

JOINT-STOCK COMPANY "ENERGOCOM"



MD-2012, Chisinau municipality
26 A. Pushkin Street
State identification number
(IDNO) 1004600074938
VAT Code 0205595

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B.C. MOLDOVA-AGROINDBANK S.A.
IBAN MD57AG00000022515569522

BIC AGRNMD2X
Share capital MDL 7784000000

The logo for EGC, consisting of the letters "EGC" in a large, bold, sans-serif font.

ENERGOCOM

FINANCIAL STATEMENTS
for the accounting period ending on
December 31, 2022

Prepared in accordance with International Financial Reporting Standards

The logo for EGC ENERGOCOM, featuring the letters "EGC" in a large, bold, sans-serif font above the word "ENERGOCOM" in a smaller, bold, sans-serif font.

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Seal: KPMG. Initialized for identification. July 18, 2024



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Independent Auditors' Report

To the Sole Shareholder of "Energoecom" Joint Stock Company

Qualified opinion

1. We have audited the restated financial statements of the "Energoecom" Joint Stock Company ("the Company") which include the statement of financial position of the Company as of December 31, 2022, the statements of profit or loss and other comprehensive income, cash flow and changes in equity for the accounting period ending on this date, and notes, including significant accounting policies and other explanatory notes ("financial statements").

2. In our opinion, except for the effects on the financial statements of the matters referred to in paragraphs 3 and 4 of the "Basis for qualified opinion" section of our report, the attached financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, as well as of its financial performance and cash flow for the accounting period ending on this date, in accordance with International Financial Reporting Standards ("IFRS").

Basis for qualified opinion

3. As described in Notes 8(i) and 9 of the financial statements attached, on December 31, 2022, the Company presents long-term receivables in the amount of MDL 1.330.621.614 (December 31, 2021: 1.330.621.614) owed by Termoelectrica S.A. that were purchased as impaired on the date of purchase. The Company did not account for these receivables as purchased impaired upon initial recognition, neither did it perform an assessment of their impairment on December 31, 2022 and December 31, 2021, nor did it disclose credit risk and related fair values, which constitutes deviations from IFRS. It was impracticable for us to determine the extent which the financial statements are misstated to as a result of this matter, including the necessary adjustments to "Long-term receivables" and "Retained earnings" on December 31, 2022 and December 31, 2021, expected losses from credit risk and "Net Profit" for the management periods ending on December 31, 2022 and December 31, 2021, as well as on related information presentations.

Ref.: 24033



4. The Company has applied the own use exemption from IFRS 9 *Financial Instruments* to its gas sale and purchase contracts as well as has valued the gas inventories at cost. However, the Company's business model and market structure with respect to 2022 gas sale and purchase contracts indicate that the Company acts as an intermediary in the wholesale natural gas market, with contracts entered into with the purpose of generating a dealer margin. The Company is also exposed to price and volume risk in relation to gas sale and purchase contracts and gas inventories. Therefore, these contracts fall within the scope of IFRS 9 and should be accounted for and assessed as commodity derivatives at fair value, and inventories should be assessed at fair value less costs to sell. It was impracticable for us to quantify the effects of this deviation from IFRS requirements regarding the carrying amounts of "Inventories", commodity derivatives (assets) and commodity derivatives (liabilities) as of December 31, 2022, concerning "Revenue", "Cost of sales", gains or losses from changes in the fair value of commodity derivatives, on the "Net Profit" for the accounting period ending on December 31, 2022, as well as on related information disclosures.

5. We conducted the audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under these standards and regulations are further described in the "Auditor's Responsibilities for the Audit of Financial Statements" section of our report. We are independent of the Company according to Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the professional ethical requirements that are relevant to our audit of the financial statements in Republic of Moldova, and we have fulfilled our other professional ethical responsibilities pursuant to these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter - Restated financial statements

6. We draw attention to Note 2 of the financial statements, which describes the fact that this set of financial statements was prepared in addition to the statutory financial statements on December 31, 2022 and for the accounting period ending on this date, authorized by the Acting General Director Victor Binzari on May 03, 2023, audited by another auditor who issued an unmodified opinion on May 03, 2023 as well as submitted by the Company to the National Bureau of Statistics of the Republic of Moldova. Subsequent to this date, the management made certain adjustments to the financial statements as of and for the accounting periods ending on December 31, 2022 and December 31, 2021, which are described in Note 5 of the attached financial statements and decided to prepare a different set of financial statements for the management period ending on December 31, 2022. These financial statements have been prepared in order to comply with the reporting requirements set out in the "Natural Gas Supply Security" Project Contract No. 53417 as of July 12, 2022, concluded between the Company and the European Bank for Reconstruction and Development. Due to the laws and regulations of the Republic of Moldova, the Company was unable to restate its previously issued statutory financial statements and replace them with the financial statements attached. Our opinion remains unchanged in this respect.



Other aspects - comparative information

7. The statement of the financial position of the Company as of December 31, 2021, the statements of profit or loss and other comprehensive income, cash flow and changes in equity for the accounting period ending on this date and the financial statements as of and for the financial year ending on December 31, 2020 (from which on January 01, 2021 the statement of financial position was extracted), except for the restatement adjustments described in Note 5 of the attached financial statements, were audited by other auditors, who expressed unmodified opinions regarding those financial statements on May 03, 2022 and March 29, 2021 respectively. The explanatory notes related to the statements on December 31, 2021 and January 01, 2021 and for the management period ending on December 31, 2021, have not been audited.

As part of the attached financial statements audit, we also audited the adjustments described in Note 5 of the financial statements attached, which were made for restating the comparative figures presented as of and for the accounting period ending on 31 December 2021 and the statement of financial position as of January 01, 2021. We have not been contracted to audit, review or perform any procedures with respect to the financial statements for the periods ended on December 31, 2021 and December 31, 2020 or with respect to the statement of financial position as of January 01, 2021, other than those with respect to the adjustments described in Note 5 of the financial statements attached. Accordingly, we do not express an opinion or any other form of assurance with respect to those financial statements as a whole. However, in our opinion, the adjustments described in Note 5 are appropriate and have been properly applied.

Responsibilities of the management and those charged with governance for the financial statements

8. The Company's management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibility for the audit of financial statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

12. As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from not detecting a material misstatement caused by error, as fraud may involve collusion, forgery, intentional omissions, misinterpretations, or the circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and the extent which the financial statements reflect the underlying transactions and events in a manner that achieves fair presentation.



13. We communicate with those charged with governance, among other matters, on the planned scope and timing of the audit, as well as the main audit findings, including any significant deficiencies in internal control that we identify during the audit.

July 18, 2024

For and on behalf of ICS KPMG Moldova S.R.L.:

Victor Voluta

/signature/

Director

registered in the Electronic Public Register of
Financial Auditors under No. 1612079

Partner

Auditor for general audit
Auditor Qualification Certificate
Series AG, No. 000048

Andreea Vasilescu

/signature/

Partner

ICS KPMG Moldova S.R.L.
171/1 Stefan cel Mare Avenue, 8th floor
MD-2004, Chisinau

Republic of Moldova
registered in the Electronic Public Register of Financial
Auditors under No. 1903038

Seal: *Republic of Moldova. Chisinau
municipality. Foreign-capital enterprise KPMG
Moldova S.R.L. State identification number
(IDNO): 1002600046371*

Ref.: 24033

S.A. ENERGOCOM
Statement of Financial Position
as of December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

ASSETS	Note	December 31, 2022 (Restated*)	December 31, 2021 (Restated*)	January 01, 2021 (Restated*)
Long-term assets				
Tangible fixed assets		230.687	173.089	163.481
Intangible fixed assets		88.222	-	-
Long-term receivables	9	1.424.547.840	1.330.621.614	-
Deferred tax receivables	24	5.774.649	52.043	2.734.006
Total long-term assets		1.430.641.400	1.330.846.747	2.897.487
Current assets				
Inventories	11	5.489.066.803	38.011	3.384
Trade and other receivables	9	2.865.336.539	519.417.989	294.232.595
Advance payments granted	12	331.801.137	44.277	6.487
Loans granted	13	1.093.984.932	-	-
Cash and cash equivalents	14	653.657.163	242.984.034	91.339.484
Current tax receivables		26.035.061	1.034.360	-
Other current assets	10	248.934.818	15.337	19.149
Total current assets		10.708.816.453	763.534.008	385.661.099
Total assets		12.139.457.853	2.094.380.755	388.558.586
Equity and liabilities				
Equity				
Share capital	15	7.784.000.000	1.701.000.000	100.000
Currency translation reserves		(11.275)	-	-
Reserves	15	63.092.231	60.768.853	50.258.042
Retained earnings	15	141.401.288	7.330.160	23.093.554
Total equity		7.988.482.244	1.769.099.013	73.451.596
Current liabilities				
Loans	13	3.347.032.356	-	-
Employee benefits	16	662.239	260.606	254.476
Trade and other payables	17	674.833.157	325.021.136	291.524.332
Liabilities related to contracts with customers (contract liabilities)	19	99.352.139	-	-
Current tax liabilities		-	-	965.640
Provisions		29.095.718	-	22.362.542
Total current liabilities		4.150.975.609	325.281.742	315.106.990
Total equity and liabilities		12.139.457.853	2.094.380.755	388.558.586

* Comparative information has been restated following the correction of some errors. See Note 5

The attached Notes are an integral part of these financial statements.

These financial statements were approved for issuance by the Acting General Director on July 18, 2024.

Victor Binzari
Acting General Director

/signature/
Seal: Ministry of Economy and Trade of the Republic of Moldova. Joint Stock Company "ENERGOCOM". Chisinau municipality, 78 V. Alecsandri Street, "ENERGOCOM"
S.A. State identification number (IDNO): 1004600074938

Drawn up by
Budeanu Ludmila
Chief Accountant, Head of Finance and Accounting Directorate

/signature/
Seal: KPMG. Initialized for identification. July 18, 2024

S.A. ENERGOCOM**Statement of Profit or Loss and Other Comprehensive Income
for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)*

	Note	2022 (Restated*)	2021 (Restated*)
Income	19	8.730.465.474	2.221.805.714
Cost of sales	20	(8.805.797.980)	(2.223.337.997)
Gross loss		(75.332.506)	(1.532.283)
Other income	21	243.979.340	22.362.542
Distribution expenses		(31.206.818)	(1.601.306)
Administrative expenses	22	(23.045.513)	(9.590.812)
Other expenses		(2.208.354)	(483.624)
Profit from operating activity		112.186.149	9.154.517
Financial income	23	56.969.539	2.237.373
Financial expenses	23	(32.917.911)	-
Financial result		24.051.628	2.237.373
Profit before tax		136.237.777	11.391.890
Profit tax	24	5.722.606	(2.681.963)
Net profit		141.960.383	8.709.927
Other comprehensive income			
Currency translation differences		(11.275)	-
Total comprehensive income for accounting period		141.949.108	8.709.927

* Comparative information has been restated following the correction of some errors. See Note 5

The attached Notes are an integral part of these financial statements.

Victor Binzari
Acting General Director

/signature/
Seal: Ministry of Economy and Trade of the
Republic of Moldova. Joint Stock Company
"ENERGOCOM". Chisinau municipality,
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S.A. State identification number (IDNO):
1004600074938

Drawn up by
Budeanu Ludmila
Chief Accountant, Head of Finance and
Accounting Directorate

/signature/
Seal: KPMG. Initialized for
identification. July 18, 2024

S.A. ENERGOCOM
Cash Flow Statement for the accounting period ending on December 31, 2022
(all amounts are presented in MDL, unless otherwise specified)

	Note	2022 (Restated*)	2021 (Restated*)
Cash flow from operating activity			
Net profit		141.960.383	8.709.927
<i>Adjustments for:</i>			
Depreciation and amortization		111.985	135.087
Interest income	23	(56.969.539)	(1.698.967)
Interest expenses	23	28.853.223	-
Foreign Exchange Gain/(Loss)		4.064.688	(538.406)
Profit tax	24	(5.722.606)	2.681.963
		112.289.134	(9.289.604)
<i>Changes in:</i>			
Inventories		(5.864.838.714)	(34.627)
Trade and other receivables		(2.064.132.254)	(225.185.394)
Advance payments granted		(331.756.861)	243.480
Other current assets		(248.626.614)	3.812
Employee benefits		327.142	(819.719)
Trade and other payables		509.133.128	33.646.632
Liabilities related to contracts with customers (contract liabilities)		99.352.139	
Provisions		29.095.718	(22.362.542)
Subtotal		(7.759.148.182)	(205.218.754)
Profit tax paid		(25.000.700)	(2.000.000)
Interest paid		(5.381.532)	-
Net cash used in operating activity		(7.789.530.414)	(207.218.754)
Cash flow from investing activity			
Payments for purchases of intangible fixed assets		(97.863)	-
Payments for purchases of tangible fixed assets		(159.942)	(144.695)
Loans granted	13	(1.050.000.000)	-
Interest received		12.984.608	1.698.967
Payments for Termoelectrica receivable acquisition		-	(1.330.621.614)
Net cash used in investing activity		(1.037.273.197)	(1.329.067.342)
Cash flow from financing activity			
Loan drawdown (disbursement)	18	3.739.759.576	-
Commissions paid		(59.377.786)	-
Loan repayments	18	(504.159.931)	-
Proceeds from the issuance of shares	15	6.083.000.000	1.700.000.000
Dividends paid		(4.195.990)	(12.236.661)
Net cash from financing activity		9.255.025.869	1.687.763.339
Net increase in cash and cash equivalents		428.222.258	151.477.243
Cash and cash equivalents on January 01	14	242.984.034	91.399.484
Effect of exchange rate variations on cash		(17.549.130)	107.307
Cash and cash equivalents on December 31	14	653.657.163	242.984.034

* Comparative information has been restated following the correction of some errors. See Note 5

The attached Notes are an integral part of these financial statements.

Victor Binzari
Acting General Director

/signature/
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Republic of Moldova. Joint Stock Company
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Drawn up by
Budeanu Ludmila
Chief Accountant, Head of Finance and
Accounting Directorate

/signature/
Seal: KPMG. Initialized for
identification. July 18, 2024

S.A. ENERGOCOM

Statement of Changes in Equity for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

	Share capital	Currency translation reserves	Legal reserves	Other reserves	Retained earnings	Total
Balance on January 01, 2021	100.000	-	1.023.249	49.234.793	23.093.555	73.451.597
Net profit for the period (restated*)					8.709.927	8.709.927
Total comprehensive income for accounting period (restated)	100.000	-	-	-	31.803.482	31.803.482
<i>Contributions and distributions</i>						
Issuance of shares (restated*)	1.700.900.000				(900.000)	1.700.000.000
Distribution of dividends					(12.236.661)	(12.236.661)
Total transactions with shareholders (restated)	1.700.900.000	-	-	-	18.666.821	1.719.566.821
Other changes in equity						
Establishment of reserves				10.510.811	(10.510.811)	-
Others					(825.849)	(825.849)
Balance on December 31, 2021 (restated)	1.701.000.000	-	1.023.249	59.745.604	7.330.160	1.769.099.013
Balance on January 01, 2022 (previously reported)	307.216.000	-	1.023.249	59.745.604	7.330.160	375.315.013
Effect of accounting errors correction (Note 5*)	1.393.784.000				-	1.393.784.000
Balance on January 01, 2022 (restated)	1.701.000.000	-	1.023.249	59.745.604	7.330.160	1.769.099.013
Net profit for the period (restated)					141.960.383	141.960.383
Currency translation differences (restated)		(11.275)				(11.275)
Total comprehensive income for accounting period (restated)	-	(11.275)	-	-	141.960.383	141.949.108
<i>Contributions and distributions</i>						
Issuance of shares	6.083.000.000					6.083.000.000
Distribution of dividends					(4.195.990)	(4.195.990)
Total transactions with shareholders	6.083.000.000				(4.195.990)	6.078.804.010
Other changes in equity						
Establishment of reserves			525.614	2.290.608	(2.816.220)	-
Others				(492.844)	(877.045)	1.369.889
Balance on December 31, 2022 (restated*)	7.784.000.000	(11.275)	1.548.864	61.543.367	141.401.288	7.988.482.244

* Comparative information has been restated following the correction of some errors. See Note 5

The attached Notes are an integral part of these financial statements.

Victor Binzari
Acting General Director

/signature/
Seal: Ministry of Economy and Trade of the Republic of Moldova. Joint Stock Company "ENERGOCOM". Chisinau municipality, 78 V. Alecsandri Street. "ENERGOCOM" S.A. State identification number (IDNO): 1004600074938

Drawn up by
Budeanu Ludmila
Chief Accountant, Head of Finance and Accounting Directorate

/signature/
Seal: KPMG. Initialized for identification. July 18, 2024

S.A. ENERGOCOM

Notes to the financial statements for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

Note 1. Reporting entity

The open Joint-Stock Company "Energocom", hereinafter referred to as "Company") with Tax Code 1004600074938, VAT code-02025595 as of June 05, 2006, is registered by the State Registration Chamber of the Information Technology Department at the address: Chisinau municipality, 26 A. Pushkin Street, Republic of Moldova, MD-2012.

"Energocom" is a public interest entity based according to the criteria established by the Law No. 287 on Accounting and Financial Reporting as of December 15, 2017, a joint-stock company with a 100% State share, in accordance with Government Decision No. 1467 as of September 30, 2004.

The Company's main types of activity:

The purpose of the Company consists in the import and export of electricity and natural gas. According to the Government Decision No. 885/2017, "Energocom" S.A. started its activity as a central electricity supplier on April 01, 2018.

The electricity trading activity consists of:

- commercial and financial management of electricity import contracts for the needs of the domestic electricity market of the Republic of Moldova;
- entering into direct electricity supply contracts from domestic and imported generation sources with electricity supply companies, electricity distribution networks, system operators and economic agents (eligible electricity consumers);
- commercial and financial management of electricity export contracts from domestic generation sources;
- commercial and financial management of contracts for reserve capacities.

According to the Government Decision No. 589/2022 on Imposing a Public Service Obligation for Ensuring Natural Gas Supply Security in Emergency Situations, "Energocom" as the enterprise holding the license for natural gas supply, within the limits of the territory authorized by the system operators' licenses, has the obligation to ensure the security of natural gas supply in emergency situations, by making purchases and/or ensuring natural gas stocks.

The natural gas supply activity consists of:

- commercial and financial management of natural gas import contracts as a natural gas supplier for the domestic market needs of the Republic of Moldova;
- entering into direct natural gas supply contracts from import sources as a supplier with natural gas supply companies and transmissions operators, etc.;
- commercial and financial management of contracts for reserve capacities.

The creation and maintenance of natural gas security stocks consists of:

- procuring and maintaining natural gas stocks;
- presenting calculations according to the Methodology for determining the amount of financial contributions paid by retail natural gas market suppliers to cover security stock costs.

Energocom holds licenses issued by the National Agency for Energy Regulation:

- License for conducting electricity supply activity, valid until January 01, 2028;
- License for conducting natural gas supply activities, valid until January 16, 2043.

Energocom branch

In 2022, based on Minutes No. 11 as of August 08, 2022 of the Energocom S.A. Board of Directors, the Energocom S.A. Chisinau Otopeni Romania Branch was established, fact confirmed by the Certificate issued under the art. 171 para. (1) of Romanian Law No. 359/2022.

ENERGOCOM S.A. Chisinau Otopeni Romania holds:

- License for conducting electricity trading activities, initially valid until September 04, 2023, subsequently extended until 2030;
- License for conducting natural gas supply activities, initially valid until September 04, 2023, subsequently extended until 2030.

Seal: KPMG. Initialized for identification. July 18, 2024

S.A. ENERGOCOM

Notes to the financial statements for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

Corporate governance

General Meeting of Shareholders

The sole founder and holder of 100% of the Company's shares is the Public Property Agency. The rights and obligations of the shareholder are provided for by the legislation, the Articles of Associations, and the Corporate Governance Code of the Company.

The Company makes every effort to facilitate the dialogue between the shareholder and the members of the Board and of the executive body, as well as to fully exercise the shareholder's rights. The Company has created a special "Transparency" section on its website where relevant information regarding the convocations of the General Meeting of Shareholders is published.

The General Meeting of Shareholders is the supreme governing body of the Company. The decisions of the General Meeting of Shareholders on matters within its competence are binding on the responsible persons. The Company convenes the annual ordinary General Meeting of Shareholders at least once a year, while the extraordinary ones - whenever necessary. In 2022, the General Meeting of Shareholders was convened 4 times (1 ordinary meeting and 3 extraordinary ones).

During the annual General Meeting of Shareholders, the following issues were examined and approved: changes in the structure, duties and composition of the Governing Bodies, payment of securities income, the reports of the Council, the Board of Statutory Auditors, and the Audit Committee.

During the extraordinary General Meeting of Shareholders, the issues examined were related to the early termination of powers of the Audit Committee members and the election of new members, as well as the determination of the amount of remuneration of the Board of Directors, the Board of statutory auditors and the Audit Committee, the approval of the loan refinancing agreement intended for realization of the "Natural gas supply security" project conclusion.

Board of Directors

The Board of Directors represents the interests of the shareholders and, within its competence, controls and regulates the Company's activities. The Board operates based on complete information, in good faith, and in the interests of the Company and its shareholders, having the obligation to exercise its mandate with prudence and diligence. Additionally, the Board members are obliged to ensure the avoidance of any direct or indirect conflict of interest with the Company. In the event of such a conflict, they must abstain from debating and voting on the issues in questions in accordance with the applicable legal provisions. Furthermore, the Board is the main governing body responsible for the proper implementation of the provisions mentioned in the Company's Corporate Governance Code.

The rights and obligations of the Board members, as well as the aspects concerning the conduct of Board meetings, are detailed in the Company's Articles of Associations and in the Energocom S.A. Board Regulations.

The Board of Directors is composed of 5 members elected for a term of 1 year by the General Meeting of Shareholders, one of whom is appointed as the Chairman of the Board. The composition of the Board complies with the criteria and conditions imposed by the Law No. 1134/1997 on Joint-Stock Companies.

The Board meets whenever the Company's interests require discussions on matters within its competence, but no less frequently than once every 3 months. During 2022, the Board of Directors continued to pay special attention to the strategic direction and performance of Energocom S.A. The Board's activities focused on an in-depth analysis of the Company's position and role, including in the context of the complex situation on the energy market. It fulfilled its duties in accordance with the current legislation and the relevant internal regulations of the Company. The Board met in 21 meetings, held physically and through audio and video conferences.

All Board members attended the vast majority of the Board meetings, with an average attendance rate of over 80%.

Executive Body - General Director

According to the Company's Articles of Associations, the executive body of Energocom S.A. is unipersonal (single-member) - the Acting General Director. The role of the executive body is to ensure the current management of the Company to achieve the strategic commitments and objectives mentioned in the business plan and other operating documents of the Company. At the same time, it shall ensure the continuity of operations, implying that the Company will continue to function normally for at least 12 months from the reporting date, without any intention or need to liquidate or significantly reduce its activity. The executive body is supervised by the sole shareholder and the Board of Directors. In exercising its duties, the executive body acts in the interests of the Company and its shareholders.

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Notes to the financial statements for the accounting period ending on December 31, 2022

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Board of Statutory Auditors

The Board of statutory auditors is composed of 3 members elected by the General Meeting of Shareholders for a term of 2 years. The Board of statutory auditors exercises mandatory control over the Company's economic and financial activities for one year and is subordinated only to the General Meeting of Shareholders. The objective of the Board of statutory auditors is to ensure the efficient and successful operation of the Company and to identify deficiencies and risks in the Company's management. The functions and responsibilities of the Board of statutory auditors are specified in detail in the legislation, the Company's Articles of Association, and the Regulations of Energocom S.A. Board of statutory auditors available on the Company's website.

Audit Committee

As a public interest entity, Energocom S.A. has an Audit Committee. The committee assists the Board in fulfilling its responsibilities related to internal and external audits. It also has an advisory role regarding the Company's strategy and policy on the internal control system, internal/external audit, and risk management, as well as overseeing the external financial audit of the annual financial statements.

The functions and responsibilities of the Audit Committee are detailed in the legal framework and the Articles of Associations of the Company, as well as in the Regulations of Energocom S.A. Audit Committee available on the Company's website.

The activity of the Audit Committee is regulated by the Law No. 1134 as of April 02, 1997 on Joint Stock Companies as well as the Law No. 271 as of December 15, 2017 on the audit of financial statements.

Internal Auditor

In 2022, the position of internal auditor was established within the Company, being employed a specialist holding a qualification certificate in the field of public internal auditing. In 2022, the first internal audit assignment was started and performed under the title "Evaluation of the Internal Managerial Control System Within "Energocom" S.A., Compared to the National Internal Control Standards". As a result of this audit mission, recommendations were made, including regarding the implementation of the internal managerial control system within Energocom S.A., an action plan on the application of these recommendations being approved in this regard, which is in the process of implementation.

In the same period, the following internal acts regulating the internal audit activity were approved within "Energocom" S.A. (approved at the beginning of 2023): the Charter of the internal audit function, the Internal Audit Manual, the Internal Auditor's Code of Conduct, the Strategic Plan of the Internal Audit Activity, the Annual Internal Audit Activity Plan and the Program for Quality Assurance and Improvement of Internal Audit Activity.

Legislative framework

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"). ANRE's main responsibilities include licensing of entities operating in the energy sector, issuing regulations applicable to the electricity market, approving regulated prices and tariffs, and issuing methodologies for establishing regulated prices and tariffs.

Additionally, according to Parliament Decision No. 41 as of February 24, 2022 regarding the declaration of the state of emergency, "Energocom" S.A. implemented the provisions of the Commission for Emergency Situations of the Republic of Moldova, which were mandatory and enforceable for the leaders of central and local public administration authorities, economic agents, public institutions, as well as for citizens and other persons on the territory of the Republic of Moldova. Thus, as a designated entity with the public service obligation, "Energocom" S.A. executed the provisions of the Commission for Emergency Situations.

- Law No. 107/2016 on Electricity;
- Law No. 10/2016 on the Promotion of the Use of Energy from Renewable Sources;
- Law No. 174/2017 on Energy;
- Law No. 108/2016 on Natural Gas;
- Law No. 206 as of July 15, 2022 on the Ratification of the Loan Agreement between the Republic of Moldova and the European Bank for Reconstruction and Development for the implementation of the "Natural Gas Supply Security" project;
- Government Decision No. 668 as of September 29, 2022 on the Creation and Maintenance of Natural Gas Security Stocks;
- Government Decision No. 589 as of August 10, 2022 on Imposing a Public Service Obligation for Ensuring Natural Gas Supply Security in Emergency Situations;
- Law No. 1134 as of April 02, 1997 on Joint Stock Companies.

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Conflict of interest and transactions with the parties involved

The conflict-of-interest policy within “Energocom” S.A. is established in accordance with the provisions of the Law No. 1134/1997 on Joint-Stock Companies, the Law No. 82/2017 on Integrity, the Law No. 325/2013 on Institutional Integrity Assessment, and other normative acts, and it is also internally regulated by the provisions of the Corporate Governance Code and the Code of Ethics. In the case of transactions with affiliated parties, these transactions shall be reported, analyzed, and approved by the Board in the absence of the interested party, unanimously by the disinterested elected board members.

In this regard, in 2022 a new organizational structure was approved within “Energocom” S.A. (published on the “Energocom” S.A. website), establishing new positions to strengthen the compliance, integrity, and anticorruption climate within the Company, including the positions of Compliance Officer and Risk Manager. During the same period, relevant internal procedures were developed to establish the general framework for the new functions, such as the Guide on the Duties and Responsibilities of the Compliance Function (approved in 2022), the Guide on Setting Up the Risk Management Function, and the Risk Management Procedure.

Note 2. Accounting basics

These financial statements for the financial year ending on December 31, 2022 (hereinafter referred to as the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IESBA”).

Details regarding the Company’s accounting policies are included in Note 6 to these financial statements. The Company has consistently applied the accounting policies in all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis.

These financial statements have been prepared based on a going concern principle.

This set of financial statements has been prepared in addition to the 2022 financial statements authorized by Acting General Director Victor Binzari on May 03, 2023 and audited by another auditor who issued an unmodified opinion on May 03, 2023. Subsequent to this date, the management made certain adjustments to the financial statements for the accounting periods ending on December 31, 2022 and 2021, which are described in Note 5 to these financial statements and decided to prepare a different set of financial statements for the accounting period ending on December 31, 2022. These financial statements have been prepared in order to comply with the reporting requirements set forth in the “Natural Gas Supply Security” Project Contract No. 53417 dated July 12, 2022, signed between the Company and the European Bank for Reconstruction and Development (“EBRD”).

Due to Republic of Moldova laws and regulations, the Company is unable to withdraw its previously issued financial statements and replace them with these financial statements.

Note 3. Functional Currency and Presentation Currency

These financial statements are presented in Moldovan Lei (MDL), which represents the functional and presentation currency of the financial statements. All amounts have been rounded to the nearest unit unless otherwise stated.

When translating the functional currencies of the branch and subsidiary into the presentation currency MDL, IAS 21 provides for the translation of assets and liabilities by using the exchange rate at the end of each reporting period. Income and expenses are translated using the exchange rates valid on the transaction date. Equity elements, other than profit or loss for the financial year and foreign currency translation reserve, are translated using the historical exchange rate at the transaction date.

Note 4. Use of Estimates and Professional Judgments

In preparing these financial statements, the Company’s management has developed professional judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

1. Professional judgements

Information regarding critical professional judgments in the application of accounting policies that have the most significant effects on the amounts recognized in the financial statements are presented below:

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a) Contracts for sale and purchase of electricity and natural gas

According to IFRS 9 “Financial Instruments”, a contract to buy or sell a non-financial item (including electricity or gas) may be classified and recognized as a financial instrument. Pursuant to paragraphs 2.4 and 2.6 of IFRS 9, if contracts to buy or sell non-financial items can be settled net in cash or another financial instrument, or by exchanging financial instruments, including when the underlying asset can be easily converted into cash, they fall within the scope of IFRS 9. The standard provides an exception from IFRS 9 application for contracts that were entered into and continue to be held for the purpose of receipt or delivery of a non-financial item in accordance with the entity’s expected purchase, sale or usage requirements (“own use scope exception”).

Electricity is an asset that can easily be converted into cash, and therefore management has performed an analysis in order to determine whether the own use scope exception applies to its contracts.

The main considerations are:

- According to regulations in force, the Company shall sell all the electricity it purchases to retail suppliers in order to cover the consumption of the suppliers’ final customers. The Company does not sell electricity on a wholesale market to other electricity traders. There are no electricity sales other than sales to retail suppliers that are imposed by law.
- The Company is obliged to purchase all the electricity produced on the regulated market and sell it to retail suppliers based on their market share, and the electricity purchased on the regulated market is not enough to cover the country’s consumption.
- The Company cannot influence the purchase and sale price on the regulated market, because the price is set by National Agency for Energy Regulation of the Republic of Moldova (ANRE).
- Based on the foregoing, the Company is not exposed to price and volume risk on the regulated market.
- The company does not purchase electricity on the unregulated market before concluding contracts for the sale of electricity to retail suppliers (or not prior to the consumption estimate received from retail suppliers). The Company ordinarily sells electricity on the unregulated market at cost plus a margin.
- The Company is not exposed to volume risk on the unregulated market (all imbalances on both regulated and unregulated market are settled between manufacturers and retail suppliers).
- Unlike traditional dealers/brokers, whose purchases and sales are determined by expected market price trends or market opportunities, the Company’s sales are determined by the Company’s legal obligations and function.

Gas is an asset that can easily be converted into cash, and therefore management has performed an analysis in order to determine whether the own use scope exception applies to its contracts.

The main considerations are:

- The Company made procurements based on the decisions of the Commission for Emergency Situations (CSE), as well as based on the decisions of the sole shareholder - the Public Property Agency.
- The Company had the “single buyer” and “single seller” status on the Republic of Moldova’s market.
- The Company did not settle these contracts net in cash or with other financial instruments.

The Company has concluded that the own-use exception applies to all of its contracts for sale and purchase of electricity and natural gas in 2022, 2021 and therefore does not fall within the scope of IFRS 9.

b) Government subsidies for regulated electricity sales

For March 2022, according to the Commission for Emergency Situations (CSE) Decision, the universal and/or last-option services providers purchased electricity from the Central Electricity Supplier - S.A. “Energoacom” at the price of 1.23 MDL/kWh (excluding VAT). The amount was below the sale price of 3.24 MDL/kWh set by the National Agency for Energy Regulation of the Republic of Moldova (ANRE). According to CSE Order No. 10 dated March 15, 2022, the price difference has been covered by the Ministry of Infrastructure and Regional Development in the form of subsidies.

Management has analyzed whether this subsidy is of equity (shareholder contribution) or Government subsidies nature/profit or loss account (IAS 20). Although formally the subsidy is granted to the Company, its economic essence consists in reducing the financial burden on end consumers, being intended to compensate the Company for the difference between the sale price approved by National Agency for Energy Regulation of the Republic of Moldova (ANRE) for the Company for March 2023 and the price provided for by the Commission for Emergency Situations (CSE) Decision. Accordingly, management has concluded that this subsidy is of Government subsidies nature (IAS 20) and has recognized the amounts in the profit or loss account.

2. Assumptions and Estimation Uncertainties

Information regarding assumptions and estimation uncertainties that could result in significant adjustments in the next financial year have been included in the following notes:

- Note 8 - financial risk management - credit risk.

Note 5. Restatements for error correction

In 2022, the Company decided to make certain adjustments to the financial statements for the accounting period ending on December 31, 2022, thus restating the previous periods, i.e. January 01, 2021, December 31, 2021, according to IFRS provisions.

Restatement of the statement of financial position

	Note	Previously reported December 31, 2022	Adjustments	December 31, 2022 Restated
Assets				
Long-term assets				
Tangible fixed assets		230.687	-	230.687
Intangible fixed assets		88.223	(1)	88.222
Deferred tax receivables		5.774.649	-	5.774.649
Long-term receivables	a	1.330.621.614	93.926.226	1.424.547.840
Long-term prepaid expenses	c	53.859.336	(53.859.336)	-
Total long-term assets		1.390.574.509	40.066.891	1.430.641.400
Current assets				
Inventories	a	5.864.771.710	(375.704.907)	5.489.066.803
Current tax receivables	j	43.701.655	(17.666.594)	26.035.061
Trade and other receivables	a, e, j	3.069.971.539	(204.635.000)	2.865.336.539
Advance payments granted	f	93.947.999	237.853.138	331.801.137
Loans granted		1.093.984.932	-	1.093.984.932
Cash and cash equivalents		606.447.903	47.209.260	653.657.163
Other current assets	g	25.176	248.909.642	248.934.818
Total current assets	h	10.772.850.914	(64.034.461)	10.708.816.453
Total assets		12.163.425.423	(23.967.570)	12.139.457.853
Equity and liabilities				
Equity				
Share capital		7.784.000.000		7.784.000.000
Currency translation reserves		-	(11.275)	(11.275)
Reserves		63.092.231	-	63.092.231
Retained earnings	k	141.942.901	(541.613)	141.401.288
Total equity		7.989.035.132	(552.888)	7.988.482.244
Long-term liabilities				
Loans	b	3.383.027.070	(3.383.027.070)	-
Total long-term liabilities		3.383.027.070	(3.383.027.070)	-
Current liabilities				
Loans	b, c, d	-	3.347.032.356	3.347.032.356
Employee benefits		287.065	375.174	662.239
Trade and other payables	i	643.832.630	31.000.527	674.833.157
Liabilities related to contracts with customers (contract liabilities)		99.352.139	-	99.352.139
Provisions	d	47.891.387	(18.795.669)	29.095.718
Current liabilities		791.363.221	3.359.612.388	4.150.975.609
Total equity and liabilities		4.174.390.291	(23.414.682)	4.150.975.609
Total equity and liabilities		12.163.425.423	(23.967.570)	12.139.457.853

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Notes to the financial statements for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

- a) Reclassification of security stock from inventories into long-term receivables in the amount of MDL 93.926.226 and trade and other receivables in the amount of MDL 281.778.680 (see Note 9 for details).
- b) The outstanding loan amount of MDL 3.383.027.070 has been reclassified from a long-term loan to a short-term loan according to the contractual terms.
- c) Long-term prepaid expenses in the amount of MDL 53.859.336, representing the commission paid to the EBRD for the loan agreement, have been reclassified to the loan account and accounted for using the effective interest method.
- d) The provisions were reduced mainly by the amount of MDL 17.864.622, representing the interest related to outstanding loans, which were reclassified in the loan accounts.
- e) Trade and other receivables were reduced by the amount of MDL 566.724.841, representing the balances of "Energocom" S.A. with its own branch - Otopeni Branch. Prior to the adjustments, the Company registered the advanced payments granted, cash and bank guarantees from its branch on the receivables account.
- f) The account of advance payments granted was corrected with the amount of MDL 237.853.138, representing the advance payments granted by the Otopeni Branch to foreign suppliers. Previously these amounts were included in the receivables with affiliated parties account.
- g) The cash and cash equivalents account was corrected with the amount of MDL 47.209.260, representing the cash held by the Otopeni Branch in the bank accounts. Previously these amounts were included in the receivables with affiliated parties account.
- h) Other current assets account has been corrected with the amount of MDL 248.909.642, representing the bank guarantees registered by the Otopeni Branch. Previously these amounts were not included in the "Energocom" S.A. financial statements.
- i) The trade and other payables account has been corrected by the amount of MDL 31.000.527, representing the trade payables of the Otopeni Branch. Previously these amounts were included in the receivables with affiliated parties account.
- j) The Company has presented in current tax receivables only profit tax receivables. Other receivables from other taxes and duties have been recognized in trade and other receivables. Thus, the current tax receivables account was decreased after correction by MDL 17.666.594, while the trade and other receivables account increased by the same amount.
- k) The retained earnings decreased by MDL 541.613, after including the financial result of Otopeni Branch in the financial statements of "Energocom" S.A. Until corrected, these amounts have not been registered in the Energocom S.A. financial statements.

	Note	December 31, 2021 Previously reported	Adjustments	December 31, 2021 Restated
Assets				
Long-term assets				
Tangible fixed assets		173.089	-	173.089
Deferred tax receivables		52.043	-	52.043
Long-term receivables	a	-	1.330.621.614	1.330.621.614
Total long-term assets		225.132	1.330.621.614	1.330.846.746
Current assets				
Inventories		38.011	-	38.011
Current tax receivables		8.634.123	(7.599.763)	1.034.360
Trade and other receivables		511.818.227	7.599.763	519.417.989
Other current receivables	a	1.330.665.890	(1.330.665.890)	-
Advance payments granted		-	44.278	44.278
Cash and cash equivalents		242.984.034	-	242.984.034
Other current assets		15.337	-	15.337
Total current assets		2.094.155.622	(1.330.621.614)	763.534.008
Total assets		2.094.380.755		2.094.380.755
Equity and liabilities				
Equity				
Share capital	b	307.216.000	1.393.784.000	1.701.000.000
Other reserves		60.768.853	-	60.768.853
Retained earnings		7.330.160	-	7.330.160
Total equity		375.315.013	1.393.784.000	1.769.099.013
Current liabilities				
Current tax receivables		360	(360)	-
Employee benefits		-	260.606	260.606
Trade and other payables		325.020.776	360	325.021.136
Provisions for employee benefits		260.606	(260.606)	-
Payables to owners	b	1.393.784.000	(1.393.784.000)	-
Current liabilities		1.719.065.742	(1.393.784.000)	325.281.742
Total equity and liabilities		2.094.380.755	-	2.094.380.755

S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)*

- a) Correction of an error in presentation of a long-term trade receivable presented in "Trade and other short-term receivables". After the amendments, the Company recognized the receivable with S.A. "Termoelectrica" in the amount of MDL 1.330.621.614 as "Trade and other long-term receivables", thus decreasing current assets and recording an increase in long-term assets.
- b) Correction of an error regarding the subscription of the Company's share capital. Until the correction, the capital contribution in the amount of MDL 1.393.784.000 was recorded as "Payables to owners", and the error was corrected by reclassifying the capital contribution from "Payables to owners" to "Share Capital".

	Note	January 01, 2021 Previously reported	Adjustments	January 01, 2021 Restated
Assets				
Long-term assets				
Tangible fixed assets		163.482	-	163.482
Deferred tax receivables		2.734.006	-	2.734.006
Total long-term assets		2.897.488	-	2.897.488
Current assets				
Inventories		3.384	-	3.384
Current tax receivables		6.994.286	(6.994.286)	-
Trade and other receivables		287.172.188	7.060.407	294.232.595
Other current receivables		6.487	(6.487)	-
Advance payments granted		-	6.487	6.487
Cash and cash equivalents		91.399.484	-	91.399.484
Other current assets		19.149	-	19.149
Other assets		66.121	(66.121)	-
Total current assets		385.661.099	-	385.661.099
Total assets		388.558.587	-	388.558.586
Equity and liabilities				
Equity				
Share capital		100.000	-	100.000
Other reserves		50.258.042	-	50.258.042
Retained earnings		23.093.555	(1)	23.093.554
Total equity		73.451.597	(1)	73.451.596
Current liabilities				
Current tax receivables		974.933	(9.293)	965.640
Employee benefits		-	254.476	254.476
Trade and other payables		291.515.039	9.293	291.524.332
Provisions for employee benefits		254.476	(254.476)	-
Provisions		22.362.542	-	22.362.542
Total current liabilities		315.106.990	-	315.106.990
Total equity and liabilities		388.558.587	(1)	388.558.586

Restatements related to balances on January 01, 2021 are insignificant.

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Notes to the financial statements for the accounting period ending on December 31, 2022

*(all amounts are presented in MDL, unless otherwise specified)***Restatement of profit or loss statement and other comprehensive income:**

	Note	2022 Previously reported	Adjustments	2022 Restated
Income	a	8.748.389.197	(17.923.723)	8.730.465.474
Cost of sales	a	(8.813.350.373)	7.552.393	(8.805.797.980)
Gross loss		(64.961.176)	(10.371.330)	(75.332.506)
Other income		256.872.783	(12.893.443)	243.979.340
Distribution expenses		(42.001.822)	10.795.004	(31.206.818)
Administrative expenses		(28.418.560)	5.373.047	(23.045.513)
Other expenses	b	(53.636.366)	51.428.012	(2.208.354)
Profit/(loss) from operating activity		67.854.859	44.331.290	112.186.149
Financial income	b	231.687.424	(174.717.885)	56.969.539
Financial expenses	b	(162.762.895)	129.844.984	(32.917.911)
Net financial result		68.924.529	(44.872.901)	24.051.628
Profit/(loss) before tax		136.779.388	(541.611)	136.237.777
Profit tax		5.722.606	-	5.722.606
Net profit/(loss)		142.501.994	(541.611)	141.960.383
Other comprehensive income		-		
Currency translation differences		-	11.275	11.275
Total comprehensive income for accounting period		142.501.994	(552.886)	141.949.108

- a) Application of agent accounting in connection with electricity balancing transactions - the revenues and cost of sales being reduced by the amount of MDL 18.931.581;
- b) Correction of some misclassifications between other expenses, cost of sales, other income and expenses and financial income, as well as the net presentation of foreign exchange gains or losses.

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Notes to the financial statements for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

	2021 Previously reported	Adjustments	2021 Restated
Income	2.221.805.714	-	2.221.805.714
Cost of sales	(2.223.337.997)	-	(2.223.337.997)
Gross loss	(1.532.283)	-	(1.532.283)
Other income	24.061.509	(1.698.967)	22.362.542
Distribution expenses	(1.601.306)	-	-
Administrative expenses	(9.590.812)	-	(9.590.812)
Other expenses	(483.624)	-	(483.624)
Profit/(loss) from operating activity	10.853.484	(1.698.967)	9.154.517
Financial income	1.032.356	1.205.017	2.237.373
Financial expenses	(493.950)	493.950	-
Net financial result	538.406	1.698.967	2.237.373
Profit/(loss) before tax	11.391.890	-	11.391.890
Profit tax expenses	(2.681.963)	-	(2.681.963)
Total comprehensive income for accounting period	8.709.927	-	8.709.927

Restatements related to profit and loss statement as well as to other comprehensive income for the year 2021 are insignificant.

Restatement of cash flow statement:

In preparing these financial statements, the Company has changed the method of drawing up the cash flow statement from direct to the indirect one.

The Company has also corrected certain errors, as follows:

- errors related to flows from operational activities - following the changes, net cash from operational activities decreased by MDL 369.262.919.
- correction of the error of disclosure of the investment flows related to the takeover of Termoelectrica's receivable in the amount of MDL 1.330.621.614;
- correction of the error of disclosure of flows from the financing activity from the issuance of Company's shares in the amount of MDL 1.7 billion.

The tables below summarize the impact on the Company's financial statements:

	2022 previously reported	Adjustments	2022 Restated
Net cash from operating activities	(4.672.741.860)	(3.116.799.829)	(7.789.541.689)
Net cash from investing activities	(1.038.317.413)	1.044.216	(1.037.273.197)
Net cash from financing activities	6.072.342.312	3.182.683.557	9.255.025.869
Net increase/(decrease) in cash and cash equivalents	361.283.039	66.927.944	428.210.983
Impact of exchange rate changes on cash and cash equivalents	2.180.830	(19.718.685)	(17.537.855)
Cash and cash equivalents on January 01	242.984.035	-	242.984.035
Cash and cash equivalents on December 31	606.447.903	47.209.259	653.657.162

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Notes to the financial statements for the accounting period ending on December 31, 2022

(all amounts are presented in MDL, unless otherwise specified)

	2021 previously reported	Adjustments	2021 Restated
Net cash from operating activities	163.743.132	(370.961.886)	(207.218.754)
Net cash from investing activities	-	(1.329.067.342)	(1.329.067.342)
Net cash from financing activities	(12.236.661)	1.700.000.000	1.687.763.339
Net increase/(decrease) in cash and cash equivalents	151.506.471	(29.228)	151.477.243
Impact of exchange rate changes on cash and cash equivalents	78.079	29.228	107.307
Cash and cash equivalents on January 01	91.399.484	-	91.399.484
Cash and cash equivalents on December 31	242.984.035	-	242.984.035

Note 6. Significant accounting policies

The significant accounting policies set out below have been applied consistently for all periods presented in these financial statements.

(a) Foreign currency transactions

Foreign Currency Transactions

Foreign currency transactions are translated into the Company's functional currency at the official exchange rates on the transaction dates.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate on the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currency are translated into the functional currency at the exchange rate on the date fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated. Foreign exchange differences are recognized in the profit or loss.

Operations Abroad

Assets and liabilities related to operations abroad are converted at the exchange rate of the last day of the month. Revenues and expenses related to operations abroad are converted from RON or EUR to MDL. Foreign exchange differences are recognized in other comprehensive income.

(b) Sales revenue recognition

Revenue is measured based on the consideration specified in the contracts with customers. The Company recognizes revenue when it transfers control of a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

	Nature and performance of contractual obligations	Revenue recognition
Sale of electricity	<p>The Company's sales transactions are concluded with local electricity suppliers based on the regulations for electricity market participants. Sales prices are regulated or unregulated, depending on the energy source purchased.</p> <p>Tax invoices for the electricity delivered are issued in the month following the month of delivery.</p> <p>Contract terms - payment in advance, divided in 2 tranches until the 11th and 22nd-31st of the month. The term of payment for adjusting the final amount is until the 13th-14th day of the month following the accounting month.</p>	<p>Revenues are recognized over time as the customer simultaneously receives and consumes the benefits as the Company delivers electricity - electricity generation and consumption are simultaneous because electricity is not stored.</p> <p>Advance payments received from customers for future sales of electricity are recognized as contract liabilities.</p> <p>The Company acts as an agent in the transactions carried out as a Balance Responsible Party ("BRP"). Thus, in its quality of an agent, the Company does not charge any commission from the participants of the balance group, it does not recognize income in exchange for facilitating the transfer of goods or services. Any holder of a production/supply/distribution license must be established as a Balance Responsible Party or must delegate this responsibility to a Balance Responsible Party. By delegating this responsibility to a BRP, there exists the benefit of imbalance aggregation in the meaning of Balancing Market cost reduction by comparison with the situation where the</p>

		<p>producer/supplier/distributor would act itself as a Balancing Responsible Party.</p> <p>The company acts as BRP for a large number of participants, both electricity producers and electricity suppliers as well as thermal power plants. For the settlement of imbalances, BRP "Energom" is using the "method of internal redistribution of payments", thus ensuring benefits of imbalance aggregation for all the participants included in the BRP. BRP "Energom" provides the transmission of physical notifications to "Moldelectica" S.A. and its role is to balance the differences between the electricity contracted and the electricity measured at the level of the entire BRP.</p>
<p>Sale of natural gas</p>	<p>The natural gas transactions between the seller and the buyer took place according to the EFET contract terms (with all related individual contracts) and the decisions of the Commission for Emergency Situations issued in the reference period for each delivery period (in our case - monthly) where the corresponding price and the necessary average quantities were determined, which were delivered in daily quantities agreed by the Parties, with the application of an allowable tolerance (%) for deviation from the quantities requested.</p> <ul style="list-style-type: none"> - By the 10th day of the month following the accounting month, the seller shall send a preliminary payment invoice to the buyer and for the buyer to make a partial payment of the gas cost by applying a preliminary price; - By the 15th day of the month following the month of delivery, the TSO shall draw up the necessary documents confirming the monthly volume transported; - By the 20th day of the month following the accounting month, the seller and the buyer shall sign the Act of delivery and acceptance of natural gas, which shall reflect the calculation of the quantity and final price of gas delivered during the reporting period; - Pursuant to this Act, the seller issued the tax invoice, which had to be paid by the buyer no later than the 20th day of the month following the accounting month. 	<p>Revenue is recognized at a point in time, i.e. when control over the natural gas is transferred, as follows:</p> <ul style="list-style-type: none"> - Each gas day, until 03 p.m., the buyer sends to the seller (via e-mail) a request for the quantities of gas required for the following day. - Similarly, until 4:00 p.m., the seller sends the buyer (via e-mail) a message regarding the acceptance of the request for the amount of gas claimed. - After reserving the necessary capacity, according to the TITLE IV. CAPACITY ALLOCATION MECHANISMS IN NATURAL GAS TRANSPORTATION NETWORKS of the Natural Gas Networks Code approved by the National Agency for Energy Regulation of the Republic of Moldova (ANRE) Decision No. 420/2019 as of November 22, 2019, on a daily basis, the seller nominates the contracted volumes at the entry points into the national network, by transmitting the nominations to the transmission system operator ("TSO") in the electronic form. - The transfer of ownership rights over the natural gas delivered daily in the network is carried out by sending commercial notifications to the transmission system operator ("TSO") in the electronic form, according to the Natural Gas Market Regulation, approved by the National Agency for Energy Regulation of the Republic of Moldova (ANRE) Decision No. 534/2019: respectively, the seller makes a trade notification of sale, and the buyer - of purchase, the transfer of ownership operating at the moment of the notifications confirmation by the TSO. Confirmation of trade notifications by the TSO is a primary document certifying the occurrence of transaction. The TSO keeps records of all trade notifications received as well as trade notifications confirmed. - The measurement of natural gas quantities shall be carried out by the TSOs, continuously, at the entry and exit points of the transmission networks, by means of measuring systems and equipment, in compliance with the conditions set out in the Regulation on the method of measuring natural gas for commercial purposes, approved by National Agency for Energy Regulation (ANRE) Decision No. 385/2010, in the Natural Gas Networks Code. At the delivery and acceptance of natural gas, the system operator upstream of the delivery point is responsible for meeting the quality parameters of the natural gas established.

(c) Financial income and expenses

Financial income and expenses include:

- interest income;
- interest expenses;
- gains or losses from exchange rate differences related to financial assets and liabilities;

Interest income or expense is recognized by applying the effective interest method.

"Effective interest rate" is the rate that accurately discounts the estimated future cash payments or receipts over the financial instrument lifecycle to:

- the gross accounting value of the financial asset; or
- the amortized cost of the financial liabilities.

When calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (if the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-

impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis.

(d) Profit tax

Profit tax comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive income.

The Company uses the forecast method for payment of profit tax in installments throughout the year (according to art. 84 of the Tax Code of the Republic of Moldova), and economic agents are required to pay, no later than March 25, June 25, September 25, and December 25 of the tax year, amounts equal to 1/4 of:

- a) the amount calculated as the tax to be paid for the respective year
- b) the tax that was due for the previous year.

(i) Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the current financial year and any adjustments to the tax payable or receivable in respect of previous financial years. The amount of current tax expected to be payable or receivable is the best estimate of the tax amount expected to be paid or received, reflecting uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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(ii) Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the tax bases used for taxation purposes. Deferred tax is not recognized for:

- temporary differences emerging on initial recognition of assets and liabilities arising from transactions that are not business combinations and that do not affect profit or loss for accounting or tax purposes;
- temporary differences arising from investments in subsidiaries, associated entities or jointly controlled entities; and
- temporary differences arising on initial recognition of goodwill.

Deferred tax liabilities are recognized for unused tax losses, unused tax credits, and deductible temporary differences, only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized: such reductions are reversed when the probability of future taxable profits increases.

Deferred tax is calculated at the tax rates that are expected to be applied to temporary differences upon their reversal, using tax rates enacted or substantively enacted at the reporting date.

The assessment of deferred tax reflects the tax consequences that would arise from the manner which the Company expects in, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(e) Government subsidies

Subsidies related to assets are initially recognized as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the terms of the subsidy. Subsidies related to assets are recognized as other income or expenses on a systematic basis over the useful life of the assets.

Subsidies related to income for price differences or for expenses incurred are recognized in profit or loss as "Other income" on a systematic basis in the periods which the related expenses are recognized in, unless the conditions for receiving the subsidy are met after the related expenses have been recognized.

(f) Inventories

The Company mainly holds gas inventories stored with third parties. These inventories are valued at cost.

Purchase costs are purchase price, import duties, and other taxes (excluding those the Company can subsequently recover from the tax authorities), transportation costs, handling and commissioning, and other costs directly attributable to the acquisition of finished goods, materials, and services, less trade discounts, rebates, and similar items.

At the exit, the inventories are valued at the accounting value which is determined by applying the weighted average cost method, but also, if necessary, by the FIFO method which is applied in cases when the necessity to follow the history of costs after each entry arises.

(g) Financial instruments

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of that instrument.

(i) Initial Recognition and Measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of a financial instrument.

(ii) Cash and Cash Equivalents

Cash and cash equivalents include cash balances, demand deposits, and deposits with original maturities of three months or less that are subject to an insignificant risk of changes in fair value and are used by the Company in managing short-term commitments.

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A financial asset (except trade receivables that do not have a significant financing component) or a financial liability is initially measured at fair value plus or less transaction costs that are directly attributable to its acquisition or issue. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

(iii) Subsequent Classification and Measurement

At initial recognition, a financial asset is classified as measured at amortized cost.

Financial assets

At initial recognition, a financial asset is classified into one of the following business models: held to collect contractual cash flows as well as for sale or other purposes.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is classified as held to collect contractual cash flows and assessed at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Company are classified as held to collect contractual cash flows. The Company derecognizes a financial asset when:

- the contractual rights over the cash flows from the financial asset expire; or
- it transfers the contractual rights to receive the cash flows in a transaction in which:
 1. the majority of the risks and rewards of ownership over the financial asset are transferred; or
 2. the Company neither transfers nor retains a majority of the risks and rewards of ownership and does not retain control of the financial asset.

Financial Assets - Subsequent Measurement and Gains and Losses

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss resulting from derecognition is recognized in profit or loss.

(i) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions in which it transfers assets recognized in the statement of financial position but retains all or substantially all of the risks and rewards of ownership of the transferred assets or their part. In these cases, the assets transferred are not derecognized.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss resulting from derecognition is recognized in profit or loss.

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(iv) Derecognition

The entity derecognizes a financial liability when its contractual obligations are discharged, canceled, or expired. The Company also derecognizes a financial liability when the terms of the contract are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability is recognized at fair value based on the modified contractual terms.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

(i) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Entity has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Depreciation

(i) Non-derivative Financial Assets

Financial instruments

The Company recognizes adjustments for expected credit losses for financial assets valued at amortized cost, less for the Termoelectrica receivable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

The Company considers that the credit risk on a financial asset has increased significantly if it is more than 180 days past due (less for the Termoelectrica receivable - see Note 8).

The Company considers a financial asset to be impaired and insolvent when:

- it is unlikely that the debtor will pay its credit obligations to the Company in full without the Company resorting to actions such as realizing security (if any); or
- the financial asset has an outstanding maturity of more than 360 days.

The lifetime ECL represents the expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL measurement

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity under the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of the Adjustment for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company does not expect any significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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(ii) Non-financial Assets

At each reporting date, the entity reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated.

For impairment testing, the assets are grouped into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the higher of its value in use and fair value less sale costs. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized in profit or loss.

(h) Share capital

"Energocom" S.A. recognizes changes in share capital in accordance with applicable legislation and after approval by the sole shareholder, the Public Property Agency and subsequently by the National Financial Market Commission and the Public Services Agency.

Ordinary Shares

Costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

(j) Dividends

Dividends are recognized as a deduction from equity in the period which they are approved in and are recognized as a liability to the extent they are unpaid at the reporting date. Dividends are disclosed in the notes to the financial statements when their distribution is proposed and approved by the sole shareholder after the reporting date.

(j) Employee benefits

(i) Defined Contribution Plans

In the normal course of business, the Company makes payments to the National Office of Social Insurance and the National Health Insurance Company on behalf of its employees for health, pension and unemployment funds. All the Company's employees are members of the state retirement plan and are also legally required to contribute (including social security contributions) to the state retirement plan (a state-defined contribution plan).

Mandatory contributions related to defined contribution plans are recognized as expenses as the related services are rendered. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is possible.

(ii) Short-term Employee Benefits

Short-term employee benefits are assessed on an undiscounted basis and expensed as the related services are rendered. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Short-term employee benefits include salaries and social insurance contributions, annual paid vacation and sick leave, meal vouchers, bonuses for the fulfillment of basic activity indicators paid to the Company's employees and all provisions of the Collective Labor Agreement.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

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Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Amortization of the discounted value is recognized as finance cost.

(l) Contingent assets and contingent liabilities

A contingent liability is:

- A potential obligation, arising as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which cannot be entirely under the control of the Company; or
- current obligation that arose as a result of past events, but is not recognized because:
 - a) it is not certain that recourses incorporating economic benefits will be required for the settlement of this obligation;
 - b) the value of the obligation cannot be assessed reliably enough.

Contingent liabilities are not recognized in the financial statements but are disclosed in the Notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a potential asset arising as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which cannot be entirely under the control of the Company.

A contingent asset is not recognized in the financial statements. Contingent assets are disclosed in the Notes only when an inflow of economic benefits is considered probable.

(m) Subsequent events

Events occurring after the reporting date and up to the date when these financial statements are authorized for issue, which provide additional information about conditions existing at the reporting date (adjusting events), are reflected in these financial statements. Events occurring after the reporting date and up to the date when these financial statements are authorized for issue, which provide information about events that occurred after the reporting date (non-adjusting events), are disclosed in the Notes to the financial statements when significant.

Note 7 - New standards and amendments to standards

The following new and amended standards are effective for annual periods beginning after January 01, 2023, the earlier application being permitted. The Group has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the financial statements when become effective.

- Long-term liabilities with commitments (Amendments to IAS 1);
- Classification of liabilities into current liabilities or long-term liabilities (Amendments to IAS 1);
- Presentation of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2: Presentation of accounting policies);
- Definition of accounting estimates (Amendments to IAS 8);
- Deferred tax relating to assets and liabilities arising from a single transaction (Amendments to IAS 12);
- Lease liabilities arising from sale and leaseback transactions (Amendments to IAS 16);
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts.

Note 8 - Financial risk management

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

This Note provides information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, as well as the Company's capital management procedures.

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General Risk Management Framework

The Company's risk management policies are defined to ensure the identification and analysis of risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with the established limits. The risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company aims to develop an orderly and constructive control environment, in which all employees understand their roles and responsibilities.

"EnergoCom" S.A. is in the process of developing its risk management policy. The process mapping is underway, and based on this, risk mitigation measures will be identified.

(i) Credit Risk

Credit risk is the Company's risk of incurring a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this risk arises mainly from trade receivables, cash and cash equivalents and guarantees. The Company's financial resources are placed in financial institutions that are considered to have a high credit rating in the Republic of Moldova.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum risk exposure on the reporting date was:

	December 31, 2022	December 31, 2021
Long-term receivables	1.424.547.840	1.330.621.614
Guarantees	248.767.682	-
Loans granted	1.093.984.932	-
Cash and cash equivalents	653.657.163	242.984.034
Trade and other receivables	2.865.336.539	519.417.989
Total	6.286.294.156	2.093.023.637

All the Company's receivables except the receivable from Termoelectrica in the amount of MDL 1.330.621.614 are receivables within the contractual maturity term.

Being a state entity, the Company does not directly manage credit risk for the year 2022. Decisions regarding credit risk were taken by the Government Decision No. 380 as of November 26, 2021, and the Public Property Agency (PPA).

- Extraordinary Government measures: In the context of the energy crisis and the state of emergency, the Government has implemented extraordinary measures to ensure the stability and continuity of energy supply. Thus, credit risk has been centrally managed, allowing the Company to avoid direct financial losses caused by non-payment of contractual obligations.
- Shareholder's role: the Public Property Agency, as a founder of the Company, has played a key role in establishing policies and procedures to minimize exposure to credit risk. The Public Property Agency has established strict criteria for placing financial resources in safe institutions and has constantly monitored their creditworthiness, approving all strategic credit-related decisions in order to ensure that they are aligned with the national goals of energy security and economic stability.

These measures allowed the Company to maintain its operations in difficult conditions, protecting itself from the risks of non-payment and ensuring the continuity of customer services. The active involvement of the Commission for Emergency Situations as well as the Public Property Agency has been crucial for the effective credit risk management during the energy crisis.

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. However, the Company's management takes into account the demographic characteristics of the customer base, including the non-payment risk characteristic of the field of activity and that of the country which the customer operates in, given that these factors influence credit risk.

Termoelectrica Receivable

Pursuant to Government Decision No. 380 as of November 26, 2021, the large-scale transaction regarding the assignment to the Company of the receivables held by S.A. "Moldovagaz" towards S.A. "Termoelectrica", with a total nominal value of MDL 1.330.621.614 was concluded, with subsequent payment by S.A. "EnergoCom" to S.A. Moldovagaz of the corresponding amount in Moldovan Lei. On the date of acquisition of the receivable by the Company, the receivable was considerably old. At the decision of the sole shareholder of the Company, no interest or penalties have been calculated for the non-payment of this receivable.

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Impairment Losses

In 2021-2022, no depreciation losses were calculated, the reason being the collection of current receivables in the period following the accounting period.

In relation to the aforementioned Termoelectrica receivable, in 2022 the Company was in the process of negotiating with Termoelectrica a schedule for this receivable payment. In July 2024 the Company signed an agreement with Termoelectrica, thus convening a payment schedule for a period of 15 years (2024-2038).

Cash and cash equivalents

Cash and cash equivalents are placed with a limited number of local financial institutions. Despite the fact that these banks do not have international credit ratings, they are considered reliable partners, having stable positions on the financial markets which they operate in.

On December 31, 2022 the Company held cash and cash equivalents in the amount of MDL 653.657.163 (2021: MDL 242.984.034), representing the maximum exposure to credit risk related to these assets. 60% of cash and cash equivalents on December 31, 2022 (2020: 87%) are held in banks, from which the Company has secured loans. 51% of cash and cash equivalents on December 31, 2022 are held at Unicredit Bank S.A. Romania, with Fitch BBB rating (2021: 14% and BB + rating).

(ii) Liquidity Risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting the obligations associated with financial liabilities that are settled by transferring cash or another financial asset. The Company holds significant cash and cash equivalents and short-term investments; thus, it does not face significant liquidity risk.

The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of borrowings, trade payables, and other liabilities. The Company aims to maintain a level of current bank accounts and bank deposits that exceeds the forecasted cash outflows for the payment of financial liabilities.

Exposure to Liquidity Risk

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. Contractual cash flows are shown as gross and undiscounted amounts and include contractual estimated interest payments.

December 31, 2022	Carrying amount	Up to 3 months	3-12 months	1-5 years	More than 5 years
Cash and cash equivalents	653.657.163	653.657.163	-	-	-
Long-term receivables	1.424.547.840	-	-	93.926.227	1.330.621.614
Trade and other receivables	2.865.336.539	2.816.207.922	49.128.617	-	-
Loans	(3.347.032.356)	-	(3.464.667.019)	-	-
Trade and other payables	(675.495.396)	(675.492.978)	(2.418)	-	-
Employee benefits	(662.239)	(662.239)	-	-	-
Net exposure	921.013.791	2.794.372.107	(3.415.540.820)	93.926.227	1.330.621.614
December 31, 2021	Carrying amount	Up to 3 months	3-12 months	1-5 years	More than 5 years
Cash and cash equivalents	242.984.034	242.984.034	-	-	-
Long-term receivables	1.330.621.614	-	-	-	1.330.621.614
Trade and other receivables	519.417.989	518.346.789	1.071.200	-	-
Loans	-	-	-	-	-
Trade and other payables	(325.021.136)	(325.021.136)	-	-	-
Employee benefits	(260.060)	(260.060)	-	-	-
Net exposure	1.767.741.895	436.049.081	1.071.200	-	1.330.621.614

The concentration risk highlighted by the long-term receivable held by Energocom S.A. from Termoelectrica, which constitutes a major portion of the Company's total receivables amounting to MDL 1.330.621.614, represents a significant financial exposure to a single debtor. This situation brings to the forefront the credit risk and its implications on the financial and operating stability of the Company.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as currency exchange rates and interest rates, will affect the Company's profit or the value of financial instruments held. The Company does not use derivative instruments (such as foreign exchange swaps or exchange rate) as hedging tools against risks. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing returns.

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)**(iv) Interest Rate Risk*

The Company has short-term borrowings with variable interest rates, which may expose the Company to interest rate risk.

At the reporting date, the interest rate profile of interest-bearing financial instruments was as follows:

	December 31, 2022	December 31, 2021
Fixed interest rate instruments	-	-
Variable interest rate instruments		
Financial assets	1.093.984.932-	-
Financial liabilities	(3.347.032.356)	-
Total variable rate instruments	(2.253.047.424)	-

Fair Value Sensitivity Analysis of Fixed Interest Rate Instruments

The Company does not register financial assets and financial liabilities with fixed interest rates recognized at fair value through profit or loss, and the Company does not use derivative instruments (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting dates would not affect profit or loss.

Cash Flow Sensitivity Analysis of Variable Interest Rate Instruments

A 100 basis point increase/decrease in interest rates at the reporting dates would have decreased pre-tax profit by MDL 5.082.650 for 2022 and decreased equity by the same amount (2021: MDL 0). This analysis assumes that all other variables, especially exchange rates, remain constant. There were no changes in methods and assumptions compared to the previous year.

(v) Currency Risk

The following significant exchange rates were applied during the year:

	December 31, 2022	Average rate 2022	December 31, 2021	Average rate 2021
1 EUR	20,3792	19,8982	20,0938	20,9255
1 UAH	0,5187	0,585	0,6504	0,6485
1 RON	4,1190	4,035	4,0598	4,253

The Company is exposed to transaction currency risk to the extent that there is an imbalance between the currencies in which sales, purchases, receivables, and loans are denominated and the Company's functional currency. The Company's functional currency is the Moldovan Leu (MDL).

The Company is exposed to currency risk from sales, purchases and loans that are denominated in a currency other than the functional currencies. The currencies which these transactions are mainly denominated in are EUR, MDL and RON. The Company does not use any financial instruments to mitigate currency risk.

The summary of quantitative information regarding the Company's exposure to currency risk is as follows:

	MDL	EUR	RON	UAH	Total
December 31, 2022					
Assets					
Trade and other long-term receivables	1.424.547.840	-	-	-	1.424.547.840
Loans granted	1.093.984.932	-	-	-	1.093.984.932
Cash and cash equivalents	165.592.873	458.494.257	29.570.033	-	653.657.163
Trade and other short-term receivables	2.865.336.539	-	-	-	2.865.336.539
Total monetary assets	5.549.462.184	458.494.257	29.570.033	-	6.037.526.474

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)*

	MDL	EUR	RON	UAH	Total
Liabilities					
Loans	-	3.347.032.356	-	-	3.347.032.356
Trade and other payables	672.532.955	1.714.745	585.458	580.254	674.833.157
Liabilities related to contracts with customers (contract liabilities)	99.352.139	-	-	-	99.352.139
Total monetary liabilities	(771.885.094)	(3.348.747.101)	(585.458)	(580.254)	(4.121.217.652)
Net exposure	4.777.577.090	(2.890.252.844)	28.984.575	(580.254)	1.916.308.822

	MDL	EUR	RON	UAH	Total
December 31, 2021					
Assets					
Trade and other long-term receivables	1.330.621.614	-	-	-	1.330.621.614
Loans granted	-	-	-	-	-
Cash and cash equivalents	242.984.034	-	-	-	242.984.034
Trade and other short-term receivables	-	-	-	-	-
Total assets	1.573.605.648	-	-	-	1.573.605.648

Liabilities					
Loans	-	-	-	-	-
Trade and other payables	325.021.136	-	-	-	325.021.136
Total monetary liabilities	(325.021.136)	-	-	-	(325.021.136)
Net exposure	1.248.584.513	-	-	-	1.248.584.513

The currency which these transactions are denominated in is mainly MDL. Certain liabilities are denominated in currencies such as EUR, UAH and RON.

The Company's risk management policy is to primarily use local currency.

To effectively address currency risk in the absence of available currency hedging instruments in Moldova, the Company uses electronic Request for Quote (RFQe) on the Bloomberg platform. This methodology allows the Company to actively request foreign exchange quotes from three top banks (Moldinonbank S.A., Moldova Agroindbank S.A., Victoriabank S.A.) that have agreed to participate in the matching process on this platform. This strategy ensures obtaining the most competitive and advantageous foreign exchange rates available at the time of the transactions. Through this procedure, the Company intends to minimize the impact of exchange rate fluctuations on its operations and finances, without resorting to foreign exchange hedging instruments.

Currency risk exposure

For monetary assets and liabilities, the Company is exposed to currency risk only for balances denominated in EUR and RON.

Sensitivity analysis

A 10% appreciation of the exchange rate of EUR against MDL would have decreased the pre-tax profit by MDL 286.126.827 for 2022 and decreased the equity by the same amount (2021: MDL 0).

A 10% appreciation of the exchange rate of RON against MDL would have increased the pre-tax profit by MDL 2.898.457 for 2022 and increased the equity by the same amount (2021: MDL 0).

This analysis is based on exchange rate variations that the Company considered to be reasonably possible at the reporting dates. The analysis assumes that all other variables, especially interest rates, remain constant. The analysis was carried out on the same basis for the years 2022 and 2021, although the exchange rate variations were reasonably different. There were no changes in methods and assumptions compared to the previous year.

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)***Note 9. Trade and Other Receivables**

On December 31, 2021 and December 31, 2022, trade and other receivables and long-term receivables are as follows:

	December 31, 2022	December 31, 2021
<i>Financial receivables</i>		
Current receivables	2.538.541.425	511.818.227
Commercial receivables	281.778.680	
Security stock contributions		
Long-term receivables	1.330.621.614	1.330.621.614
Termoelectrica S.A.		
Security stock contributions	93.926.226	
Total financial receivables	4.244.867.944	1.842.439.840
<i>Non-financial receivables</i>		
Current receivables		
VAT to be recovered	43.102.093	7.591.886
Other receivables	1.914.341	7.876
Total non-financial receivables	45.016.434	7.599.762
Long-term receivables	1.424.547.840	1.330.621.614
Short-term receivables	2.865.336.539	519.417.989
Total trade and other receivables	4.289.884.379	1.850.039.603

Trade receivables represent receivables from the sale of electricity and natural gas on the wholesale market.

For details regarding the Termoelectrica receivable - see Note 8.

Security Stock Contributions

According to Government Decision No. 668 as of September 29, 2022, regarding the creation and maintenance of natural gas security stocks, the Company procured and stored natural gas in the amount of 22.8 million m³ which is the object of the security stocks, being used, in whole or in part, only on the basis of the Commission for Emergency Situations of the Republic of Moldova decision adopted in the event of an emergency situation, including in case of declaring a state of emergency. For the creation and maintenance of security stocks, the Company shall submit to the National Agency for Energy Regulation of the Republic of Moldova (ANRE) for approval the reasoned and documented calculation of its annual costs for security stocks for the previous calendar year according to the Method for Determining the Amount of Financial Contributions Paid by Natural Gas Retail Market Suppliers for Covering Security Stock Costs approved by the National Agency for Energy Regulation of the Republic of Moldova (ANRE) Board Decision No. 277 dated May 19, 2023.

Within 30 working days from the submission by the Company of the documents concerning the costs of creating and maintaining security stocks, the National Agency for Energy Regulation of the Republic of Moldova (ANRE) confirmed the calculations performed and issued the National Agency for Energy Regulation of the Republic of Moldova (ANRE) Resolution No. 649/2023 on the Approval of the Monthly Financial Contributions for the Security Stocks Cost for 2022 with subsequent amendments by the National Agency for Energy Regulation of the Republic of Moldova (ANRE) Resolution No. 773/2023 where the quantities of natural gas were approved, on the basis of which the share of the monthly financial contributions, the cost of the security stock in the amount of MDL 375.704.907 for the quantity of 22.8 million m³ and the amount of the monthly financial contribution of MDL 31.308.742 (MDL 375.704.907/12 months) to be paid by the suppliers on the natural gas retail market. These monthly contributions were presented according to their maturity in the financial statements. On December 31, 2022, the long-term contributions receivable that shall be collected equals to MDL 93.926.227, representing the amounts due in 2024, and the short-term receivables constitute MDL 281.778.680, which will be recovered in 2023.

In the event that some consumers on the retail market will migrate from one supplier to another, the Company recalculates the monthly distribution quotas by updating the data according to the quantities of natural gas consumed by the respective consumers during 2022, based on the data presented by distribution system operators. The collection of data from the distribution system operators is carried out on a monthly basis by receiving the migration confirmation letters until the invoices (bills) are issued. By the 15th day of each month, the Company shall issue an invoice (a bill) to suppliers on the natural gas retail market. Payment of the financial contributions by the suppliers on the natural gas retail market shall be carried out within 10 working days from the date of its receipt. Quarterly, S.A. "EnergoCom" submits reports to ANRE regarding the payment of financial contributions by the suppliers on the natural gas retail market.

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)***Note 10 - Other Current Assets**

On December 31, 2022 and December 31, 2021, other current assets include guarantees, being as follows:

	December 31, 2022	December 31, 2021
Letter of bank guarantee - electricity	206.311.557	-
Tender guarantee - Regional Booking Platform	42.242.968	-
Other guarantees	380.293	-
Total	248.934.818	-

Note 11 - Inventories

On December 31, 2022 and December 31, 2021 inventories are as follows:

	December 31, 2022	December 31, 2021
Raw materials	14.303	-
Packaging materials	960	1.370
Other consumables	152.817	36.641
Fuel	223	-
Natural gas	5.488.898.500	-
Total inventories	5.489.066.803	38.011

In 2022, the Company started the activity of procurement/sale of natural gas. On December 31, 2023, the Company had 2.770.842.893 MWh of natural gas stored in warehouses in Ukraine. These quantities do not include the security stock presented in Note 9.

Note 12 - Advance Payments Granted

	December 31, 2022	December 31, 2021
Advance payments granted	331.801.137	44.277
Total	331.801.137	44.277

On December 31, 2022, advance payments granted primarily include advance payments for the purchase of natural gas, natural gas transport and electricity.

Note 13 - Loans Granted

On December 31, 2022 and December 31, 2021, the situation of granted loans was as follows:

	Currency	Interest rate	Maturity year	December 31, 2022		December 31, 2021	
				Long-term	Current	Long-term	Current
"Moldovagaz" S.A.	MDL	NBM base rate	2023	-	1.093.984.932	-	-
Total loans granted				-	1.093.984.932	-	-

The loan was granted to "Moldovagaz" S.A. by the Commission for Emergency Situations Decision No. 49 as of October 2022, providing for the amount of MDL 1.050.000.000.000. It was granted on October 20, 2022 with maturity until May 01, 2023. The loan was guaranteed by "Moldovagaz" S.A. through 100% shares held in the share capital of SRL "Moldovatrangaz" as well as the totality of the movable assets that are part of the natural gas transportation network (transport networks, equipment, installations and other related fixed assets) which, on October 19, 2022, were transferred under economic management to SRL "Moldovatrangaz" by S.A. "Moldovagaz".

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The interest rate applied is equal to the base rate of the National Bank of Moldova in force on each day of loan use until full repayment. The effective rate for the period is 4.19%.

The loan and the calculated interest were fully collected in the period of February-April 2023.

Note 14 - Cash and Cash Equivalents

On December 31, 2022 and December 31, 2021 cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Bank accounts	653.656.983	242.983.674
Cash in cash register	180	360
Total cash and cash equivalents	653.657.163	242.984.034

Note 15 - Equity**Share Capital**

On December 31, 2022 and December 31, 2021 the share capital structure is as follows:

	December 31, 2022	December 31, 2021
Number of shares	7.784.000	1.701.000
Nominal value/share (MDL/share)	1.000	1.000
Total share capital (MDL)	7.784.000.000	1.701.000.000
Number of shares held by	Public Property Agency	Public Property Agency
Representative	100%	100%

The share capital of the Company consists of 7.784.000 shares with a nominal value of MDL 1.000 per share (December 31, 2021: 1.701.000 shares). All shares have the same classification. No preference shares or share options were issued. All shares issued were fully paid.

According to art. 5.3. of the Articles of Association, the main sources of the share capital are determined by the amount of the contributions received on account of the payment of the shares and is equal to the sum of the nominal value of the shares placed.

During 2022 the Company's share capital was increased by MDL 6.083.000.000.000 through cash contribution according to the Commission for Emergency Situations Disposition during the emergency period according to the needs of supplying the Republic of Moldova with energy resources, namely:

- According to the Commission for Emergency Situations Disposition No. 35 as of August 29, 2022, MDL 322.000.000.000 have been allocated
- According to the Commission for Emergency Situations Disposition No. 37 as of September 15, 2022, MDL 200.000.000 have been allocated
- According to the Commission for Emergency Situations Disposition No. 38 as of September 29, 2022, MDL 511.000.000 have been allocated
- According to the Commission for Emergency Situations Disposition No. 43 as of October 19, 2022, MDL 1.050.000.000 have been allocated
- According to the Commission for Emergency Situations Disposition No. 46 as of November 11, 2022, MDL 4.000.000.000 have been allocated

During 2021, the Company's share capital increased with a cash contribution in the amount of MDL 1.393.783.500 according to the Commission for Emergency Situations Disposition No. 1 as of October 22, 2021.

Reserves

On December 31, 2022 and December 31, 2021, the reserves are as follows:

	December 31, 2022	December 31, 2021
Statutory (legal) reserves	(1.548.863)	(1.023.249)
Other reserves	(61.543.368)	(59.745.604)
Total	(63.092.231)	(60.768.853)

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Notes to the financial statements for the accounting period ending on December 31, 2022

*(all amounts are presented in MDL, unless otherwise specified)**Statutory Reserves*

According to art. 45 para. (2) of the Law No. 1134/1997 on Joint Stock Companies, the legal reserves are established at the General Meeting of Shareholders and constitute not less than 5% of the net profit of the Company.

Other Reserves

Other reserves have been established by the General Meeting of Shareholders from the annual deductions from net profit.

Note 16 - Employee Benefits

On December 31, 2022 and December 31, 2021, the liabilities regarding employee benefits were as follows:

	December 31, 2022	December 31, 2021
Liabilities to employees	(187.268)	(260.606)
Liabilities regarding unused leave	(474.971)	-
Total employee benefits liabilities	(662.239)	(260.606)

In the year ended on December 31, 2022, the average number of employees was 19 (2021: 11). Employee benefits expenses include basic salaries, mandatory medical contribution, mandatory social contribution and performance bonuses.

Management remuneration is presented in Note 25.

Employee benefits expense is included in the following items of the profit or loss statement:

	2022	2021
Distribution expenses	1.512.509	1.216.588
Administrative expenses	7.699.204	3.806.115
Retained earnings	306.956	633.749
Total employee benefits expenses	9.518.669	5.094.614

Note 17 - Trade and Other Payables

On December 31, 2022 and December 31, 2021, trade and other payables are as follows:

	December 31, 2022	December 31, 2021
<i>Financial liabilities</i>		
Trade liabilities	122.986.879	9.816.416
Trade payables of affiliated parties (Note 26)	551.846.278	315.204.720
Total financial liabilities	674.833.157	325.021.136

For more information concerning the Company's exposure to foreign currency and liquidity risk, see Note 8.

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)***Note 18 - Loans**

This Note provides information on the contractual terms of the Company's interest-bearing loans. These are valued at amortized cost. For more information concerning the Company's exposure to interest rate, currency and liquidity risk, see Note 8.

	December 31, 2022	December 31, 2021
<i>Current liabilities</i>		
EBRD Re-crediting contract No. 1 as of August 22, 2022	3.347.032.356	-
Total short-term loans	3.347.032.356	-

In July 2022, Energocom S.A. became the beneficiary of a loan aimed at implementing the "Natural Gas Supply Security" Project. The project targets the strengthening of the energy security of the Republic of Moldova by implementing a short- and medium-term financing mechanism to prevent/mitigate potential risks of natural gas supply disruptions. Its implementation will allow for the creation of strategic natural gas reserves and support the diversification of suppliers and sources of supply in accordance with the provisions of Law No. 108/2016 on natural gas.

In this regard, the re-crediting contract No. 1 was signed between the Ministry of Finance and Energocom S.A. as the implementing unit of the aforementioned project, financed by the European Bank for Reconstruction and Development (EBRD). The EUR 300 million loan is composed of two tranches: EUR 100 million Diversification tranche and EUR 200 million Emergency tranche. They are used for both emergency back-up gas purchases as well as diversification purposes.

The loan has a duration of 3 years (2022 - 2025) and includes a "Revolving" facility (repayment-reuse).

For the diversification tranche, the outstanding amounts are repaid in two tranches, on May 1 - 35% of the main amount and on July 01 of each year all the amounts within the tranche. All amounts within the diversification tranche including interest and fees will be repaid by July 01, 2025.

For the emergency tranche, the repayment of the amounts is carried out in two tranches, as follows: on August 01 - 35% of the main amount and on October 01 of each year all other amounts within the tranche. All amounts within the emergency tranche including interest and fees shall be repaid by October 01, 2025.

The amounts of each tranche repaid each year may be re-lent at the end of the relevant compliance periods during 2023 and 2024. Re-crediting of each tranche for use in the second and third loan cycle will be at the sole discretion of the Bank, upon a written request from the borrower to the lender, provided no later than the fifth business day prior to the end of the compliance period.

At the same time, the Company paid the bank a one-time commission in the amount of 1% of the main amount of the diversification tranche within seven days after the effective date of the loan agreement as well as for the emergency tranche the one-time commission was paid within 3 working days after the date on which the EBRD has confirmed in written form that it has made the emergency tranche available.

The interest rate applied for the disbursed tranches will be announced by the EBRD (6-month EURIBOR rate plus 1% margin, if the 6-month EURIBOR rate is negative, the EURIBOR rate will be considered 0%). For the diversification tranche, the interest will be paid on May 01 and June 01, and for the emergency tranche on August 01 and October 01. The date of disbursement of financial means from the bank account will serve as the basis for interest calculation.

According to the contractual terms, the Company also pays a commission fee at a rate of 0.5% annually of the non-disbursed amount on May 01 and July 01 for the diversification tranche and on August 01 and October 01 for the emergency tranche. The commitment commission will be calculated for the diversification tranche after 60 days from the date of signing the agreement and for the emergency tranche from the date the bank confirms in written form that it will make the tranche available.

According to the contract, the applied interest rate is 6-months EURIBOR plus 1% margin. In case the 6-month EURIBOR rate is negative, the EURIBOR rate will be considered 0%. Commitment commission - 0.5% annually calculated from the unused EBRD loan balance.

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Notes to the financial statements for the accounting period ending on December 31, 2022

*(all amounts are presented in MDL, unless otherwise specified)***Pledged or Mortgaged Assets**

In order to guarantee the loans, on December 31, 2022 the Company has pledged or mortgaged receivables in the amount of MDL 500.000.000 and stocks in the amount of MDL 204.456.000 (December 31, 2021: MDL 0).

The movement of liabilities related to loans on 31 December 2023 and 31 December 2022 is as follows:

	2022	2021
Balance on January 01	-	-
Loans received	3.739.759.576	-
Commissions paid	(59.377.786)	-
Loans disbursed	(504.159.931)	-
Interest expenses (Note 23)	28.853.223	-
Interest paid	(5.381.532)	-
Effect of exchange rate variation	147.338.806	-
Balance on December 31	3.347.032.356	-

Note 19 - Revenue

	2022	2021
Sales - electricity at regulated prices	2.132.626.247	1.323.371.530
Sales - electricity at unregulated prices	4.386.005.099	636.647.439
Total revenue from the sale of electricity	6.518.631.345	1.960.018.969
Revenue from the sale of natural gas	2.211.834.129	261.786.745
Total revenue	8.730.465.474	2.221.805.714
Moment of revenue recognition		
	2022	2021
Revenue recognized over time	6.518.631.345	243.627.569
Revenue recognized at a point in time	2.211.834.128	351.771
Total	8.730.465.474	243.979.340

Electricity sales, both in 2022 and 2021, took place entirely in the Republic of Moldova.

In 2022, the Company recorded revenues from sales with the European Union companies in the amount of 5% of the total value of natural gas sales or MDL 194.758.686. 95% of sales took place to suppliers from the Republic of Moldova - MDL 2.017.075.443. In 2021, transactions of natural gas sale took place entirely in the Republic of Moldova

Liabilities related to contracts with customers (contract liabilities):

	December 31, 2022	December 31, 2021
Advance payments received for electricity sales	99.352.139	-
Total	99.352.139	-

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Notes to the financial statements for the accounting period ending on December 31, 2022

*(all amounts are presented in MDL, unless otherwise specified)***Note 20 - Cost of Sales**

	2023	2022
Electricity at regulated prices	2.353.036.538	1.333.750.889
Electricity at unregulated prices	4.340.743.452	628.392.135
Electricity	6.693.779.990	1.962.143.025
Cost of natural gas	1.991.161.259	261.194.973
Natural gas transport	113.086.972	-
Natural gas storage	7.769.758	-
Natural gas	2.112.017.990	261.194.973
Total cost of sales	8.805.797.980	2.223.337.997

Note 21 - Other Income

	2022	2021
Government subsidies	243.627.569	-
Other income	351.771	-
Total	243.979.340	-

According to point 6.1 of the Decision of the Commission for Emergency Situations No. 02 dated February 25, 2022 with subsequent amendments according to the Decision of the Commission for Emergency Situations No. 10 dated March 15, 2022, "Energocom" S.A. was allocated funds in the amount of MDL 243.627.569 in order to cover the price difference occurred in March 2022 for the supply of electricity at regulated prices. The difference between the procurement price of 1.23 MDL/kWh without VAT - established by the Decision of the Commission for Emergency Situations (CSE) and 3.24 MDL/kWh without VAT - regulated price approved by National Energy Regulatory Authority ("ANRE"). The difference of 2.01 MDL/kWh was subsidized by the Ministry of Infrastructure and Regional Development in favor of the Company.

Note 22 - Administrative Expenses

	2022	2021
Employee benefits	7.699.204	3.806.115
Repairs and maintenance	111.985	135.087
Taxes and duties	223.386	-
Protocol expenses	7.401	-
Business travel	59.030	-
National Energy Regulatory Agency (ANRE) electricity fee	5.948.065	4.986.714
National Commission for Financial Markets (CNPF) fee - emission (issue) registration	6.698.920	662.896
Other administrative expenses	2.297.522	9.590.812
Total administrative expenses	23.045.513	3.806.115

Note 23 - Financial Result

	2022	2021
Interest income	56.969.539	1.698.967
Foreign exchange gains	-	538.405
Financial income	56.969.539	2.237.372
Interest expenses (Note)	(28.853.223)	-
Foreign exchange loss	(4.064.688)	-
Financial expenses	(32.917.911)	-
Net financial result	24.051.628	-

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)*

According to point 1.7 of the Commission for Emergency Situations Decision No. 43 dated October 19, 2022, a loan agreement was concluded on October 19, 2022 between Energoicom S.A. and Moldovagaz S.A. for the provision of a loan amounting to MDL 1.050.000.000, and according to point 1.7.4, interest was applied at a rate equal to the rate of the National Bank of Moldova. For the year 2022 the interest amounting to MDL 43 million was calculated.

For the year 2022, the Company registered interest from current accounts balances placed with banks in the amount of MDL 12 million.

Interest expenses relates to the EBRD loan presented in Note 18.

Note 24 - Profit Tax

The profit tax rate in the Republic of Moldova was 12% for the years 2022 and 2021 and 16% in Romania. Deferred tax has been calculated based on tax rates (and laws) enacted or substantially enacted at the reporting date that are expected to be in effect when the deferred profit tax asset is realized or the deferred profit tax liability is settled.

	2022	2021
Current profit tax	-	-
Deferred profit tax	(5.722.606)	2.681.963
Profit tax - expenses/(benefit)	(5.722.606)	2.681.963

The effective tax rate reconciliation for the financial years ended on December 31, 2022 and December 31, 2021 is the following:

	2022 (Restated)		2021 (Restated)	
Profit before tax		136.237.777		11.391.890
Tax calculated by applying the Company's tax rate	12%	16.348.533	12%	1.367.027
<i>Tax effect of:</i>				
- Non-taxable income	-21%	(29.245.943)	0%	-
- Non-deductible expenses	0%	114.480	0%	5.637
- Tax losses which a deferred tax asset has not been recognized for	5%	7.060.323	11%	1.309.299
Profit tax - expenses/(benefit)	-4%	(5.722.606)	24%	2.681.963

Non-taxable income refers mainly to the income from subsidies.

Deferred tax receivables or liabilities on December 31, 2022 are generated by temporary differences within the following items:

	Deferred tax receivables	Deferred tax liabilities	Net
Tangible fixed assets	27.682	-	27.682
Unused leaves	70.676	-	70.676
Provisions	3.382.351	-	3.382.351
Trade liabilities	150.185	-	150.185
Loans and liabilities under loan agreements	2.143.755	-	2.143.755
Deferred tax receivables (liabilities)	5.774.649	-	5.774.649

The deferred receivables or liabilities on December 31, 2021 are generated by the temporary differences within the following elements:

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S.A. ENERGOCOM**Notes to the financial statements for the accounting period ending on December 31, 2022***(all amounts are presented in MDL, unless otherwise specified)*

	Deferred tax receivables	Deferred tax liabilities	Net
Tangible fixed assets	20.771	-	20.771
Unused leaves	31.272	-	31.272
Deferred tax receivables (liabilities)	52.042	-	52.042

For the year ended on December 31, 2022 and December 31, 2021, the variation in receivables and liabilities regarding the deferred tax were fully recognized in the profit and loss statement.

Deferred tax receivables were not recognized on December 31, 2022 and December 31, 2021 in respect of tax losses that will expire as follows:

	December 31, 2022	December 31, 2021
Up to 1 year	-	-
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	1.309.299	
Between 4 and 5 years	7.060.323	1.309.299
	8.369.622	1.309.299

Note 25 - Affiliated Parties*a) Transactions with key management personnel*

	2022	2021
Salaries of the Board of statutory auditors and Internal Auditors	170.864	103.091
Salaries of the members of the Board of Directors	273.000	220.909
Salaries of the key management personnel	744.692	543.531
Total	1.188.556	867.531

b) Entities which the State has control or significant influence in

	Balance receivables/(liabilities)	
	December 31, 2022	December 31, 2021
CET NORD S.A.		
Trade receivables	42.359	-
Trade liabilities	(88.037.045)	(51.869.424)
FFE NORD		
Trade receivables	256.400.611	90.241.880
S.A. MOLDELECTRICA		
Trade receivables	14.319.319	-
Trade liabilities	(4.103.576)	-
S.A. MOLDOVAGAZ		
Trade receivables	1.673.876.186	183.738.331
Loan granted	1.050.000.000	-
Calculated interest	43.984.932	-
MOLDOVATRANSGAZ		
Trade liabilities	(13.235.996)	-
RED NORD S.A.		
Trade receivables	18.682.564	
TERMOELECTRICA		
Trade liabilities	(446.469.661)	(263.335.296)
Long-term receivables	1.330.621.614	1.330.621.614
Total	4.939.773.861	1.919.806.545

S.A. ENERGOCOM

Notes to the consolidated financial statements for the accounting period ending on December 31, 2023

(all amounts are presented in MDL, unless otherwise specified)

	Sales/(purchases)	
	2022	2021
CET NORD S.A.		
Electricity purchases	313.309.220	201.946.727
FFE NORD		
Electricity sales	1.564.853.063	476.928.440
S.A. MOLDELECTRICA		
Electricity sales	178.795.826	25.904.892
Electricity purchases	-	(1.502.732)
S.A. MOLDOVAGAZ		
Gas sales	2.012.848.320	170.128.084
Gas purchases	(1.806.363.618)	-
Loan collected (granted)	1.050.000.000	-
Calculated interest	43.984.932	-
Termoelectrica receivable acquisition		1.330.621.614
MOLDOVATRANSGAZ		
Gas sales	-	91.658.660
Purchases of gas transport services	(15.855.300)	-
RED NORD S.A.		
Electricity sales	96.278.951	13.323.448
TERMOELECTRICA		
Electricity purchases	(1.929.989.253)	(1.036.222.837)
Total	9.012.278.483	3.348.237.434

Note 26 - SUBSEQUENT EVENTS

According to the Resolution No. 61/05 as of April 21, 2023 of the sole shareholder of the Company, on May 19, 2023 the ENERGOCOM GAS & POWER SRL Branch was established, a limited liability company based in Ilfov county, Romania. The Company's main activity is trading of electricity and natural gas. The purpose of creating the branch consists in the access to foreign markets by obtaining electricity and natural gas trading licenses in the member states of the European Union.

According to the Interest-Free Loan Agreement as of August 01, 2023 signed between ENERGOCOM GAS & POWER SRL and S.A. "ENERGOCOM", the latter has allocated EUR 1.000.000 to the subsidiary entity. According to the Decision of the Sole Shareholder of S.A. "ENERGOCOM" No. 01.07/23-EGCGP dated July 31, 2023, S.A. "ENERGOCOM" transferred to the "EnergoCom Gas & Power" S.R.L. account the amount of RON 50.000 as a financial contribution to the subscribed share capital of the subsidiary entity.

In August 2023, the EBRD loan was fully repaid in advance, being reactivated the revolving-type credit for the period 2023-2024 granted in accordance with the Re-crediting Contract No. 1 signed between the Ministry of Finance and S.A. "ENERGOCOM".

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S.A. ENERGOCOM

Notes to the consolidated financial statements for the accounting period ending on December 31, 2023

(all amounts are presented in MDL, unless otherwise specified)

According to the Commission for Emergency Situations Disposition No. 81 as of September 13, 2023, point 5, S.A. "ENERGOCOM" will purchase 1.000.000 own shares at the nominal price of MDL 1.000 per share in three tranches, but no later than November 30, 2023, for reducing the share capital. According to the Public Property Agency Decision No. 149/06 as of September 29, 2023, the acquisition by S.A. "ENERGOCOM" of 500.000 own ordinary nominative shares at the nominal price of MDL 1.000 per share until October 05, 2023, for reducing the share capital.

In 2023 the Company entered into strategic cooperation agreements with the Hellenic entities GASTRADE and DEPA for the diversification of the client portfolio in the energy industry.

Victor Binzari
Acting General Director

/signature/
Seal: Ministry of Economy and Trade of the Republic of Moldova. Joint Stock Company "ENERGOCOM". Chisinau municipality, 78 V. Alecsandri Street, "ENERGOCOM"
S.A. State identification number (IDNO): 1004600074938

Drawn up by
Budeanu Ludmila
Chief Accountant, Head of Finance and Accounting Directorate

/signature/
Seal: KPMG. Initialized for identification. July 18, 2024

Seal: KPMG. Initialized for identification. July 18, 2024

Undersigned, **Rudac Liubovi**, authorized translator of the English language certifies the authenticity of the translation which corresponds to the text of authentic document which was signed by me

On 30.10.2024



REPUBLICA MOLDOVA

BIROU DE TRADUCERI: SC „PROIRVAS” SRL

SEDIUL BIROULUI: municipiul Chişinău, str. Alexandr Puşkin nr. 26

Tel.: 079-172-413; 069-541-003; 022-226-454

Anul două mii douăzeci și patru, luna octombrie, ziua treizeci

Eu, Administrator, *Mitru Irina*, confirm semnătura traducătorului **Rudac Liubovi** în baza specimenului de semnătură depus la biroul de traduceri, care îmi este cunoscut.

Corectitudinea traducerii de către birou nu se verifică, Biroul de Traducere PROIRVAS nu poartă răspundere pentru corectitudinea traducerii.

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S-a înregistrat în registru cu nr. **5699/2024-RE1**

Administrator



Mitru Irina