

S.C. ROMCARBON S.A.

ANNUAL REPORT FOR THE YEAR ENDED 2019
SEPARATE FINANCIAL STATEMENTS

CONTENTS

Annual report regarding Separate Financial Statements

<u>1. Analysis of the company activity</u>	Page.1-14
<u>1.1.1. General assessment of the company</u>	Page.2-3
<u>1.1.2. Tehnical assessment of the company</u>	Page.3
<u>1.1.3. The assessment of the procurement activity (domestic and import)</u>	Page.4
<u>1.1.4. The assessment of sales activity</u>	Page.5-10
<u>1.1.5. The assessment of the aspects related to the personnel of the company</u>	Page.11
<u>1.1.6. The assessment of the impact of the company's activity on environment</u>	Page.11-12
<u>1.1.7. The assessment of the research and development activity</u>	Page.12
<u>1.1.8. The assessment of the company's activity related to risk management</u>	Page.12-13
<u>1.1.9. Perspective elements regarding the company's activity</u>	Page.14
<u>2. The tangible assets of the company</u>	Page.14-16
<u>3. Securities market issued by the company</u>	Page.16
<u>4. The management of the company</u>	Page.16-17
<u>5. Financial statements of the company</u>	Page.18-30
<u>5.1 Statement of the financial position</u>	Page.18-24
<u>5.2 Statement of the comprehensive income</u>	Page.25-27
<u>5.3 Net sales evolutions</u>	Page.28
<u>5.4 Financial ratios</u>	Page.28-29
<u>5.5 Statement of cash-flow 2017-2019</u>	Page.29-30
<u>5.6 Shareholders' structure</u>	Page.30
<u>6. Corporate governance</u>	Page.31-42
<u>Declaration of compliance with BVB Corporate Governance Code</u>	



S.C. ROMCARBON S.A.

Annual report according with ASF regulation nr. 5/2018

Date of release: 29/30.04.2020

Reporting date: 31.12.2019

Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , Str. Transilvaniei, nr.132

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Website : www.romcarbon.com

E-mail : investor.relations@romcarbon.com

Registered business number: J10 / 83/1991

Subscribed and paid up share capital: 26,412,209.60 lei

Regulated market where the issued securities are traded: Bucharest Stock Exchange,

Standard category, Symbol : ROCE

The main characteristics of the securities issued by the company: 264,122,096 registered shares, dematerialized, with a nominal value of 0.1 lei.



LANGUAGE DISCLAIMER

This document represents the English version of the original official Romanian document. The English version has been created for English readers' convenience. Reasonable efforts have been made to provide an accurate translation, however, discrepancies may occur. The Romanian version of this document is the original official document. Any discrepancies or differences created in the translation are not binding. If any questions arise related to the accuracy of the information contained in the English version, please refer to the Romanian version of the document which is the official version.



1.ANALYSIS OF THE COMPANY ACTIVITY

1.1.a) S.C. Romcarbon S.A. has the following main activities:

2221 Manufacture of plates, sheets, tubes and plastic profiles

2222 Manufacture of plastic packaging

2223 Manufacture of plastics for construction

2229 Manufacture of other plastic products

2932 Manufacture of other parts and accessories for motor vehicles and their engines

3832 Recovery of sorted materials

3299 Other manufacturing.

1.1.b) S.C. Romcarbon S.A. was founded in 1952 under the name "Chimica".

SC Romcarbon S.A. was established under Law No. 15 and 31/1990, HG 1213/1990 as a result of reorganization of „Intreprinderii de Mase Plastice Buzau“.

1.1.c) There were no merges or reorganization of the Company during the year ended.

1.1.d) The inputs of "Property, plant and equipment" during 2019 are presented in the table below :

<u>Category</u>	<u>Value</u>
Plants	527,586
Equipment and Machineries	473,935
Controlling device	52,705
Vehicles	282,093
Furniture	72,680
TOTAL	1,408,999

The main "Property, plant and equipment" entries during the reporting period were:

<u>Item</u>	<u>Entry values</u>	<u>Section</u>
SPECIAL PURPOSE AUTOVEHICLE	210,792	Other
USED WATER FILTRATION PRESS KSII	198,364	CP7-COMPOUNDS
PROTECTION ROOF PLATFORM UNLOADING RAW MATERIALS	145,088	CP7-COMPOUNDS
FILTRATION AND REGRANULATING LINE [IMPROVEMENT]	100,636	CP7-COMPOUNDS
USED WATER FILTRATION PRESSES	99,182	CP7-COMPOUNDS
REGRANULATING LINE [IMPROVEMENT]	72,844	CP7-COMPOUNDS
CONCRATE PLATFORM [IMPROVEMENT]	72,526	Other

The outputs of tangible assets from the company in 2019 are shown in the table below:

<u>Asset</u>	<u>Dismantle/casation</u>	<u>Sales</u>	<u>TOTAL</u>
Non-current assets held for sale	0	6,972,839	6,972,839
Tangibles assets at gross value	47,494	971,043	1,018,537
Total	47,494	7,943,882	7,991,376

GENERAL ASSESSMENT OF THE COMPANY

<u>Indicator</u>	<u>2018</u>	<u>2019</u>	<u>2019 vs. 2018</u>	
Sales of finished goods	148,386,635	139,916,138	(8,470,497)	-6%
Total sales (Turnover)	200,716,405	185,722,304	(14,994,101)	-7%
Export	52,894,181	47,119,109	(5,775,072)	-11%
Total Revenues	225,187,158	210,853,297	(14,333,860)	-6%
Total Expenses	220,721,100	210,265,758	(10,455,342)	-5%
EBIT	6,168,891	2,060,147	(4,108,744)	-67%
EBITDA	14,702,841	10,419,424	(4,283,417)	-29%
Profit/Loss of the exploitation activity	4,807,304	3,010,478	(1,796,826)	-37%
EBITDA Operational	11,384,242	12,316,628	932,385	8%
Profit/Loss of the financial activity	(341,245)	(2,422,939)	(2,081,694)	610%
Profit tax	(334,297)	217,442	551,739	-165%
Net profit	4,800,354	370,097	(4,430,257)	-92%
Cash and cash equivalents	3,331,011	5,549,445	2,218,435	67%

Market share (%) in Romania:

Group of products		% of domestic market (estimation)
Auto and industrial filters	~CP1	2%
Active carbon	~CP2	7%
Respiratory protective equipment	~CP2	18%
Polyethylene products	~CP3	5%
PVC products	~CP4	1%
Polystyrene products	~CP5	8%
Polypropylene products (pp bags)	~CP6	16%
Regenerated plastics & Compounds	~CP7	3%

1.1.2 Technical assessment of the company

SC Romcarbon S.A. Buzau activity profile is to process polymers and convert them into plastic packaging, to manufacture filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

In 2019, production activity was carried out in 7 profit centers as follows:

- **Profit Center no.1 – Car and industrial filters.** In this center are manufactured air, oil and fuel filters for cars, trucks and tractors, railway equipment and also industrial and agriculture filter;
- **Profit Center no. 2 with 2 workshops:**
 - Workshop of Protective equipment that produce personal protective respiratory equipment - masks and cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment;
 - Workshop of Active Carbon that manufactures charcoal - semi finished necessary for protective equipment, as well as coal used in the oil industry, food, chemical and pharmaceutical industries.
- **Profit Center no. 3** with Polyethylene workshop where are manufactured different sizes of polyethylene packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil and photopolymer clichés.
- **Profit Center. no. 4 with two workshops:**
 - PVC pipes workshop is engaged in the production of PVC pipes as semi –finished products.
 - Recycled PVC bases for traffic signs' workshop
- **Profit Center no. 5** with expanded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where are manufactured casseroles and trays for food industry and products for constructions as plates and rolls.
- **Profit Center. no. 6** – Polypropylene workshop - where are manufactured polypropylene products : laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food and chemical industry.
- **Profit center no. 7** – Compounds- with two activities:
 - Treating of plastic scraps by separating the recyclable fractions, grinding, extruding and filtering the separated fractions.
The finished products are plastics regranulated products, compounds and composites plastic products.
 - Treating the postproduction Polyethylene foil scraps by washing, extruding and filtering/separating. The finished products are PE and PP regranulated products and compounds.

The company has 3 working points:

- Working point - Bucharest – The main activity is commercial operations and management;
- Working point - Stefanesti – The main activity is renting the assets for production purpose;
- Working point - Iasi - The main activity is renting the assets for production purpose

The main groups of products and their share in the total turnover:

	2017	2018	2019
- Venituri din vanzari de produse finite, total, din care:	71.81%	74.77%	76.10%
CP1~Filtre auto si industriale	1.96%	1.32%	1.40%

	2017	2018	2019
CP2~Materiale protecție cai respiratorii si carbune activ	1.29%	1.00%	1.15%
CP3~Polietilena prelucrata	14.00%	16.40%	14.72%
CP4~PVC prelucrat	0.30%	0.40%	0.50%
CP5~Polistiren prelucrat	18.66%	19.06%	21.87%
CP6~Polipropilena prelucrata	19.17%	19.23%	19.62%
CP7~Compounduri	16.42%	17.35%	16.84%

The difference up to 100% represents the sales of merchandises, services, rents and other sales.

New products developed in 2019

In 2019 was enlarged the range of industrial filters with 7 new items. In automotive sector and railways 15 new filters entered in production.

In Profit Center No. 7- Compounds were developed 25 new receipes of compounds manufactured from recycled plastic, the new products are delivered to beneficiaries for testing. Other 13 receipes were optimized in order to decrease the cost of raw materials or semifinished.

In Profit Center No. 3- Polyethylene , new products have been developped: wrapping foil for EPS panels for automatic installation; collection foil for automatic installation, 5 season solar foil, mulch foil, biodegradables film and wrappings, pallets packaging foil.

In Profit Center No. 6- Polypropylene , the optimization of costs was considered by increasing the filler content in thread / fabric from 7% to 10%, as well as obtaining a fabric with fines of 400 Den.

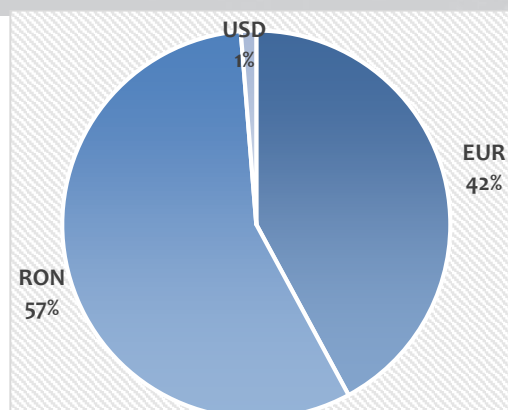
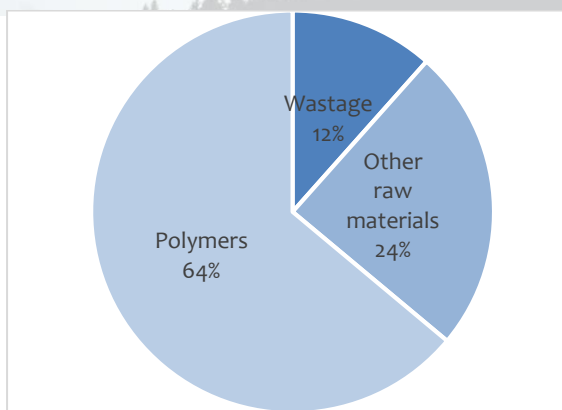
1.1.3 The assessment of the procurement activity (domestic and import)

The supplying chain of raw materials, materials and services is done according to the specific internal procedures. Following the analysis of a minimum 3 commercial offers, the best alternative is selected, which then becomes the acquisition. Collaborations with agreed suppliers are conducted on the basis of commercial contracts or confirmed spot orders. The portfolio of raw materials suppliers for most production sectors includes companies with the headquarters in Romania in a percentage of 57%, and companies acting on the foreign markets in a percentage of 43%. For the Compound sector, the raw material supplied comes in a percentage of 81% from romanian market, while the difference is ensured by the foreign markets.

The most important weight (64%) in the value of the raw materials and materials acquisitions are the polymers (polypropylene, polyethylene, polystyrene), which are the basic raw material. These are supplied by various companies with which SC Romcarbon SA has developed long term partnerships.

In order to provide the customers with the best products, Romcarbon is continually involved in developing new projects and is open to new collaborations.

Related to the supplier's currency in 2019 the acquisitions of raw materials and materials had the following structure:



1.1.4 The assessment of sales activity

Evolution of turnover resulting from the sales of finished products is presented in the following table:

Groups of products	2017		2018		2019			2019 vs. 2018	
	Value	% in total	Value	% in total	Value	% in total			
CP1~ Auto and industrial filters, CP2~ Respiratory protective equipment and Active Carbon	3,830,438	3%	2,623,159	2%	2,579,380	2%	▼	(43,779)	-2%
CP3~ Polyethylene products	2,514,286	2%	1,994,419	1%	2,111,661	2%	▲	117,242	6%
CP4~ PVC products	27,326,932	20%	32,556,680	22%	27,058,540	19%	▼	(5,498,140)	-17%
CP5~ Polystyrene products	582,367	0%	784,529	1%	916,070	1%	▲	131,541	17%
CP6~ Polypropylene products	36,420,305	26%	37,832,816	25%	40,214,038	29%	▲	2,381,222	6%
CP7~ Regenerated plastics & Compounds	37,408,712	27%	38,163,803	26%	36,075,081	26%	▼	(2,088,722)	-5%
	32,045,842	23%	34,431,228	23%	30,961,367	22%	▼	(3,469,861)	-10%
Total	140,128,883	100%	148,386,635	100%	139,916,138	100%	▼	(8,470,497)	-6%

Evolution of turnover resulting from the sales of finished products according to its distribution on the domestic/foreign market is presented below:

Sales of finished products	2017		2018		2019	
	Value	%	Value	%	Value	%
Domestic market	90,478,709	64.57%	96,001,772	64.70%	92,908,312	66.40%
Exports	49,650,174	35.43%	52,384,863	35.30%	47,007,826	33.60%
Total	140,128,883	100.00%	148,386,635	100.00%	139,916,138	100.00%

The structure of the turnover resulting from the sales of finished products on foreign markets is presented below.

Country	2018	% in 2018	2019	% in 2019
Bulgaria	12,321,732	23.52%	11,625,599	24.73%
Germany	12,042,150	22.99%	7,353,121	15.64%
Serbia	4,517,145	8.62%	6,007,414	12.78%
Poland	5,031,717	9.61%	5,185,035	11.03%
Spain	2,482,621	4.74%	2,939,186	6.25%
Italy	2,039,302	3.89%	2,887,636	6.14%
Hungary	2,795,920	5.34%	2,319,937	4.94%
France	1,596,481	3.05%	1,383,285	2.94%
Greece	1,437,220	2.74%	1,373,322	2.92%
Moldova	920,346	1.76%	1,226,578	2.61%
China	2,025,882	3.87%	855,715	1.82%
Slovakia	1,347,909	2.57%	719,486	1.53%
Switzerland	543,909	1.04%	627,048	1.33%
Croatia	312,269	0.60%	664,917	1.41%
Bosnia and Hertegovina	284,111	0.54%	260,029	0.55%
Czech Republic	321,988	0.61%	252,954	0.54%
Netherlands	699,199	1.33%	236,085	0.50%
Lithuania	1,200	0.00%	201,503	0.43%
Macedonia	147,627	0.28%	178,453	0.38%
Ucraina	571,134	1.09%	167,130	0.36%
Ireland	97,324	0.19%	95,301	0.20%
Austria	95,818	0.18%	92,152	0.20%
Other	751,860	1.44%	355,939	0.76%
Total	52,384,863	100.00%	47,007,826	100.00%

1)AUTOMOTIVE AND INDUSTRIAL FILTERS

a) The market

The main market is the domestic one with a share of 99%, while the exports contributes with 1% of sales. 40% of filters sales consist in automotive filters, 26% railway and ships filters, 13% industrial filters and 14% filters for agriculture. The sales process of filters is made both directly to the final client and through distributors. The main objectives in marketing and sales process are increasing the sales of automotive filters to large domestic and foreigner spare parts distributors and diversifying the range of auto filters in order to cover much of the vehicles brands sold on Romanian market. Also our intention is to increase the sales of auto filters to the vehicles manufacturers under their own brand and to increase the exports. For 2020 we intend to increase the sales of industrial and railways filters.

b) Competition :

In terms of the product brand:

- Large manufacturers of automotive filters as MANN, MAHLE, BOSCH have the advantage of owning big budget marketing departments but also strong research – development departments being able to offer the full range of air, fuel and oil filters;
- Low-cost brands that invade the European market through a single competitive advantage, a very low price.



2) ACTIVE CARBON AND RESPIRATORY PROTECTIVE EQUIPMENTS

a) The market:

SC ROMCARBON SA Buzau is the unique producer of active carbon and individual and collective protective equipments. In 2019 the main market was the domestic market. Our clients are companies of chemical industry, extractive industry, pharmaceutical and food industry, companies that design and execute filtroventilation installations, companies that have the sphere of activity in metal coatings, public institutions (schools, town halls, so on..), biogas production and purification stations.

The sales has increased in 2019 as compared with 2018 by 3% for respiratory protective equipments and by 16% for Active carbon. The products have been sold by ROMCARBON SA Buzau directly to the end user, but they have been delivered to some distribution of protective equipments companies.



b) Competition:

Our main competitors are some distributors of equivalent products manufactured in Germany, Spain, Italy (for example: DRAEGER SAFETY Bucharest – Draeger products, MONDO INDUSTRY Piatra Neamt – Draeger and BLS GROUP products, DANGER Brasov, RENANIA Tg Mures, 3 M ROMANIA – 3M products).

**3) POLYETHYLENE PRODUCTS****a) The market:**

The distribution of sales of Polyethylene products is: 73% on domestic market and 23% on foreign markets.

Polyethylene products market shows a high degree of dispersion of demand, there is a large number of customers that pack food or non-food products by thermoshrinking or without thermoshrinking and is far away of being a market with a single customer or group of customers to dictate the market price. The price of this type of products is formed naturally in the market, free, due to the process of meeting the supply and the demand.

a) Competition:

S.C. ROMCARBON S.A. kept up, in general, with competition that, in this field was only the internal, adapting to customer requirements and applying competitive price, reasonably payment terms and fast delivery conditions .

It could be observed a move of market demand to general use foil and garbage bags produced out of regenerated plastic.

**4) PVC PRODUCTS**

In 2019, the recycled PVC supports for road signs entered foreign markets. The sales increased in 2019 by 18% as compared with 2018.



5) POLYSTYRENE PRODUCTS

a) The market

➤ **Expanded polystyrene trays (standard and catering).**

According to data from the National Statistics Institute on imports of this product; the import of polystyrene products is above 80% of the total market. Due to the fact there are only 2 domestic producers on the market, National Statistics Institute could not give us information about the market share invoking the confidentiality rule in such cases.

➤ **Extruded polystyrene panels / XPS panels and rolls**

According to data from the National Statistics Institute on imports of this product, Romcarbon market share is below 20%. The main market is the domestic one. The sales of this product range is achieved both through national distributors and directly to end consumers.

The distribution of sales in 2019 was of 64% on domestic market and 36% on foreign market. The sales increased in 2019 by 6.4% as compared with 2018. The share of export sales registered an increase of 20% compared to 2018, especially on the markets of Bulgaria, Serbia, Croatia, Czech Republic, Hungary and R.Moldova. The main foreign markets are: Bulgaria, Serbia, Czech Republic, Hungary, Croatia, Israel.

b) Competition

The main competitors for polystyrene packaging are: British Foam Group **and** Euroconf Impex SRL Belcesti- Iasi **(in a small weight)** - local producers, and other European manufacturers such as Linpac, Sirapgema, Coopbox.

For XPS pannels, the main competitors are manufacturers from Poland (DECORA, VTM) and Germany (SELITAC). Still from a company from Rusia (Decoplast Rusia) low prices EPS products are sold on Bulgarian market and Moldovan market



6) PROLYPROPYLENE PRODUCTS

a) The market

This Profit Center activates on the plastic wrappings market. Generally speaking in 2018 on the wrappings market it was maintained a higher demand of PP products, which led, as in the previous years, to a good coverage of production capacity. In 2019 the sales has the following distribution : 70% on the domestic markets and 30% at export.

The increase of the sales on domestic market is owed to the clients which activate in DIY (Do It Yourself) stores.

a.1) Domestic market

Sales activity takes place both through distributors and directly to companies that work in the mills-bakery industry, chemical industry, sugar industry, salt-processing industry or the production of animal feed and DIY sector.

Because the domestic clients are interested not only in low prices but also in good quality products, we try to give our customers all the support and meet their demands by offering suitable packaging solutions for their products.



a.2) Foreign market

We have no data to help us determining the share of the foreign market, but we intend to increase our share of this market in sales of polypropylene packaging with high added value.

On the external market, our customers are mainly large distributors in Poland, Greece, the Netherlands, Spain, France, Serbia, Hungary, Germany, Latvia, Croatia s.o.

a) **Competition:**

On the domestic market of polypropylene packaging we meet with two major manufacturers, Romtextil SA and Luna Plast SRL, and with other importers of several small bags of polypropylene.

On the foreign markets the competition consists in, besides the companies from Asia who put on market high quantities of packaging, the manufacturers from the immediate neighbourhood of Romania, such as Bulgaria.

Major dependents. There are not significant customers which, in terms of turnover deployed with them, to represent a risk factor for the company.

7) COMPOUNDS

a) **The market**

Division of Plastics compounds is the latest investment of ROMCARBON SA and completes its long such experience in processing plastics. The new profit center (compounds) began production in August 2012.

By adding and mixing different additives and fillers in polymers are obtained improved mechanical properties, resistance to UV radiation, flame resistance, shock resistance etc.

The center is equipped with the latest technology from some of the world leaders in the field of extrusion equipment and laboratory equipment. Current production capacity of the factory of compounds is about 30,000 tons/ year.

The production capacity will increase starting with Q3 2020 as a result of the investment in a new polymers fractions sorting equipment.

The product range consists of two main categories:

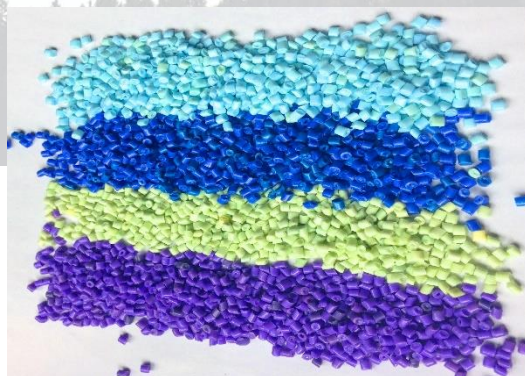
➤ **Plastics compounds made from virgin polymers**

(9% of CP7-Compounds sales)

At this time, the products assimilated in production are based on:

- Polypropylene (PP reinforced with calcium carbonate in various proportions and colors, PP reinforced with talc in various proportions and colors, glass fiber reinforced PP);
- Polyamide (PA6 or PA66 reinforced with fiberglass in various proportions, natural or black);
- ABS with various colors masterbatch.

Our clients are plastics processors who produce articles for various applications in the automotive industry, electrical and appliances industry, furniture, construction, pipes, packaging etc.



➤ **Compounds and re-granulated recycled polymers**
(92% of CP7-Compounds sales)

Recycled polymers represent a cost saving alternative to virgin raw materials. Depending on the purity of the material, Romcarbon technology is able to provide its clients both regranulated with exclusive content of recycled polymers, combinations in different proportions of virgin polymers with recycled polymers, and to provide optimized products from the combination of recycled polymers reinforced with various materials (calcium carbonate, talc, glass fiber).

The potential of this market segment is determined by the presence of Renault in Romania and, implicitly, of its subcontractors that supply various plastic injection parts; it is shown a growing trend for recycled plastic (especially polypropylene) to certain parts of the vehicles.

At this time, similar products in this subcategory are:

- Polypropylene regranulated in various colors.
- Polypropylene recycled compounds for various industries;
- Polystyrene regranulated in various colors;
- ABS (Acrylonitrile Butadiene Styrene) regranulated;
- High and low density Polyethylene regranulated;
- Low density linear polyethylene regranulated;
- Polycarbonate regranulated.

The turnover decreased in 2019 with 9.6% as compared with 2018.

The decrease in sales was mainly due to conditions on the external market, the virgin polymers registering an significant decrease of the price, worldwide, which was transposed in the market of recycled polymers where the demand decreased, some plastic processors preferring to use virgin raw material.

In 2019 sales were distributed as follows : 59% on the domestic market and 41% on foreign markets. The foreign market is represented by clients from Bulgaria, Hungary, Germany, Italy, Spain, Croatia, Czech Republic, Poland, Serbia and China.

The demand for recycled polymers is estimated to increase with the new EC regulations for increasing the quantities of recycled plastic in the EU by 10,000,000 tons, the target being 2025.

b) Competition:

For virgin compounds the competition is mainly represented by the big producers from oil industry.

➤ Domestic market – Recycled products

The main competitors are: Ecofriend Recycling, Crilelmar, Calnex, Remat, Total Recycling, Italplast Group.

➤ Foreign market – Recycled products

The main competitors are: Ecoinvest (Bulgaria), PMB (Bulgaria), Sky Plastic (Austria), Atus Recycling (Poland), Rego Plast (Hungary), Pokas Recycling (Greece) Megaport (Bulgaria), Galoo Plastics (Belgium), Synova (France).



1.1.5 The assessment of the aspects related to the personnel of the company

The number of employees at 31.12.2019 was 940, grouped according to the level of education as follows:

Total personnel, out of which:	940	%
• higher education*	103	11%
• post-secondary school	12	1%
• technical school for foreman	10	1%
• secondary education	407	43%
• vocational school	222	24%
• 9 – 11 classes/apprentice school	108	11%
• occupational qualification	0	0%
• school	78	8%

*Out of the total personnel with higher education, 59 persons are employed on positions which require higher education.

The relationships between managers and employees are relations of subordination according to the Company's organizational chart, job descriptions and individual labor contract.

Each employee is directly subordinated to their superior. Superiors are responsible for the legality and validity of the instructions they issue, and the consequences of these instructions.

There were no conflicts in the relations between managers and employees. Employees are not organized in a trade union.

1.1.6 The assessment of the impact of the company's activity on environment

S.C. ROMCARBON S.A. holds the new environmental permit in accordance with the new NACE codes Classification of Activities of National Economy, Revised Edition, NACE Rev. 2 according to INS Order 337/2007, published in Official Gazette of Romania, Part I, no. 293 / 03.05.2007.

S.C. ROMCARBON S.A. comply with environmental protection legislation, not being involved in litigation regarding infringement legislation. Periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

S.C. ROMCARBON S.A. has implemented and certified an integrated quality management system - environment - occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007, applicable to the design and manufacture of protective equipment for respiratory tract - SRAC certificate.

The activity of assessment/reassessment of the environment aspects is based on the internal procedure - PS-03-Environment aspects. This procedure founds the process through which the company evaluates the environment aspects of its activities and its products, - aspects that the company can control, and also the impact of its products on the environment after the products had finished their life cycle.

For evaluating the environment aspects are taking in consideration the air emissions, water leaks, soil impregnances, raw materials and natural resources usage, energy consumption, energy emissions (heat, rays, vibrations (noise), light), wastage generation, space usage.

A special attention is given to the products' life cycles stages which can be controlled or influenced by the company. The list of the significant environment aspects is updated yearly or whenever appear changes in the company, in regulations in force or other requires to whom the company choose to comply with.

Based on the significant environment aspects, the top management together with the Environment responsible and MCM department (Quality and Environment Management) setup the strategic objectives (Level 1) and operational objectives (Level 2) founded in the Management program.

The objectives are setup in accordance with Policy fro Quality, Environment, Health and Safety, with the engagements in preventing the pollution, with obligations for compliance and improving.

The changes and developing new activities or products could invalidate the aspects previously identified or may demands additions in the list of the significant environment aspects, in which cases is made a reassessment of the environment aspects.

Exemples of such changes:

- Change of the applicability area of Integrated Management System;
- Development of new products or services;

- Changes of the production processes, changes of technology, or insertion of new processes;
- Significant increase or decrease of the production capacity;
- Extension or relocation of an activity;
- Changes in compliance obligations with environment issues;
- Emergency situations

At the beginning of 2019 were evaluated the environment aspects and was concluded that the company might confront significant environment aspects only in abnormal situations and major force case.

1.1.7 The assessment of the research and development activity

The research and development activity carried out by the Department of Technical and Investment in collaboration with internal departments involved and with agreed service providers, includes:

- Product certification according to the national and european regulations:

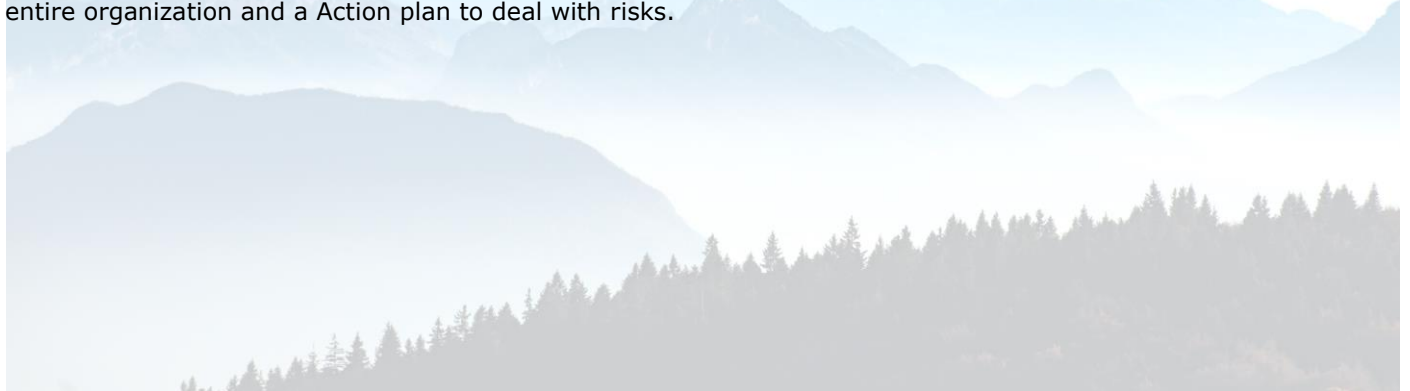
In 2019, certifications were extended within the sections Filters and Protective Materials for oil filters, fuel filters, car filters, multi-gas filters.

- Re-certification of packaging manufactured from polypropylene, polyethylene and polystyrene in terms of compatibility with food, in accordance with regulations in force;
- Obtaining annual health certificate required for expanded polystyrene packaging for export to non-EU countries;
- Development of new products and technologies while developing the existing ones;
- Acquisition of the new equipment in order to increase the company productivity and the products quality;
- Updating the technical documentation of the PSE and Compound products.

The cost of reaserch and development activity in 2019 was RON 970,906, while for 2020 it was budgeted a cost of RON 1,040,996.

1.1.8 The assessment of the company's activity related to risk management

SC ROMCARBON SA had implemented the management of risk according to the standard SR EN ISO 31010-Risk management. Using valuation techniques were identified and analyzed risks in all functional departments within the organization. It had been have issued registers of risks for each functional department, a register of risks for the entire organization and a Action plan to deal with risks.



Market risk

In 2019 the company recorded a decreased of turnover with 7% as compared with 2018 amounting RON 185,722,304 (2018 : RON 200,716,405). The turnover resulting from the sales of finished products had decreased in 2018 by 6% as compared with 2018. The largest increase was accounted by CP5 - Polystyrene products (+ RON 2,381,222 /+6%), while significant decreases were accounted by CP3 – Polyethylene products(+ RON 5,498,140 /-17%) and CP7 – Compounds (- RON 3,469,861 /- 10%).

The main market for Romcarbon products is the domestic one, with a share in turnover resulting from the sales of finished products of 66% in 2019 (64% in 2018).

The clients' portfolio for the main activity (sales of finished products) is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods SC Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2019 had a turnover representing 6% and 13% of total turnover. The sales to Livingjumbo Industry SA in 2019 included also sales of finished products, rents and income from other activities, which accounted for 5% of turnover.

As a novelty element, with an impact on the activity of CP5 - Polystyrene products in 2019 the DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON REDUCTION OF THE IMPACT OF CERTAIN PLASTIC PRODUCTS ON THE ENVIRONMENT is adopted.

According to the definition of the Directive, the ban will apply to the subgroup of catering trays. These products are delivered and resold / used by our clients for the purposes listed in the text of the Directive. In 2019, catering trays had a share of 34% in CP5' sales, distributed by markets, as follows: internal market and EU - 88%; non-EU market - 12%.

As measures taken in consideration to replace the market segment that will be lost by is the increasing of sales of catering trays on non-EU markets and increasing of sales of other EPS products such as standard trays and XPS panels.

Currency risk

Currency exposure of SC Romcarbon SA is generated mainly by the loans denominated in euro for financing the production and the investments activities. As at 31.12.2019 the balance of these loans was EUR 10,565,352 (2018: EUR 10,454,410).

In 2019 the loss generated by the fluctuation of foreign currencies rate was - RON 1,061,793 (+RON 88,767 in 2018).

Cash flow in foreign currency in 2019 has the following structure:

Item	EURO	USD	GBP
Proceeds from foreign clients	9,557,358	245,486	0
Proceeds from credits	941,674	0	0
Other proceeds	26,566	0	0
Payment to the foreign suppliers (raw materials and equipment)	-8,727,436	-221,630	0
Payments of credits, interest, bank fees	-1,063,065	0	0
Other currency payments	-63,445	-17,967	-48
Net cash flow	671,653	5,889	-48

Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as a ratio between current assets and current debts) recorded a slight decrease in 2019, i.e. 1.10 as compared with 1.20 in in 2018.

Cash flow risk

SC Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during the year 2020.

1.1.9 Perspective elements regarding the company's activity

a) *Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year.*

For 2020, the company budgeted the following financial indicators:

- A total turnover of RON 214,587,796 (up with 16% as compared with 2019) out of which the turnover related to the sales of finished products is budgeted at the level of RON 161,086,298 (15% higher as compared with 2019);

- a gross profit of RON 3,068,443.

b) *Presentation and analysis of the effects of capital spending, current or anticipated on the company's financial situation compared to the same period last year.*

The main inputs of capital assets are set out in paragraph 1.1.d.

c) *Presentation and analysis of events, transactions economic changes that significantly affect revenues from the base activity.*

There were no major events influencing the operating.

2. THE TANGIBLE ASSETS OF THE COMPANY

2.1. S.C. Romcarbon S.A. Buzau has the following tangible assets:

- land and industrial and civil construction located in the municipality of Buzau, Transilvania Street no. 132, with a total area of 151,453 square meters of which built area of 62,493.83 square meters;
- land and industrial and civil construction located in Transilvania Street no. 132 - the sport facility - a total area of 22,830 square meters of which 1,053 square meters built area.
- land and commercial space located in Buzau city, Unirii Street, total area of 287 square meters of which 287 square meters built area;
- land and industrial buildings located in town of Buzau, Zone B, capture water - total area of 115,665 square meters, of which built area of 305 square meters;
- land located in town of Buzau, Buzau North in total area of 11,525 square meters;
- land and industrial buildings located in Iasi, str. Calea Chisinau, no. 29 total area of 17,196.5 square meters, built area of 2,590 square meters;
- land in built-up area Stefanestii de Jos - total area of 12,774 square meters, of which built area of 1,019.30 square meters;

Main production facilities :

I.) BUZAU

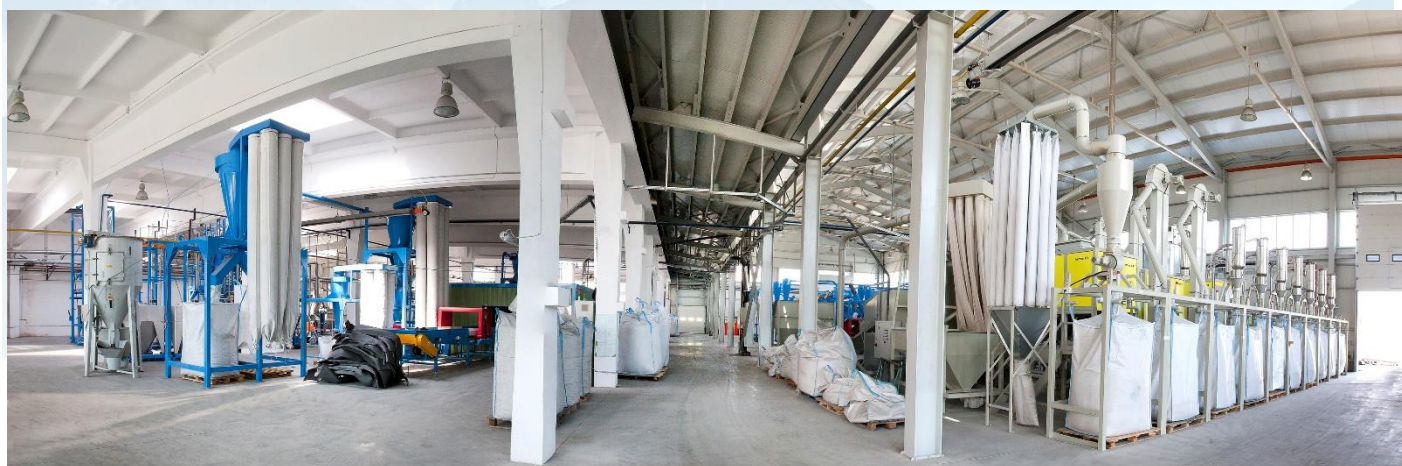
I.1.) The main building used for production activity, services and warehousing:

- Filter housings stamps hall with an area of 2,497 square meters, built of prefabricated foundation type glass columns, beams precast concrete, masonry brick on concrete foundation;
- Band filters hall - 1,793 sqm building area of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof;
- Protective materials hall - area 1,405 sqm prefabricated foundation pillars of glass type, prefabricated reinforced concrete beams, brick masonry and glass reinforced concrete roof;
- Active charcoal Hall 1 - area of 639 sqm built in reinforced concrete foundation, brick walls, concrete roof;
- Active charcoal Hall 2 - area of 1,803 square meters, built of prefabricated foundation pillars of glass type prefabricated reinforced concrete beams, brick masonry on concrete foundation;
- Polyethylene- Polypropylene Hall - an area of 11,506 square meters, built of prefabricated foundation pillars glass type with precast concrete beams, brick masonry and reinforced concrete foundation, reinforced concrete slab;
- Production hall + expansion and modernization of EU funds (Compounds Hall) - total area of 4,106 square meters of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof in which the extent of 1,806 sqm - hall with glass type foundation, metal poles and steel structure; Tristram wall panels 6 cm, aluminum joinery and double glazing and roof panels Tristram 8 cm floor made of concrete and reinforcing mesh with a mesh of 100 * 100 * 8 mm quartz elicoptrizat and treatment resistance to wear and dust ; access to the plant is made by six industrial doors with electric drives; electrical facilities have been fully restored;
- Production hall – total area 873 sqm, built on the foundation of reinforced concrete, structure of concrete pillars, aluminium frames, thermopane windows;

- Polystyrene hall and Warehouse - an area of 4,367 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick walls, glass panels and three-layer, reinforced concrete floor and roof panels Tristram;
- PSE mill hall and warehouse area of 577 sqm built on reinforced concrete foundation, brick walls, concrete roof;
- Wiring Hall 1 -Surface 415 sqm built on reinforced concrete foundation, brick walls, concrete floor;
- Laboratory - area 642 sqm, built on concrete foundation, brick masonry, roof;
- Compressor hall with an area of 396 sqm, built on the foundation of reinforced concrete, brick walls, concrete slab, of which 276.5 sq rent;
- Deposit filters - area of 1,144 square meters, built on the foundation of reinforced concrete, reinforced concrete walls, prefabricated roof;
- Administrative building - area 361 sqm, built on the foundation of reinforced concrete, brick masonry, reinforced concrete roof slab;
- Hall with an area of 1,653 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation of reinforced concrete roof;

I.2.) Rented buildings :

- Hall area of 717 sqm built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
- Hall - an area of 3,035 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof;
- Hall - an area of 2,718 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof; .
- Wiring Hall 2 - area of 479 sqm built on reinforced concrete foundation, brick walls, floor of corrugated sheets;
- Hall with an area of 655 sqm, brick walls, concrete roof;
- Hall with an area of 1,034 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Hall with an area of 1,693 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Warehouse with an area of 456 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels;
- Warehouse with an area of 743 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels.



II.) WORKING POINT IASI

ASSET 18.

- Fiber house 1 body A - area of 675 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;

ASSET 19

- Fiber house 1 body B - area of 1,076 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;

ASSET 20

- SRA hall - area of 280.89 square meters construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;

- Buildings C1-(cafeteria)-area of 1,312 square meters – construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor -acoperis tip terasa necirculabila ;

At the work point in Iasi, SC Romcarbon SA does not conduct production activity, but some of these buildings and constructions have been rearranged for renting.

III.) WORKING POINT STEFANESTII DE JOS

- storage hall - 263 sqm area, foundation type glass - metal poles, walls and roof panels three pane;
- type shed hall - 753 sqm area, foundation type glass - pillars and steel structure, roof sheets;

2.2 Some of the company's buildings have a significant age and a wear rate of 15% up to 50%.

These buildings are in the Active Carbon section, and few of them in Filters section, Materials for protection section, PE and PP sections.

2.3 S.C. Romcarbon S.A. Buzau holds property documents over all the tangible assets.

3. SECURITIES MARKET

3.1 The Company' shares are traded on the Bucharest Stock Exchange SA, Section Equities, Standard category.

In order to ensure transparency in the capital market and a permanent information both for shareholders and potential investors in the Extraordinary General Meeting of Shareholders dated 20.11.2007, the shareholders decided admission to trading of the company on BSE, Equities Section, Category II. At the hearing dated 11.03.2008, National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market administered by SC Bucharest Stock Exchange S. A. of the shares issued by SC ROMCARBON S.A.

The main characteristics of the securities issued by the company: 264,122,096 shares, dematerialized, with a nominal value of 0.1 lei.

3.2 The total amount of dividends due in the last 3 financial years:

2017 - RON 2,007,327.93

2018 - RON 1,056,488.38

2019 - *according to the General Stockholders Asseby decision dated 2429/30.04.2020*

3.3 The Company has not undertaken activities to acquire own shares.

3.4 If company has branches, specifying the number and nominal value of shares issued by the parent company owned subsidiaries.

Not applicable .

3.5 S.C. Romcarbon SA did not issue bonds or other debt securities in 2019.

4. THE MANAGEMENT OF THE COMPANY

4.1. DIRECTORS

a) The Board of Directors in 2019:

Huang Liang Neng – Chairman of the Board starting on 26.04.2018, for a mandate which expire on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 26.04.2018, 49 years old;

Simionescu Dan – Deputy chairman of the Board, starting on 21.01.2016, for a mandate of 4 years, expiring on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 21.01.2016, 69 years old;

Wang Yi Hao –Member of the Board, starting on 21.01.2016, for a mandate of 4 years, expiring on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 21.01.2016, 35 years old ;

The Board of Directors starting with 04.02.2020:

Huang Liang Neng – Chairman of the Board, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 49 years old;

Wang Yi Hao – Deputy chairman of the Board , appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 35 years old;

Toderita Stefan Alexandru – Member of the Board , appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 25 years old;

b) Not applicable.

c) Participation of administrators to share capital of SC Romcarbon SA, at the reference date 31.12.2019:

Huang Liang Neng- 0 shares
Wang Yi Hao - 0 shares
Simionescu Dan -493,328 shares

d) Company' s affiliates as per 31.12.2019:

d.1. Legal entities in which SC Romcarbon S.A. owned, on 31.12.2019, directly, at least 25% holdings :

Company	Total number of shares	Nominal Value (lei)	Social capital (lei)	No. of shares held	Investment value	Interest quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	26,000	20,261,120	100.0000%
ROMCARBON DEUTSCHLAND GmbH			110,138		110,138	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	198	1,980	99.0000%
LIVINGJUMBO INDUSTRY SA*	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632
GRINFILD LLC UCRAINA					2,687,755	62.6200%
YENKI SRL	32,800	10	328,000	10,934	100,000	33.3354%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				1,200	400	33.3333%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	36,670	586,625	25.3596%

d.2. Legal entities who have in SC ROMCARBON S.A. a direct holdings of at least 25% - SC LIVING PLASTIC INDUSTRY S.R.L.- 32.8540%.

4.2. Executive members

In 2019, the management of the company was exercised by the following persons:

a.1) Limited period (mandate):

Andrei Radu- Chief Executive Officer (01.09.2017- 31.08.2021)

Manaila Carmen – Chief Operations Officer (01.10.2017- 31.08.2021)

a.2) Unlimited period:

Dobrota Cristinel - Development manager starting with 08.01.2019

Cretu Victor- PP Operations Manager starting with 01.10.2017

Pindaru Marina Alina - PE Operations Manager starting with 01.10.2017

Voicheci Neli - Compounds Operations Manager starting with 01.10.2017

Ungureanu Ion - EPS Operations Manager starting 01.10.2017

Titi Mihai - Technical Manager since 21.01.2019

Zainescu Viorica Ioana - CFO starting on 15.01.2010

Duracu Gheorghe - Quality Manager starting on 05.01.2004

Starting with 17.02.2020 the management of the company is exercised by the following persons:

a.1) Limited period (mandate):

Huang Liang Neng- Chief Executive Officer (17.02.2020- 17.02.2024)

a.2) Unlimited period:

Manaila Carmen – Deputy General Manager for Administrative operations starting with 17.02.2020;

Dobrota Cristinel – Deputy General Manager for Development starting with 17.02.2020;

Cretu Victor- Manager of the Profit Centers no.6 – Polypropylene products starting with 17.02.2020;

Pindaru Marina Alina - Manager of the Profit Centers no.3 – Polyethylene products starting with 17.02.2020;

Ungureanu Ion - Manager of the Profit Centers no. 5– Polystyrene products starting with 17.02.2020;

Constantinescu Gabriel - Manager of the Profit Centers no.1 si 2 – Auto and Industrial filters and Individual protective equipments starting with 17.02.2020;

Titi Mihai - Technical Manager since 21.01.2019;

Zainescu Viorica Ioana - CFO starting on 15.01.2010

b) Not applicable.

c) Not applicable.

4.3. There were not any litigations or administrative proceedings to be involved the management members (administrators) or senior executives or persons listed in pct.4.1 and 4.2.

5. FINANCIAL STATEMENTS OF THE COMPANY

Attachments:

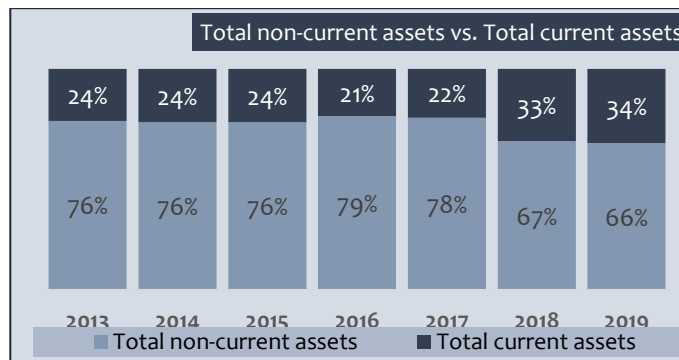
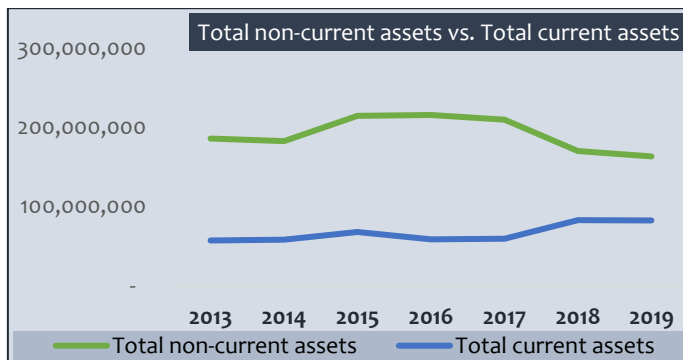
- Separate financial statements for the year ended on 31.12.2019 prepared in accordance with Accounting Act no. 82/1991, republished, Order no. 1286/2012 as subsequently amended, O.M.F.P. no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided for in art. 6 para. (2) of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The company will issue for the year 2019 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") (Including: Independent-auditor Report of Deloitte Audit SRL -, Income and expenses statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement, Notes to financial statements, the Administrators Financial Report attached to the financial situations;
- The decision of the Ordinary General Meeting of Shareholders dated 29/30.04.2020, which approved the 2019 financial statements;
- Declaration of the management company of the conformity of the accounting statements.



5.1 STATEMENT OF THE FINANCIAL POSITION

Indicator	31.12.2017	31.12.2018	31.12.2019	31.12.2019 vs. 31.12.2018	
Property, plant and equipment	137,757,935	130,049,723	122,648,084	-7,401,639	▼ -5.69%
Investment property	49,859,449	18,033,515	13,432,444	-4,601,071	▼ -25.51%
Intangible assets	160,081	78,269	314,136	235,868	▲ 301.36%
Financial assets	22,247,181	22,247,181	27,085,581	4,838,400	▲ 21.75%
Total non-current assets	210,024,646	170,408,688	163,480,245	-6,928,443	▼ -4.07%
Non-current assets held for sale	0	16,000,390	4,367,166	-11,633,224	▼ -72.71%
Inventories	23,824,914	20,695,918	25,346,355	4,650,437	▲ 22.47%
Trade and other receivables	32,493,266	35,722,416	45,865,813	10,143,397	▲ 28.40%
Amounts to receive from affiliates (financial)	0	6,174,452	335,912	-5,838,540	▼ -94.56%
Other assets	820,245	1,007,913	1,249,969	242,057	▲ 24.02%
Cash and bank balances	2,529,017	3,331,011	5,549,445	2,218,435	▲ 66.60%
Total current assets	59,667,443	82,932,100	82,714,660	-217,440	▼ -0.26%
Total assets	269,692,089	253,340,788	246,194,905	-7,145,884	▼ -2.82%
Issued capital	26,412,210	26,412,210	26,412,210	0	— 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	53,222,860	58,492,792	58,845,305	352,513	▲ 0.60%
Retained earnings	51,304,266	50,103,010	49,614,454	-488,556	▼ -0.98%
Total equity	133,121,619	137,190,295	137,054,252	-136,043	▼ -0.10%
Borrowings [Long-term]	32,911,592	22,666,822	12,705,852	-9,960,970	▼ -43.95%
Long term finance leases and other interest bearing obligations	0	0	0	0	—
Deferred tax liabilities	10,758,395	8,902,075	8,368,626	-533,449	▼ -5.99%
Deferred income	17,676,474	15,413,305	13,138,559	-2,274,746	▼ -14.76%
Total non-current liabilities	61,346,461	46,982,202	34,213,037	-12,769,165	▼ -27.18%
Trade and other payables	28,571,443	24,537,065	23,643,049	-894,017	▼ -3.64%
Borrowings [Short – term]	41,726,661	39,935,674	46,071,939	6,136,265	▲ 15.37%
Short term finance leases and other interest bearing obligations	86,797	0	0	0	—
Deferred revenue	2,305,250	2,265,476	2,345,590	80,114	▲ 3.54%
Other liabilities	2,533,859	2,430,076	2,867,038	436,962	▲ 17.98%
Total current liabilities	75,224,010	69,168,292	74,927,616	5,759,324	▲ 8.33%
Total liabilities	136,570,470	116,150,493	109,140,653	-7,009,841	▼ -6.04%
Total equity and liabilities	269,692,089	253,340,788	246,194,905	-7,145,884	▼ -2.82%

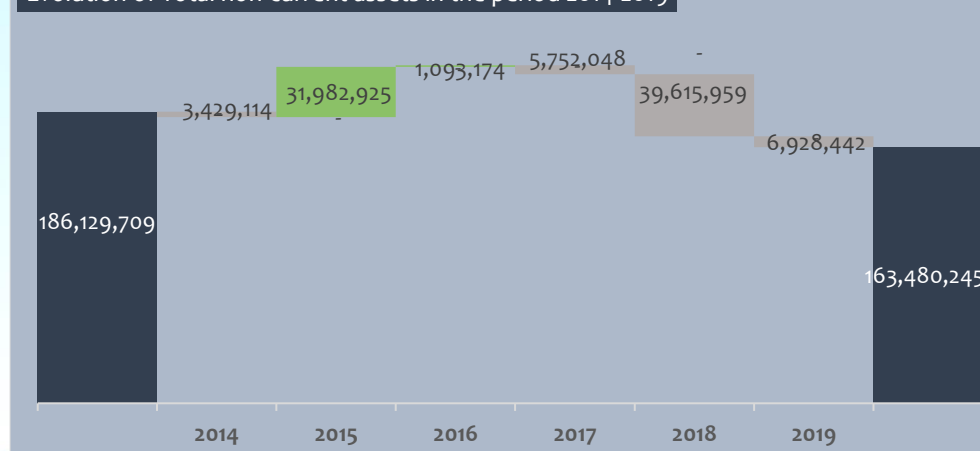
ASSETS



NON-CURRENT ASSETS

In the 2019 **Non-currents assets** hold 66.40% of the company's assets, recording a decrease of RON 6,928,442, i.e. 4.07%, as compared with the beginning of the year.

Evolution of Total non-current assets in the period 2014-2019



Non-current assets (NCA)	31.12.2019	% in total NCA	% in total Assets	31.12.19 vs. 31.12.18
Property, plant and equipment	122,648,084	75.02%	49.82%	-5.69%
Investment property	13,432,444	8.22%	5.46%	-25.51%
Intangible assets	314,136	0.19%	0.13%	301.36%
Financial assets	27,085,581	16.57%	11.00%	21.75%
Total non-current assets	163,480,245	100.00%	66.40%	-4.07%

In the reporting period the entries of Non-current assets (except the investments in progress) are presented in the following table:

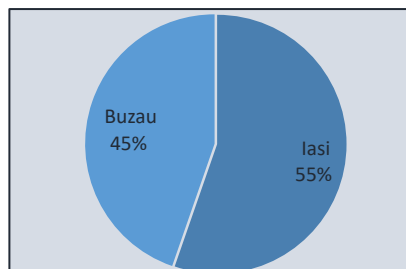
· Buildings (including rearrangements and improvement)	:	527,586 lei
· Equipment and installations	:	808,733 lei
· Furniture and office equipment	:	72,680 lei

The non-current assets entries in 2019 had the following destinations: CP7-Compounds : RON 661,416; CP5- PSE: RON 40,100; Administrative and other sectors: RON 707,483.

The outputs of Non-current assets in the reporting period were as per registration cost in amount of RON 1,018,537, out of which RON 971,043 sales and RON 47,494 dismantles/casation.

The Property investments (land & plants) have the following geographical distribution:

Property investment	Total
Iasi	7,430,161
Buzau	6,002,283
Total	13,432,444



As at December 31, 2019 the Company revaluated the Property investments held at the end of the financial year resulting a decrease in net value with RON 429,524, amount recognised in the Profit and Loss of the year.

Financial Investments hold 11% of Total Assets, and 16.57% of Non-current assets.

As at 31.12.2019, S.C. ROMCARBON S.A. held shares in other companies totalizing RON 30,449,725, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.00%
LIVINGJUMBO INDUSTRY SA*	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.33%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG				0	139,000	203,963	1.95%
BIOTECHNOLOGY CO.LTD	2,889,993					5,000	3.79%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398		
TOTAL						30,449,725	

*On 01.06.2019, SC Romcarbon SA participated in the increase of the capital of the affiliate Livingjumbo Industry SA with an amount of RON 4,834,400 (1,200 shares * 4,032 lei/share) representing the conversion in equity of the loan granted to the affiliate and partly of the related interest as follows:

- RON 4,740,000 (EUR 1,000,000 * RON 4.74 /EUR) representing the balance of the loan;
- RON 94,800 (EUR 20,759.49 * RON 4.74 /EUR) representing the interest related to the loan.

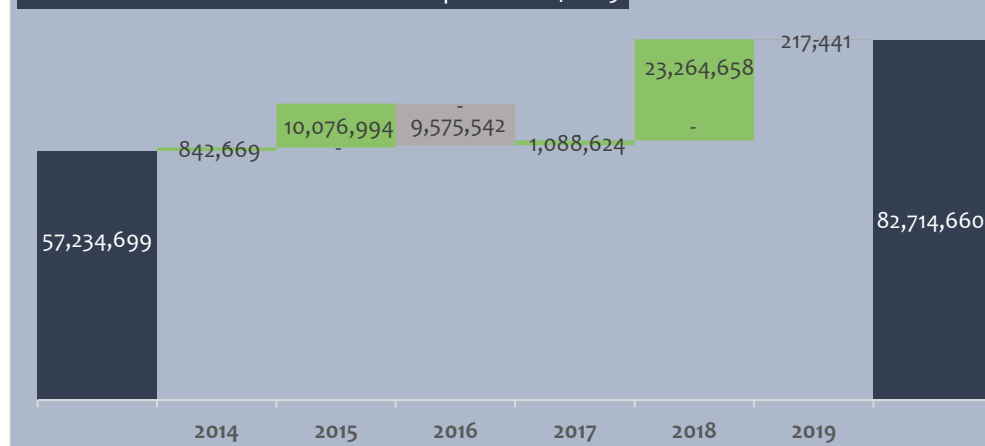
The impairment of financial investments are presented in the following table:

Company	Holdings (%)	Adjustments
ROMCARBON DEUTSCHLAND GmbH	100.00%	110,138
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
Total		3,364,144

CURRENT ASSETS

Current assets hold 33.60% of total assets recording a decrease of RON 217,440, i.e. 0.26% as compared with the beginning of the year.

Evolution of Total current assets in the period 2014-2019



Current assets (CA)	31.12.2019	% in total CA	% in Total Assets	31.12.19 vs. 31.12.18
Non-current assets held for sale ^{2 3 4 5 6}	4,367,166	5.28%	1.77%	-72.71%
Inventories	25,346,355	30.64%	10.30%	22.47%
Trade and other receivables	45,865,813	55.45%	18.63%	28.40%
Amounts to receive from affiliates (financial) ⁷	335,912	0.41%	0.14%	-94.56%
Taxes receivables	0	0.00%	0.00%	0.00%
Other assets	1,249,969	1.51%	0.51%	24.02%
Cash and bank balances	5,549,445	6.71%	2.25%	66.60%
Total	82,714,661	100.00%	33.60%	-0.26%

*In December 2018, according with IFRS5, it was reclassified an Iasi asset, consisting in a land with an area of 35,192.48 sq m located in Iasi, no.29 Chisinaului Way, Iasi County and of the buildings built on this land, asset which is the object of the 2nd buying selling precontract, from the category « Property investments » in « Non-current assets held for sale ». The asset (land and buildings) who made the object of this reclassification has a book value of RON 16,757,112. On this occasion by applying IFRS 5 was recognised a loss in the amount of RON 756,722.

² In May 2019 took place an intermediary stage of the selling-buying antecontract signed with Office&Logistic SRL which has the object the selling of a land in a total area of 1,289 sq m for which it was cashed the price of RON 600,566 (EUR 126,322).

³ On 13.08.2019 it was completed the stage agreed according to the 2nd Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 17,569 sq m, out of which 1,906 sq m built area, according with the selling-buying contract no. 2917 signed on 13.08.2019. According to the selling-buying contract it was cashed the price of RON 5,435,475 (equivalent of EUR 1,150,000).

⁴ On 28.11.2019 it was completed the 2nd stage agreed according to the 2nd Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 11,061 sq m, out of which 5,830 sq m built area, according with the selling-buying contracts no. 4364 and 4365 signed on 28.11.2019. According to the selling-buying contract it was cashed the price of RON 5,496,080 (equivalent of EUR 1,150,000).

⁵ On 28.11.2019 it was completed before term (the initial term was 30.03.2020) the 3rd stage agreed according to the 2nd Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 5,340.48 sq m, out of which 1,609.85 sq m built area, according with the selling-buying contract no. 4366 signed on 28.11.2019. According to the selling-buying contract it was cashed the price of RON 4,654,029 (equivalent of EUR 977,666.59).

⁶ As at December 31, 2019 the Stefanesti Asset (land and buildings) having a value of RON 4,194,581 was reclassified from Property investment to „Non-current assets held for sale”.

Subsequent events

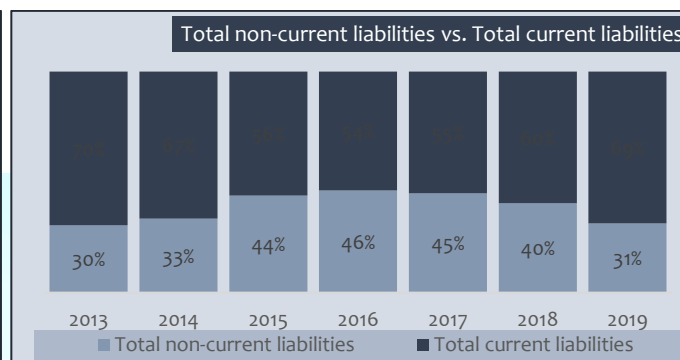
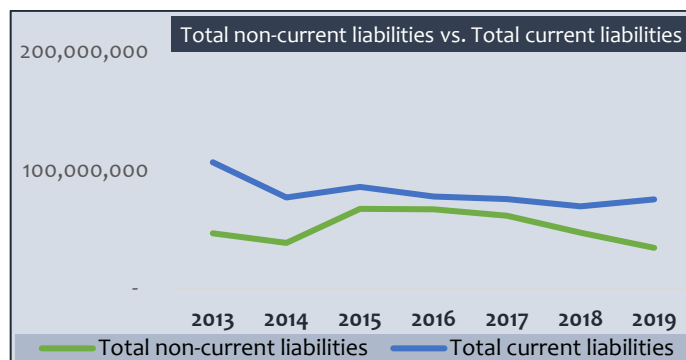
On 31.01.2020 it was completed the sales agreed according to the Presale agreement no.1830 dated 18.12.2019 concluded with GREEN PC AMBALAJE S.R.L (as buyer) representing the countervalue of an asset (land and buildings) located in Ilfov, Stefanestii de Jos, Str. Sinaia nr.15 having a total area of 12,774 sq m, out of which 4,928 sq m built

area, according with the selling-buying contract no. 183 signed on 31.01.2020. According to the selling-buying contract it was cashed the price of RON 3,987,387.32 (equivalent of EUR 834,356).

⁷ Loan granted to affiliates

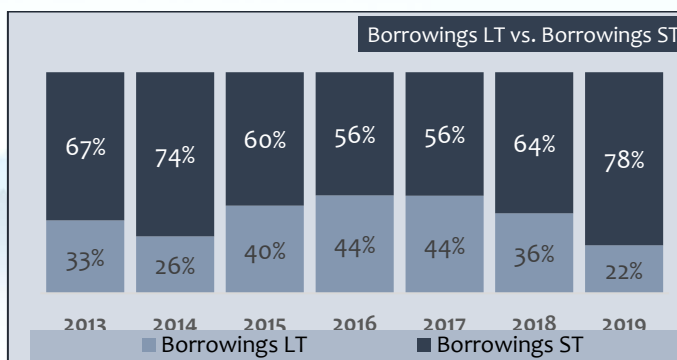
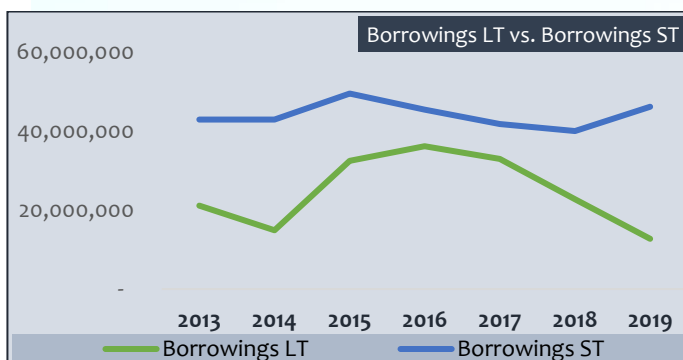
Societate	Valoare contract	Sold imprumut 31.12.2019		Dobanda	Total
RC Energo Install SRL	€ 250,000	€ 70,000	334,551 lei	1,361 lei	335,912 lei
Total	€ 250,000	€ 70,000	334,551 lei	1,361 lei	335,912 lei

LIABILITIES



Total Liabilities hold 44.33% of the company's Equity&Liabilities recording a decrease of RON 7,009,841, i.e. 6.04%, as compared with the beginning of the year

BORROWINGS



As at 31.12.2019 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	Initial amount/ceiling	Balance as at 31.12.2019		Tenor
			in euro	in lei	
UniCredit Bank	Overdraft	€ 5,450,000	€ 5,293,173	25,297,660 lei	10/04/2020
BRD GSG	Overdraft	€ 2,550,000	€ 2,529,273	12,088,156 lei	29/10/2020
UniCredit Bank	Investment loan III	€ 442,500	€ 197,765	945,178 lei	19/09/2021
BRD GSG	Investment loan II	€ 1,000,000	€ 354,037	1,692,049 lei	03/09/2022
BRD GSG	Investment loan III	€ 3,153,160	€ 328,684	1,570,879 lei	03/02/2022
UniCredit Bank	Investment loan - CCE 2015	€ 3,042,240	€ 1,862,420	8,901,064 lei	04/12/2023
Total credits in euro			€ 10,565,352	50,494,987 lei	
Eximbank SA	Investment loan I	6,142,500 lei		2,559,375 lei	20/06/2022
Eximbank SA	Investment loan II	2,432,500 lei		1,790,498 lei	16/12/2022
UniCredit Bank	Investment loan I ⁸	3,200,000 lei		- lei	11/07/2023
UniCredit Bank	Investment loan II	2,500,000 lei		535,961 lei	19/09/2021
UniCredit Bank	Investment loan IV ⁹	5,400,000 lei		2,155,758 lei	01/12/2021

Bank	Type	Initial amount/ceiling	Balance as at 31.12.2019		Tenor
			in euro	in lei	
UniCredit Bank	Investment loan V ¹⁰	2,250,000 lei		1,241,212 lei	06/04/2022
Total credits in lei				8,282,802 lei	
Total bank exposure				58,777,790 lei	

⁸ In december 2019, the balance of the Investment loan I in amount of RON 1,831,789, having an initial amount of RON 3,200,000, was reimbursed before term. The credit had been contracted for financing the acquisition of a part of the Iasi asset.

Short-term loans have the following structure :

Bank	Type	CCY	Initial amount/ceiling	Balance as at 31.12.2019	
				in euro	in lei
UniCredit Bank SA	Overdraft	euro	€ 5,450,000	€ 5,293,173	25,297,660 lei
BRD GSG	Overdraft	euro	€ 2,550,000	€ 2,529,273	12,088,156 lei
Total				€ 7,822,446	37,385,815 lei

Long-term loans have the following structure :

Bank	Type	Balance as at 31.12.2019		< 1 year	>1 year
		in euro	in lei		
UniCredit Bank	Investment loan III	€ 197,765	945,179 lei	540,102 lei	405,077 lei
BRD GSG	Investment loan II	€ 354,037	1,692,048 lei	597,194 lei	1,094,854 lei
BRD GSG	Investment loan III	€ 328,684	1,570,881 lei	754,023 lei	816,859 lei
UniCredit Bank	Investment loan - CCE 2015	€ 1,862,420	8,901,063 lei	2,078,996 lei	6,822,067 lei
Total credits in euro			13,109,172 lei	3,970,315 lei	9,138,857 lei
Eximbank SA	Investment loan I		2,559,375 lei	1,023,750 lei	1,535,625 lei
Eximbank SA	Investment loan II		1,790,498 lei	596,833 lei	1,193,665 lei
UniCredit Bank	Investment loan II		535,961 lei	306,263 lei	229,698 lei
UniCredit Bank	Investment loan IV ⁹		2,155,758 lei	1,547,751 lei	608,007 lei
UniCredit Bank	Investment loan V ¹⁰		1,241,212 lei	1,241,212 lei	0 lei
Total credits in lei			8,282,802 lei	4,715,808 lei	3,566,995 lei
Total bank exposure			21,391,974 lei	8,686,123 lei	12,705,852 lei

These loans are guaranteed by mortgages on land and plants, pledges on equipment and stocks, security mortgage on current bank accounts, receivables assignments.

Subsequent events

⁹ In February 2020 it was reimbursed before term the amount of RON 861,432. After reimbursement the balance of the loan became RON 1,114,679, payable in 22 equal monthly installments.

¹⁰ In February 2020 it was reimbursed before term the entire balance of the loan, RON 1,196,882.

CURRENT LIABILITIES

Current liabilities of the Company, representing 68.65% of the Total Liabilities and 30.43% of Total Equity & Liabilities have increased by RON 5,759,324 as compared with the beginning of the year, i.e. 8.33%.

Evolution of Total current liabilities in the period 2014-2019

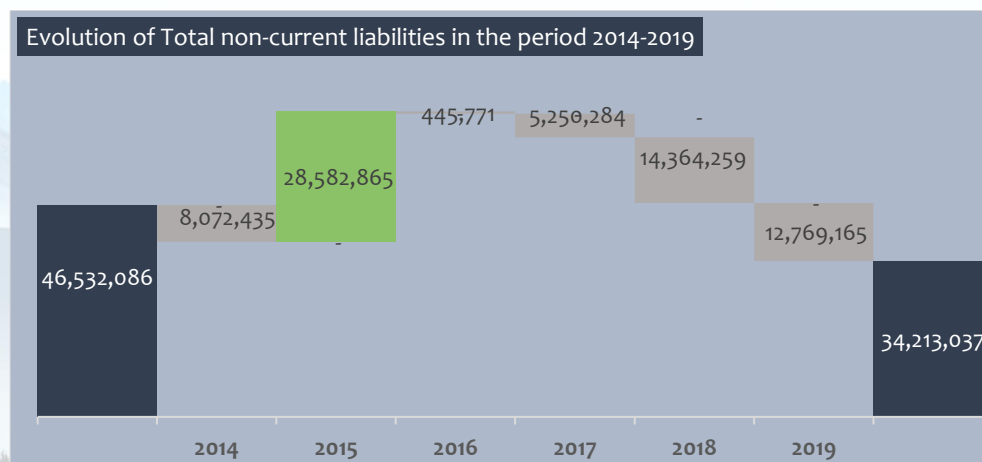


Current liabilities	31.12.2019	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	31.12.19 vs. 31.12.18
Trade and other payables	23,643,049	21.66%	31.55%	9.60%	-3.64%
Borrowings [Short – term]	46,071,939	42.21%	61.49%	18.71%	15.37%
Deferred revenue	2,345,590	2.15%	3.13%	0.95%	3.54%
Other liabilities	2,867,038	2.63%	3.83%	1.16%	17.98%
Total current liabilities	74,927,616	68.65%	100.00%	30.43%	8.33%

NON-CURRENT LIABILITIES

Non-current Liabilities representing 13.90% of the company's Equity & Liabilities recording in the reporting period a decrease of RON 12,769,165, i.e. 27.18%, as compared with the beginning of the year.

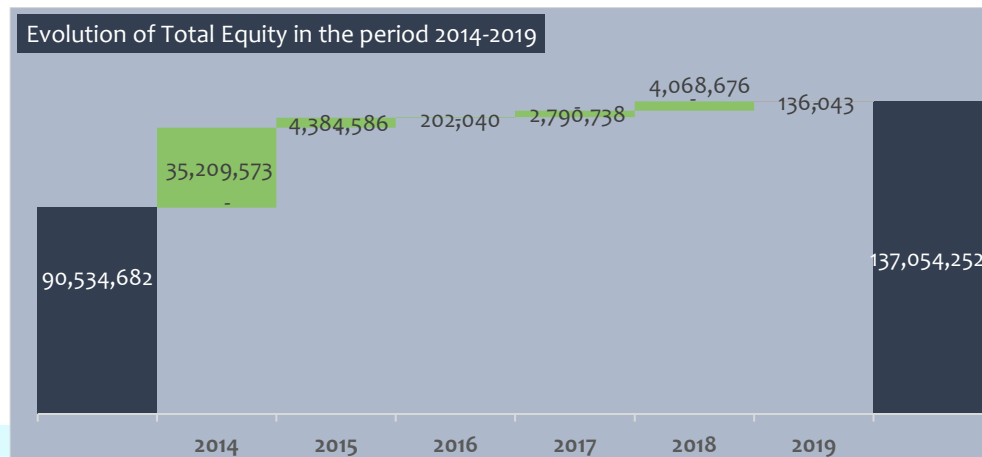
Evolution of Total non-current liabilities in the period 2014-2019



Non-current liabilities	31.12.2019	% in total liabilities	% in Total non-current liabilities	% in Total Equity and Liabilities	31.12.19 vs. 31.12.18
Borrowings [Long-term]	12,705,852	11.64%	37.14%	5.16%	-43.95%
Deferred tax liabilities	8,368,626	7.67%	24.46%	3.40%	-5.99%
Deferred income	13,138,559	12.04%	38.40%	5.34%	-14.76%
Total non-current liabilities	34,213,037	31.35%	100.00%	13.90%	-27.18%

EQUITY

Total Equity holds **55.67%** of Total Equity & Liabilities, recording in the reporting period a decrease of RON 136,043, as compared with the beginning of the year.



Equity	31.12.2019	% in Total Equity and liabilities
Issued capital (264,122,096 shares at RON 0.10/share)	26,412,210	10.73%
Share premium	2,182,283	0.89%
Reserves	58,845,305	23.90%
Retained earnings	49,614,454	20.15%
Total Equity	137,054,252	55.67%

5.2 STATEMENT OF THE COMPREHENSIVE INCOME

Indicator	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Net sales	195,140,695	198,460,719	183,857,280	▼	(14,603,439)	-7%
Investment income ¹¹	3,987,533	3,464,433	1,951,422	▼	(1,513,011)	-44%
Other gains and losses ¹²	2,796,780	3,388,764	(1,334,935)	▼	(4,723,698)	-139%
Changes in inventories of finished goods and work in progress	2,304,367	372,436	3,560,611	▲	3,188,175	856%
Raw materials and consumables used	(139,437,993)	(136,656,677)	(123,157,911)	▼	13,498,766	-10%
Depreciation and amortization expenses	(10,706,926)	(11,553,840)	(10,634,489)	▼	919,351	-8%
Employee salaries and benefits	(28,174,199)	(35,940,642)	(37,440,065)	▲	(1,499,423)	4%
Social security expenses	(6,608,431)	(1,139,629)	(1,153,670)	▲	(14,041)	1%
Net finance costs	(1,728,613)	(1,945,033)	(1,853,730)	▼	91,303	-5%
Income from subsidies	2,264,436	2,263,169	2,275,213	▲	12,044	1%
Other expenses	(14,099,311)	(16,247,641)	(15,482,186)	▼	765,455	-5%
Profit (loss) before taxation	5,738,338	4,466,057	587,540	▼	(3,878,517)	-87%
Profit tax	(940,272)	334,297	(217,442)	▼	- 551,739	n/a
Profit (loss) of the year	4,798,066	4,800,354	370,098	▼	(4,430,256)	-92%
Deferred tax adjustment related to non-tax deductible revaluation reserves	0	1,275,648	74,009	▼	(1,201,639)	
Total comprehensive income	4,798,066	6,076,002	444,107	▼	(5,631,895)	-93%
EBITDA Operational	12,182,514	11,384,243	12,316,630	▲	932,387	8%

¹¹ Investment income – details:

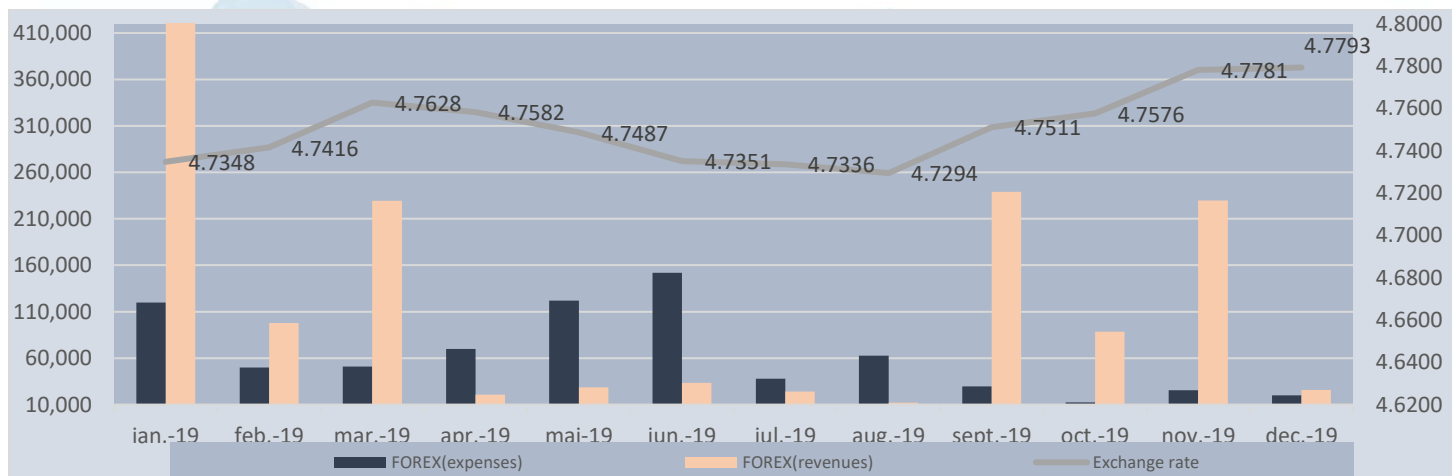
Indicator	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Rental and royalty income	2,825,883	2,255,686	1,865,024	▼	(390,662)	-17%
Interest income	3,653	91,387	86,398	▼	(4,989)	-5%
Investment income (dividends) - Infotech Solutions	157,997	117,360	0	▼	(117,360)	-100%
Investment income (dividends) - RC Energo Install	1,000,000	1,000,000	0	▼	(1,000,000)	-
Total	3,987,533	3,464,433	1,951,422	▼	(1,513,011)	-44%

¹² Other gains and losses – details :

Indicator	12 months of 2017	12 months of 2018	12 months of 2019	2019 vs. 2018	
Gain/loss on disposal of non-current assets held for sale	-	-	256,605 ▲	256,605	0%
Gain/ Loss arising on changes in fair value of investment property	1,490,374	307,659	(429,524) ▲	(737,183)	-240%
Gain/loss on disposal of investments property	2,385,785	2,709,699	- ▼	(2,709,699)	-100%
Revenues from compensation, fines and penalties	668,728	86,671	10,395 ▼	(76,276)	-88%
Gain/loss on fixed assets disposal	(424,790)	11,254	(223,239) ▲	(234,493)	-2084%
Other exploitation revenues	137,362	123,175	140,829 ▲	17,654	14%
Loss from financial investments	(1,020)	-	- —	-	0%
Gain/loss from forex	59,713	25,454	(19,851) ▼	(45,304)	-178%
Revenues from discounts received	-	-	11,065 ▲	11,065	0%
Gain/loss from forex (End of month evaluation)	(1,502,395)	88,767	(1,061,801) ▲	(1,150,568)	-1296%
Gains / losses from adjustments for impairment of current assets	(16,976)	36,085	(19,414) ▼	(55,499)	-154%
Total	2,796,780	3,388,764	(1,334,935) ▼	(4,723,698)	-139%

Note : In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation for 2019 the company registered revenues in amount of RON 752,073 and expenses in amount of RON 1,813,866, resulting a loss of RON 1,061,793.

In the same period of last year by re-valuating the company bank availabilities, the receivables and the liabilities expressed in a foreign currency it was registered a profit of RON 88,767.



Statement of the comprehensive income by quarters:

Indicator	QI 2019	QII 2019	QIII 2019	QIV 2019	QI 2019 vs. QI 2018	QII 2019 vs. QII 2018	QIII 2019 vs. QIII 2018	QIV 2019 vs. QIV 2018
Net sales	47,862,182	47,857,112	46,653,598	41,484,388	(288,340)	(4,358,851)	(5,739,611)	(4,216,637)
Investment income	501,221	466,962	490,883	492,356	(1,340,620)	(98,365)	(23,346)	(50,680)
Other gains and losses	(1,089,777)	505,462	(142,532)	(608,088)	(1,140,105)	(3,051,395)	576,393	(1,108,591)
Changes in inventories of finished goods and work in progress	982,707	25,650	895,480	1,656,774	(152,776)	1,185,692	413,686	1,741,573
Raw materials and consumables used	(33,093,151)	(31,902,022)	(30,877,181)	(27,285,557)	1,396,967	3,056,209	6,134,197	2,911,393
Depreciation and amortization expenses	(2,669,122)	(2,656,531)	(2,654,978)	(2,653,858)	41,780	98,902	10,724	767,945
Employee salaries and benefits	(9,257,232)	(9,478,255)	(9,284,787)	(9,419,791)	(253,309)	(411,132)	(311,713)	(523,269)
Social security expenses	(218,175)	(355,187)	(218,101)	(362,207)	(1,578)	(1,244)	(5,904)	(5,315)
Net finance costs	(529,241)	(443,675)	(401,195)	(479,619)	(67,801)	48,063	100,141	10,900
Income from subsidiaries	578,187	654,944	476,406	565,676	12,395	89,152	(89,387)	(116)
Other expenses	(3,694,361)	(3,941,096)	(3,874,327)	(3,972,402)	22,584	63,703	177,605	501,563
Profit (loss) before taxation	(626,762)	733,364	1,063,266	-582,329	(1,770,803)	(3,379,266)	1,242,785	28,766
Profit tax		(81,175)	(193,182)	56,915	-	(64,124)	(210,233)	(277,382)
Profit (loss) of the year	(626,762)	652,189	870,084	-525,414	(1,770,803)	(3,443,390)	1,032,552	(248,616)
EBITDA Operational	3,027,163	2,663,063	3,802,861	2,823,543	455,928	(565,836)	695,121	347,173

5.3 NET SALES

The item "Net Sales" had the following evolution:

	12 luni 2017	12 luni 2018	12 luni 2019		2019 vs. 2018	
- Sales of finished goods, Total, out of which:	140,128,883	148,386,635	139,916,138	▼	(8,470,497)	-6%
CP1~ Auto and industrial filters	3,830,438	2,623,159	2,579,380	▼	(43,779)	-2%
CP2~ Respiratory protective equipment and Active Carbon	2,514,286	1,994,419	2,111,661	▲	117,242	6%
CP3~ Polyethylene products	27,326,932	32,556,680	27,058,540	▼	(5,498,140)	-17%
CP4~ PVC products	582,367	784,529	916,070	▲	131,541	17%
CP5~ Polystyrene products	36,420,305	37,832,816	40,214,038	▲	2,381,222	6%
CP6~ Polypropylene products	37,408,712	38,163,803	36,075,081	▼	(2,088,722)	-5%
CP7~Compounds	32,045,842	34,431,228	30,961,367	▼	(3,469,861)	-10%
- Sales of intermediary goods	48,146	10,205	18,643	▲	8,438	83%
- Services rendered	293,439	226,336	286,433	▲	60,097	27%
- Sales of commodities	51,024,724	45,297,333	38,612,118	▼	(6,685,215)	-15%
- Other sales	3,645,505	4,540,210	5,023,948	▲	483,738	11%
Total Net sales	195,140,696	198,460,719	183,857,280	▼	(14,603,439)	-7%

Grouped on segments of activity, the Net sales are presented in the below table:

	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Plastic processing sector: polyethylene+polystyrene+polypropylene	101,155,949	108,553,299	103,347,659	▼	(5,205,640)	-5%
Regenerated polymers & Compounds	32,045,842	34,431,228	30,961,367	▼	(3,469,861)	-10%
Other production sectors (industrial and automotive filters, active carbon, breathing protective equipment, PVC traffic base)	6,927,091	5,402,107	5,607,112	▲	205,005	4%
Other activities	55,011,813	50,074,084	43,941,142	▼	(6,132,942)	-12%
Total	195,140,696	198,460,719	183,857,280	▼	(14,603,439)	-7%

	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Net sales	195,140,696	198,460,719	183,857,280	▼	(14,603,439)	-7%
Rental and royalty income	2,825,883	2,255,686	1,865,024	▼	(390,662)	-17%
Turnover, out of which:	197,966,579	200,716,405	185,722,304	▼	(14,994,101)	-7%
~domestic market	147,942,412	147,822,224	138,603,195	▼	(9,219,029)	-6%
~exports	50,024,168	52,894,181	47,119,109	▼	(5,775,072)	-11%

Note: Turnover comprises the item Net sales from Profit and Loss Account, plus Rental and royalty income which is comprised in the Investment income.

5.4 FINANCIAL RATIOS:

Indicator	Formula	31.12.17	31.12.18	31.12.19
EBIT	Gross profit + Profit tax + Expenses with interest	7,325,990	6,168,891	2,060,147
EBITDA	EBIT + Depreciation - Subsidies for investments	15,768,480	14,702,841	10,419,424
Turnover	Net sales + rental and royalty income	197,966,578	200,716,405	185,722,304
EBITDA to sales ratio	EBITDA/Turnover	7.97%	7.33%	5.61%
EBITDA to Equity ratio	EBITDA/Equity	11.85%	10.72%	7.60%
Gross profit margin	Gross profit/Turnover	2.90%	2.23%	0.32%
Current ratio	Current assets/Current liabilities	0.79	1.20	1.10
Quick ratio	(Current assets- Inventories)/Current liabilities	0.48	0.90	0.77

Indicator	Formula	31.12.17	31.12.18	31.12.19
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	0.46	0.34	0.25
Total liabilities to Assets ratio	Total liabilities/Total Assets	0.51	0.46	0.44
Interest coverage ratio	EBIT/Interest expenses	4.61	3.62	1.40
Account receivable turnover ratio	Average receivables/Sales	54	61	79
Account payable turnover ratio	Average payables/Sales	50	48	47
Non-current assets rotation	Non-current liabilities/Sales	0.94	1.18	1.14
Return on assets (ROA)	Net profit/Assets	1.78%	1.89%	0.15%
Return on equity (ROE)	Net profit/Equity	3.60%	3.50%	0.27%
Return on sales (ROS)	Net profit/Sales	2.42%	2.39%	0.20%

Indicator	31.12.2017	31.12.2018	31.12.2019
Nr.mediu personal	941	924	874
Nr. efectiv	1031	974	928

5.5 CASH-FLOW

Items	2017	2018	2019
Net profit / (loss) after taxation	4,798,066	4,800,356	370,098
Income tax expense	940,272	(1,609,945)	217,442
Depreciation	10,706,926	10,696,167	10,634,489
(Gain) / Loss on fixed assets disposal	424,790	(11,254)	330,904
(Gain) / Loss arising on changes in fair value of investment property	(1,490,374)	(307,659)	429,524
(Gain) / Loss arising on changes in fair value of Assets Held for Sale	-	756,722	795,624
(Gain) / Loss arising disposal of investment property	(2,385,785)	(2,709,699)	-
(Gain) / Loss arising disposal of Assets Held for Sale	-	-	(185,760)
Income from Construction of own Assets	-	(635,401)	(244,040)
Customers provisions	16,976	(36,085)	4,006
Write off of receivables	165,833	206,804	19,414
Interest expense	1,587,652	1,702,834	1,472,607
Interest income	(3,653)	(91,477)	(86,264)
Dividend income	(1,157,997)	(1,117,270)	-
Income from subsidies	(2,264,436)	(2,263,169)	(2,275,213)
Unrealised net forex result	1,528,593	(88,767)	600,347
			-
Movements in working capital			
(Increase) / Decrease in accounts receivable	(6,122,323)	(3,399,869)	(10,166,818)
(Increase) / Decrease in inventories	1,843,573	3,128,998	(4,650,436)
(Increase) / Decrease in other assets	447,239	-	(242,057)
Increase / (Decrease) in accounts payable	1,674,948	(4,034,378)	894,017
(Decrease) / Increase in deferred revenue	12,597	(39,774)	(467)
(Decrease)/increase in other liabilities	477,986	365,174	(3,388,503)
Cash generated from operations	11,200,885	5,312,308	(5,471,085)
Income taxes paid	(7,163)	(212,766)	(491,719)
Interest paid	(1,587,652)	(1,702,834)	(1,472,607)
Net cash generated by operating activities	9,606,070	3,396,708	(7,435,411)
Cash flows from investing activities			
Payments to acquire financial assets	-	-	-
Interest received	3,653	91,477	86,264
Dividends received	1,157,997	1,117,270	-
Payments for property, plant and equipment	(8,340,113)	(3,091,315)	(2,189,851)
Payments for investment property	-	-	-
Proceeds from disposal of investment property	3,575,112	18,086,180	-
Proceeds from disposal of property, plant and equipment	1,821,663	94,612	157,638
Proceeds from disposal of Assets Held for Sale	-	-	16,186,151
Proceeds from disposal of investments	597,187	-	-
Proceeds from loans granted to related parties	-	(6,174,452)	-

Items	2017	2018	2019
Payments for intangible assets	(33,918)	(19,139)	-
Payment of dividends	(2,037,153)	(1,961,297)	(1,032,280)
Net cash (used in)/generated by investing activities	(3,255,571)	8,143,336	13,207,922
Cash flows from financing activities			
Payments of lease liabilities	(1,105,061)	(86,797)	-
Proceeds from bank loans	5,202,494	2,602,061	4,778,586
Repayment of related party borrowings	-	-	1,436,811
Repayment of bank loans	(13,534,243)	(13,253,314)	(9,769,474)
Net cash used in financing activities	(9,436,810)	(10,738,050)	(3,554,077)
Net increase in cash and cash equivalents	(3,086,312)	801,994	2,218,434
Cash and cash equivalents at the beginning of the year	5,615,328	2,529,016	3,331,011
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year	2,529,016	3,331,010	5,549,445

5.6 SHAREHOLDERS' STRUCTURE

As at 31.12.2019 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	No. of share	% ownership
LIVING PLASTIC INDUSTRY S.R.L. loc. BUZAU jud. BUZAU	86,774,508	32.85%
JOYFUL RIVER LIMITED loc. NICOSIA CYP	54,195,089	20.52%
OTHER LEGAL ENTITIES	19,038,452	7.21%
INDIVIDUALS	104,114,047	39.42%
Total	264,122,096	100.00%

Evolution of the price of Romcarbon SA shares during 2019.



6. CORPORATE GOVERNANCE

I. PREAMBLE

The present Corporate Governance Chapter summarizes the main rules, structures, procedures and practices of decision-making within the company, governance standards that ensure the application of the general principles of effective administration and control of the activities carried out by the company according to its object of activity, for the benefit of shareholders and increasing investor confidence. The entire set of corporate governance standards provides the structure on which the company's are set, the means to achieve and monitor performance, and aims to promote fairness, transparency and accountability at the company level.

The Company "ROMCARBON" SA. is a legal Romanian entity that operates as a joint stock company, in accordance with legal provisions in force. It operates in accordance with the Romanian laws and the company's Articles of incorporation

The company was founded in 1952, originally under the name "Intreprinderea de mase plastice". The company is headquartered in Romania, Buzau, Transilvania Street no. 132, is organized as a joint stock company and is subject to Romanian law.

The main activity domain of the company is: 222 - Manufacture of plastic and the main activity, according to the encoding - 2221 Manufacture of plates, sheets, tubes and profiles in plastic.

In 2005, the company implemented a modern ERP system for the company's resource planning (ERP - Enterprise Resource Planning), in order to optimize the decision process.

Investments made by the company targeted expansion of production activities by land acquisition, modernization and acquisition of equipment, expansion and introduction of new products in line with the regulations in force (including alignment with EU norms).

In the meeting on 11.03.2008, the National Securities Commission decided, by Decision no.469/ 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market of BUCHAREST STOCK EXCHANGE of the shares issued by ROMCARBON S.A.

Thus, **starting from 30.05.2008 until 05.01.2015** the shares of ROMCARBON S.A. were traded on the regulated market of the Bucharest Stock Exchange, Equities Sector, Second category of Shares.

Starting with 05.01.2015 the shares of ROMCARBON S.A. are traded on the regulated market of the Bucharest Stock Exchange, Equity Sector, Standard category, according to the new market segmentation introduced by Bucharest Stock Exchange.

Previously to trading on Bucharest Stock Exchange the company was listed on Second category of the Rasdaq market.

The main features of the shares issued by ROMCARBON S.A. they are:

- Number of shares – 264,122,096

a) nominal value – 0.1 lei

b) ISIN code: ROROCEACNOR1

c) symbol: ROCE

Although new a entry on the BVB regulated market, ROMCARBON S.A. has proposed to implement both a profit-oriented policy for shareholders and a commitment to corporate and ethical responsibility, with a significant impact on the environment and implicitly on the community.

In this respect, the management of ROMCARBON S.A. states that voluntarily and self-imposed adopted the Bucharest Stock Exchange Code of Corporate Governance, as adopted by the Board of Bucharest Stock Exchange in December 2007, as amended, with the sole purpose of its implementation in the company, by assuming its corporate governance policies.

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - [www .bvb.ro](http://www.bvb.ro).

Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website www.romcarbon.com.

The regulations which we comply with in the preparation of this chapter of Corporate Governance: Law no.31/1990 on companies, republished in 2004, as amended and supplemented, Law no.297/2004 on the capital market, as amended and supplemented, Law no.24/2017, on issuers of financial instruments and market operations, regulations issued by CNVM to regulate the capital market (A.S.F Regulation no.5 of 21.06.2018 on Issuers of Financial Instruments and Market Operations, Regulation no.10 / 2016 on the organization and functioning of the

Financial Supervisory Authority, etc.) as amended, accounting regulations, regulations on Audit, Law no. 82 /1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2014, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".

II. STRUCTURES AND ASPECTS OF CORPORATE GOVERNANCE

2.1. General Meeting of Shareholders

The **General Meeting of Shareholders** (G.M.S.) comprises all the shareholders and meets in ordinary meetings (**O.G.M.S.**) and in extraordinary meetings (**E.G.M.S.**), each with the competencies established by the legal provisions/the incorporation act of the company.

Convening, organizing and unfolding the works of G.M.S. is carried out strictly in conformity with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions adopted.

2.2. Board of Directors

At present, the management system of the Company is **unitary**.

ROMCARBON S.A. is administered by the Board of Directors composed of 3 members, elected or appointed by the General Shareholders Meeting in accordance with the legal provisions, by secret vote, for a period of 4 years, with the possibility to be re-elected.

The members of the Board of Directors guarantee the efficiency of the capacity to supervise, analyze and evaluate the activity of the directors as well as the fair treatment of the shareholders.

The choice of directors is made between the persons designated by the shareholders.

The election of directors is made between the persons designated by the shareholders.

At the appointment of the Board members, the General Shareholders Meeting pursued a balanced composition of the Board of Directors in accordance with the structure and activity of ROMCARBON S.A. as well as with the personal experience and qualifications of Board of Directors members.

The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, at the convocation of the Chairman, at the motivated request of at least 2 of its members or the request of the General Manager, the Chairman being obliged to pursue such a request. The Board of Directors is chaired by the Chairman, and in his absence by the Deputy Chairman.

The conventions for the meetings of the Board of Directors shall be transmitted, at least 5 days before the date of the meeting, by any means of remote communication (post, e-mail, fax) to confirm receipt in writing of the recipient/the member of the Board of Directors convoked. These conventions will include the date and the location where the Board of Directors will be held as well as the agenda, and no decision can be made on other matters except in the case of urgency and subject to ratification by the absent members in the next meeting. In exceptional cases justified by the urgency of the situation and the interest of the company, decisions of the board of directors may be taken by unanimous vote of the members, including by e-mail, without the need for a meeting of that body.

For the validity of the decisions taken, it is necessary to have at least half of the members of the Board of Directors and the decisions are taken with the simple majority of the present members. In the case of parity of votes, the Chairman of the Board of Directors (who is not at the same time director of the company) will have the decisive vote. If the Chairman of the Board of Directors, in office, can not or is not allowed to vote, the other members of the Board of Directors may elect a chairman of the meeting, having the same rights as the chairman in office. In case of parity of votes and if the chairman does not have a decisive vote, the voted proposal is considered rejected.

The meetings of the Board of Directors take place in the presence of administrators or through correspondence (post, e-mail, etc.) Sessions can be held also by any means of telecommunication such as videoconference or teleconference.

The members of the Board of Directors will vote on the issues included on the agenda at the meeting, as well as by any means of distance communication (post, e-mail, fax) that insure the receipt confirmation of the written vote by the Secretary The Board of Directors, at latest by the end of the meeting for which they were convened.

The decision-making process remains a collective responsibility of Board of Directors, the board members being held jointly liable for all decisions taken in the exercise of their competences.

The debates of the Board of Directors shall be recorded in the minutes of the meeting which shall be entered in a register. The meetings of the Board of Directors can be recorded audio-video. The minutes of the meeting are signed by the meeting chairman and by at least one other administrator.

The Chairman, the members of the Board of Directors, the directors of the company, the executive directors, individually or jointly, are liable with the company, for the damages resulting from the criminal acts or deviations from the legal provisions, for the deviations from the incorporation act, as well as for the mistakes in the administration and management of the company.

In such situations, they may be revoked by the decision of the General Meeting of Shareholders, respectively of the Board of Directors .

At the date of this annual report, the Board of Directors of S.C. ROMCARBON S.A. is made up of the following directors elected at the Ordinary General Assembly dated 21.01.2016, for a four-year term, which expires on 04.02.2020.

► **Chairman - HUANG, LIANG – NENG**

***Professional experience**

- Economist - KENG FANG LTD., Taiwan - Nov.1993 -Jun. 1997
- Economist - DECATHLON - Taiwan Branch, Taiwan - Jul. 1997- May 2001
- Associate and administrator of Tairom Import-Export SRL Buzau - Sept. 2001 - Apr. 2004
- Administrator of Living Plastic Industry SA Buzau: March 2007-present
- Centered by Greentech SA Buzau - Jan 2005 - March 2005
- Administrator of Greentech SA Buzau: Jan 2009 - 2012;
- Unique Administrator of S.C. GREENFIBER INTERNATIONAL SA: Jun. 2005- March 2007;
- Administrator of S.C. GREENFIBER INTERNATIONAL SA: Mart. 2007- 2012;
- Financial Consultant Livingjumbo Industry SA - 2012-present;

► **Deputy Chairman - SIMIONESCU DAN**

***Professional experience:**

- Director Coopers & Lybrand Romania - 1993-1997
- Director of Marketing, Capital Markets and Foreign Relations - SIF Transilvania - 1997- present
- Member of the Board of Directors of S.C. ROMCARBON S.A. - 2003 – present
- Member of the Board of Directors of S.C. GREENFIBER INTERNATIONAL SA- 01.05.2007 -dec. 2009; 20.09. 2010 - 28.05.2012
- Member of the Board of Directors of SC GREENTECH SA - 06.01.2009 - 28.05.2012
- Member of the Board of Directors of SC GREENWEEE INTERNATIONAL SA - 01.11.2008 - 28.05.2012

► **Member - WANG, YI – HAO**

***Professional experience**

- Director of Department of Commerce International Living Water in Spring International Co., Ltd - 2007-2010
- Director General Living Water in Spring International Co., Ltd. - 2010- present
- Member of the Board of Directors of S.C. GREENFIBER INTERNATIONAL SA- 20.09.2010- 28.05.2012
- Member of the Board of Directors of SC GREENTECH SA: 19.11.2010 - 28.05.2012
- Member of the Board of Directors of SC GREENWEEE INTERNATIONAL SA: 01.09.2010 - 28.05.2012

The competences of the Board of Directors are those stipulated in the Incorporation Act of ROMCARBON S.A. being in strict compliance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions taken.

Administrator nomination and remuneration

Nomination of ROMCARBON S.A. administrators is made by the shareholders, the nominations being subject to the approval of the general meeting of the shareholders. Candidates for the position of member of the board of directors of the company must fulfill, besides the general conditions stipulated by the Law no. 31/1990 also the special ones established by the Law no.24/2017.

In year 2019, the Board of Directors met in 19 sessions, the decisions being taken either with the majority of the votes of those present, or with unanimity and with the fulfillment of the legal provisions regarding the convening and the quorum for the holding of the meetings, respectively the lawful adoption of the decisions. The main decisions taken by the Board of Directors concerned:

- Approval of the negotiation and conclusion of a new Collective Labor Agreement for the period 2019-2021 applicable at the level of S.C. ROMCARBON S.A (Decision no.1/11.01.2019).
- Approval of the items registered on the agenda of the General Meeting of the Associates of RC ENERGO INSTALL S.R.L., regarding the termination by parties agreement, starting with 14.01.2019, of Mrs. Banucu Ileana Administrator mandate and regarding the appointment as Administrator, for an indefinite term, starting with 14.01.2019, of Mr. Duca Eugen Florin. (Decision no.1 / 11.01.2019)
- Taking act of the investments made within ROMCARBON SA, based on the approval of the General Director, according to the competence granted to him by the Board of Directors and in compliance with the conditions

imposed by Law no.24 / 2017 regarding the capital market, according to those mentioned in the material registered under no.639 from 21.01.2019. (Decision no.2 / 25.01.2019)

- Approval of the Company's internal regulations. (Decision no.3 / 08.02.2019)
- Approval of ROMCARBON S.A. Code of professional ethics and business conduct. (Decision no.3 / 08.02.2019)
- Approval of the conclusion by ROMCARBON S.A (as Promissory Seller) with OFFICE & LOGISTIC S.R.L (as Promissory Buyer), of a buying – selling pre-contract . (Decision no.4 / 22.02.2019)
- Approval for dismantling in 4 lots of plot identified with the cadastral no. 157259 registered in the Land Book no. 157259 / UAT Iași, property of ROMCARBON S.A. located in Iași, Calea Chisinaului no.29, Iași county, with a total area of 2,578.00 sq m (Decision no.4 / 22.02.2019)
- Approval of the items registered on the agenda of the General Meeting of Associates of RC Energo Install SRL regarding the approval of the company's investment plan for 2019, the approval of the company's revenue and expenditure budget for 2019 and various problems regarding the organization. (Decision no. 5 / 01.03.2019)
- Approval for convening the ordinary and extraordinary general meetings of shareholders and of the materials presented in the AGOA / AGEA meetings of 24 / 25.04.2019. (Decision no. 6/19.03.2019)
- Approval for convening the general meeting of the associates of GREENLIFE Ecological Association, regarding the renunciation of Mrs. AMARIUCAI VALENTINA, at the censor mandate, starting with 02.05.2019 and appointment as censor starting with the same date of Mrs. IONESCU ADRIANA, for a mandate valid for the remaining period of the censor's mandate, respectively until 18.01.2021, the approval of the management report of the Association's Board of Directors for the financial year 2018 and its discharge, the report of the censor of the Association regarding the situations financial statements for the financial year 2018 and approval of the financial statements of the Association for the financial year 2018. (Decision no.7/ 26.04.2019)
- Approval of the items on the agenda of the ordinary and extraordinary General Meeting of the Shareholders of ECO PACK MANAGEMENT S.A. regarding the approval of the financial statements of the financial year 2018. (Decision no. 8/13.05.2019)
- Approval of the items on the agenda of the ordinary and extraordinary General Meeting of the Shareholders of LIVINGJUMBO INDUSTRY S.A. regarding the approval of the financial statements of the financial year 2018. (Decision no. 8/13.05.2019)
- – Approval of the items on the agenda of the general meeting of the associates of RC ENERGO INSTALL S.R.L. regarding the approval of the financial statements of the financial year 2018. (Decision no. 8/13.05.2019)
- Approval of the items on the agenda of the general meeting of the associates of INFOTECH SOLUTIONS S.R.L. regarding the approval of the financial statements of the financial year 2018. (Decision no. 8/13.05.2019)
- Approval of the items on the agenda of the meeting of the general meeting of the associates of YENKI S.R.L. regarding the approval of the financial statements of the financial year 2018. (Decision no.8/13.05.2019)
- Approval of the modification of ROMCARBON S.A. Organizational Chart. (Decision no.9 /11.06.2019)
- Approval of the value of the contract for the provision of statutory audit services concluded by ROMCARBON S.A with DELOITTE AUDIT S.R.L. (Decision no. 10/09.07.2019)
- Approval for dismantling of the plots identified with cadastral numbers 125678 and 125695. (Decision no.10/09.07.2019)
- Approval of the items registered on the agenda of the general meeting of the associates of RC ENERGO INSTALL SRL regarding the approval of the modification of the Organization Chart and the state of company functions. (Decision no. 10/09.07.2019)
- Approval for convening the ordinary general meeting of the shareholders of ROMCARBON SA for the date of 29.08.2019, for the approval of the distribution in the form of dividends of the total amount of RON 1,056,488.38, the value of the gross dividend / share being RON 0.0040 / share, for the total number of shares of 264,122,096 . (Decision no.11/22.07.2019)
- Approval for the conclusion by ROMCARBON S.A (as a Constituent) with OFFICE & LOGISTIC S.R.L (as a Beneficiary), of a contract to establish the easement right. (Decision no. 11/ 22.07.2019)
- Approval of the items on the agenda of the General Meeting of Associations of RC ENERGO INSTALL S.R.L., regarding the approval of the 12-month extension of a credit agreement and the related guarantees. (Decision no. 12/02.09.2019)
- Approval of the Procedure for the distribution of dividends for the financial year 2018, due to the shareholders of ROMCARBON S.A (ROCE), according to those approved by the Ordinary General Meeting of the Shareholders of ROMCARBON S.A. Decision no.1 of 29.08.2019. (Decision no.13 / 24.09.2019).
- Approval of the granting by Romcarbon SA, as a lender, of an associated loan, to RC ENERGO INSTALL SRL, as a borrower, in the value of EUR 250,000, in order to support the company's activity (Decision no.14/ 04.11.2019)
- Approval to anticipate the signing of the sale contract purchase no. 3 with OFFICE & LOGISTIC SRL, according to the buying sellin pre-contract no. 2 of 23.04.2018. (Decision no.15/18.11.2019)

- Approval considering those approved by Decision A.G.E.A no. 1 of 24.04.2019, for the acquisition by ROMCARBON S.A of two equipment from the category of investments to increase productivity. (Decision no.16/25.11.2019)
- Approval of the conclusion by ROMCARBON S.A. of a buying selling pre-contract with LIDL ROMÂNIA SA (Decision no.17/11.12.2019)
- Approval of the conclusion by ROMCARBON SA of a buying selling pre-contract with GREEN PC AMBALAJE SRL.(Decision no.18/17.12.2019)
- Approval of the convening of the Ordinary General Meeting of Shareholders of ROMCARBON S.A. on 23.01.2020, at 12.00, for the election of 3 new members of the Board of Directors, for a term of 4 years, starting with 04.02.2020, as a result of the expiration of the mandate of the company directors. (Decision no.18/17.12.2019)
- Approval for the conclusion by ROMCARBON SA of two buying selling pre-contracts with ABS 2000 SRL, respectively a buying selling pre-contract in which ROMCARBON SA has the status of Promissory Buyer and a buying selling pre-contract in which ROMCARBON SA has the status of Promissory Seller (Decision no.18/12.17.2019)
- Taking act of Mr.Andrei Radu renouncing the mandate, under which he exercises the duties of General Director of ROMCARBON S.A., including the position of General Director of ROMCARBON SA, the mandate contract concluded between ROMCARBON S.A. and Mr. Andrei Radu is going to end on 17.02.2020. (Decision no.19/24.12.2019)
- Approval of the appointment of Mr. Huang Liang Neng in the position of General Director of ROMCARBON SA, starting with 17.02.2020, for a 4 years term, from 17.02.2020 to 17.02.2024. (Decision no.19/24.12.2019)

Convening the General Meeting of the Shareholders:

OGMS of 24.04.2019 , by Board of Directors Decision no.6/19.03.2019 regarding:

- Presentation, discussion and approval of the annual report of the Board of Directors for the fiscal year 2018.
- Presentation and approval of the individual financial statements for the financial year 2018 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2018.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - on the consolidated financial statements for the financial year 2018.
- Presentation and approval of the consolidated financial statements, for the financial year 2018 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2018.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - changing situations on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the fiscal year 2018.
- Approval of the distribution of the net profit recorded in the fiscal year 2018 in the amount of RON 4,800,355.89 on the following destinations:
 - a) Legal reserves amounting to RON 240,018;
 - b) Other reserves amounting to RON 4,560,337.89, representing fiscal facility regarding the profit tax exemption for the profit reinvested in 2018;
- Presentation and approval of the Annual Report for 2018, prepared in accordance with ASF Regulation No.5/2018 on issuers and operations with securities and the Corporate Governance Code of the Bucharest Stock Exchange.
- Approval to discharge the members of the Board of Directors for the work in fiscal year 2018.
- Approval to contract services for the statutory audit of the company for the financial year 2019.
- Approval of the income and expenses budget for the financial year 2019.
- Approval, in consideration of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange, that, until the end of 2019 financial year, ROMCARBON SA's Board of Directors will elaborate and adopt Romcarbon SA Dividend policy, policy which will take into account, the possibility, provided by art. 67 of Law no. 31/1990, regarding the quarterly distribution of dividends.
- Approval of 24.05.2019 as "registration date", according to Law 24/2017.
- Approval of 23.05.2019 as "ex-date", according to Law 24/2017.

And

EGMS of 24.04.2019 , by Board of Directors Decision no.6/19.03.2019 regarding:

- Approval for the banking exposure of Romcarbon SA for the financial years 2019-2020, consisting of: credits in amount of EUR 11,735,182 and RON 13,437,443, factoring contracts with a ceiling of EUR 500,000 , letters of guarantee in amount of RON 500,000, Guarantee given to LivingJumbo Industry SA for the

investment credit contracted UniCredit amount of EUR 1,057,200, as detailed in the material no. 2655/15.03.2019.

- Approval for:
 - the prolongation by 36 months of the validity of the factoring ceiling of EUR 500,000 ;
 - the prolongation at maturity, or if necessary, before maturity date, of the letters of guarantee ceiling in value of RON 500,000 by 36 months period and suplimenting the existing guarantees as detailed in material no. 2655/15.03.2019;
 - the prolongation by 12 months of the validity of the credit facilities contracted by Romcarbon SA with BRD-GSG SA (in amount of EUR 2,550,000) and UniCredit Bank SA (in amount of EUR 5,450,000), and for maintaining the related guarantee;
- Empowering the Board of Directors to negotiate and decide, as appropriate, on: changing loan credit conditions in progress and/or extending up to 12 months of short-term facilities - credit lines, modification and/or setting up new guarantees for existing loans and approval of guarantees for new loans to be contracted within the approved bank exposure, contracting of new credits within the limits of the bank exposure and under the conditions of the law, as well as, as the case may be, restructuring existing bank loans/exposures, currency change or refinancing of existing credits, as well as the contracting of new credits, within the limits of the approved bank exposition and according to the law.
- Empowering for the General Director and Financial Director, to sign credit agreements and all additional documents to them, related warranties and all additional acts, leasing and factoring contracts and all additional documents, as well as any other documents required in to view the fulfillment of the AGEA decision to sign credit agreements, addendums thereto related, mortgage deeds and other guarantees, and any other documents necessary for the carrying out of the EGMS' s decision.
- Approval for Romcarbon SA 2019 Investment Plan.
- Approval for:
 - i) the date of 01.06.2019 as the due date of the loan amounting to EUR 1,000,000 contracted by Livingjumbo Industry SA from Romcarbon SA (loan granted by Romcarbon SA as the lender, as the majority shareholder of the borrower Livingjumbo Industry SA - within which Romcarbon SA holds 99% of the share capital) and of the interest on this loan;
 - ii) the conversion into shares of the receivable amounting to 4,838,400 lei, which Romcarbon SA holds against Livingjumbo Industry SA, consisting of the amount of the loan in value of EUR 1,000,000 and of a part of the related interest, accumulated up to 01.06.2019 (total interest on 01.06.2019 = EUR 32,658), part of interest in amount of EUR 20,759.49, at a reference rate of 1 Euro = RON 4.74, in order for Romcarbon SA to participate at the increase of Livingjumbo Industry SA share capital, with a total amount of RON 4,838,400, respectively to the increase of the share capital from the value of RON 806,400 to the value of RON 5,644,800, by issuing 1200 new, nominative, dematerialized shares with a nominal value of RON 4,032 each.
- Empowering the General Director and the Financial Director of Romcarbon SA to sign the addendum to the loan agreement concluded between Romcarbon SA as lender and Livingjumbo Industry SA as borrower on the rescheduling the loan by changing its maturity date on 01.06.2019, as well as any/all documents necessary to carry out the decision of the E.G.M.S.
- Approval, considering those approved by the Extraordinary General Meeting of Shareholders Decision no. 1 of 11.06.2018 and by Romcarbon Board of Directors Decision no.4 of 22.02.2019, the conclusion by Romcarbon SA (as the Seller) of a sale -purchase contract with Office & Logistic SRL (as Purchaser, company registered with Trade register near Court of Iasi under no. J22/13/2018, CUI 38653333), through which Romcarbon SA is selling on the term of 27.05.2019, with the possibility of extending only once by 30 days, for a total price of EUR 126,322, in lei equivalent at NBR exchange rate Euro/Leu valid on the day of payment, excluding VAT, the total area of 1,289.00 sq m land, category for constructions, part of the plot, Romcarbon S.A property, located in Iasi, Calea Chisinaului no. 29, Iasi county, identified by cadastral number 157259 and registered in the land book no.157259 / UAT Iasi
- Approval of 24.05.2019 as "registration date", according to Law 24/2017.
- Approval of 23.05.2019 as "ex-date", according to Law 24/2017.

OGMS of 29.08.2019, by Board of Directors Decision no.11/22.07.2019, regarding:

- Approval to distribute as dividends the amount of RON 1,056,488.38, representing part of the net profit recorded in the fiscal year 2017, remained undistributed (according to the Ordinary General Meeting of Shareholders Decision no.2 of 26.04.2018, pt.6 let.c)
- Approval, as a result of approving point 1 to distribute the gross dividend/share of RON 0.0040/share, corresponding to financial exercise 2018, for the total number of 264,122,096 shares, distribution of the dividends following to be made according to the provisions of the law, depending on the company financial situation and under the condition of obtaining consent from the company's creditor banks.
- Approval of 04.10.2019 as "registration date", according to art. 86 par.1 of Law no.24/2017 on issuers and capital market operations and art.2 par.2 let.f of the A.S.F. Regulation nr.5/2018.
- Approval of 03.10.2019 as "ex-date", according to art.2 par.2 let.l of the A.S.F. Regulation nr.5/2018.

- Approval of 24.10.2019 as the "payment day", according to art.2 par.2 let. h and art.178 par.1 of the A.S.F. Regulation nr.5/2018.

In regard to compliance with the provisions of art. 138² of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide of the Corporate Governance Code, we mention that the administrators meet the condition of independence partly because only Mr. SIMIONESCU DAN and Mr. WANG YI -HAO are independent administrators.

In the company there is also an Audit Committee composed of the following administrators: SIMIONESCU DAN and WANG YI -HAO.

Regarding the existence of a Remuneration Committee, we mention that the company does not intend to establish such advisory committee, the competence for establishing and application of the remuneration policy in the company belongs exclusively to the General Meeting of Shareholders (pay/fee for the board members) or to the Board of Directors (remuneration of executive management and staff respectively), within legal limitations conferred by the Act of incorporation and companies legislation referring to these bodies.

Currently, directors' remuneration is made in accordance with the Articles of Incorporation and the Decision of the Ordinary General Meeting of Shareholders of 27.04.2012.

2.3. Executive Management

Executive management of ROMCARBON S.A. is provided by the following persons, to whom the company's management duties have been delegated:

- Andrei Radu - General Director since 01.09.2013
- Manaila Carmen - Operations Director since 01.10.2017
- Cretu Victor - Operations Manager Polypropylene Sector starting 01.10.2017
- Pindaru Marina Alina - Director of Operations of the Polytechnic Sector starting with 01.10.2017
- Voicheci Neli - Director of Operations Sector Compounds since 01.10.2017
- Ungureanu Ion - Operations Manager PSE Sector starting with 01.10.2017
- Titi Mihai - Deputy Technical Deputy General Manager since 01.06.2010
- Dobrota Cristinel - Director of Development starting with 08.01.2019
- Zainescu Viorica Ioana - Financial Director since 15.01.2010
- Duracu Gheorghe - Quality Manager since 05.01.2004

The management of the company is delegated by the Board of Directors to the General Director and to the Operations Director, acting independently of each other and being responsible for all measures appropriate to the Company's management, within the scope of the Company's object of activity and respecting the exclusive competencies reserved by the Law or the Incorporation Act, to the Board of Directors or the General Meeting of Shareholders. In this respect in the relations with third parties, the Company is represented by the Company's General Director and Operations Director under the provisions of art. 143 para. 4 in conjunction with art. 143² paragraph 4 of Law 31/1990 on commercial companies, acting independently within the limits of the mandate received. The Company's directors are appointed or revoked by the Board of Directors, which determines their attributions, responsibilities and powers, their attributions of representation may be delegated by the Company's directors to a third party only with the prior written consent of the Board of Directors.

Remuneration of directors of the company is in accordance with the articles of incorporation.

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2019:

- Administrators - Director fee according to OGMS Decision of 27.04.2012 - RON 252,501
- Executive Management -RON 2,631,957

III. CORPORATE RIGHTS OF THE SHAREHOLDERS

The shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired right in the shareholder register kept by the company with the DEPOZITARUL CENTRAL S.A., according to the law.

The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of incorporation in force at the date of acquisition.

ROMCARBON S.A. respects the rights of shareholders and ensures an equal treatment for all shareholders of the same type and class, providing to them all relevant information so that they may exercise all rights. Shareholders must exercise the rights conferred by shares in good faith, respecting the rights and legitimate interests of other shareholders and the priority interest of the company, otherwise being liable for damages.

Each share subscribed and paid by shareholders gives them the right to one vote in the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of incorporation of the Company and company assets in case of dissolution of the company and other rights provided by law.

The rights and obligations of each share will follow it in case of its passing in the property of another person.

The company's obligations are secured by its assets.

The company's patrimony can not be encumbered by any personal debt or obligation of its shareholders.

A creditor of a shareholder may claim part of the company's benefit only after the general meeting of the shareholders approves the balance sheet and the benefit, as well as the share thereof, which is due to each shareholder. Each of shareholders participates in profits and losses in proportion to the share capital owned.

The share capital of the company may be increased by the decision of the Extraordinary General Meeting of Shareholders or, in the cases provided for by the law, by the decision of the Board of Directors, by all means and procedures stipulated by the legal provisions and under the conditions stipulated by the law.

Existing shareholders will have the preemption right, under the law, to acquire new shares in proportion to the share held in the company's share capital at that time. The payment made by the shareholders to the company in exchange for these shares will be made in accordance with the legal provisions and the approval of the General Meeting of Shareholders.

The term of exercising the preemption right is set by the Extraordinary General Meeting of Shareholders approving the capital increase, and can not be less than the term stipulated by the law. If any of the aforementioned shareholders declines or fails for any reason to exercise the preemption right to acquire new shares within the term set by the Extraordinary General Meeting of Shareholders, this right will be passed on to the other shareholders who will be able to exercise within one week from the expiry of the deadline set by the meeting approving the capital increase and proportional to the share held in the share capital at the date of identifying the shareholders to be entitled to the rights established by that meeting.

The General Meeting of Shareholders will be able to decide to re-establish the share capital by issuing new shares.

The Extraordinary General Meeting of Shareholders or the Board of Directors shall decide to reduce the share capital in accordance with the legal provisions by reducing the nominal value of the shares or by reducing the number of shares or by acquiring own shares followed by their cancellation, other cases of reduction of the share capital.

Under no circumstances will the share capital decrease be able to affect in any way the quality of the shareholder and the equality between the shareholders.

Currently, the share capital of ROMCARBON S.A. is of RON 26,412,209.60.

All shareholders of shares issued by ROMCARBON S.A. are treated fairly. All issued shares confer equal rights to holders.

ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (G.M.S.), the full exercise of their rights, the dialogue between shareholders and members of the Board and / or management.

General Meeting of Shareholders is Company's governing body that decides on its activity and ensures its economic and commercial policy.

The powers of the General Meeting of Shareholders are those stipulated in the Article of incorporation of ROMCARBON S.A. and it is in strict accordance with the law, ensuring the presentation of materials, recording works and decisions.

The General Meeting is convoked by the Board whenever necessary.

To the General Meeting of Shareholders are entitled to attend and to exercise voting rights the shareholders registered in the Register of Shareholders (released by the company Central Depository SA) at the reference date set at the end of the day. The shareholders can participate in person or by representative and by corespondence. Representation of shareholders can be made by other persons than the shareholders, based on a special power of attorney according to art. 92 par.10 of Law 24/2017.

In case of personal voting individual shareholders and corporate shareholders are entitled to attend the GMS meeting by simply proving their identity made in the case of individual shareholders with the identity document (identity card, passport, residence permit) and in the case of corporate shareholders with the legal representative identity document (identity card, passport, residence permit). Quality of legal representative is proved by a certificate issued by the Register of Commerce or any equivalent document issued by a competent authority of the State in which corporate shareholders is legally registered, which certifies the quality of legal representative, presented in original or certified copy. Documents certifying the legal representative quality of the corporate shareholder shall be issued not more than 3 months before the GMS Convocation publication date. Documents submitted in a language other than English will be accompanied by a translation made by an authorized translator into Romanian / English.

In case of shareholders voting by representation by power of attorney the shareholders can be represented to GMS meetings by representative who may be another shareholder or a third person. Voting by representation by means of special power of attorney can be expressed by completing and signing the special power of attorney forms provided by the company in 3 copies out of which: a copy will be sent in writing original, at the company registered office, the second copy will be handed to representative, so that it can prove as representative to the request of the technical secretariat of the meeting, the third will remain at the shareholder. The special/general power of attorney will be sent, if special power of attorney in original or in certified copy Procura speciala/generală va fi transmisă în format fizic, în original în cazul procurii speciale, respectiv în copie conform cu originalul under the representative's signature, if general power of attorney, so that it is recorded at the company's office reception in due time or by e-mail to office@romcarbon.com (in case of using electronic means, the power of attorney will be sent by electronic signature in compliance with Law no.455 / 2001), until the same date and time. Regardless of the method of transmitting the power of attorney for the GMS should bear clear and written in capital letters "POWER OF ATTORNEY FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". A shareholder may appoint only one person to represent him in the GMS. A shareholder may appoint by power of attorney one or more alternate representatives to ensure its representation in the GMS if the designated representative is unable to fulfill its mandate. If by power of attorney are designated more alternates representatives the shareholder will determine the order in which they will exercise their mandate. The shareholder may also grant a general power of attorney valid for a period that will not to exceed three years, which empowers the representative to vote on any matter in debate of GMS, including in terms of disposal acts, provided that the power of attorney is given by the shareholder as client to an intermediate as defined in the law of capital or to a lawyer. For identification purposes the special/general power of attorney will be accompanied by the following documents: copy shareholder identification document (identity card, passport, residence permit) and copy of representative identity document for individual shareholders; copie act de identitate reprezentant/mandatar persoană fizică (buletin de identitate, carte de identitate, pasaport, permis de sedere), copie reprezentant/agent identification document lawyer accompanied by lawyers original mandate or if the representative/agent is a legal person copy of the identity document of the legal representative of the legal person representative accompanied by a certificate issued by the Register of Commerce or any equivalent document issued by a competent authority of the State in which reprezentantul / agent legal person is legally registered, presented in original or certified copy. Documents submitted in a language other than English will be accompanied by a translation made by an authorized translator into Romanian / English. When completing the special power of attorney forms shareholders will consider the possibility of completing/amending the agenda, in which case the power of attorney forms will be updated in due time.

Shareholders may not be represented in the General Meeting of Shareholders on the basis of a general power of attorney by a person in a situation of conflict of interest, according to art. 92, paragraph 15 of the Law no.24/2017 regarding issuers of financial instruments and operations market.

When a shareholder is represented by a credit institution providing custody services, it may vote in the general meeting of shareholders on the basis of voting instructions received by electronic means of communication, without the need for a special mandate or general by the shareholder. Custodians vote in the general meeting of shareholders exclusively in accordance with and within the limits of the instructions received from its clients as shareholders at the reference date.

When a shareholder is represented by a credit institution providing custody services, it may vote in the general meeting of shareholders on the basis of voting instructions received by electronic means of communication, without the need for a special mandate or general by the shareholder, according to the provisions of art. 92 paragraph 11 of the Law no. 24/2017.

Shareholders registered in the Register of Shareholders at the reference date can express and transmit their vote on the matters on the agenda of the GMS by correspondence. Voting forms can be obtained at the company - Shareholder Investors Relations Department or can be downloaded from the company's website, both in Romanian and in English. Vote by correspondence forms completed and signed by the shareholder shall be sent in writing, in original at the company headquarters or by e-mail at office@romcarbon.com bearing the electronic signature in compliance with Law no.455/2001, so that it is recorded as received in due time. Regardless of the method of submission of the vote by correspondence it should bear this clearly written in capital letters "VOTING FORM BY CORRESPONDENCE FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". The form of voting by correspondence will be accompanied by the following documents: copy of identity document in case of individual shareholder; copy of the identity document of the representative/agents certificate issued by the Register of Commerce or equivalent document issued by a competent authority in the State where the shareholder is registered legally certifying the legal representative quality, submitted in original or certified copy, in case of legal persons. Documents certifying the quality of legal representative of the corporate shareholder shall be issued not more than 3 months before the GSM Convocation publication date. Documents submitted in a language other than English will be accompanied by a translation made by an authorized

translator in Romanian or English. In case the shareholder who has voted by correspondence or through a representative attend the GMS, the vote expressed by correspondence is canceled. In this situation it will be considered their vote expressed in person or by representative in the meeting.

The correspondence voting form for the GMS vote submitted by a shareholder for which a credit institution provides custody services will be valid without the submission of any additional documents relating to that shareholder if the voting form is drafted in accordance with Law no. 24/2017 and ASF Regulation no.5/2018 and is signed by the respective shareholder. If the person representing the shareholder by personal participation in the general meeting is other than the one who has cast the ballot by correspondence, then for the validity of his vote, he shall present to the assembly a written revocation of the vote by correspondence, signed by the shareholder or the representative who cast the vote correspondence. This is not necessary if the shareholder or his legal representative is present at the general meeting.

One or more shareholders representing, individually or together, at least 5% of the share capital have the right to introduce items on the agenda of the GMS (provided that each such item is accompanied by a justification or a draft decision to be adopted) and to propose draft decisions for items included or to be included on the agenda. Proposals on the draft decision may be submitted in a sealed envelope at the company headquarters in no. 132. Transylvania street, Buzau. Buzau County, or sent by e-mail with electronic signature in compliance with Law no. 455/2001 until the same date and time at office@romcarbon.com with the written statement "MOTION FOR NEW AGENDA ITEMS FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". Each proposed new item must be accompanied by a justification or a draft decision to be adopted at the GMS. These proposals must be accompanied by copies of identity document in case of individual shareholders; copy of the identity document of the representative / agent certificate issued by the Register of Commerce or equivalent document issued by a competent authority from the state where the shareholder is registered legally certifying the quality of legal representative, presented in original or certified copy, in case of legal persons. Documents certifying the legal representative quality of the corporate shareholder shall be issued not more than 3 months before the GMS Convocation publication date.

Each shareholder is entitled to submit, questions related to items on the agenda in accordance with art.198 of ASF Regulation No.5/2018. Questions can be submitted in writing to the company headquarters or by e-mail with electronic signature in compliance with Law 455/2001 regarding the electronic signature at office@romcarbon.com mentioning the topic "FOR THE ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON (the date of GM convocation)". The questions must be accompanied by a copy of identity document in case of individual shareholder(natural persons); copy of the identity document of the representative/agent, certificate issued by the Register of Commerce or equivalent document issued by a competent authority in the state where the shareholder is registered legally certifying the quality of legal representative, presented in original or certified copy, in case of legal persons. Documents certifying the legal representative quality of the shareholder legal person shall be issued not more than 3 months before the publication date of the GSM Convocation.

The company will issue an general valid answer to questions with the same content that will be made available on the website of the company in question and answer format.

Information materials, power of attorney forms and draft resolutions relating to the items on the agenda can be found at the company headquarters, every working day, or on the company website (www.romcarbon.com-Section shareholders / General Meeting of Shareholders) starting with 30 days before the General Meeting.

In case of failure to fulfill the conditions stipulated by law and the articles of incorporation for holding the General Meeting of Shareholders on the date and time mentioned in the convocation , the next meeting is convened for a later date approved by the Board of Directors, in the same place with the same agenda and for the same shareholders registered on the same date.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on www.romcarbon.com a special section called Shareholders, accessible and constantly updated.

This page is structured to contain all information necessary to shareholders: Board meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders at company level being active an Investors Relations Department . Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the relationship with shareholders and investors, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management. For the purpose of company activity adequacy to the rules and discipline on corporate governance, the company established an Investors Relations Department, to ensure compliance with corporate standards under the Corporate Governance Code of the Bucharest Stock Exchange.

Above mentioned reports are transmitted to the Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at www.romcarbon.com, shareholders section.

ROMCARBON S.A. develops and disseminates relevant information periodic and continuous, in accordance with International Financial Reporting Standards (IFRS) and other reporting standards or environmental, social and leadership (ESG - Environment, Social and Governance).

Currently, external financial auditor ROMCARBON S.A. is DELOITTE AUDIT SRL and was based on OGMS Decision from 26.04.2018 respectively for a period of 1 year.

In terms of managing conflict of interest in case of transactions with parties, corporate behavior of board members is: avoid any conflict of interest directly or indirectly with the company or any subsidiary controlled by it, by informing the Board of Directors on conflicts of interest occurred, in which case it will refrain from discussions and voting on such matters.

IV. SOCIAL RESPONSIBILITY

The company's strategy in terms of social responsibility is based on a set of principles that define its relationship with partners - employees, creditors, suppliers, customers, investors (stakeholders)

The management team of ROMCARBON S.A. believes that development is not possible without the contribution of each employee and the company as a whole.

The company aims, through an active policy of CSR:

- * to support and respect the human rights of its employees in particular. In this respect the employees benefit from various specialized programs / professional training and a constant awareness of the evolution of the company (presentation by the representatives of the employees, ie periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the implementation of labor protection and means of organizing it. (Eg. Training periodic granting personal protective equipment, workwear, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, do not engage in trafficking and do not in any way encourage these ideas. There are not tolerated under any circumstances corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment .

- * to support freedom of association. The Company respects the legal right of all staff to appoint representatives who negotiate on behalf and for them in regular negotiations collective bargaining agreement at company level. Employee representatives to ensure their protection of the law against all forms of conditioning, constraint or limitation of exercising their functions.

- * Contribute to the elimination of discrimination in employment jobs, profession, and the wage determination. Any direct or indirect discrimination against an employee based on sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, social origin, handicap, family status or responsibility, trade union membership or activity is prohibited in the Company.

- * **To combat any form of corruption.**

- * **To support educational activities.**

- * **To support various social categories** (deserving young people, sick or disabled people) through humanitarian actions that include sponsorship / mecenation, but also assistance in extreme cases and to help disadvantaged or underprivileged people. Under this active CSR policy, ROMCARBON SA granted in 2019 the amount of RON 9,450 as sponsorship to NGO and donations and indemnizations amounting to RON 59,395 to its own employees affected by various events with a strong social and human impact (childbirth, deaths of family members , fires, floods, etc.).

The company is a founding member of GREENLIFE ENVIRONMENTAL ASSOCIATION.

The purpose of the Association is to represent, promote and support employers and professional interests of its members in relations with public authorities and other legal entities and individuals, to strengthen their authority and social prestige and act to modernize and develop the field of the protection environment in the international norms and standards. The Association aims to promote the spirit of human solidarity by organizing and supporting humanitarian actions.

Within the organization, runs a program for the support of employees and first degree relatives for serious illnesses and merit scholarships granted to the children of employees.

- * To support sports activities in Buzau with financial aid;

In the local community in which it operates, the company assumes an active role by supporting community initiatives through human and financial resources.

- * To anticipate environmental issues and to promote environmental responsibility.

In this regard, ROMCARBON S.A. aims to improving the quality of environmental factors and biodiversity conservation by promoting awareness of environmental issues and health.

ROMCARBON S.A. complies with environmental protection legislation pivind, being involved in litigation regarding infringement legislation. Periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality management system certified by SRAC - environment-occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007

In ROMCARBON S.A. we identify all real and potential environmental aspects, positive and negative environmental aspects, including indirect issues generated by companies operating at company headquarters and affecting environmental performance. The identification of the environmental aspects is based on the systematic analysis of each process / subprocess (including their inputs and outputs) according to the PS 03 "Environmental System" procedure in normal, abnormal (including start and stop) and emergency situations, accidents .

Under normal operating conditions the company's activity does not cause significant environmental impacts. Following the identification and evaluation of environmental aspects were developed management programs to improve the environmental performance of the company.

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorships were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the International Day Environment under the title "for a cleaner world!" / "We have only one Earth. Let's give priority!", organized each year on 5 June, with companies like Greentech SA, Greenfiber International S.A. and Greenwee International S.A.

Partners of these events are constantly Environmental Protection Agency Buzau, Buzau Prefecture and Municipality of Buzau.

In fact, environmental protection is an absolute priority, because ROMCARBON S.A. supports, in a decisive way, development in Buzau of "industries" which proves more and more that the economy and the environment can survive together without compromise - "Green Industry".

Since 2012 in the Center for profit no. 7 - Compound is pursuing Waste plastics recycling by separating recyclable fractions and milling, extrusion, filtration these separated fractions to obtain composite materials.

Starting 4 September 2014 Romcarbon became a member of the Romanian Association of Sanitation, which became meanwhile Romanian Association for Waste Management - ARMD; as final waste recycler, Romcarbon supports the strands of this entity:

- promoting sustained interests of its members;
- permanent involvement in the drafting of legislation on waste management in Romania;
- active involvement in waste management Association of Romania, through studies and market research;
- initiation of contracts with organizations in order to attract funds and grants, both for members and for the sustainable development of the association's activities;

As a socially responsible company, ROMCARBON SA aims, therefore, not only increase employee, trading partners and its shareholders satisfaction and increase the efficiency of the level of professional competence and human resources, including those available in the community.

7. ANNEXES

Not in case.

Chairman of the Bord and General Manager,

Huang Liang Neng

Financial Manager,

ec. Zainescu Viorica Ioana

General Manager for Administrative Operations,

Manaila Carmen

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
Section A – Responsibilities				
A.1.	All companies should have an internal regulation of the Council which includes terms of reference/ responsibilities of the Board and key management of the Company, and which apply, inter alia, the general principles of Section A.		Partially	Articles of Incorporation contains provisions on the terms of reference and responsibilities of the Board of Directors. The Board of Directors will take action for the adoption of a Board regulation.
A.2.	Provisions for managing conflicts of interest should be included in the Board of Directors Regulation. However, the Board members must notify the Board of Directors any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for a decision on the matter that gives rise to this conflict of interest.		Partially	The Articles of Incorporation of the company includes provisions for managing conflicts of interest and how to vot. Provisions for managing conflicts of interest will be included in the Board of Directors Regulation to be adopted.
A.3.	The Board of Directors or the Supervisory Board must consist of at least five members.		NO	Articles of Incorporation provides for a Board of directors comprising of three members according to article 137 paragraph 2 of Law No. 31/1990.
A.4.	The majority of the Board members must have no executive function. At least one member of the Board or the Supervisory Board should be independent in the case of companies in the Standard category.	YES		
A.4.	Each independent member of the Board of the Directors or the Supervisory Board, as appropriate, shall submit a declaration at the time of his nomination for the election or re-election, and when there is any change of status or indicating the elements based on which it is considered that it is independent in terms of its character and judgment.		NO	Regulation of the Board of Directors to be developed and approved will regulate measures to comply with this requirement.
A.5.	Other commitments and professional obligations relatively permanent of a member of the Board of Directors, including non-executive Board members and executive positions of companies and nonprofit institutions, shareholders and potential investors should be disclosed before and during his mandate.	YES		On the company's website are published the board members CV's including information on its member's professional obligations.
A.6.	Any member of the Council must provide information on any relation to a shareholder who directly or indirectly hold shares representing more than 5% of all voting rights. This also applies to any report that may affect limb position on matters decided by the Council.	YES		
A.7.	The company must appoint a secretary of the Board responsible for supporting the Board of Directors activity.	YES		
A.8.	Corporate governance statement will inform if there was an evaluation of the Board of Directors under the President or the nomination committee and, if so,		NO	

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
	will summarize the key measures and changes resulting from it. The company must have a policy/guidance on the assessment of the Committee including the scope, criteria and frequency of the evaluation process.			It will be analyzed and implemented, the company will inform in a current report on compliance with this requirement.
A.9.	Corporate governance statement must contain information on the number of meetings of Council and Committees during the past year, participating administrators (in person and in absence) and a report of the Board of Directors and committees on their activities.	YES		
A.10.	Corporate governance statement must include information on the exact number of independent members of the Board of Directors or Supervisory Board.	YES		
A.11.	The Council of Premium Category Companies should establish a nomination committee consisting of people without executive functions, which will lead the nominations procedure for new members in the Council and make recommendations to the Board. Most members of the nomination committee should be independent.			Not the case
Section B - The risk management and internal control system				
B.1.	The board should establish an audit committee in which at least one member must be independent non-executive director. Most members, including the president, must be shown to have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one audit committee member should have accounting or auditing experience proven and appropriate. If companies in the premium category, the audit committee must be composed of at least three members and the majority of audit committee members must be independent.	YES		
B.2.	Chairman of the audit committee must be an independent non-executive member.	YES		
B.3.	Within its responsibilities, the audit committee must conduct an annual assessment of internal control system.	YES		
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of reporting risk management and internal control presented to the Audit Committee of the Board, timeliness and effectiveness of the executive management solves deficiencies or weaknesses identified from control internal and presenting relevant reports to the Board.	YES		
B.5.	The Audit Committee shall assess conflicts of interest in connection with transactions of the Company and its subsidiaries with related parties.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
B.6.	The Audit Committee shall assess the effectiveness of internal control system and risk management systems.	YES		
B.7.	The audit committee must monitor the implementation of legal standards and internal audit standards generally accepted. The Audit Committee should receive and evaluate internal audit team reports.	YES		
B.8.	Whenever mention code or analysis reports initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc Council to be submitted later.	YES		
B.9.	No shareholder may be given preferential treatment over other shareholders in connection with the transactions and agreements concluded by the company with shareholders and their affiliates.	YES		
B.10.	Council should adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) approved Council following a binding opinions by the audit committee of the Board and disclosed correctly shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	YES		
B.11.	Internal audits must be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party entity.	YES		
B.12.	In order to ensure the fulfillment of the main functions of the internal audit department, he must report functionally to the Council through the audit committee. Administrative purposes and the management obligations to monitor and reduce risks, it must report directly to the Director General.	YES		
Section C1 - Just reward and motivation				

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
C.1.	The company shall publish on its website the remuneration policy and include a statement in the annual report on the implementation of remuneration policy during the annual period under consideration. Remuneration policy should be formulated so as to allow shareholders understand the principles and arguments underlying remuneration of Board members and the CEO, and the Executive Board in the dual system. It should describe the driving process and making decisions regarding remuneration, detailing components of the remuneration of the executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe general purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the duration of the contract Executive Director and the period of notice stipulated in the contract and any compensation for unjust dismissal. Report on remuneration must submit implementation of the remuneration policy for persons identified in the remuneration policy during the annual period under consideration. Any fundamental change in remuneration policy interventions must be published in due course on the website of the company.		NO	Remuneration policy of the members Board of Directors is established by the OGMS and the company's remuneration policy (remuneration of executive management staff respectively) falls under the exclusive competence of the Board of Directors according to the document of the company and legislation companies. The Board of Directors is considering all necessary measures to ensure compliance with this requirement.
Section D - adding value to the investor relations				
D.1.	The company must hold an Investor Relations Service -made widely known by the person / persons responsible or organizational unit. In addition to the information required by the law, the company must include on its website a section dedicated to investor relations in Romanian and English, with all relevant information of interest to investors, including.	YES		
D.1.1.	The main corporate regulations: articles of association, the procedures for general meetings of shareholders;	YES		
D.1.2.	Professional CV's of the management members of the Company, other professional commitments of Board members, including non-executive and executive positions on boards of companies or nonprofit institutions;	YES		
D.1.3.	Current reports and periodic reports (quarterly and annual) - at least those provided for in section D.8 - including current reports with detailed information on non-compliance with this Code;	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
D.1.4.	Information on shareholders meetings: agenda and information materials; the election of Board members; arguments supporting the proposals of candidates for election to the Council, together with their professional CVs; Shareholders with questions regarding items on the agenda and the company's response, including decisions adopted;	YES		
D.1.5.	Information on corporate events such as payment of dividends and other distributions to shareholders or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. The information will be published within a period to allow investors to take investment decisions;	YES		
D.1.6.	Name and contact details of someone who can provide, upon request, relevant information;	YES		Contact information for investors are posted on the company's website, they will be filled with information about those responsible for investor relations.
D.1.7.	Company presentation (eg., Investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual) audit reports and annual reports.		Partially	Presentation of the firm is the reporting system established by the laws in force and by disseminating financial statements and audit reports.
D.2.	The company will have an annual dividend distribution policy or other benefits to shareholders, proposed by the Director General or by the Executive Council and adopted as a set of guidelines that the company intends to follow on the distribution of net profits. Principles policy annual distribution to shareholders will be publicatepe website of the company.	YES		By Decision no.19 / 24.12.2019 the Board of Directors has adopted the dividend policy of ROMCARBON S.A.
D.3.	The company will adopt a policy about predictions, whether they are made public or not. Projections refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so called hypotheses) by its nature, this project has a high level of uncertainty, actual results can differ significantly forecasts presented initially. Policy forecasts will determine the frequency, time and content envisaged forecasts. If published projections can only be included in the annual reports, semi-annual or quarterly. Policy forecasts will be published on the website of the company.		NO	Until now the company has not implemented a policy forecasts. It will consider the future implementation of such policies.
D.4.	Rules shareholders' meetings should not limit participation of shareholders at general meetings and exercise their rights. Rule changes will come into force at the earliest, starting with the next meeting of shareholders.	YES		
D.5.	External auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
D.6.	Council will present the annual general meeting of shareholders a brief assessment of the internal control systems and management of significant risks and opinions on issues subject to the decision of the General Assembly.	YES		
D.7.	Any specialist, consultant, expert or financial analyst may participate in the shareholders meeting under a prior invitation from the Council. Accredited journalists can also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise requires.	YES		
D.8.	Financial reports quarterly and half will include information both in Romanian and in English on the key factors influencing changes in the level of sales, operating profit, net profit and other financial indicators relevant from both qoq and from year to year.	YES		
D.9.	A company will hold at least two meetings / teleconferences with analysts and investors every year. Information presented on these occasions will be published in the Investor Relations section of the company website on meetings / teleconferences.		NO	On the company's website and through reports that society makes, ensure transparently inform all those interested in its work. The company also responded and respond positively requests from representatives from the specialized press and analysts on the provision of financial information and / or information regarding future development projects designed communication media channels. The Company will inform investors about oragnizarea advance of any meetings / teleconferences with analysts and investors.
D.10.	If a company supports various forms of artistic expression and cultural, sports, educational activities or scientific and considers their impact on the innovative nature and competitiveness of the company are part of the mission and its development strategy, will publish policy on activity in this area.	YES		

**Chairman of the Bord and General Manager,
Huang Liang Neng**

**Financial Manager,
ec. Zainescu Viorica Ioana**

**General Manager for Administrative Operations
Manaila Carmen**

ROMCARBON SA | Thinking forward

Buzau, Str. Transilvaniei, nr.132

Cod postal 120012

Tel.0238.711.155

Fax.0238.710.697

www.romcarbon.com

investor.relations@romcarbon.com