGY	MĂȚĂSARI(GJ)	181/04.08.2006	21.05.2022	1,214
MINISTRY OF ENERGY	VADENI(BR)	39/28.05.2004	21.05.2022	272
MINISTRY OF ENERGY	POTLOGI(DB)	180/04.08.2006	21.05.2022	2,933
MINISTRY OF ENERGY	BALEȘTI(GJ)	123/04.03.2005	21.05.2022	194
MINISTRY OF ENERGY	MANASIA(IL)	128/04.03.2005	21.05.2022	2,880
MINISTRY OF ENERGY	CHITILA(IF)	90/01.11.2004	21.05.2022	3,165
MINISTRY OF ENERGY	CARACAL(OT)	25/15.04.2004	21.05.2022	56,350
MINISTRY OF ENERGY	CEPTURA(PH)	45/28.05.2004	21.05.2022	5,528
MINISTRY OF ENERGY	RUCAR(AG)	182/04.08.2006	21.05.2022	3,006
MINISTRY OF ENERGY	LERESTI(AG)	179/04.08.2006	21.05.2022	2,900
MINISTRY OF ENERGY	NUCET(DB)	33/11.05.2004	21.05.2022	4,705
MINISTRY OF ENERGY	BEZDEAD(DB)	43/28.05.2004	21.05.2022	2,210
MINISTRY OF ENERGY	RACARI(DB)	64/05.07.2004	21.05.2022	5,832
MINISTRY OF ENERGY	PODARI(DJ)	20/11.02.2004	21.05.2022	4,228
MINISTRY OF ENERGY	STEFANESTII DE JOS(IF)	21/16.03.2004	21.05.2022	25,330
MINISTRY OF ENERGY	PERIS(IF)	75/23.08.2004	21.05.2022	11,266
MINISTRY OF ENERGY	CALIMANESTI(VL)	152/17.01.2006	21.05.2022	3,011
MINISTRY OF ENERGY	OLANESTI(VL)	151/17.01.2006	21.05.2022	3,625
MINISTRY OF ENERGY	VANATORI(GL)	178/04.08.2006	21.05.2022	2,289
MINISTRY OF ENERGY	ULMI(DB)	84/06.10.2004	21.05.2022	3,260
MINISTRY OF ENERGY	BALENI(DB)	44/28.05.2004	21.05.2022	13,146
MINISTRY OF ENERGY	RUNCU(DB)	112/15.12.2004	21.05.2022	387
MINISTRY OF ENERGY	DRAGODANA(DB)	162/17.04.2006	21.05.2022	1,262
MINISTRY OF ENERGY	CORNEȘTI(DB)	116/23.12.2004	21.05.2022	1,480
MINISTRY OF ENERGY	DAMBOVICIOARA(AG)	76/27.08.2004	21.05.2022	1,118
MINISTRY OF ENERGY	OLT (OT)	100/15.12.2004	21.05.2022	305
MINISTRY OF ENERGY	PLOPU(PH)	81/06.10.2004	21.05.2022	2,895
MINISTRY OF ENERGY	VACAREȘTI(DB)	163/17.04.2006	21.05.2022	1,961
MINISTRY OF ENERGY	BUCIUMENI(DB)	101/15.12.2004	21.05.2022	3,426
MINISTRY OF ENERGY	SLATIOARA(OT)	113/15.12.2004	21.05.2022	4,609
MINISTRY OF ENERGY	MIHAESTI(AG)	42/28.05.2004	21.05.2022	3,221
MINISTRY OF ENERGY	TULUCEȘTI(GL)	37/28.05.2004	21.05.2022	1,720
MINISTRY OF ENERGY	GOLEȘTI(AG)	69/10.08.2004	21.05.2022	6,090
MINISTRY OF ENERGY	MUNTENI(GL)	166/17.04.2006	21.05.2022	640
MINISTRY OF ENERGY	MODELU(CL)	107/15.12.2004	21.05.2022	15,827
MINISTRY OF ENERGY	MELINEȘTI(DJ)	99/15.12. 2004	21.05.2022	36
MINISTRY OF ENERGY	TICHILEȘTI(BR)	165/17.04.2006	21.05.2022	900
MINISTRY OF ENERGY	GLINA(IF)	87/13.10.2004	21.05.2022	1,477
MINISTRY OF ENERGY	ALBOTA(AG)	109/15.12. 2004	21.05.2022	8,482
MINISTRY OF ENERGY	DOMNEȘTI(AG)	115/23.12. 2004	21.05.2022	4,453
MINISTRY OF ENERGY	MOSOAIA(AG)	150/17.01.2006	21.05.2022	3,893
MINISTRY OF ENERGY	MAGLASI(VL)	111/ 15.12.2004	21.05.2022	1,928
MINISTRY OF ENERGY	MIHAESTI(VL)	110/15.12.2004	21.05.2022	14,810
MINISTRY OF ENERGY	ARGES(AG)	98/15.12.2004	21.05.2022	4,271
MINISTRY OF ENERGY	BRĂDEȘTI(DJ)	125/04.03.2005	21.05.2022	1,141

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MINISTRY OF ENERGY	BOBICEȘTI(OT)	124/04.03.2005	21.05.2022	196
MINISTRY OF ENERGY	BUSTUCHIN(GJ)	183/04.08.2006	21.05.2022	8
MINISTRY OF ENERGY	TARGSORU VECHI(PH)	164/17.04.2006	21.05.2022	965
MINISTRY OF ENERGY	SERBANESTI. OLT	130/04.03.2005	19.06.2022	526
MINISTRY OF ENERGY	LUMINA, CONSTANTA	170/18.04.2006	23.06.2022	7,239
MINISTRY OF ENERGY	NEGRU VODĂ, CONSTANTA	171/18.04.2006	23.06.2022	1,797
MINISTRY OF ENERGY	CUMPĂNĂ, CONSTANTA	391167/ 11.04.2008	23.06.2022	11,762
MINISTRY OF ENERGY	GOLEȘTI, ARGEȘ	120/18.02.2005	18.06.2024	97,161
MINISTRY OF ENERGY	CONSTANTA	191/2012	06.08.2022	6,369
MINISTRY OF ENERGY	BERCENI, PRAHOVA	106/15.12.2004	30.07.2022	13,808
MINISTRY OF ENERGY	CRIZBAV, BRASOV AGIGEA, SAT LAZU,	62/18.08.2015	04.09.2022	449
MINISTRY OF ENERGY	CONSTANTA	185/21.07.2011	10.09.2022	1,818
MINISTRY OF ENERGY	MĂGURELE, ILFOV	145/05.07.2011	12.09.2022	272
MINISTRY OF ENERGY	COGEALAC, CONSTANTA	67/08.07.2004	07.10.2022	3,964
MINISTRY OF ENERGY	CONSTANTA	68/08.07.2004	07.10.2022	18,595
MINISTRY OF ENERGY	ALBESTI-PALEOLOGU.ALBESTI	203/11.08.2011	20.10.2022	3,165
MINISTRY OF ENERGY	VALEA CALUGAREASCA, PRAHOVA	202/11.08.2011	20.10.2022	1,268
MINISTRY OF ENERGY	RECEA, BRASOV	3/19.12.2003	30.10.2022	4,778
MINISTRY OF ENERGY	SINCA, BRASOV	4/19.12.2003	30.10.2022	4,009
MINISTRY OF ENERGY	SINCA NOUA, BRASOV	118/01.02.2005	30.10.2022	284
MINISTRY OF ENERGY	AMARA, IALOMIȚA	5/19.12.2003	30.10.2022	10,498
MINISTRY OF ENERGY	TANDAREI, IALOMIȚA	02/19.12.2003	30.10.2022	26,222
MINISTRY OF ENERGY	FETEȘTI, IALOMIȚA	133/30.03.2005	30.10.2022	18,394
TOWN STREJESTI	TOWN STREJESTI	1802/06.05.2020	06.05.2025	32,034
TOWN STREJESTI	TOWN STREJESTI	1802/06.05.2020	26.05.2022	578
TOWN SENDRENI	TOWN SENDRENI	1249-2020/4031/2020	05.02.2023	21,721
TOWN SENDRENI	TOWN SENDRENI	1249-2020/4031/2020	18.02.2022	36
TOWN POIANA	POIAN, POIENIȚA	1524/19.03.2020	19.06.2022	18,240
TOWN NICULESTI	TOWN NICULESTI	2874/29.05.2020	29.05.2023	38,409
TOWN NICULESTI	TOWN NICULESTI	2874/29.05.2020	03.07.2022	86
TOWN MALU MARE	MALU MARE SI PREAJBA, JUD DOLJ	LICITATE ATRIBUIRE CTR	08.01.2022	619,004
TOWN LISA	LISA, BRASOV	3616/02.10.2019	02.04.2022	20,009
TOWN LISA	LISA, BRASOV	3616/02.10.2019	11.10.2022	157
TOWN GRĂDINARI	GRĂDINARI	1802/06.05.2020	06.05.2025	29,724
TOWN GRĂDINARI	GRĂDINARI	1802/06.05.2020	26.05.2022	536
TOWN BUNESTI	BUNESTI, TITIRECI, FIREȘTI, COASTA	4421/18.06.2021	18.06.2023	4,952
TOWN BUNESTI	BUNESTI, TITIRECI, FIREȘTI, COASTA	4421/18.06.2021	08.07.2022	13
TOWN VULTURU	VULTURU	4430/02.06.2020	02.02.2023	14,150
<b>Total</b>				<b>8,264,680</b>

***Guarantees related to contracted credits***

For the credit facilities and issuance of bank guarantee letters contracted with B.R.D. - Groupe Societe Generale SA, Unicredit Bank Romania SA, Raiffeisen Bank Romania SA., BNP Paribas SA Paris Bucharest and Banca Transilvania SA, the Company granted a pledge on the availabilities from the accounts opened at the respective banks.

***Commitments received***

The group has outstanding guarantees from customers, managers, cashiers, administrators in the amount of RON 826,070.

The parent company received the following guarantees (letters of bank guarantees, insurance policies, promissory notes, deposits) for the implementation of various types of contracts:

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Guarantee type	Issuer of Letter of Bank Guarantee	Issuer	Amount	Currency	Validity
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	189,279	RON	12/11/2024
LETTER OF BANK GUARANTEE		ACVATOT SRL	193,400	RON	12/11/2024
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	400,171	RON	12/24/2023
INSURANCE POLICY	OMNIASIG	ACVATOT SRL	326,493	RON	2/17/2023
INSURANCE POLICY		ACVATOT SRL	106,068	RON	2/17/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	295,182	RON	12/31/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	369,495	RON	12/31/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	108,239	RON	11/5/2024
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	829,836	RON	12/31/2025
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	595,291	RON	12/31/2025
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	235,652	RON	12/31/2025
INSURANCE POLICY	BRD CITY INSURANCE	ACVATOT SRL	373,460	RON	4/24/2022
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	276,913	RON	3/31/2022
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	338,337	RON	8/12/2022
LETTER OF BANK GUARANTEE		ACVATOT SRL	369,496	RON	10/4/2022
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	399,555	RON	10/8/2022
LETTER OF BANK GUARANTEE	BRD CITY INSURANCE	ACVATOT SRL	275,355	RON	5/15/2022
INSURANCE POLICY		ACVATOT SRL	159,013	RON	2/23/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	347,116	RON	12/31/2022
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	373,459	RON	4/29/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	309,851	RON	3/27/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	484,451	RON	8/17/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	373,459	RON	9/9/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	297,276	RON	10/8/2023
LETTER OF BANK GUARANTEE	BRD	ACVATOT SRL	301,346	RON	12/31/2023
LETTER OF BANK GUARANTEE	Librabank	Aeroteh SA	310,506	EUR	12/20/2024
LETTER OF BANK GUARANTEE	Librabank	Aeroteh SA	274,601	EUR	9/15/2022
PCG	AIK GROUP	AIK GROUP	2,333,400	RON	11/1/2099
INSURANCE POLICY	CITY INSURANCE	ANTOPREST ACTIV SRL	139,429	RON	10/3/2022
INSURANCE POLICY	CITY INSURANCE	ANTOPREST ACTIV SRL	176,459	RON	5/11/2023
INSURANCE POLICY	ASO H&P	ASO H&P	500,000	EUR	4/10/2022
INSURANCE POLICY	CertAsig	AVIPROD GRUP	135,973	RON	1/14/2022
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	396,088	RON	1/24/2023
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	356,264	RON	1/24/2023
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	369,070	RON	11/10/2022
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	153,407	RON	9/23/2022
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	119,883	RON	8/27/2022
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	166,939	RON	7/28/2022
INSURANCE POLICY	EXIM BANK	AVIPROD GRUP	144,216	RON	9/10/2022
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	116,749	RON	3/21/2024
INSURANCE POLICY	CITY INSURANCE	AVIPROD GRUP	473,088	RON	2/16/2025
INSURANCE POLICY	EXIM ASIGURĂRI	AVIPROD GRUP	113,537	RON	3/20/2026
INSURANCE POLICY	OMNIASIG	AVIPROD GRUP	327,507	RON	3/26/2025

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INSURANCE POLICY	OMNIASIG	AVIPROD GRUP	532,243	RON	2/26/2026
INSURANCE POLICY	OMNIASIG	AVIPROD GRUP	116,070	RON	2/26/2025
INSURANCE POLICY	EXIM BANK	AVIPROD GRUP	175,623	RON	5/2/2023
PCG	AXPO SOLUTIONS AG	AXPO SOLUTIONS AG	5,000,000	EUR	2/28/2023
PCG	AXPO SOLUTIONS AG	AXPO SOLUTIONS AG	2,400,000	EUR	4/30/2022
BO	RAIFFEISEN	C-GAZ& ENERGY DISTRIBUȚIE	1,000,000	RON	12/31/2099
INSURANCE POLICY	CITY INSURANCE	CONI SRL	1,261,041	RON	3/26/2022
INSURANCE POLICY	CITY INSURANCE	Coni SRL	200,469	RON	7/3/2022
INSURANCE POLICY	CITY INSURANCE	Coni SRL	103,968	RON	11/30/2022
INSURANCE POLICY	EXIM BANK	CONSTRUCȚII ERBASU	528,943	RON	2/7/2029
INSURANCE POLICY	EXIM BANK	CONSTRUCȚII ERBASU	1,771,606	RON	2/11/2029
INSURANCE POLICY	EXIM BANK	CONSTRUCȚII ERBASU	630,062	RON	3/29/2029
INSURANCE POLICY	EXIM BANK	CONSTRUCȚII ERBASU	560,852	RON	3/8/2029
LETTER OF BANK GUARANTEE	BRD	DELGAZ GRID	500,000	EUR	12/15/2022
LETTER OF BANK GUARANTEE	BRD	DELGAZ GRID	2,559,047	RON	1/25/2022
INSURANCE POLICY	CITY INSURANCE	DIVERSINST SRL	175,246	RON	9/7/2022
LETTER OF BANK GUARANTEE	Capidava financial	DIVERSINST SRL	1,974,083	RON	12/4/2023
INSURANCE POLICY	CITY INSURANCE	Diversinst SRL	168,741	RON	12/30/2024
LETTER OF BANK GUARANTEE	PROCAPITAL ALLIANCE	DOLREX	108,357	RON	11/29/2022
LETTER OF BANK GUARANTEE	BRD	E-DISTRIBUTIE BANAT	800,000	EUR	1/25/2023
LETTER OF BANK GUARANTEE	BRD	E-DISTRIBUTIE DOBROGEA	800,000	EUR	1/25/2023
LETTER OF BANK GUARANTEE	BRD	E-DISTRIBUTIE MUNTENIA	1,750,000	EUR	1/25/2023
INSURANCE POLICY	CITY INSURANCE	Elcas Prodimpex SRL	186,300	RON	7/20/2023
INSURANCE POLICY	CITY INSURANCE	Elcas Prodimpex SRL	134,200	RON	10/14/2025
LETTER OF BANK GUARANTEE	BCR	ELECTRICA FURNIZARE	1,885,260	RON	1/25/2022
LETTER OF BANK GUARANTEE	BNP Paribas	ELECTRICA FURNIZARE	24,591,500	RON	1/31/2023
LETTER OF BANK GUARANTEE	BRD	ENEL ENERGIE	7,500,000	RON	7/19/2023
LETTER OF BANK GUARANTEE	BRD	ENEL ENERGIE MUNTENIA	5,000,000	RON	7/19/2023
LETTER OF BANK GUARANTEE	OTP BANK	ENERGY DISTRIBUTION SERVICES	2,411,760	RON	1/25/2022
LETTER OF BANK GUARANTEE	OTP BANK	ENERGY DISTRIBUTION SERVICES	1,200,000	RON	1/25/2022
LETTER OF BANK GUARANTEE	OTP BANK	ENERGY DISTRIBUTION SERVICES	3,611,760	RON	2/28/2022
LETTER OF BANK GUARANTEE	OTP BANK	ENERGY DISTRIBUTION SERVICES	1,117,732	RON	1/25/2023
LETTER OF BANK GUARANTEE	RAIFFEISEN	EREN Cons	1,583,544	RON	9/15/2022
INSURANCE POLICY	OMNIASIG	ERGITY	106,185	RON	10/18/2025
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
BO	BCR	EVA ENERGY	250,000	RON	12/31/2099
PCG	FREEPOINT COMMODITIES EUROPE LLP	EVA ENERGY	250,000	RON EUR	12/31/2099
		FREEPOINT COMMODITIES EUROPE LLP	3,000,000		12/31/2099
LETTER OF BANK GUARANTEE	Banca Transilvania	Fusion Romania S.R.L.	221,519	RON	4/8/2022
INSURANCE POLICY	ASIROM	GENERAL MPM IMPEX SRL	344,230	RON	2/26/2029
INSURANCE POLICY	ASIROM	GENERAL MPM IMPEX SRL	123,919	RON	1/18/2022
INSURANCE POLICY	EXIM BANK	GENERAL MPM IMPEX SRL	176,696	RON	1/14/2022
INSURANCE POLICY	EXIM BANK	GENERAL MPM IMPEX SRL	102,973	RON	1/14/2022



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INSURANCE POLICY	EXIM BANK	GENERAL MPM IMPEX SRL	113,839	RON	4/15/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	176,696	RON	9/15/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	364,191	RON	5/15/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	275,670	RON	5/15/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	179,343	RON	6/21/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	326,730	RON	7/29/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	205,254	RON	9/14/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	130,548	RON	8/17/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	235,823	RON	9/7/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	147,460	RON	9/28/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	106,049	RON	10/13/2022
INSURANCE POLICY	CITY INSURANCE	GENERAL MPM IMPEX SRL	102,219	RON	1/1/2022
LETTER OF BANK GUARANTEE	UNICREDIT	GEORG FISCHER	121,534	EUR	5/4/2022
INSURANCE POLICY	EXIM BANK	ROHRLEITUNGSSYSTEME	132,996	RON	12/6/2027
LETTER OF BANK GUARANTEE	BNP Paribas	HIDRO GAZ PIPE SRL	149,359	EUR	7/25/2022
INSURANCE POLICY	CITY INSURANCE	HONEYWELL ELSTER ROMANIA	108,713	RON	1/1/2022
INSURANCE POLICY	ASIROM	ILVA IMPEX SRL	245,983	RON	2/25/2022
INSURANCE POLICY	ASIROM	INFO PROT IMPEX	203,418	RON	2/25/2022
INSURANCE POLICY	Asirom	INFO PROT IMPEX	199,263	RON	10/29/2022
LETTER OF BANK GUARANTEE	Banca Transilvania	INFORM LYKOS SA	1,925,704	RON	1/3/2022
INSURANCE POLICY	CITY INSURANCE	INSTAL PROIECT GAZ SRL	189,706	RON	9/22/2022
INSURANCE POLICY	CITY INSURANCE	INSTAL SERVICE TECHNOLOGY SRL	154,326	RON	5/18/2022
INSURANCE POLICY	CertAsig	Instant Construct Company	151,311	RON	1/14/2022
INSURANCE POLICY	ALLIANZ TIRIAC	Instant Construct Company	264,381	RON	5/30/2022
INSURANCE POLICY	ALLIANZ TIRIAC	Instant Construct Company	141,266	RON	9/10/2022
INSURANCE POLICY	EUROINS	INSTGAZ	188,393	RON	4/28/2022
INSURANCE POLICY	ALLIANZ TIRIAC	Interguard Group SRL	815,006	RON	8/14/2022
LETTER OF BANK GUARANTEE	Banca Transilvania	INTRAPOWER TRADING	500,000	RON	10/31/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC IMPEX SRL	346,512	RON	1/25/2023
INSURANCE POLICY	CITY INSURANCE	IRIGC IMPEX SRL	292,537	RON	7/3/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC IMPEX SRL	292,537	RON	7/3/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	319,807	RON	3/31/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	528,755	RON	3/31/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	248,959	RON	4/3/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	394,837	RON	4/3/2022
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	394,837	RON	8/2/2023
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	248,959	RON	8/2/2023
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	393,262	RON	3/29/2023
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	248,959	RON	3/10/2024
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	456,579	RON	1/28/2024
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	147,459	RON	9/28/2022
LETTER OF BANK GUARANTEE	BRD	IRIGC Impex SRL	369,495	RON	10/8/2023
INSURANCE POLICY	CITY INSURANCE	IRIGC Impex SRL	430,310	RON	1/25/2024

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INSURANCE POLICY	EXIM ASIGURĂRI	IRIGC Impex SRL	377,073	RON	8/19/2025
INSURANCE POLICY	EXIM BANK	IRIGC Impex SRL	298,671	RON	8/23/2026
INSURANCE POLICY	CITY INSURANCE	KLAUS INDUSTRIAL	225,162	RON	1/1/2023
INSURANCE POLICY	CITY INSURANCE	KLAUS INDUSTRIAL	225,162	RON	1/19/2024
INSURANCE POLICY	ABC ASIGURĂRI REASIGURĂRI	LUXTEN LIGHTING COMPANY SA	179,829	RON	3/20/2025
INSURANCE POLICY	ABC ASIGURĂRI REASIGURĂRI	LUXTEN LIGHTING COMPANY SA	133,927	RON	3/20/2025
PCG	MET HOLDING AG	MET HOLDING AG	2,000,000	EUR	4/20/2023
PCG	MET HOLDING AG	MET HOLDING AG	1,500,000	EUR	3/22/2022
PCG	MET HOLDING AG	MET HOLDING AG	1,500,000	EUR	5/27/2022
PCG	MET HOLDING AG	MET HOLDING AG	1,000,000	EUR	5/27/2022
LETTER OF BANK GUARANTEE	CUI BANK	MET ROMANIA ENERGY	1,262,352	RON	4/10/2022
LETTER OF BANK GUARANTEE	CUI BANK	MET ROMANIA ENERGY	663,306	RON	4/10/2022
LETTER OF BANK GUARANTEE	CUI BANK	MET ROMANIA ENERGY	663,306	RON	4/10/2022
LETTER OF BANK GUARANTEE	CUI BANK	MET ROMANIA ENERGY	1,326,612	RON	4/10/2022
LETTER OF BANK GUARANTEE	CUI BANK	MET ROMANIA ENERGY	837,165	RON	1/10/2023
INSURANCE POLICY	CITY INSURANCE	Mirai Instal Company SRL	174,976	RON	4/14/2023
INSURANCE POLICY	CITY INSURANCE	Mirai Instal Company SRL	124,264	RON	11/6/2022
LETTER OF BANK GUARANTEE	BCR	MOBILE DISTRIBUTION	600,000	RON	5/12/2022
INSURANCE POLICY	CITY INSURANCE	Montrepcom	218,200	RON	8/24/2022
LETTER OF BANK GUARANTEE	BRD	NEXT ENERGY DISTRIBUTION	1,276,811	RON	4/10/2022
INSURANCE POLICY	ASITO KAPITAL	NIRONA UNION EUROPE	112,680	RON	10/29/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM	1,237,362	RON	1/10/2023
LETTER OF BANK GUARANTEE	BCR	OMV PETROM	2,083,116	RON	1/10/2023
LETTER OF BANK GUARANTEE	BCR	OMV PETROM	1,842,120	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	733,814	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	733,992	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	737,384	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	1,463,879	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	1,463,879	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	933,555	RON	1/10/2023
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	701,327	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	701,327	RON	4/10/2022
LETTER OF BANK GUARANTEE	BCR	OMV PETROM SA	1,403,010	RON	4/10/2022
LETTER OF BANK GUARANTEE	BRD	OVIDIU DEVELOPMENT	1,000,000	RON	1/14/2022
LETTER OF BANK GUARANTEE	UNICREDIT	PAYPOINT SERVICES	15,000,000	RON	3/8/2022
LETTER OF BANK GUARANTEE	RAIFFEISEN	PETROSTAR SA	173,638	RON	12/31/2022
INSURANCE POLICY	CITY INSURANCE	PRIMASERV SRL	119,303	RON	9/7/2022
LETTER OF BANK GUARANTEE	Banca Transilvania	PRIMASERV SRL	269,506	RON	7/21/2023
LETTER OF BANK GUARANTEE	Banca Transilvania	PRIMASERV SRL	164,969	RON	2/24/2026
LETTER OF BANK GUARANTEE	Banca Transilvania	PRIMASERV SRL	198,097	RON	2/24/2026
LETTER OF BANK GUARANTEE	Banca Transilvania	PROLOGIC INSTANT	420,347	RON	10/1/2022
INSURANCE POLICY	EXIM BANK	RELCO-GAZ	137,664	RON	1/14/2022

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INSURANCE POLICY	EXIM BANK	RELCO-GAZ	137,664	RON	9/24/2022
INSURANCE POLICY	CITY INSURANCE	RILVA PROIECT CONSTRUCT	17,306	RON	1/11/2027
INSURANCE POLICY	CITY INSURANCE	ROCIP INSTAL SRL	149,664	RON	9/10/2022
INSURANCE POLICY	CITY INSURANCE	ROCIP INSTAL SRL	128,020	RON	10/16/2022
INSURANCE POLICY	CITY INSURANCE	Rocip Instal SRL	141,368	RON	6/21/2022
INSURANCE POLICY	CITY INSURANCE	Rocip Instal SRL	164,339	RON	10/9/2022
INSURANCE POLICY	CITY INSURANCE	Rocip Instal SRL	248,800	RON	9/17/2022
INSURANCE POLICY	CITY INSURANCE	Rocip Instal SRL	248,926	RON	7/21/2023
ABC ASIGURĂRI REASIGURĂRI	EXIM BANK	ROMCO SYSTEM	338,529	RON	5/20/2024
INSURANCE POLICY	EXIM BANK	ROMCO SYSTEM	129,147	RON	8/25/2022
LETTER OF BANK GUARANTEE	BCR	ROMGAZ	3,070,200	RON	1/11/2022
LETTER OF BANK GUARANTEE	UNICREDIT	ROMPETROL DOWNSTREAM	429,139	RON	9/30/2022
LETTER OF BANK GUARANTEE	RAIFFEISEN	RWE	6,459,000	RON	1/10/2022
LETTER OF BANK GUARANTEE	RAIFFEISEN	RWE	599,400	RON	1/10/2023
LETTER OF BANK GUARANTEE	RAIFFEISEN	RWE	981,600	RON	10/10/2022
INSURANCE POLICY	CITY INSURANCE	Schnell Leitung SA	140,109	RON	3/10/2022
INSURANCE POLICY	CITY INSURANCE	Schnell Leitung SA	225,162	RON	1/1/2023
INSURANCE POLICY	CITY INSURANCE	Schnell Leitung SA	139,095	RON	5/28/2022
INSURANCE POLICY	CITY INSURANCE	Schnell Leitung SA	132,712	RON	11/29/2022
INSURANCE POLICY	CITY INSURANCE	Schnell Leitung SA	589,103	RON	11/10/2022
INSURANCE POLICY	OMNIASIG	Schnell Leitung SA	151,089	RON	2/1/2025
INSURANCE POLICY	ASITO KAPITAL	Smart UX development	742,354	RON	10/31/2022
INSURANCE POLICY	CertAsig	Solo Prod SRL	101,403	RON	12/31/2022
INSURANCE POLICY	CITY INSURANCE	Techno Office	425,333	RON	12/3/2023
LETTER OF BANK GUARANTEE	UNICREDIT	Tehno World S.R.L.	192,432	EUR	11/24/2022
LETTER OF BANK GUARANTEE	BRD	TOMIS TEAM	1,000,000	RON	1/14/2022
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	2,000,000	RON	12/31/2099
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	13,500,000	RON	12/31/2099
PCG	TRAFIGURA GROUP PTE LTD	TRAFIGURA GROUP PTE LTD	81,805,280	RON	12/31/2099
PCG	UNICREDIT	UNITED SYSTEM OF INSTANT	PAYMENTS		
PCG	VITOL HOLDING BV	RO S.R.L.	160,000	RON	12/31/2099
LETTER OF BANK GUARANTEE	Librabank	VITOL HOLDING BV	2,000,000	EUR	10/31/2022
		WORKSPACE STUDIO	181,596	RON	3/31/2023
		OTHER	9,763,705	RON	
		OTHER	1,234,087	EUR	
		OTHER	25,562	USD	
		Total	265,730,048	RON	
		Total	25,032,519	EUR	
		Total	25,562	USD	
		Total equivalent RON	389,705,176	RON	

The Group also received the following guarantees for the payment of natural gas distribution contracts, according to Order 78/2020:

Issuer	Debtor	Date of issue	Valid	Amount
BCR	ADERRO G.P. ENERGY	12/14/2021	12/15/2022	180,000
CEC BANK	ALPHA METAL	12/7/2021	12/31/2029	90,000
CEC BANK	ALPHA METAL	1/25/2021	12/31/2029	260,000
ING Bank	AROVI ENERGY	4/27/2021	5/8/2029	3,000
BRD	CEZ VANZARE	12/6/2021	12/15/2022	2,450,000
EXIM BANK	CIS GAZ	11/29/2021	12/15/2022	218,000
EXIM BANK	CIS GAZ	11/29/2021	12/15/2022	365,000
RAIFFEISEN	CONEF GAZ	11/16/2021	11/16/2022	95,000
Banca Transilvania	CREST ENERGY	1/25/2021	12/31/2029	4,800
Banca Transilvania	CREST ENERGY	11/25/2021	12/15/2022	11,100
UNICREDIT	DACIA ENERGY SOLUTIONS	2/11/2021	12/31/2029	100
UNICREDIT	DACIA ENERGY SOLUTIONS	2/11/2021	12/31/2029	1,000
CEC BANK	DISTRIGAZ VEST	11/19/2020	11/19/2022	6,000
BCR	DISTRIGAZ VEST	11/19/2021	11/19/2022	10,000
BRD	E.ON ENERGIE ROMANIA	12/14/2021	12/15/2022	1,690,000
OTP BANK	ELECTRIC PLANNERS	12/13/2021	12/15/2022	27,000
Banca Transilvania	ELECTRIC&GAS POWER TRADE	1/19/2021	1/21/2022	32,500
BNP Paribas	ELECTRICA FURNIZARE	12/20/2021	12/15/2022	565,000
BRD	ENEL ENERGIE	12/24/2021	12/15/2022	900,000
BRD	ENEL ENERGIE MUNTENIA	12/24/2021	12/15/2022	1,420,000
UNICREDIT	ENERGIA GAS & POWER	1/15/2021	1/15/2022	25,000
Banca Transilvania	ENERGIA GAS & POWER	12/16/2021	12/31/2029	29,000
Europe ENERGY	ENERGIA GAS & POWER	11/18/2021	12/15/2022	176,000
OTP BANK	ENERGY DISTRIBUTION SERVICES	12/17/2021	12/15/2022	1,174,000
BCR	ENERGY GAS PROVIDER	12/23/2021	12/15/2022	229,000
UNICREDIT	ENTREX SERVICES	12/7/2021	12/15/2022	34,000
BRD	EURO SEVEN INDUSTRY	1/29/2021	12/31/2029	100
BRD	GAZ EST	11/22/2021	12/15/2022	35,000
GARANȚI BANK	GECABUILD	3/31/2021	12/31/2029	260
Banca Transilvania	GETICA 95	12/21/2020	12/31/2029	150
BCR	MEGACONSTRUCT	1/13/2021	12/31/2029	15,000
BCR	MEGACONSTRUCT	12/7/2021	12/31/2029	17,000
OTP BANK	MET ROMANIA ENERGY	11/12/2021	11/12/2022	1,322,000
UNICREDIT	MONSSON TRADING	2/9/2021	12/31/2029	1,800
UNICREDIT	MONSSON TRADING	11/17/2021	11/17/2022	3,200
Banca Transilvania	MVM Energy Trade Plus	1/27/2021	12/31/2029	800
Banca Transilvania	MVM Energy Trade Plus	11/17/2021	12/31/2029	2,000
Delta FINANCE IFN	NEXT ENERGY DISTRIBUTION	11/25/2021	12/15/2022	187,000
BRD	NEXT ENERGY PARTNERS	1/21/2021	12/31/2029	200
BRD	NEXT ENERGY PARTNERS	11/25/2021	12/31/2029	17,800
Banca Transilvania	NORD GAZ	4/7/2021	12/31/2029	10
Banca Transilvania	NORD GAZ	11/10/2021	12/31/2029	600
BCR	NOVA POWER&GAS	12/27/2021	12/15/2022	500,000
EXIM BANK	OLIGOPOL	3/9/2021	12/31/2029	9,700
RAIFFEISEN	OMV PETROM	11/23/2021	12/15/2022	5,620,000
OTP BANK	PREMIER ENERGY TRADING	12/15/2021	12/31/2029	1,277,000
BRD	PRIMĂRIA BRAZI	4/28/2020	4/2/2022	37,688
BRD	PROGAZ P&D	7/30/2021	12/31/2029	185
OTP BANK	RENOVATIO TRADING	11/15/2021	11/1/2022	550,000
Banca Transilvania	RES ENERGY SOLUTIONS	2/8/2021	12/31/2029	150
GARANȚI BANK	TINMAR ENERGY	11/23/2021	12/15/2022	979,000
OTP BANK	TINMAR ENERGY	11/15/2021	12/15/2022	3,174,000
Banca Transilvania	TRANSENERGO	4/6/2021	12/31/2029	60
Banca Transilvania	TRANSENERGO	11/26/2021	11/26/2022	1,940
Banca Transilvania	UAT DRAGUTESTI	9/18/2018	9/16/2022	64,691
BCR	UAT MANESTI	1/23/2019	12/31/2099	42,000
BCR	UAT MIHAILESTI	7/2/2019	12/31/2099	110,279
BRD	UAT PLESOI	7/22/2019	8/16/2022	229,175
DELTA FINANCE IFN	UAT SCORTENI	7/25/2019	7/22/2026	110,713
RAIFFEISEN	UAT SLATIOARA	10/11/2019	9/17/2023	46,910
BCR	UAT V.CALUGAREASCA	6/10/2019	12/31/2099	1,232,630
BRD	VEOLIA ENERGIE ROMANIA	12/10/2021	12/15/2022	17,000
UNICREDIT	WIEE ROMANIA	12/16/2021	12/31/2029	6,000
UNICREDIT	WIEE ROMANIA	1/14/2021	12/31/2029	8,000
<b>TOTAL</b>				<b>25,615,543</b>

ENGIE Building Solutions has received the following bank guarantee letters:

Issuer	Ordinator	Value EURO	Validity
Banca Transilvania	BUILDING CONTROL	8,000.00	16.08.2022
Banca Transilvania	BUILDING CONTROL	1,437.28	30.08.2024
CITI BANK	AHI CARRIER ROMANIA	2,647.49	31.08.2022

Also, the Group received guarantees constituted for the quality of the investment works as successive deductions from the invoices, as follows:

Issuer	Issuer of bank guarantee	Amount
ACVATOT SRL	BRD	1,175,964
AE ROTE FI SA	BRD	172,235
ANTOPREST ACTIV SRL	BRD	323,789
AQVATERMO SANIT	Raiffeisen Bank	123,971
ARENA COM SRL	Banca Transilvania	189,011
AVIPROD GRUP	BCR	908,467
AVIPROD GRUP	Raiffeisen Bank	378,673
BOGART BUILDING MANAGEMENT	Raiffeisen Bank	308,396
CALIN SERVICE TOTAL SRL	Raiffeisen Bank	557,030
CALIN SERVICE TOTAL SRL	BRD	234,170
COFELY BUILDING SERVICES&MAINTENANCE	Raiffeisen Bank	134,605
CONI SRL	BCR	4,559,036
DHM PRINTING&ADVERTISING	Banca Transilvania	200,848
GENERAL MPM IMPEX SRL	BCR	526,048
GEORG FISCHER ROHRLEITUNGSSYSTEME	UniCredit Bank	135,003
GESIC PROD SRL	BRD	285,492
GETIMROM INSTAL SRL	BCR	473,563
GIMVEST SRL	Piraeus Bank	153,806
INDCOM SRL	BCR	119,241
INSTAL GAZ IMPEX SRL	BCR	286,960
INSTAL PROIECT GAZ SRL	Piraeus Bank	152,501
INSTANT CONSTRUCT COMPANY	CEC	477,327
INSTANT CONSTRUCT COMPANY	PIRAEUS BANK	405,114
INTERMON SRL	BRD	601,912
INSTPRO SRL	BCR	548,499
IRIGC IMPEX SRL	BRD	1,524,016
IRIGC IMPEX SRL	BCR	529,061
JARtermOGAZ	Raiffeisen Bank	238,908
MAXI GAZ	Raiffeisen Bank	145,358
MIRAL INSTAL COMPANY SRL	BRD	209,398

MIRAL INSTAL COMPANY SRL	BCR	194,062
MITREA PREST SRL	BCR	181,266
PETROCONST	BRD	149,601
PRO ACVA INSTAL SRL	Raiffeisen Bank	199,834
RADOC CONTROL CALOR	Raiffeisen Bank	352,405
RELCO-GAZ	Raiffeisen Bank	288,174
ROCIPI INSTAL SRL	BCR	1,053,951
SCHNELL LEITUNG SA	BCR	124,737
STAR P&G Braila	Garanti Bank	158,977
STRACO GRUP SRL	UniCredit Bank	347,503
TEX ART CONCEPT SRL	RIB	332,475
TOTAL GAZ INDUSTRIE SA	BRD	211,787
TRANSELECTRONIC PROD SRL	BCR	179,770
Others		2,373,009
<b>TOTAL</b>		<b>22,225,951</b>

## 26. Insurance policies

In 2021, the Group 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, ENGIE Romania renewed the liability policy intended to also cover liability for accidental pollution, the liability of the producer and of the service provider, the employer's liability to their employees and professional liability. This insurance is part of the ENGIE Group program, being negotiated at a centralized level and valid for the 01.07.2020 - 30.06.2021 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.

### Insurance on buildings and property among the company's assets

As of December 31, 2020 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. The insurer is Asigurarea Românească ASIROM VIENNA INSURANCE GROUP SA, and the insurance is valid until 06.05.2022.

### Other types of insurances concluded

- The insurances concluded for ENGIE Romania SA car fleet 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. The car fleet of ENGIE Romania SA is ensured (CASCO and RCA policies) by GROUPAMA ASIGURARI SA based on a contract which was renewed in December 2021 for a period of 3 years.
- ENGIE Romania SA Group has a private healthcare insurance contract concluded with GROUPAMA, valid until 31.05.2024, intended to cover the medical services accessed by the employees and their dependents (adult and/or minor) in Romania, within REGINA MARIA network, as well as outside it.

- In 2021, the wind farms concluded, based on the ENGIE Group's program for the insurance of the assets of the renewable energy production group, an insurance to cover material damage and financial losses due to the interruption of the activity.

### ***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 Parent-company benefits from lands made available for use by mayor's offices, lands on which it owes property owner's tax.

### ***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 Group 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 RON 16 million (VAT-inclusive).

Considering this difference in interpretation of the legislative framework, the parent company and Transgaz addressed ANRE requesting clarification of the situation. At the end of May 2017, ANRE issued a decision in favor of Transgaz's interpretation, and the Group paid the unrecognized difference of RON 30 million (as well as all subsequent invoices). At the same time, the Group challenged the ANRE decision in court and obtained its annulment in the first instance. During 2021, the litigation ended in favor of Transgaz.

### ***Litigations***

At the end of 2020, 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 Group was taken to court primarily for litigations related to work and to certain ownership rights. The Group registered provisions (Note 21) for litigations where it deems a disposal of resources to be likely, for an amount best estimated for such disposal of resources.

In 2021, the following litigations were initiated by the Company:

a) Disputes with the Bucharest Regional Commissioner for Consumer Protection (CRPPC Bucharest)

The parent company sent to default consumers (consumers who did not sign a supply contract on July 1, 2021 and who tacitly accepted Gaz Start's offer from that date) notifications in August 2021 for the price increase starting on November 1, 2021.

CRPPC Bucharest considered the action of increasing the price for these consumers to be an incorrect practice. The main sanction was a fine of RON 150,000, and the complementary sanction was for ENGIE Romania to return to consumers the differences between the initial and increased prices within a maximum of 15 days. Decision no. 130/14.09.2021 by which it was ordered to suspend the activity until the incorrect commercial practice ceases, respectively a measure to stop issuing notifications regarding the increase in the price of natural gas supply to consumers with tacit agreement and keeping the price from the initially notified offer valid for 12 months.

The parent company contested both the minutes (file 23147/4/2021, deadline 31.05.2022, the early stage of the litigation), as well as Decision 130 of the CRPPC (file 30318/3/2021, suspended on 24.02.2022 when settling the dispute regarding the contravention report).

The parent company obtained the suspension of Decision 130 (since contesting the decision does not automatically suspend its execution) until the irrevocable resolution of the file regarding the annulment of Decision 130 against this solution CRPPC Bucharest appealed, deadline 04.19.2022 (when the court's decision is expected).

A control regarding the price increase for implicit consumers took place in Constanta after the one in Bucharest, and CJPPC Constanta issued sanctions and similar measures. The parent company initiated similar actions in court.

b) The dispute with ANRE

In relation to the same price increases notified to implicit customers by the parent company, ANRE carried out an inspection and through minutes no. 119316/11.10.2021 (i) ascertained the commission by ENGIE Romania of some alleged contraventions, represented by 4 types of alleged irregularities, of some natural gas supply offers in relation to which were applied (ii) the sanction of the amount of the fine of RON 40,000 for each irregularity of each individual offer and for each consumer (in total 25 contraventions with a total fine of RON 800,000) and (iii) obliging ENGIE Romania to notify consumers (all those in the same situation as those analyzed in the minutes, including those who were not nominated in the sanctioning act) for the cancellation of the additional documents sent to them and the maintenance of the previously agreed gas price.

The minutes were challenged in court and on 08.03.2022 the court rejected the complaint of the parent company as unfounded. The solution is not final, and the Company will appeal within 30 days of receiving the reasons for the decision; the dispute and the appeal suspended/suspends the execution of the aforementioned minutes.

The Group considers that the increase in the price of natural gas for implicit consumers was carried out according to the contractual clauses and in full compliance with the provisions of ANRE Order no. 27/2020 for the establishment of measures regarding the supply of natural gas to domestic customers in the perspective of eliminating regulated prices.



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

The Group is mainly exposed to market risk, credit risk and liquidity risk. Management oversees the management of these risks. All activities regarding derivative financial instruments aimed at managing risks are carried out by teams of specialists who have the appropriate skills and experience.

The board of directors reviews and approves the management policies for each of these risks, which are briefly presented 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 three varieties: the interest rate risk, the foreign exchange risk and the commodity price risk.

#### Commodity price risk - natural gas and electricity

The market risk is generated by the volatility of the prices at which natural gas and electricity are traded, as it is possible that there may be a mismatch between the purchase costs and the sales prices.

The company manages the risk of commodity prices for the supply activity as follows:

- Decides the purchase price for the supply contracts signed with a fixed price, through purchases with physical delivery on forward contracts and financial contracts, with open position limits established, on time intervals, which are monitored at least weekly; and
- Correlates sales at a variable price with purchases at the same variable price (spot purchases or forward contracts and financial contracts), and
- Can modify, under certain justified conditions according to the contractual clauses, the prices in the supply contracts.

With regard to the commodity price risk for the trading activity, it is managed through a system of market exposure limits and time intervals, value at risk and drawdown limits, which are monitored daily.

The sensitivity of the derivative instruments that manage the commodity price risk for the supply portfolio that was in balance on December 31, 2021 is presented in the table below, as the impact of the change in the price of the relevant commodity on the fair value of the financial instruments were registered on December 31, 2021 (the impact on total equity represents the impact on the profit and loss account plus the impact on the reserve to cover cash flows):

	Change in price	MW/h	Impact in profit/loss	Impact in equity
Contracts with a price based on the price of oil / oil products	+10 USD/bbl	815,934	13,308,616	13,308,616
Contracts with a price based on the price of natural gas	+3 EUR/MWh	2,026,497	860,880	30,081,929
Contracts with a price based on the price of electricity	+5 EUR/MWh	257,800	(26,843)	6,378,101

The Group applied hedge accounting for most of the financial contracts that refer to periods after December 31, 2021 (see also Note 20.4). The coverage ratio between the amounts of purchases hedged against the risk of cash flows and the amounts of hedging instruments is 1:1. Hedging instruments (swaps in which the Company pays a fixed price and receives a variable price) have an economic relation with a high degree of correlation (but in the opposite direction) with the hedged purchases, from the point of view of price variation on the market.

Sources of potential inefficiency for hedge accounting come from imperfect matches of reference ranges, or underlying products or indices between hedging instruments and hedged items. Inefficiency occurs when the variation in the fair value of the hedging instrument (in absolute value) is higher than the variation in the fair value of the hedged instrument. In 2021, there were no ineffective portions to cover cash flows in the profit and loss account.

On December 31, 2021, the value at risk (VaR) calculated for all trading transactions was RON 2,186,404. The use of VaR to quantify the market risk generated by trading activities provides a transversal measure of risk, considering all markets and all products. VaR is calculated by the parent company as the maximum potential loss for the 1-day holding period and the 99% confidence interval.

On December 31, 2020, the amount and value of the derivative instruments were not significant and therefore the Parent Company did not perform sensitivity or value at risk analyses.

#### Commodity price risk - green certificates

The two wind farms as well as the 5 photovoltaic parks, part of the Group, are entitled to receive green certificates for the energy produced. Thus, they are subject to the risk related to the price at which the green certificates are traded due to market volatility.

#### Interest rate risk

Cash flow risk determined by interest is the risk of variation in interest expenses and interest income due to variable interest rates. As of the date of these financial statements, the Group has no interest-bearing loans at a variable rate.

Since the Group has no interest-bearing financial assets or liabilities to be evaluated at fair value in the statement of financial position, it is not exposed to the risk of variation in fair value due to fixed interest rates.

#### The foreign exchange risk

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 Group'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 Group's functional currency.

The Group conducts transactions in currencies different from its functional currency (RON), primarily for natural gas imports expressed in USD and EUR, but also for a portion of the transactions on electricity markets, expressed in EUR. For this risk portion, the Group hedges itself by way of USD and EUR forward or spot purchases.

As of December 31, 2020 and 2019, the Group'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:

	2021 RON	2020 RON	Monetary liabilities	
			2021 RON	2020 RON
USD	12,406,255	438,487		16,948,816
EUR	651,830,115	16,288,913	200,110,335	2,831,536
Other foreign currencies		-	34,595	-

The balances of assets and liabilities in EUR and USD on December 31, 2021, as presented in the table above, would generate an income of RON 23 million if EUR and USD would appreciate by 5% compared to RON (an expense of RON 23 million if EUR and USD would depreciate by 5% compared to RON), before taking into account the derivative hedging instruments for the exchange rate, respectively an income of RON 1 million if EUR and USD would appreciate by 5% against the RON (an expense of RON 1 million if EUR and USD would depreciate by 5% against the RON), after taking into account the hedging derivatives for the exchange rate.

### ***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 Group a financial loss. The Group 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 Group 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 analyzed. Depreciation indications are analyzed 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 17 and Note 18 and Note 15.1.

Trade receivables do not show any concentration on a debtor or group of debtors. Derivative financial instruments - assets with third parties have a high degree of concentration, 80% of the balance on December 31, 2021 being in relation to 3 major electricity producers in Romania, with an "investment grade" credit rating (BBB- or higher).

The balances of the derivative financial instruments are presented at the net value per counterparty when there is a contractual right to offset the claims and debts (mainly according to the clauses of the ISDA and EFET contracts between the parties); thus, on December 31, 2021, the value of active derivative instruments of RON 1,196 million (Note 15.1) is presented after the compensation of debts in the amount of 642 million with the same counterparties (of which RON 610 million with affiliated parties), and the RON value of debt derivative instruments of RON 823 million (Note 15.2) is presented after the

compensation of assets in the amount of RON 344 million with the same counterparties (of which zero with affiliated parties).

#### Cash and cash equivalents, other financial assets

The credit risk resulted from balances with banks and financial institutions is managed by the Parent company's treasury department, according to the Group's policies.

The Group's maximum exposure to the credit risk, for cash and cash equivalents, is presented in Note 19.

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

#### ***Regulatory risks***

The Group conducts its business within a strictly regulated environment and has to abide by the series of laws and regulations that can be amended.

In particular, many of the Group's activities, including natural gas distribution and electricity production, are subject to strict regulations at European, national, and local levels (for instance, obtaining licenses, permits and authorizations). Changes in regulations can affect operations, prices, margins, investments and, as a result, the Group's strategy and profitability.

#### ***Operational risks***

##### Volume-related risks

##### *Risks concerning volumes related to weather conditions*

In the energy sector, significant weather changes (mainly temperature-related, but also in terms of wind levels in the case of wind farms) from one year to the next can give birth to major fluctuations of volumes, with direct effects upon the Group's revenues. In the case of gas sales, unfavorable weather effects (higher temperatures) can lead to failure to achieve estimated sales volumes. The wind level risk is generated by the possibility that the wind levels will drop below the levels estimated at the time of project's implementation approval, with a negative impact upon the Group's financial standing.

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

On the free market, the Group 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 increase in final sales prices or the effects of other macroeconomic events (such as the war in Ukraine) may lead to a decrease in the consumption of certain categories of consumers 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 perform the daily balancing between sources and consumptions for the customers in their portfolio. If forecasts indicate imbalances, the supplier will try to cover the surplus/deficit by means of transactions with other suppliers or on the

centralized market. 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 Group continuously improves its consumption estimating process and transfers this risk via the free-market customer pricing system.

#### Wind farm management risks

##### *The regulatory risk*

This is the risk generated by possible changes across the support mechanism (a decrease in the number of green certificates, a decrease in the minimum/maximum value these are traded for), which might have a negative impact upon the Group's internal rate of return.

##### *The wind level risk*

It is generated by the possibility of having wind levels below the level estimated at the time of the project implementation approval, with a negative impact upon the Group's financial standing.

##### *The curtailment risk*

This risk is generated by possible measures taken by the National Transmission System Order in order to eliminate network constraints. We estimate that this risk will not be very significant as a result of the investments planned by the Transmission Operator across the region in order to streamline the power flow.

##### *The balancing risk*

This risk is generated by the possible erroneous projections of hourly volumes, which can have an impact upon the Group's financial standing in the form of emergent balancing costs. We estimate that this risk is reasonably low following the implementation of an adequate forecasting methodology in collaboration with the Parent company's specialized department.

##### *The technical malfunction risk*

The technical malfunction risk concerns possible malfunctions of major components of a wind farm, with consequences upon the facility's entire or partial availability and, with it, a decrease in revenues, which can also lead to significant repair costs. In order to cover this risk, the Group received warranties for all the wind farm components and concluded equipment maintenance contracts with the suppliers.

In their turn, the latter have concluded insurance policies that include clauses on the service provider's liability. Furthermore, the Group has taken insurance policies intended to cover any property damage that might affect its assets, as well as financial losses following business interruptions.

##### *The liquidity risk*

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

The table below details the maturity profile of the Group's financial liabilities based on non-updated contractual payments:

Million RON	< 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
<b>December 31, 2021</b>					
Trade and other payables (note 23)	1,996	-	-	-	<b>1,996</b>
Provisions (note 21)	297	56	66	26	<b>445</b>
Employee benefits (note 22)	-	21		125	<b>146</b>
Leasing (note 26)	-	-	1	2	<b>3</b>
Fair value of derivatives – liability (note 15,2)	271	478	75	-	<b>823</b>

Million RON	< 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
<b>December 31, 2020</b>					
Trade and other payables (note 23)	866	-	-	-	<b>866</b>
Provisions (note 21)	-	6	86	86	<b>178</b>
Employee benefits (note 22)	-	46		119	<b>164</b>
Leasing (note 26)			1	2	<b>3</b>
Fair value of derivatives – liability (note 15.2)	80	-	-	-	<b>80</b>

### **Capital management**

The capital includes share capital and the reserves attributable to shareholders. The main goal of managing the Group's capital is that of securing a constantly strong credit rating and normal capital proportions in order to support its business and maximize shareholding value.

Considering the Group's low indebtedness levels, it did not perform an active management of its capital throughout the fiscal years concluded on December 31, 2021 and 2020 and did not quantify any objectives in that respect.

### **Fair value**

The main financial debts of the Group are trade debts and loans (through the cash-pooling mechanism with the subsidiaries). The main purpose of these financial debts is to finance the Group's operations as well as to provide guarantees in their support.

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

In 2021, the parent company registered both financial assets and significant financial liabilities resulting from financial instruments based on commodities, as follows:

- For electricity trading activity, both contracts with physical delivery and financial contracts (swaps) are financial instruments, being registered at fair value,
- For the activity of supplying natural gas and electricity, for physical contracts the exception related to the expected purchase, sale or use provisions of the entity is applied, while financial contracts (swaps) are registered at fair value (the accounting being applied coverage for most financial contracts that refer to periods after December 31, 2021).

On December 31, 2020, the parent company has insignificant values for financial assets and liabilities valued at fair value in the financial statements (for electricity trading activity).

On December 31, 2021, the management estimates that the accounting value is approximately equal to the fair value for all the financial assets and liabilities of the Group, except for investments in subsidiaries and associates, due to the short maturity periods and/or changes in the interest rate (for variable interest) as well as due to low transaction costs. Regarding the investments in subsidiaries and associates as well as the loans granted to them, it is not possible to estimate their fair value. All the financial assets and liabilities of the Group are on Level 3 of the fair value hierarchy, with the exception of cash and cash equivalents, which are on Level 1, respectively financial instruments based on commodities or the exchange rate, which are on Level 2.

The fair value of derivative financial instruments based on commodities (natural gas and electricity) and on the exchange rate is determined based on market information, available from external references. In the absence of external references, an internal valuation model recognized by market participants is used emphasizing information derived directly from observable information, such as OTC quotes, as follows:

- The fair value of forward and swap exchange rate contracts is calculated based on current prices for contracts with similar maturities, by discounting the difference between future cash flows (the difference between the forward exchange rate in the contract and the forward exchange rate recalculated in accordance with the new market conditions applicable to the nominal amount);
- Derivative instruments based on commodities are evaluated on the basis of prices quoted in the market, as the discounted value of future cash flows (swap contracts and commodity forwards).

## 28. REPORTING BY SEGMENT

The Group's relevant business segments are Natural gas (natural gas supply and distribution, including related services) and Electricity (wind power production, electricity supply). No differences exist between the valuation principles and methods presented in Note 2 and those employed for reporting by segment.

2020	Natural gas	Electricity	Eliminations among segments	Total
Revenues from external customers, including green certificates	5,734,959,493	1,002,173,099	-	6,737,132,592
Revenues from transactions with other segments	-	(72,228,153)	72,228,153	-
Amortization and depreciation costs	(253,643,573)	27,566,926	-	(226,076,647)
Interest income	15,307,530	-	7,041,419	22,348,949
Interest expenses	5,889,129	-	(7,041,419)	(1,152,290)
Share from the associates' loss	23,133	-	-	23,133
Corporate income tax costs	(7,224,792)	(4,272,745)	-	(11,497,537)
Segment outturn	47,491,961	22,431,911	-	69,923,872
Segment assets	7,140,308,610	2,089,127,260	18,576,849	9,248,012,719
Segment liabilities	(2,639,257,168)	(989,692,243)	(18,576,849)	(3,647,526,260)
Investments in associates (the net asset method)	4,979,683	-	-	4,979,683

2020	Natural gas	Electricity	Eliminations among segments	Total
Revenues from external customers, including green certificates	4,913,108,888	1,365,786,743	-	6,278,895,631
Revenues from transactions with other segments	-	73,089,826	(73,089,826)	-
Amortization and depreciation costs	(184,376,844)	(26,267,029)	-	(210,643,873)
Interest income	32,184,186	-	(7,060,711)	25,123,475
Interest expenses	(7,069,856)	-	7,060,711	(9,145)
Share from the associates' loss	137,984	-	-	137,984
Corporate income tax costs	(76,293,960)	(11,173,900)	-	(87,467,860)

Segment outturn	434,152,068	58,662,976	-	492,815,044
Segment assets	6,214,794,489	827,671,284	(144,834,142)	6,897,631,631
Segment liabilities	(1,467,053,840)	(172,269,135)	144,834,142	(1,494,488,834)
Investments in associates (the net asset method)	5,385,286	-	-	5,385,286

Revenues from external clients are obtained almost entirely from Romania (insignificant revenues are obtained from the Republic of Moldova).

## 29. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Company's facilities at credit institutions underwent the following changes after December 31, 2021:

### a) Credit facilities

Creditor	Unicredit	BRD	Raiffeisen
Change	100 million facility	170 million facility	200 facility
Type	RON increased to 147.5 million RON Changing the type of facilities in Uncommitted credit line for General needs overdraft facility Overdraft Credit for general needs, issuing bank guarantee letters and performing foreign exchange transactions	RON increased to 245 million RON Uncommitted credit line for General needs overdraft facility	RON increased to 245 million RON General needs overdraft facility
Date of grant	03/07/2022	08/03/2022	08/04/2022
Guarantee	Pledge on bank accounts	Pledge on bank accounts	Pledge on bank accounts

  

Creditor	Banca Transilvania
Change	Granting a facility in the amount of 245 MRON
Type	Overdraft credit for general needs Granting a facility in the amount of 245 MRON
Date of grant	25/02/2022
Guarantee	Pledge on bank accounts

### b) Facilities for letters of guarantee:

- B.R.D. - Groupe Societe Generale S.A. : the facility for issuing bank guarantee letters in the amount of RON 450,000,000 was increased to the value of RON 494,500,000;
- Raiffeisen Bank: the facility for issuing bank guarantee letters in the amount of RON 450,000,000 was increased to the value of RON 494,500,000;
- Banca Transilvania: the facility for issuing bank guarantee letters in the amount of RON 200,000,000 was increased to the value of RON 255,000,000.

The Government's Emergency Ordinance 27/18.03.2022 establishes the following measures applicable to final customers in the electricity and natural gas market between April 1, 2022 and March 31, 2023:

#### i. For natural gas - supply

The final price for household customers will be a maximum of 0.31 RON/kWh, including VAT, and natural gas producers will sell the necessary quantities to suppliers at the price of 150 lei/MWh.



The final price for non-household customers will be a maximum of 0.37 RON/kWh, including VAT, for non-household customers with an annual consumption of up to 50 GWh, as well as for thermal energy producers for consumption that is not intended for domestic customers.

For thermal energy producers for consumption intended for domestic customers between November 1, 2022 and March 31, 2023, natural gas producers will sell the necessary quantities to suppliers or directly to thermal energy producers at the price of 250 RON/MWh.

The purchase component of natural gas will be determined as the difference, deducting from the final price: VAT, excise duties, components for transport, distribution and storage and the supply component (12 RON, or 13.5 RON for FUI).

The difference between the average purchase price actually achieved and the natural gas purchase component from the capped prices will be compensated by the Romanian State through the Ministry of Energy for non-household customers and through the National Agency for Payments and Social Inspection for household customers (based on the documentation submitted by suppliers to ANRE).

The final price for non-household customers who do not benefit from capping (except for those taken under the FUI regime) is formed based on of the effective average purchase price (with ex-ante estimation and ex-post regularization), plus the components for transport, distribution and storage, supply component (RON 12), excise and VAT.

The suppliers have the obligation to store until October 31, 2022 a quantity of natural gas that represents at least 30% of the estimated consumption of the entire customer portfolio between November 1, 2022 and March 31, 2023.

#### ii. For electricity - supply

The final price for household customers with a consumption of up to 100 kWh in 2021 will be a maximum of 0.68 RON/kWh, including VAT. The final price for household customers with a consumption between 100 and 300 kWh in 2021 will be a maximum of 0.80 RON/kWh, including VAT.

The final price for non-domestic customers will be a maximum of 1 RON/kWh, including VAT, for non-domestic customers (with the exception of electricity producers and non-domestic customers who have benefited from Government Emergency Ordinance 81/2019 ).

The electricity purchase component will be determined as the difference, deducting from the final price: VAT, excise duties, the contribution for cogeneration, the value of green certificates, the components for transport and ancillary services and distribution, and the supply component (RON 73, or RON 80 for FUI).

The difference between the actual average purchase price and the electricity purchase component from the capped prices will be compensated by the Romanian State through the Ministry of Energy for non-household customers and through the National Agency for Payments and Social Inspection for household customers (based on documentation submitted by suppliers to ANRE).

The final price for non-domestic customers who do not benefit from capping (except for those taken under the FUI regime) is formed based on the effective average purchase price (with ex-ante estimation and ex-post regularization), plus the components for transport and services system and for distribution, the supply component (RON 73), the contribution for cogeneration, the value of green certificates, excise duties and VAT.

### iii. For natural gas - distribution

The distribution price is calculated by ANRE by covering the additional costs in 2021 related to technological consumption generated by the increase in prices on the wholesale market above the value taken into account by the regulatory authority when adjusting the prices in 2021. The distribution price applies starting from April 1, 2022 and will remain unchanged until March 31, 2023.

The additional costs financed from bank loans, made during the applicability period of this emergency ordinance, intended for the purchase of natural gas in order to cover technological consumption, compared to the costs recognized by ANRE in the rates, will be capitalized for a maximum period of 5 years and recognized in the regulated price at a rate of return of 50% of the regulated rate of return applied in the 4<sup>th</sup> regulatory period.

The costs of natural gas purchased after the effective date of this emergency ordinance for technological consumption will be included in the regulated rate, according to the methodologies of the National Energy Regulatory Authority.

### iv. For electricity producers

The surcharge for the additional income of electricity producers, in the amount of 80% of the net income obtained from the sale of electricity produced above the value of 450 RON/MWh, was extended for the period April 1, 2022 - March 31, 2023 (simultaneously with the clarification calculation method for November 1, 2021 - March 31, 2022). The net income is determined as the difference between the income obtained from the sale of electricity (physical delivery and financial transactions) minus the expenses for the purchase of electricity (physical delivery and financial transactions), as well as the expenses related to access to the energy markets (injection rate, cost of CO2 certificates etc.)

The financial situation of **ELCEN Bucharest**, the thermal energy producer from Bucharest, which entered insolvency on October 6, 2016, improved in 2022 due to the increase in electricity prices. At the same time, the judicial administrator of ELCEN decided in 2022 not to pursue the transfer of activity strategy to the Bucharest Municipal Thermal Energy Company, respectively decided to pursue the exit from ELCEN's insolvency, and on February 8, 2022 the Creditors' Committee approved this new strategy and the payment of ELCEN's historical debts. Thus, in February 2022, the debt owed by ELCEN Bucharest to Distrigaz Sud Retele at the date of insolvency, in the amount of RON 165 million, was fully recovered.

At the beginning of 2022, a series of ANRE orders regulating the connection to the distribution system were published:

- Order 7/2022 - Order approving the Regulation on connection to the natural gas distribution system;
- Order 9/2022 - Order approving the Methodology for calculating the rates related to the connection process to the transmission and distribution systems in the natural gas sector and the average value of a connection;
- Order 10/2022 - Order for the modification and completion of the Methodology for establishing regulated rates for distribution services in the natural gas sector approved by the Order of the President of the National Energy Regulatory Authority no. 217/2018;
- Order 20/2022 - Order approving the Procedure regarding the financing of the works for the achievement of the objectives/pipes necessary for connection to the natural gas systems by which:

- ✓ Connections for household customers will be subsidized within the limit of an average value of a connection in the amount of RON 2,125 without VAT;
- ✓ Costs that are not part of the financing of the Distribution System Operator are borne by the applicant;
- ✓ In the case of network extensions, the Distribution System Operator subsidizes the effective share of the investment resulting from an efficiency calculation in accordance with the provisions of the calculation model approved by ANRE decision 2288/2020;
- ✓ In the event that the applicant fully finances the connection works, the Distribution System Operator will return the amount financed by the customer due to the operator in equal annual installments within 5 years or in full within 30 days from the date of commissioning.

Shortly after the beginning of the conflict between Russia and Ukraine, the European Union, the United States of America and other countries imposed various sanctions on Russia, including funding restrictions for certain Russian banks and state companies. Given that the Group has no operations in Ukraine or Russia, it does not foresee an impact on its operations. However, the Group continuously monitors geopolitical developments to decide whether an impact could affect its commercial activities. Disturbances in the Russian economy could further affect Europe and accelerate the risk of inflation. These aspects have no impact on the financial statements for the year ended December 31, 2021. At the date of approval of the financial statements, it is not possible to have a reliable estimate of the impact on the financial position of the Group and the results of operations for future periods.

The financial statements from page 3 to page 87 were approved by the Board of Directors and were authorized to be issued on April 15, 2022.

**Eric Stab** *[illegible signature]*  
President General Manager

**Anne Marie Gestin** *[illegible signature]*  
Financial Manager