

ROMCARBON SA AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

**Prepared in accordance with Ministry of Public Finance Order no. 2844/2016
for the approval of Accounting regulations conforming with International Financial Reporting Standards
as adopted by the European Union, with subsequent amendments**

(together with Independent Auditor's Report and Administrators' consolidated report)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Romcarbon SA

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Romcarbon SA and its subsidiaries ("the Group"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. The consolidated financial statements as at December 31, 2020 are identified as follows:

• Total equity	thousand RON	139,712
• Net loss for the financial year	thousand RON	84
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs)/ Order 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU / Order 1802/2014 with subsequent amendments.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The "Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the consolidated financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Company. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the client's businesses, there is a risk that revenue is not properly and accurately recognized. That is, revenue may not be recognized in the correct accounting year, taking into account the transfer of control associated with the product.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>Revenue is disclosed in Note 3 to the separate financial statements..</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in “Key audit matters” regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period.

Other information – Administrators’ Consolidated Report

6. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators’ consolidated report, which also includes the non-financial information declaration, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2020, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators’ consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments/ Ministry of Public Finance Order 1802/2014 with subsequent amendments, articles no. 554-555.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators’ consolidated report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- b) the Administrators’ consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments/ according to the provisions of Ministry of Public Finance Order no. 1802/2014, articles no. 554-555;

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2020, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs / Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU / Order 1802/2014 with subsequent amendments and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Meeting of Shareholders on July 13, 2020 to audit the consolidated financial statements of Romcarbon SA and its subsidiaries for the financial year ended December 31, 2020. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2020.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Group that we issued on March 26, 2021. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Group the prohibited non-audit services referred to in Article 5(1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Corina Dimitriu

Ana-Corina Dimitriu, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3677

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei,
8th Floor and 9th Floor, District 1
Bucharest, Romania
April 5, 2021

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	Year ended December 31, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
Revenue	3	256,050	245,772
Other income	4	5,198	6,897
Changes in inventories of finished goods and work in progress		(1,549)	6,251
Raw materials and consumables used	5	(150,123)	(155,174)
Employee benefits expense	6	(70,282)	(67,409)
Depreciation and amortization expense	7	(15,277)	(16,304)
Other expenses	8	(18,734)	(19,729)
Other gains (losses)	9	794	1,878
Profit (loss) from operating activities		6,076	2,182
Finance income	10	90	6
Finance costs	11	(3,418)	(4,463)
Share of profit (loss) of associates and investments with significant influence		(2,564)	(68)
Profit / (loss) before tax		184	(2,343)
Tax income(expense)	12	(268)	(274)
Annual loss from continuing operations		(84)	(2,617)
Profit / (loss) for the year		(84)	(2,617)
Attributable to:			
Equity holders of the parent		(87)	(2,586)
Minority interests		3	(31)
From core operations:			
RON (per share)		-	-
Average number of shares		264,122	264,122

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

For signatures, please refer to the original Romanian version.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Note</u>	Year ended December 31, 2020	Year ended December 31, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Comprehensive income			
Other comprehensive income subsequently transferred to profit or loss:			
Exchange differences on translating foreign operations		-	-
Increases from the revaluation of tangible assets		-	760
Net losses on revaluation of property, plant and equipment		-	-
Adjustment of deferred tax for fiscally non-deductible revaluation reserves	12	289	74
Other comprehensive income subsequently transferrable to profit or loss:			
Exchange differences on translating foreign operations		12	1
Comprehensive income of the year			
Attributable to:			
Owners of the parent		12	1
Non-controlling interests		-	-
Total comprehensive income		218	(1,783)
Owners of the parent		215	(1,752)
Non-controlling interests		3	(31)

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

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**HUANG LIANG NENG,
Chairman of the Board
And General Manager**

**VIORICA ZAINESCU,
Financial Manager**

**CARMEN MANAILA,
Deputy General Manager for
Administrative Operations**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Note	December 31, 2020	December 31, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
ASSETS			
Non-current assets			
Property, plant and equipment	13	144,757	157,094
Investment property	14	11,885	13,433
Goodwill	15	143	143
Intangible assets other than goodwill	16	323	308
Investments accounted for using equity method	17	24,470	27,034
Investments in affiliates, associates or jointly controlled entities		197	197
Other non-current financial assets		100	195
Total non-current assets		181,875	198,404
Current assets			
Current inventories	18	39,279	45,929
Trade and other current receivables	19	36,190	34,266
Other current financial assets	20	181	2,390
Other current assets	21	1,216	1,473
Cash and cash equivalents	22	20,705	9,764
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		97,571	93,822
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	23	71	6,873
Total current assets		97,642	100,695
Total assets		279,517	299,099
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	26,412	26,412
Retained earnings	25	71,692	71,310
Share premium		2,182	2,182
Reserves	26	38,515	38,749
Total equity attributable to owners of parent		138,802	138,654
Non-controlling interest	27	910	907
Total equity		139,712	139,561

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2020**

	<u>Note</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Non-current liabilities			
Other non – current liabilities with provisions		446	249
Total non – current liabilities with provisions		446	249
Deferred tax liabilities	12	7,853	8,364
Other non-current financial liabilities	28	17,857	23,513
Other non-current non-financial liabilities	30	19,761	23,507
Total non-current liabilities		45,917	55,633
Current liabilities			
Trade and other current payables	29	33,375	35,231
Other current financial liabilities	28	52,868	60,426
Other current non-financial liabilities	30	7,645	8,246
Total current liabilities other than liabilities included in disposal groups classified as held for sale		93,888	103,903
Liabilities included in disposal groups classified as held for sale		-	-
Total current liabilities		93,888	103,905
Total liabilities		139,805	159,536
Total equity and liabilities		279,517	299,097

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

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HUANG LIANG NENG,
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And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
Total January 1, 2020	26,412	2,182	39,823	-	(1,074)	71,310	138,654	907	139,561
Dividends distributed	-	-	-	-	-	-	-	-	-
Increases from revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Decreases from revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Net profit / (loss) of the period	-	-	-	-	-	(87)	(87)	3	(84)
Transfer of reserves to retained earnings	-	-	(537)	-	-	537	-	-	-
Corrections of financial assets disposed and repossessed	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	12	-	12	-	12
Corrections of ownership interests in associates during the year	-	-	-	-	-	-	-	-	-
Decrease of minority interests due to increase of ownership of parent	-	-	-	-	-	-	-	-	-
Minority interests from company de-registrations	-	-	-	-	-	-	-	-	-
Minority interests from the acquisition of companies	-	-	-	-	-	-	-	-	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	-	-	289	-	-	-	289	-	289
Corrections	-	-	2	-	-	(69)	(67)	-	(67)
Total December 31, 2020	26,412	2,182	39,577	-	(1,062)	71,692	138,802	910	139,712

The Parent Company did not distribute dividends in 2020. Further to the sales of certain property investment, the Parent Company adjusted the deferred tax on fiscally non-deductible revaluation reserves by RON 289 thousand.

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

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HUANG LIANG NENG,
Chairman of the Board And General Manager

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Financial Manager

CARMEN MANAILA,
Deputy General Manager for Administrative Operations

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Total January 1, 2019	26,412	2,182	39,752	-	(1,075)	74,357	141,629	939	142,567
Dividends distributed	-	-	-	-	-	(1,005)	(1,005)	-	(1,005)
Increases from revaluation of property, plant and equipment	-	-	1,197	-	-	-	1,197	-	1,197
Decreases from revaluation of property, plant and equipment	-	-	(437)	-	-	-	(437)	-	(437)
Net profit / (loss) of the period	-	-	-	-	-	(2,586)	(2,586)	(31)	(2,617)
Transfer of reserves to retained earnings	-	-	(762)	-	-	762	-	-	-
Corrections of financial assets disposed and repossessed	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	1	-	1	-	1
Corrections of ownership interests in associates during the year	-	-	-	-	-	-	-	-	-
Decrease of minority interests due to increase of ownership of parent	-	-	-	-	-	-	-	-	-
Minority interests from company de-registrations	-	-	-	-	-	-	-	-	-
Minority interests from the acquisition of companies	-	-	-	-	-	-	-	-	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	-	-	74	-	-	-	74	-	74
Corrections	-	-	(1)	-	-	(217)	(219)	-	(219)
Total December 31, 2019	26,412	2,182	39,823	-	(1,074)	71,310	138,654	907	139,561

The ordinary general meeting of shareholders' resolution of 01.08.2018 approved the distribution of RON 2,007 thousand as dividends. The amount was entirely transferred to the Central Depository to pay the dividends owed to the shareholders.

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

For signatures, please refer to the original Romanian version.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for Administrative Operations

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Note</u>	Year ended December 31, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
Cash flows from operating activities:		
Gross profit / (loss) for the year	184	(2,343)
Finance expenses recognized in profit	3,418	2,702
(Gain) / Loss on sale or disposal of fixed assets	42	336
(Gain) / Loss on sale or disposal of investment property	70	-
(Gain) / Loss on sale or disposal of assets held for sale	(229)	(186)
Income from dividends		
Interest income	(90)	(6)
Loss on impairment of stocks	286	-
Loss on impairment of trade receivables	29	112
Loss on time-barred receivables	22	4
Loss on impairment of goodwill		
Loss on impairment of property, plant and equipment		
Amortization / Depreciation of non-current assets	15,277	16,304
Net (gain) / loss on foreign exchange	1,310	(206)
(Gain) / Loss on investment		
(Gain) / Loss on revaluation of tangible assets	-	96
(Gain) / Loss on revaluation of investment property	279	430
(Gain) / Loss on revaluation of assets held for sale	-	(71)
(Gain) / Loss from short-term investments	-	-
(Gain) / Loss on share of profit of associates	2,564	68
Increase / Decrease in provisions	200	-
Increases in subsidies	(3,782)	(3,794)
Movements in working capital:		
(Increase) / Decrease in trade and other receivables	(1,943)	(4,282)
(Increase) / Decrease in inventories	6,364	(9,380)
(Increase) / Decrease in other assets	2,555	(2,861)
Increase / (Decrease) in trade and other payables	(3,339)	842
Increase / (Decrease) in other payables	(564)	(38)
Cash generated by/used in operating activities	22,652	(2,273)
Interest paid	(1,789)	(2,100)
Income tax paid	(490)	(734)
Bank commissions paid	(319)	(603)
Net cash generated by/ utilized in operating activities	20,054	(5,710)
Cash flows from investing activities:		
Payments for property, plant and equipment	(2,775)	(3,710)
Payments for intangible assets	(285)	-
Proceeds from disposal of property, plant and equipment	31	161
Proceeds from sale of investment property	-	(23)
Interest received	90	6
Dividends received	7,041	16,186
Encashments form the sales of assets held for sales	-	-
Net cash generated by / (used in) investing activities	4,102	12,620

The accompanying notes are integral part of these consolidated financial statements.

This is a free translation from the original Romanian version.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Note</u>	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from financing activities:		
(Repayment) / Drawings of borrowings	(13,215)	(5,919)
Lease payments	-	(13)
Dividends paid for non-controlling interest	-	(1,005)
Net cash generated by financing activities	(13,215)	(6,937)
Net decrease / (increase) in cash and cash equivalents	10,941	(27)
Cash and cash equivalents at the beginning of the year	9,764	9,791
Cash from subsidiaries acquired during the year	-	-
Cash and cash equivalents at the end of the year	20,705	9,764

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

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And General Manager

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Financial Manager

CARMEN MANAILA,
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Parent") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. As at December 31, 2020 the Parent's shares were traded on the BSE and its main shareholders were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, Unitai International Corporation.

The Parent's main field of activity is the manufacture of plastic packaging.

As at December 31, 2020 the Parent was holding directly or through other subsidiaries, participating interest in the following entities, thus forming Romcarbon Group:

RC ENERGO INSTALL S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 100%. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, where S.C. Romcarbon S.A. holds 99.86% of the shares and the remaining shares are held by legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 99.50% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Data processing, hosting and related activities (NACE code 6311) or Computer consultancy activities (NACE code 6202).

YENKI S.R.L. is a company established in 2007, where S.C. Romcarbon S.A. holds 25.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

GRINFILD UKRAINE is a company established in 2007, where SC Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale.

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25.36% and 74.62%, indirectly through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

RECYPLAT LTD is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
1. GENERAL INFORMATION (continued)

Name	Place of establishment	Ownership	Object of activity	Interest %	Control %	Cost as at 31.12.2019 (lei)	Interest %	Control %	Cost as at 31.12.2020 (lei)
Greenweee International SA	Romania	Indirect	Dismantling of wrecks for materials recovery	17.59%	17.59%	-	17.59%	17.59%	-
Greenfiber International SA	Romania	Indirect	Manufacture of man-made fibers	17.47%	17.47%	-	17.47%	17.47%	-
Greenweee International Hungary KFT	Hungary	Indirect	Management of used waste and treatment of other waste	17.59%	17.59%	-	17.59%	17.59%	-
LivingJumbo Industry SA	Romania	Indirect	Manufacture of plastic packing goods	99.86%	99.86%	6,477,632	99.00%	99.00%	6,477,632
GREENTECH BALTIC UAB Lithuania	Lithuania	Direct	Commercial, economic, financial and industrial activity	12.79%	12.79%	-	17.59%	17.59%	--
GREENTECH SLOVAKIA S.R.O.(EKOLOMI S.R.O)	Slovakia	Indirect	Collection of non-hazardous waste	4.38%	4.38%	-	14.07%	14.07%	-
ELTEX RECYCLING SRL		Indirect	Treatment and disposal of non-hazardous waste	0.00%	0.00%	-	17.59%	17.59%	-
Grinfild LLC Ukraine	Ukraine	Direct	Wholesale trade	62.62%	62.62%	2,687,755	62.62%	62.62%	2,687,755
Grinruh LLC Ukraine	Ukraine	Indirect	Wholesale trade	62.62%	62.62%	4,426,809	62.62%	62.62%	4,426,809
RC Energo Install SRL	Romania	Direct	Plumbing, heat and air conditioning installation	100.00%	100.00%	15,112	100.00%	100.00%	15,112
Info Tech Solutions SRL	Romania	Direct	Consultancy in IT technology	99.50%	99.50%	1,980	99.50%	99.50%	1,980
Total Waste Management SRL	Romania	Indirect	Collection of non-hazardous waste	17.48%	17.48%	-	17.48%	17.48%	-
Greentech SA	Romania	Indirect	Recovery of sorted materials	17.59%	17.59%	-	17.59%	17.59%	-

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
1. GENERAL INFORMATION (continued)

Name	Place of establishment	Ownership	Object of activity	Interest%	Control %	Cost as at 31.12.2019 (lei)	Interest %	Control %	Cost as at 31.12.2020 (lei)
"Greenlife" Ecological Association	Romania	Indirect		45.00%	45.00%	400	17.55%	17.55%	-
Recyplat LTD	Cyprus	Indirect	Business and other management consultancy activities	100.00%	100.00%	20,261,120	100.00%	100.00%	20,261,120
Romgreen Universal Cipru	Cyprus	Direct	Business and other management consultancy activities	17.59%	17.59%	-	17.59%	17.59%	-
Eco Pack Management SA	Romania	Direct	Other business support service activities n.e.c.	99.88%	99.88%	2,619,254	99.88%	99.88%	2,619,254
Green Resources Management SA	Romania	Indirect	Business consultancy and management	11.68%	11.68%	-	11.68%	11.68%	-
PROJECT ADVICE SRL	Romania	Indirecta	Activități de consultanță pentru afaceri și management	99.86%	99.86%	500	-	-	-
ROMCARBON DEUTSCHLAND GMBH	Germania	Directa	Comertul cu produse finite din material plastic, reciclarea materialelor plastice si cumpararea de deseuri din material plastic	100.00%	100.00%	110,138	-	-	-
GREENTECH RECYCLING DEUTSCHLAND GMBH	Germania	Indirecta	Comertul cu plastic si reciclarea deeurilor din plastic	17.47%	17.47%	-	-	-	-
GREENTECH DOO SERBIA	Serbia	Indirecta	Reciclarea deeurilor si ramasitelor nemetalice	15.72%	15.72%	-	-	-	-
GRINTEH MK DOO MACEDONIA	Macedonia	Indirecta	Reciclarea deeurilor si ramasitelor nemetalice	15.63%	15.63%	-	-	-	-

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES****Statement of compliance**

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. December 31, 2020 and in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. Such provisions are consistent with the requirements of the International Financial Reporting Standards adopted by the European Union.

Bases of preparation

The consolidated financial statements were prepared on a going concern basis, at historical cost, adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves.

The financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for compliance with IFRS.

The main accounting policies are described below.

Bases of consolidation

The consolidated financial statements include the financial statements of the Parent, of its subsidiaries and joint ventures. Control is obtained when the Parent has the power to govern the financing and operating policies of an entity to acquire benefits from the latter's activities.

The profit of the subsidiary acquired during the year is included in the consolidated income statement as at the acquisition date.

Where required, the subsidiary's financial statements are corrected to adjust its accounting policies in accordance with the policies used by the Parent.

All group transactions, balances, income and expenses are completely eliminated from the consolidation.

Non-controlling interests in net assets (excluding goodwill) of the subsidiary are disclosed separately from the Group's equity. Non-controlling interests consist in the sum of interests as at the date of the original business combination (see below) and the non-controlling share in changes in equity starting from the combination date. Losses corresponding to the minority, which exceed the non-controlling interest held in the subsidiary's equity are allocated as compared to the Group's interests, except if the minority holds an obligation and can make additional investments to cover losses.

Initial application of new amendments to the existing standards effective for the current reporting period

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business - adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. MAIN ACCOUNTING POLICIES (continued)

- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions (adopted by the EU on 9 October 2020 and effective at the latest, as from 1 June 2020 for financial years starting on or after 1 January 2020),*
- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group’s financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 4 Insurance Contracts “Extension of the Temporary Exemption from Applying IFRS 9”** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. MAIN ACCOUNTING POLICIES (continued)

New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU (continued)

- Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group’s estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate:

- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **IFRS 17 “Insurance Contracts”** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IFRS 3 “Business Combinations”** - Definition of a Business issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.
- **Amendments to IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 issued by IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- **Amendments to IFRS 4 “Insurance Contracts”** – Extension of the Temporary Exemption from Applying IFRS 9 issued by IASB on 25 June 2020. Amendments change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. MAIN ACCOUNTING POLICIES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”** - Interest Rate Benchmark Reform issued by IASB on 26 September 2019. The changes in Interest Rate Benchmark Reform:
 - a) modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
 - b) are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
 - c) are not intended to provide relief from other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
 - d) require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”** - Interest Rate Benchmark Reform — Phase 2 issued by IASB on 27 August 2020. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting:
 - a) **Modification of financial assets, financial liabilities and lease liabilities** - the IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.
 - b) **Hedge accounting requirements** - under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
 - c) **Disclosures** - in order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about:
 - how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
 - quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
 - to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.
 - d) The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. MAIN ACCOUNTING POLICIES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions issued by IASB on 28 May 2020. The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Material** issued by IASB on 31 October 2018. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.
- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use issued by IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract issued by IASB on 14 May 2020. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)”** issued by IASB on 14 May 2020. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments: (a) clarify that subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf (IFRS 9); (c) removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).
- **Amendments to References to the Conceptual Framework in IFRS Standards** issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES (continued)****Revenue recognition**

According to IFRS 15, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services. Income is recognized at the fair value of the services rendered or the goods delivered, net of VAT, excise duties and other sales taxes.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 "Revenue from contracts with customers" introduces a comprehensive model for the recognition and measurement of income. The standard replaces the existing income recognition criteria, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services.

Being permitted by the standard, the Company adopted IFRS 15 as of January 1, 2018 using the revised retrospective method with cumulative adjustments from the initial application recognized as at 1 January 2018 in equity and without altering the figures for prior periods. Initial application has no impact on the Company's retained earnings.

Income is measured at the fair value of amounts received or receivable. Income is reduced by the value of returns, commercial rebates and other similar costs

Sale of goods

Income from sale of goods is recognized when the following conditions are met:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The value of the income can be measured reliably.

Dividend and interest income

Income from dividends related to investments is recognized when the shareholders' right to receive them is established.

Interest income is recognized on a timely basis, by reference to the outstanding capital and the actual applicable interest rate, which is the exact discount rate of future cash received estimated throughout the life of the financial asset, within the limit of the net book value of such asset.

Foreign currency transactions

The Group operates in Romania and its functional currency is the Romanian leu.

When preparing the financial statements of individual entities and the Group, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Foreign exchange differences are recognized in the profit and loss as they arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING PRINCIPLES (continued)****Costs related to long-term borrowings**

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale.

All the other borrowing costs are recognized in the income statement as incurred.

Government subsidies

Government subsidies are not recognized until there is reasonable assurance that the Group will comply with the conditions of such subsidies and the subsidies are received.

Government subsidies whose main condition is that the Group acquire, build or otherwise obtain non-current assets are recognized as deferred income in the balance sheet and are transferred to the income statement systematically and rationally throughout the useful life of such assets.

Other Government subsidies are systematically recognized as income in the same period as the costs they are intended to offset. Government subsidies received as compensation for expenses or losses already recorded or intended to grant immediate financial support to the Group, without future related costs, are recognized in the income statement when they become due.

Employee contributions

The Group makes payments to the State budget for social insurance, pension and unemployment benefits at the rates provided by law and in force during the year, calculated based on gross salaries. The cost of these contributions is charged to the income statement in the same period as the related salary costs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Provisions for taxes and levies

As at December 31, 2020 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

Deferred tax

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING PRINCIPLES (continued)****Taxation (continued)**

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary deductible differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set them off similarly to current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognized as expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered when calculating goodwill or when determining the excess of the acquirer's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company on cost.

Property, plant and equipment

Land and buildings held to be used in the production or delivery of goods or services or for administrative purposes are recorded in the balance sheet at fair value less the subsequently accumulated depreciation and other losses of value.

The Group conducts the revaluation of land and buildings based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. Revaluations are conducted with enough regularity so as to ensure that the carrying amount does not differ significantly from the amount that would have been determined by using fair value at the end of the reporting period. The increases in the book values of tangible assets further to revaluation were credited to Revaluation reserves under Equity. Revaluation reserves established after 2004 are not fiscally deductible.

Gains and losses on the sale or disposal of an asset are determined as difference between income from the asset sale and their net book value. Gains and losses are recognized in the Income Statement.

The buildings' depreciation is charged to the income statement.

Assets under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost. Depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready for their intended use.

Plant and equipment are recorded in the balance sheet at historical cost adjusted to the effect of hyperinflation as at December 31, 2003, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies less the subsequently accumulated depreciation and impairment losses.

Depreciation is registered so as to diminish the cost other than the cost of land and buildings under construction, throughout their estimated useful life, on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. MAIN ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Assets held in financial leasing are amortized over the useful life, similarly to the assets held or, if the lease term is shorter, over the term of the respective leasing contract.

Losses or gains from selling or disposing a tangible asset are computed as difference between sale revenues and the net book value of the asset and are recognized in the income statement.

The following useful lives are used in the depreciation calculation:

	<u>Years</u>
Buildings	5 – 45
Plant and equipment	3 – 20
Other installations, office equipment	3 – 30
Vehicles in finance lease	5 – 6

Investment property

Investment property are properties held to earn rentals and/or for future capital appreciation. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortization. Amortization is calculated on a straight line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The calculation of amortization uses the following useful lives:

	<u>Years</u>
Licenses	1 – 5

Impairment of tangible and intangible assets, goodwill exclusively

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES (continued)****Impairment of property, plant and equipment and intangible assets, excluding goodwill**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale.

Assets held for sale

Assets held for sale are represented by real estate held by the Company, which forms the object of a selling plan as at the date of the consolidated financial statements. Such assets are not depreciated and are carried at the lower of carrying amount and fair value, less costs to sell and are presented separately in the consolidated financial statements. Resulting gains and losses are included in profit or loss as they arise.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognized as provision is the best estimate of the required amount to settle the obligation at the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle the current obligation, then the carrying value is the current value of such cash flows.

Financial assets and liabilities

The Group applies IFRS 9 – Financial instruments, which became effective as of 1 January 2018 and which uses the entity's business model and the contractual cash flows characteristics of the financial asset to classify financial assets.

Classification of financial assets

According to IFRS 9 Financial instruments, financial assets are classified into:

1. *Financial assets measured at amortized cost if both of the following conditions are met:*
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. *Financial assets measured at fair value through other comprehensive income if both of the following conditions are met*
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES (continued)****Financial assets and liabilities (continued)**

3. *Financial assets measured at fair value through profit or loss unless measured at amortized cost in accordance with paragraph 1 or at fair value through other comprehensive income in accordance with paragraph 2.*

Except for trade receivables within the scope of IFRS 15, the Group measures a financial asset or financial liability at its fair value, and in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group measures a financial asset:

- amortized cost
- fair value through other comprehensive income or
- fair value through profit or loss

Financial assets include shares in subsidiaries, associates and jointly controlled entities, loans granted to such entities, other investments held as non-current assets and other loans.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee, but there is no joint control or control over these policies.

The Group's investment in its associates is accounted for using the equity method. According to the equity method, the investment in a partner is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the share of the associated group's net assets at the acquisition date. Goodwill related to the associate is included in the carrying amount of the investment and is not tested separately for impairment.

The profit or loss statement reflects the Group's share of the results of the associate's operations. Any change in the OCI of those investments is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the associates' capital, the Group recognizes its share of any change, where applicable, in the event of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated within the limit of the participation in the associate.

The aggregate of the share of the profit or loss of an associate of the Group is presented in the statement of profit or loss off-operating profit and represents profit or loss after taxes and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the group. When necessary, adjustments are made to align to the Group's accounting policies.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its association. At each reporting date, the Group determines whether there is objective evidence that the investment in the association is affected. If there is such evidence, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying amount and then recognizes the loss from the "Share of profit of an associate" in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any investment retained at its fair value. Any difference between the carrying amount of the associate at the loss of significant influence and the value of the retained investment and the income from disposal are recognized to profit or loss.

The Group's financial assets include cash and cash equivalents, trade receivables and long-term investments. Financial liabilities include finance lease obligations, interest-bearing bank loans, overdrafts, trade payables and other liabilities. For each item, the accounting policies for recognition and measurement are presented in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES (continued)****Financial assets and liabilities (continued)**

The impairment model in IFRS 9 requires that impairment allowances be recognized in accordance with expected credit losses and not in accordance with the model of actual credit losses provided for in IAS 39. IFRS 9 requires the Group to record an allowance for expected credit losses on all loans and financial assets attached to liabilities that are not held at fair value through profit or loss. Financial assets measured at amortized cost will be subject to impairment allowances in accordance with IFRS 9. In general, the application of the model for expected credit losses will involve the earlier recording of credit losses and will lead to an increase in the impairment allowance for the relevant items.

For some financial instruments, such as trade receivables, impairment losses are estimated based on a simplified approach, recognizing lifetime expected credit losses. The Group has established a matrix of provisions based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to borrowers and the business environment.

Borrowings are initially recognized at fair value less costs incurred with such operation. Subsequently, they are registered at amortized cost. Any difference between the entry value and the repayment value is recognized in the income statement over the borrowing term, using the effective interest method.

Financial liabilities

The Group classifies financial liabilities into one of the categories presented below, depending on the purpose for which they were acquired.

- *Measured at fair value through profit or loss* - only for the categories of derivative financial instruments held for sale. These are recognized in the balance sheet at fair value, and changes in value are recognized in the income statement.
- *Other financial liabilities*: this category includes the following:

Bank loans, which are initially recognized at amortized cost, less transaction costs directly attributable to obtaining the loans.

Debts and other short-term monetary liabilities, which are initially recognized at amortized cost, subsequently presented at cost using the market interest method.

Trade payables, which are recorded at the amount to be paid for the goods or services received.

Financial liabilities are classified as liabilities or equity according to the substance of the contractual arrangements. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or income. Distributions to equity holders are directly recorded to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on net basis, or to realize the asset and simultaneously write off the obligation.

The classification of investments depends on their nature and scope and is determined on the initial recognition date.

Financial assets available for sale (AFS)

Shares held in an unlisted capital instruments are classified as AFS and are registered at fair value. Gains and losses arising from changes in fair value are directly recognized in equity, in investment revaluation reserves, except for impairment losses, interest calculated using the effective interest method and gains and losses from the exchange rate of monetary assets, which are recognized directly in profit and loss. If the investment is sold or it is found impaired, then the gain or loss previously cumulated previous recognized in the investment revaluation reserve, is included in the profit and loss of the period.

Dividends from AFS capital instruments are recognized in profit and loss when the Group's right to receive them is established.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****2. MAIN ACCOUNTING POLICIES (continued)****Financial assets and liabilities (continued)**Impairment of financial assets

Financial assets, other than the ones recognized at fair value through the profit and loss account, are measured for impairment on each balance sheet date.

Financial assets are impaired when there is objective evidence that one or more of the events occurring after initial recognition have affected future cash flows related to the investment.

For shares available for sale, a significant or extended decline of the fair value of the security below its cost is considered objective evidence of impairment.

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impaired, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Group's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with payment incidents regarding receivables.

The carrying value of a financial asset is reduced by impairment loss, directly for all financial assets, except for trade receivables, in which case the carrying value is reduced by using a provision account. If a receivable is considered non-recoverable, it is eliminated and deducted from the provision. Subsequent recoverable of amounts previously eliminated are credited in the provision account. Changes in the carrying value of the provision account are recognized in the profit and loss account.

De-recognition of assets and liabilities

The Group derecognizes financial assets only when the contractual rights over cash flows related to the assets expire; or when it transfers the financial asset and substantially all risks and rewards related to the asset to another entity.

The Group derecognizes financial assets when and only when the Company's liabilities have been paid, written off or expired.

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
3. REVENUES

An analysis of the Group's income for 2020 is presented below:

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from sale of finished products	221,266	213,204
Income from sale of commodities	17,605	16,873
Income from services delivered	3,959	2,787
Other income (income from sale of semi-finished goods, residual goods, other income)	13,220	12,908
Total	256,050	245,772

Segment reporting	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales on domestic market (Romania)	177,330	158,140
Sales on foreign market (Europe)	76,841	86,596
Other (Israel, Taiwan)	1,879	1,036
Total	256,050	245,772

	Segment income		Segment profit	
	Period ended at December 31, 2020	Period ended at December 31, 2019	Period ended at December 31, 2020	Period ended at December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Plastics	210,016	192,210	28,323	17,750
Compound recycled products	23,437	31,193	1,291	4,528
Other productive sectors (protection materials, CA, car and industrial filters, waste recycling, etc)	5,547	5,673	1,232	1,098
Income from sale of goods, sale of utilities, provision of services, other income	17,050	16,696	511	501
Total from operations	256,050	245,772	31,357	23,877
Other income	-	-	5,198	6,897
Administrative and salary expenses	-	-	(33,043)	(30,421)
Finance expenses	-	-	(3,418)	(2,702)
Finance income	-	-	90	6
Profit before taxation	-	-	184	(2,343)

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****3. REVENUES (continued)**

“**Plastics**” segment include income obtained by the Group from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (expanded polystyrene trays - standard and catering, expanded polystyrene boards for floor insulation), PET products (PET trays and multilayer films (lamination, sealing, thermoforming), PVC tubes, etc.

“**Compounds – Recycled products**” segment includes income from sale of compounds and re-granulated materials made of recycled polymers and plastics compounds made of virgin polymers used by the processors of plastics products that manufacture items for various uses in the automotive industry, the electrical and household industry, furniture, constructions, pipes, packaging, etc.

Other productive sectors include the following groups of products:

- “**Materials for respiratory protection and activated coal**” include respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as activated coal applied in different actions of purification of methane in the biodegradation of household waste, pit soil reclamation, retention of toxic gas from incinerators, etc.
- “**Filters**” include sales of oil, fuel and air filters for both motor vehicles and industrial use.
- “**Processed PVC**” includes products made of recycled materials used to produce traffic signs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
3. REVENUES (continued)

		Asset segment		Liability segment	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Assets and liabilities		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo	Polyethylene + polystyrene + polypropylene plastics + PET products	113,269	141,380	100,269	111,292
Romcarbon	Compound recycled products	66,430	85,505	17,335	21,658
Romcarbon	Other productive sectors	5,907	6,908	2,757	3,062
Romcarbon	Income from sale of goods, sales of utilities, provision of services, other income	93,911	65,306	19,444	23,527
Total assets/liabilities		279,517	299,099	139,805	159,538

		Depreciation segment		Segment of non-current assets additions *	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Depreciation and non-current assets additions		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo	Polyethylene + polystyrene + polypropylene plastics	7,989	8,919	1,077	1,539
Romcarbon	Compound recycled products	5,570	5,502	1,446	637
Romcarbon	Other productive sectors	296	382	4	66
Romcarbon	Other activities	1,422	1,501	154	619
Total		15,277	16,304	2,681	2,861

* Non-current assets additions represent inflows of fixed assets during the year and do not include inflows from purchases of subsidiaries.

In "Other activities" segment, the Group has one client (Kasakrom Chemicals SRL) whose turnover represents 2% (5% in 2019) of the Group's sales.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
4. OTHER REVENUES

	Year ended December 31, 2020	Year ended December 31, 2019
Income from lease of investment property	1,416	2,936
Income from subsidies	3,782	3,961
	<u>5,198</u>	<u>6,897</u>

5. RAW MATERIALS AND CONSUMABLES USED

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	79,870	93,803
Commodities sold	11,066	9,393
Energy expenses	44,088	13,206
Goods sold	13,298	37,360
Packaging cost	1,800	1,412
	<u>150,123</u>	<u>155,174</u>

6. EMPLOYEE BENEFITS EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	65,970	63,142
Social contributions	1,858	1,774
Meal tickets	2,454	2,494
Total	<u>70,282</u>	<u>67,409</u>

7. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Amortization/depreciation	<u>15,277</u>	<u>16,304</u>
of which:		
Depreciation of property, plant and equipment (Note 13)	15,007	16,161
Amortization of intangible assets (Note 16)	270	142

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
8. OTHER EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	771	895
Expenses with rents	487	825
Expenses with insurance premiums	576	489
Other expenses with commissions	41	52
Protocol, advertising and publicity expenses	590	707
Transport	7,578	7,411
Expenses with travels	69	232
Expenses with postal charges and telecommunications	193	196
Expenses with third party services	5,457	5,861
Other taxes and levies	2,449	2,575
Losses on receivables and sundry debtors	22	4
Expenses with indemnifications, fines and penalties	8	106
Other expenses	493	376
Total	18,734	19,729

9. OTHER GAINS (LOSSES)

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Compensations, fines and penalties	45	11
Income / (Expenses) from disposal of property, plant and equipment	187	37
Income / Expenses from fair value adjustment of investment property	(279)	(430)
Income / (Expenses) from disposal of investment property	(70)	-
Income / (Expenses) from disposal of financial investments	(111)	2,196
Discounts granted	(8)	(22)
Net income from provisions	(173)	(112)
Other income/losses*	1,203	198
Total	794	1,878

(*) Line Other income/losses includes income from subsidies for the payment of technical unemployment in amount of lei 771,389.

10. FINANCE INCOME

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Interest	90	6
Total	90	6

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
11. FINANCE COSTS

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Interest	1,789	2,100
FX net losses	1,310	1,761
Bank commissions and assimilated charges	319	603
Total	<u>3,418</u>	<u>4,463</u>

12. INCOME TAX (EXPENSES)
Income tax expenses

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Current income tax expense	490	734
Deferred tax income expense / (income)	(222)	(459)
Total expense (income) with income tax	<u>268</u>	<u>274</u>

The tax rate applied for the reconciliation above related to 2020 and 2019 is 16% and is due by all Romanian legal persons.

The total expense of the year may be reconciled with the accounting profit as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Profit/(Loss) before taxation	<u>184</u>	<u>(2,343)</u>
Tax calculated according to the 16% rate	29	(375)
Effect of non-taxable income	(474)	(1,392)
Sponsorship deductions	13	9
Exemption of reinvested profit	38	37
Tax loss from previous years	(21)	(37)
Effect of deferred tax	(222)	(459)
Effect of non-deductible expenses	369	2,491
Expense with income tax recognized in income statement	<u>268</u>	<u>274</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
12. INCOME TAX (EXPENSES) (continued)
Components of deferred tax liabilities

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Property, plant and equipment	7,609	7,898
Investment property	653	832
Inventories	(275)	(229)
Trade and other receivables	(135)	(137)
Other	-	-
Recognized deferred income tax liabilities	7,853	8,364
of which: deferred tax on revaluation reserves from comprehensive income	7,853	8,364
	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Opening balance as at January 1	8,364	8,902
(Expense) / Income during the year		
- movement from revaluation reserves	(289)	(74)
- recognized in income statement	(222)	(464)
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	7,853	8,364

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
13. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Constructions</u>	<u>Plant and equipment</u>	<u>Other fixtures, plant and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
COST						
Balance as at January 1, 2020	45,780	22,876	179,568	897	2,818	251,939
	-	63	2,589	30	3,103	5,785
Additions, of which						
- Transfers	-	63	2,538	7	-	2,611
- Revaluation	-	-	-	-	-	-
Disposals, of which	-	-	575	5	3,005	3,585
- Transfers	-	-	-	-	2,611	2,611
- Transfers to assets held for sale	-	-	-	-	-	-
- Transfers to investment property	-	-	-	-	147	221
- Revaluation	-	-	-	-	-	-
Balance as at December 31, 2020	45,780	22,939	181,582	922	2,916	254,131
Balance as at January 1, 2019	46,634	28,600	177,360	1,584	2,583	257,032
Additions, of which	151	1,569	2,250	79	3,068	7,117
- Transfers	-	523	1,416	4	-	2,824
- Revaluation	151	1,046	-	-	-	1,197
Disposals, of which	1,005	7,293	313	766	2,833	12,210
- Transfers	-	201	313	766	2,686	3,944
- Transfers to assets held for sale	725	1,613	21	-	147	2,506
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	280	5,479	-	-	-	5,760
Balance as at December 31, 2019	45,780	22,876	179,568	897	2,818	251,939

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
13. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
ACUMULATED DEPRECIATION						
Balance as at January 1, 2020	27	1,224	91,869	539	-	93,659
Depreciation charge	4	1,579	13,350	70	-	15,003
Disposals from sale of assets	-	5	465	5	-	475
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2020	31	2,798	104,754	604	-	108,187
Balance as at January 1, 2019	23	4,543	78,046	877	-	83,489
Depreciation charge	4	2,056	14,020	81	-	16,161
Disposals from sale of assets	-	149	197	419	-	765
Revaluation decrease	-	5,226	-	-	-	5,226
Balance as at December 31, 2019	27	1,224	91,869	539	-	93,659
IMPAIRMENT						
Balance as at January 1, 2020	-	-	-	-	1,186	1,186
Impairment allowances	-	-	-	-	-	-
Balance as at December 31, 2020	-	-	-	-	1,186	1,186
Balance as at January 1, 2019	-	-	-	-	-	-
Impairment allowances	-	-	-	-	-	-
Balance as at December 31, 2019	-	-	-	-	-	-
NET BOOK VALUE						
As at December 31, 2020	45,749	21,652	76,820	318	1,730	144,757
As at December 31, 2019	45,753	20,141	87,699	358	1,632	157,094

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
13. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions of fixed assets in 2020 focused mainly on machinery and work equipment for the production activity.

As at December 31, 2020 the parent company revalued fixed assets in the category of land and buildings through an independent valuer. Further to revaluation, the value of land and buildings decreased by RON 4,561. The revaluation differences were registered as follows: the amount of RON (96) thousand in the income statement and the amount of RON 760 thousand as set up of reserves. The difference of RON (5,225) thousand represents the write-off of the depreciation of the assets revalued at December 31, 2019.

In 2019, the Group transferred from property, plant and equipment to assets held for sale a property consisting of plot of land in surface area of 38,235 sq m and building, located in Campia Turzii, Cluj worth RON 2,608 thousand, owned by Livingjumbo Industry SA and a building composed of land with a total area of 12,774 sqm, of which built area of 1,019.30 sqm, located in Stefanestii village below, Ilfov county, owned by Romcarbon SA.

Pledged and restricted tangible assets
ROMCARBON SA

Tangible assets having a net book value of RON 99,293 thousand as at December 31, 2020 (December 31, 2019: RON 101,999 thousand) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank and EXIMBANK SA.

Living Jumbo Industry SA

Tangible assets with a net book value of RON 28,171 thousand as at December 31, 2020 (December 31, 2019: RON 36,411 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

RC Energo Install SRL

Tangible assets with a net book value of lei 115 thousand at December 31, 2020 (31.12.2019: lei 256 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from Eximbank SA.

14. INVESTMENT PROPERTY

	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	5,652	6,087
Buildings	6,233	7,346
Total investment property	11,885	13,432

As at December 31, 2020, the Group owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

On October 12, 2020 the Group entered into a sale contract with Office & Logistic SRL for a building located in Iasi and the related land with a surface area of 2,487 sqm, at a price of RON 1,191,675.

At December 31, 2020, the Group performed the revaluation of the investment property held at the end of the year, which resulted in a decrease of net amount of RON 278,663, which was registered in the result for the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
15. GOODWILL

COST	Year ended December 31, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
Balance at the beginning of the year	143	143
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143	143

According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any impairment.

16. OTHER INTANGIBLE ASSETS

COST	Licenses <i>thousand LEI</i>	Other intangible assets <i>thousand LEI</i>	Intangible assets in progress <i>thousand LEI</i>	Total <i>thousand LEI</i>
Balance as at January 1, 2020	902	1,255	57	2,215
Additions	229	114	12	355
Disposals	-	-	69	69
Balance as at December 31, 2020	1,131	1,369	-	2,500
Balance as at January 1, 2019	613	1,251	-	1,865
Additions	300	4	308	612
Disposals	11	-	251	262
Balance as at December 31, 2019	902	1,255	57	2,215

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
16. OTHER INTANGIBLE ASSETS (continued)

	Licenses	Other intangible assets	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
ACUMULATED AMORTIZATION			
Balance as at January 1, 2020	653	1,254	1,907
Expenses with amortization	252	19	271
Write-offs on disposal of assets	-	-	-
Transfer	-	-	-
Balance as at December 31, 2020	905	1,273	2,178
Balance as at January 1, 2019	602	1,173	1,774
Expenses with amortization	59	84	143
Write-offs on disposal of assets	8	3	11
Transfer			
Balance as at December 31, 2019	653	1,254	1,907
NET BOOK VALUE			
As at December 31, 2020	226	96	322
As at December 31, 2019	249	1	309

17. OTHER FINANCIAL INVESTMENTS

Details on the Group's associates are as follows:

Name of investment	Core activity	Place of establishment and operations	Ownership interest	
			2020	2019
			%	%
Kang Yang Biotechnology Co. Ltd	Manufacture of products beneficial for human health	Taiwan	1.95%	1.95%
Romgreen Universal Ltd	Business and other management consultancy activities, core activity	Cyprus	17.59%	17.59%
"Greenlife" Ecological Association	Non-profit organization	Romania	17.55%	17.55%
Registrul Miorita SA	Insurance related to Shareholders' Registry	Romania	3.79%	3.79%
Yenki		Romania	33.34%	33.34%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
17. OTHER FINANCIAL INVESTMENTS (continued)
Changes of investment regarding associates and financial assets

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
As at January 1	27,034	27,103
Share of profit / loss of associates (Romgreen)	(2,564)	(68)
Additions	-	-
Transfer to other comprehensive income	-	-
Loss on retroactive correction of previous year's profit sharing*	-	-
Reduction of Romgreen* share premiums	-	-
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	-	-
Total	24,470	27,034

18. CURRENT INVENTORIES

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	16,894	18,320
Consumables	4,670	5,231
Items of inventory	92	106
Packaging	298	301
Finished products	7,043	10,550
Production in progress	1,769	2,162
Semi-finished products	5,140	6,068
Residual products	855	165
Commodities	4,440	4,662
Impairment allowances for inventories	(1,923)	(1,637)
Total	39,279	45,929

In 2020, the Group's average turnover was 52 days, as compared to 60 days in 2019.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
19. TRADE AND OTHER CURRENT RECEIVABLES

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade receivables	36,691	35,345
Allowances for doubtful clients	(2,087)	(2,078)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	87	153
Advances to services suppliers	361	479
Other receivables	1,138	367
Total	36,190	34,266

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Changes of allowance for doubtful clients		
Balance at the beginning of the year	2,078	1,964
Receivables transferred to expenses during the year	-	-
Decrease of allowance recognized in profit and loss	9	112
Balance at the end of the year	2,087	2,076

When determining the recoverability of a receivable, the Group takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and the client portfolio is diverse and clients are independent from each other.

The Company registers adjustments of receivables as per IFRS 9, and specific allowances for doubtful clients.

Therefore, the Group's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
19. TRADE AND OTHER CURRENT RECEIVABLES (continued)

31/12/2020	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.00%	0.00%	0.02%	0.02%	0.02%	0.02%	
Total gross carrying amount of specific un-provisioned receivables	29.299	2.170	280	126	168	378	32.422

31/12/2019	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.02%	0.03%	0.10%	0.13%	0.34%	1.67%	
Total gross carrying amount of specific un-provisioned receivables	26,548	3,345	392	233	277	2,426	32,222

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
20. OTHER CURRENT FINANCIAL ASSETS

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Short term bank-deposits	181	2,390
Total	181	2,390

21. OTHER CURRENT NON - FINANCIAL ASSETS

	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Pre-paid amounts	875	1,018
Taxes recoverable	341	454
Total	1,216	1,472

22. CASH ON HAND AND AT BANKS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts. Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash at banks	20,575	9,700
Cash on hand	43	64
Cash equivalents	87	-
Total	20,705	9,764

23. ASSETS HELD FOR SALE

Assets held for sale	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	71	3,394
Buildings	-	3,210
Equipment and non-current assets in progress	-	270
Impairment allowances	-	-
Total assets held for sale	71	6.873

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
23. ASSETS HELD FOR SALE (continued)

The assets held for sale have the following geographical distribution:

Assets held for sale	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Iasi	71	70
Stefanesti	-	4,297
Campia Turzii	-	2.506
Total	71	6,873

On 31.01.2020, the sale was completed according to the pre-contract of sale purchase no.1830 from 18.12.2019, concluded with GREEN PC AMBALAJE S.R.L. (as buyer) representing the value of a building located in Ilfov, Stefanestii de Jos, Str. Sinaia no.15, with a total area of 12,774 sqm, of which 4,928 sqm built area, according to the purchase agreement no. 183 of 31.01.2020 for which the price of RON 3,987 thousand was cashed (equivalent of EUR 834 thousand).

On December 11, 2020 the sale of the asset located in Campia Turzii to Tamo-KO Development SRL, consisting of land in surface area of 38,235 sqm and the buildings erected on such land, registered as Property, plant and equipment was finalised, for which a price lei 2,945 thousand was charged.

24. ISSUED CAPITAL

	Share capital	
	Year ended December 31, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
264,122,096 fully paid ordinary shares (2013: 264,122,096). The value of one share is LEI 0.1	26,412	26,412
Inflation effect according to IAS 29	-	-
Total	26,412	26,412

	December 31, 2020		December 31, 2019	
	Number of shares	% ownership	Number of shares	% ownership
Living Plastic Industry SRL	86,774,508	32.85%	86,774,508	32.85%
Unitai International Corporation	615,500	0.23%	615,500	0.23%
Joyful River Limited Loc, Nicosia CYP	54,195,089	20.52%	54,195,089	20.52%
Other legal persons	8,192,269	3.10%	18,422,952	6.98%
Other natural persons	114,344,730	43.29%	104,114,047	39.42%
Total	264,122,096	100%	264,122,096	100%

The main characteristics of the securities issued by the Company: 264,122,096 nominal shares, dematerialized, at nominal value of LEI 0.1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
25. RETAINED EARNINGS

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Balance at the beginning of the year	71,310	74,357
Net profit / (net loss) attributable to parent	87	(2,586)
Reclassification of revaluation reserve to retained earnings	537	762
Dividends paid	-	(1,005)
Other	69	(217)
Balance at the end of the year	71,692	71,310

26. OTHER RESERVES

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Revaluation reserves	39,577	39,823
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1,062)	(1,074)
Total	38,515	38,749

27. NON-CONTROLLING INTERESTS

	Year ended December 31, 2020	Year ended December 31, 2019
	<u>thousand LEI</u>	<u>thousand LEI</u>
Balance at the beginning of the year	907	938
Share of profit / (loss) for the year	3	(31)
Share of other items of capital	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Dissolution of subsidiaries	-	-
Balance at the end of the year	910	907

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
28. OTHER FINANCIAL LIABILITIES

	OTHER CURRENT FINANCIAL LIABILITIES		OTHER NON - CURRENT FINANCIAL LIABILITIES	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Borrowings (Overdraft and Investment loans)	52,858	60,411	17,857	23,504
Lease liabilities	10	15	-	9
Total	52,868	60,426	17,857	23,513

Short-term bank loans	Entity	December 31,	December 31,
		2020	2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Credit line Euro - BRD	Romcarbon	-	12,088
Credit line Euro - Eximbank SA	Romcarbon	12,380	-
Investment loan Euro-BRD II	Romcarbon	608	597
Investment loan Euro-BRD III	Romcarbon	768	754
Investment loan II in lei - UniCredit Bank	Romcarbon	230	306
Investment loan III in Euro- UniCredit Bank	Romcarbon	413	540
Investment loan IV in lei - UniCredit Bank	Romcarbon	608	1,548
Investment loan V in lei - UniCredit Bank	Romcarbon	-	1,241
Credit line Euro – BRD	LivingJumbo Industry	-	8,544
Credit line Euro – EximBank SA	LivingJumbo Industry	9,207	-
Investment loan Euro - UniCredit Bank SA - Project CCE 2015	LivingJumbo Industry	3,286	3,225
Investment loan Euro-UniCredit Bank SA	LivingJumbo Industry	422	415
Investment loan I in Euro -BRD	LivingJumbo Industry	524	514
Investment loan II in Euro -BRD	LivingJumbo Industry	50	59
Multiproduct facility (factoring) in lei - Eximbank SA	LivingJumbo Industry	1,236	-
Credit line Euro – UniCredit Bank SA	Romcarbon	18,714	25,298
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	Romcarbon	2,118	2,079
Credit line - Eximbank SA	EnergolInstall	855	332
Current operation credit - Eximbank SA	EnergolInstall	-	1,250
Investment loan in lei I - Eximbank SA	Romcarbon	840	1,024
Investment loan in lei II - Eximbank SA	Romcarbon	597	597
Total		52,858	60,411

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	Year ended December 31, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
Investment loan II Euro-BRD	Romcarbon	507	1,095
Investment loan III Euro-BRD	Romcarbon	64	817
Investment loan I in lei - UniCredit Bank	Romcarbon	-	-
Investment loan II in lei - UniCredit Bank	Romcarbon	-	230
Investment loan III in Euro - UniCredit Bank	Romcarbon	-	405
Investment loan IV in lei - UniCredit Bank	Romcarbon	-	608
Investment loan V in lei - UniCredit Bank	Romcarbon	-	-
Investment loan Euro - UniCredit Bank SA - Proiect CCE	Romcarbon	4,832	6,822
Investment loan in lei I - Eximbank SA	Romcarbon	420	1,536
Investment loan in lei II - Eximbank SA	Romcarbon	597	1,194
Credit line in lei - CEC Bank	LivingJumbo Industry	4,717	-
Investment loan I in Euro -BRD	LivingJumbo Industry	306	814
Investment loan II in Euro -BRD	LivingJumbo Industry	-	49
Investment loan Euro-UniCredit Bank SA	LivingJumbo Industry	256	666
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	LivingJumbo Industry	6,158	9,268
Total		17,857	23,504

According to the existing loan contracts, the parent is subject to certain restrictive conditions. Such conditions require the parent, inter alia, to maintain certain financial covenants including the DSCR ratio, total financial liabilities/ EBITDA, financial liabilities, current liquidity and net financial assets to equity.

In the loan contracts, the parent must reach a certain level of the financial covenants, severally and/or together with Livingjumbo Industry SA.

As at December 31, 2020 the parent company met covenant "Total net financial liabilities/EBITDA" either separately, or jointly with Livingjumbo Industry SA. Also, the parent met separately covenants "Current liquidity" and „Total financial liabilities, net/EBITDA", but did not meet such covenant jointly with LivingJumbo Industry SA. Covenant „Service debt coverage ratio" was not met wither separately, or jointly with LivingJumbo Industry SA as at the date of these financial statements.

In this respect, the parent obtained a letter from the banking institutions stipulating that the contractual provisions were not not breached, the conditions were calculated based on the statements submitted and the bank would not demand the early repayment of the loans made available.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

28. OTHER FINANCIAL LIABILITIES (continued)

As at December 31, 2020, the Group had more loans contracted from various banks, the most important of which are presented below.

Romcarbon SA loans

a) credit line contracted from UniCredit Bank SA in amount of EUR 5,450,000 (contract BUZA/014/2012)

- Outstanding amount as at December 31, 2020: lei 18,714,452 (equivalent of EUR 3,843,277)
 - Due on: April 10, 2021
 - Securities:
1. Mortgage on the following immovable assets (land + constructions), identified as follows:
 - cadastral no. 67264 (having a total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54304 (having a total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 67301, having a surface area of 3,348 sq m, resulting from joining cadastral no. 64699, having a surface area of 3,308 sq m with cadastral no. 67265 having a total surface area of 40 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 64371, having a total surface area of 22,830 sq m, resulting from the division of the area holding cadastral no. 54553, formerly 18335 (having a total surface area of 23.451 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 52784, formerly 344/1/5 (having a total surface area of 7,659 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 52768, formerly 344/1/7 (having a total surface area of 10,191 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54575, formerly 344/1/1 (having a total surface area of 9,814 sq m) located at Str. Transilvaniei, 132, Buzău;
 2. Mortgage over the credit balance of the accounts in lei or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzău Branch;
 3. Mortgage over the credit balance in lei or foreign currency opened by Livingjumbo Industry SA with UniCredit Bank Suc. Buzau;
 4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts and/or the firm orders and/or invoices executed/issued by ROMCARBON SA with its clients, in their capacity of assigned debtors, with possibility of sending accepted or non-accepted notices to assigned debtors in accordance with the negotiations held with the Bank;

Currently, the following debtors are notified: LivingJumbo Industry SA, P.H. Bratpol Poland, Yugosac D.O.O.Serbia, KASAKROM Chemicals SRL Bucharest, Arpa SA Logistics Greece, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focșani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucharest, V&T Trade Ltd Sofia Bulgaria.

The list will be supplemented/revised by inclusion / exclusion of new data.
 5. Mortgage over movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 6. Real estate mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2020.
 7. Blank promissory note, with the mention “No Protest”;
 8. LivingJumbo Industry SA as co-borrower;
 9. Mortgage over a collateral deposit in amount of euro 200,000 established by Livingjumbo Industry SA.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

Romcarbon SA loans (continued):

b) credit facility contracted from Banca de Export-Import a Romaniei Eximbank SA in amount of EUR 2,550,000 (contract 8 - ABZ/28.05.2020)

- Outstanding amount as at December 31, 2020: lei 12,380,473 (equivalent of EUR 2,542,505)
 - Due on: May 27, 2021
 - Securities:
1. Security interest in real estate over immovable assets (land + constructions) bearing the following cadastral numbers:
 - 61094 (344/1/6) having a total surface area of 8,922 sq m, 52789 (344/1/8) having a total surface area of 17,922 sq m, 65873 (344/1/9) having a total surface area of 5,950sq m, 52808 (344/1/11/1) having a total surface area of 4,561 sq m, 54430 having a total surface area of 1.320 sqm (subsequent rank) located at Strada Transilvaniei, nr. 132, Buzău.
 2. Mortgage of subsequent rank over 31 machinery with a net book value of lei 77,462 as at December 31, 2019;
 3. Mortgage over the credit balance of the accounts opened by Romcarbon SA with Eximbank SA Buzau Branch;
 4. Mortgage of first rank over the present and future receivables arising from the trade relations with its commercial partners, including, without limitation: Ductil SA, Dedeman SRL, Nenea SRL, Agrana Romania SRL, Romania Hypermarche SRL, Hitexim SRL, Magic Serv SRL, Sapte Spice SA, Roca Obiecte Sanitare, GD Agro Com SRL, M&V SRL, Autonet Import SRL, Subansamble Auto SA, Fabryo Corporation SRL;
 5. Mortgage of first rank over the present and future receivables arising from the trade relations (orders and/or contracts) with key accounts: Toro Manufacturing and Sales SRL, Leroy Merlin Romania SRL, Moara Cibin SA, Pambac SA and other key accounts agreed upon with the company.
 6. Blank promissory note, with the mention "No Protest".

As at December 31, 2020 the Company contracted the following long-term loans:

a) Investment loan II in amount of EUR 1,000,000 (withdrawn in part) contracted from BRD GSG (contract 148007/9022/03.11.2014):

- Outstanding amount as at December 31, 2020: lei 1,115,495 (equivalent of EUR 229,083)
 - Due on: 03.09.2022
 - Securities:
1. Mortgage over the credit balance of present and prospective accounts/sub-accounts in lei and foreign currency opened by Romcarbon SA with BRD GSG – Buzău Branch;
 2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by LivingJumbo Industry SA, as co-debtor, with BRD GSG – Buzău Branch;
 3. Mortgage without dispossession over 4 machinery having a net book value of lei 2,602,337 as at December 31, 2020;

b) Investment loan III in amount of EUR 3,153,160 contracted from BRD GSG (contract 150819/9022/19.12.2014)

- Outstanding amount as at December 31, 2020: lei 832,258 (equivalent of EUR 170,916)
 - Due on: 03.02.2022
 - Securities:
1. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
 2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. LivingJumbo Industry S.A, as co-debtor, with BRD GSG – Buzău Branch;
 3. First rank mortgage over real estate having a total surface area of 35,159 sq m, identified by the following cadastral numbers: 65984 with a surface area of 17,373 sq m, 54582 with a surface area of 4,108 sq m and 64815 with a surface area of 13,678 sq m;

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

As at December 31, 2020, the Company contracted the following long-term loans:

c) *Investment loan for the purchase of equipment and financing and re-financing of construction and fit-out works of shop floors in amount of lei 6,142,500 contracted from Banca de Export-Import a Romaniei Eximbank SA (contract 1-ABZ/21.07.2015)*

- Outstanding amount as at December 31, 2020: lei 1,260,259
- Due on: 20.06.2022
- Securities:
 1. Mortgage over real estate having a total surface area of **22,621 sq m**, identified by the following cadastral numbers: 52853 with a surface area of 1,323 sq m, 52837 with a surface area of 1,907 sq m, 54588 with a surface area of 4,882 sq m, 54558 with a surface area of 152 sq m, 54430 with a surface area of 1,320 sq m, 60631 with a surface area of 911 sq m, 64035 with a surface area of 601 sq m, and 56197 with a surface area of 11,525 sq m;
 2. Mortgage without dispossession over 2 machinery having a market value of EUR 666,5000 as per the valuation of May 2020 and July 2020 and a net book value of lei 3,167,742 as at December 31, 2020;
 3. Mortgage over current accounts in lei and foreign currency opened with EximBank SA by Romcarbon SA;
 4. Blank promissory note, with the mention "No Protest".

d) *Investment loan to co-fund project "Development of Romcarbon SA" worth EUR 2,967,420 contracted from UniCredit Bank SA (contract BUZA/010/2015)*

- Outstanding amount as at December 31, 2020: lei 6,950,678 (equivalent of EUR 1,427,420)
- Due on: 04.12.2023
- Securities:
 1. Mortgage over the goods purchased in project "Development of Romcarbon SA", having a market value as per the valuation of May 2020 of EUR 4,114,500 and a net book value of lei 19,992,655 as at December 31, 2020;
 2. Mortgage over all the present and future accounts/sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 3. Mortgage over a collateral deposit in amount of euro 200,000 established by Livingjumbo Industry SA.

e) *Investment loan II in amount of lei 2,500,000 contracted from UniCredit Bank SA for the co-financing of the 2016 investment plan (contract BUZA/023/2016)*

- Outstanding amount as at December 31, 2020: lei 229,698
- Due on: 19.09.2021
- Securities:
 1. Immovable property mortgage over real estate identified by cadastral number 67264 ((in total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzau;
 2. Immovable property mortgage over real estate identified by cadastral number 54304 ((in total surface area of 16.787 mp) located at Str. Transilvaniei, 132, Buzau;
 3. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 4. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 of EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2020;
 5. Movable property mortgage over 3 pieces of machinery having a market value as per the valuation of September 2020 of euro 607,200 and a net carrying amount of lei 2,885,731 at December 31, 2020;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 7. Mortgage over a collateral deposit in amount of euro 200,000 established by Livingjumbo Industry SA.

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

As at December 31, 2020, the Company contracted the following long-term loans:

- f) Investment loan III in amount of lei 442,500 from UniCredit Bank SA to co-fund the 2016 investment plan (contract BUZA/024/2016)**
- Outstanding amount as at December 31, 2020: lei 412,715 (equivalent of EUR 84,757)
 - Due on: 19.09.2021
 - Securities:
 1. Immovable property mortgage over real estate identified by cadastral no. 67264 (in total surface area of 10.037 sq m) located at Str. Transilvaniei, 132, Buzau;
 2. Immovable property mortgage over real estate identified by cadastral no. 54304 (in total surface area of 16.787 sq m) located at Str. Transilvaniei, 132, Buzau;
 3. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 4. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 of EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2020;
 5. Movable property mortgage over 3 pieces of machinery having a market value as per the valuation of September 2020 of euro 607,200 and a net carrying amount of lei 2,885,731 at December 31, 2020;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 7. Mortgage over a collateral deposit in amount of euro 200,000 established by Livingjumbo Industry SA.
- g) Investment loan IV in amount of lei 5,400,000 from UniCredit Bank SA to refinance self-funded investments in 2016 (contract BUZA/038/2016)**
- Outstanding amount as at December 31, 2020: lei 608,007
 - Due on: 01.12.2021
 - Securities:
 1. Movable property mortgage over 35 machinery with a market value as per the valuation of October 2020 of EUR 673,100 and a net book value of lei 1,204,037 as at December 31, 2020;
 2. Immovable property mortgage over real estate identified by cadastral no. 67264 (in total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzau;
 3. Immovable property mortgage over real estate identified by cadastral no. 54304 (in total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzau;
 4. Immovable property mortgage over real estate identified by cadastral numbers 61039-C1-U12, 61099-C1-U2, 6777, 6778 and 6779 located at Bulevardul Unirii, Bl. E3-E4, Buzau;
 5. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 6. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 of EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2020;
 7. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 8. Mortgage over a collateral deposit in amount of euro 2000,000 established by Livingjumbo Industry SA.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

As at December 31, 2020, the Company contracted the following long-term loans:

h) Investment loan II in amount of lei 2,432,500 to finance and re-finance objectives included in the 2017 investment plan contracted from Banca de Export-Import a Romaniei Eximbank SA (contract 7-ABZ/18.12.2017)

- Outstanding amount as at December 31, 2020: lei 1,193,665
- Due on: 16.12.2022
- Securities:
 1. Mortgage of subsequent rank over equipment (PE plastic film washing, sorting and grinding line) with a market value of EUR 527,500 as per the valuation report of May 2020 and a net book value of lei 2,451,180 as at December 31, 2020;
 2. Mortgage without dispossession over an equipment (filtering line, grinding and production of compounds in the form of grains) with a market value of EUR 813,600 as per the valuation report of October 2020 and a net book value of lei 2,837,691 as at December 31, 2020;
 3. Mortgage without dispossession over 3 forklifts with a market value of EUR 40,800 as per the valuation of October 2020 and a net book value of lei 191,768 as at December 31, 2020;
 4. Immovable mortgage without dispossession over 9 machinery purchased under this project with a market value of EUR 102,000 as per the valuation of May 2020 and October 2020 and a net book value of lei 519,217 as at December 31, 2020;
 5. First rank mortgage over present and future receivables arising from the commercial relationship with Toro Manufacturing and Sales SRL, Leroy Merlin Romania SRL, Moara Cibin SA, Pambac SA and other key accounts agreed by the bank;
 6. Mortgage over current accounts in lei and foreign currency opened with EximBank SA by Romcarbon SA;
 7. Blank promissory note, with the mention "No Protest".

I. Line of letters of guarantee

Line of letters of guarantee contracted from UniCredit Bank SA Buzau Branch, in amount of lei 500,000 (contract BUZA/002/2009).

- Due date: 01.07.2022
- Guarantees:
 1. Movable asset mortgage over two pieces of production equipment: extruder PP line (inventory no. 24078) with a market value of euro 39,600 at April 22, 2020 and a net carrying amount of lei 0 at December 31, 2020 and a floexographic printing machine (inventory no. 24075) with a market value of euro 21,900 at April 22, 2020 and a net carrying amount of lei 0 at December 31, 2020.
 2. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA Buzau Branch in lei and in foreign currency.

II. Treasury line

Non-binding loan – treasury line - in amount of eur 300,000, contracted from UniCredit Bank SA (contract BUZA/15/2016) to hedge against interest rate risk caused by loan agreement BUZA/010/2015.

- Due date: 15.02.2024
- Guarantees:
 1. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 2. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA Buzau Branch in lei and in foreign currency.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

III. Guarantees granted for loans contracted by Group companies

Guarantees granted to LivingJumbo Industry SA for the following loans contracted from UniCredit Bank SA:

- Investment loan in amount of EUR 607,200 (due in February 2024), contract BUZA/016/2015 secured by an immovable property mortgage of subsequent rank identified by cadastral no. 67264 (in total surface area of 10,037 sq m) and cadastral no. 54304 (in total surface area of 16.787 sq m) and movable mortgage over movable assets in the form of form of inventory having a minimum value of EUR 2,000,000 and movable mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 of EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2020;
- Non-binding loan – cash line – in amount of EUR 450,000 (due in February 2024), contract BUZA/044/2016 secured by mortgage on inventories, having a minimum value of EUR 2,000,000;

Guarantees granted to Livingjumbo Industry SA for the credit line contracted from EximBank SA

- Credit line in amount of EUR 2,000,000 (due on May 27, 2021), Contract 9 - ABZ/28.05.2020, 2015 secured by an immovable property mortgage of subsequent rank over the Sutco pre-sorting equipment, having a market value of EUR 139,000 as per the valuation of July 21, 2020 and a net book value of lei 716,563 at December 31, 2020, and by a fidejussio contract concluded between the bank and Romcarbon SA.

Guarantees granted to Livingjumbo Industry SA for the credit line contracted from Cec Bank SA

- Credit line in amount of lei 5,000,000 (due on February 14, 2022), secured by an immovable property mortgage over 15 pieces of equipment property of Romcarbon SA, with a market value of EUR 1,300,370 as per the valuation of October 22, 2020 and a net book value of lei 5,445,596 at December 31, 2020, and by a fidejussio contract concluded between the bank and Romcarbon SA.

Guarantees granted to RC Energo Install SRL for the following loans contracted from EXIMBANK SA:

- Credit line in amount of lei 1,000,000 for financing the current activity (due on 27/05/2021), guaranteed by movable mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a market value of euro 813,600 as per the valuation of October 2020 and a net carrying amount of lei 2,837,691 at December 31, 2020.

LivingJumbo Industry SA loans

a) Credit line contracted from Banca de Export-Import a Romaniei Eximbank SA within the limit of EUR 2,000,000 (ctr. 9 - ABZ/28.05.2020)

- Outstanding amount as at December 31, 2020: lei 9,207,174 (equivalent of EUR 1,890,823)
- Due on: 27.05.2021
- Securities:
 1. Movable property mortgage without dispossession over machinery property of the company, valued at a market value of EUR **1,025,690**;
 2. Movable property mortgage of subsequent rank over Sutco pre-sorting equipment property of Romcarbon SA, with a market value as per the valuation of July 2020 of EUR 139,000 and a net book value of lei 716,563 at December 31, 2020;
 3. Mortgage over the credit balance in lei or foreign currency opened by LIVINGJUMBO INDUSTRY S.A. with EximBank SA Buzau Branch;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

LivingJumbo Industry SA loans (continued)

4. Mortgage of first rank over the present and future receivables arising from the trade relations with key accounts (AGFD Tandarei, Agrana Romania) and non-key accounts (Polimero Bulgaria, Izomer Polonia, Interjute BV, Sigma Bags, ZHP Cerplast Sp ZOO, Baobag Franta, Seven Grup SRL, Belor Romania SRL, KSB Comserv SRL, Hitexim SRL, ICME ECAB SA, Albel Albania) and other key-accounts and non-key accounts partners accepted in advance by the Bank;
5. Movable property mortgage of subsequent rank over the stocks of raw materials, work in progress, finished goods and merchandise registered in accounts 301, 341, 345, 371 property of the Borrower;
6. Fidejussio contract concluded between the bank and Romcarbon SA;
7. Blank promissory note, with the mention "No Protest".

b) credit line contracted with CEC Bank SA within the limit of lei 5,000,000

- Outstanding amount as at December 31, 2020: lei 4,716,794
- Due on: 14.12.2022
- Securities:
 - Movable property mortgage without dispossession over 15 equipment property of Romcarbon SA, with a market value of EUR 1,300,370 as per the valuation of October 22, 2020 and a net book value of lei 5,445,596 at December 31, 2020;
 - Mortgage over the present and future receivables arising from the contracts entered into by LIVINGJUMBO INDUSTRY S.A. with DOLY-COM DISTRIBUTIE SRL, EXPERGO BUSINESS NETWORK SRL and DYNAMIC CAT SYSTEM SRL;
 - Mortgage over the credit balance in lei or foreign currency opened by LIVINGJUMBO INDUSTRY S.A. with CEC Bank Buzau Branch;

c) Multiproduct facility contracted in lei from Banca de Export-Import a Romaniei Eximbank SA within the limit of lei 3,500,000

- Outstanding amount as at December 31, 2020: lei 1,235,525
- Due on: 27.05.2021
- Securities:
 1. Mortgage on the receivables arising from the trade relations of the Borrower with assigned debtors with secured payment methods, which will be subsequently proposed for financing (agreed in advance with the Bank, upon notification, without acceptance statement) including, but not limited to: Micro Grup Business Solutions SRL, Westfleisch Romania, Artema Plast SRL;
 2. Assignment of the compensation rights arising from the insurance policy concluded in relation to the trade relations of the borrowe with assigned debtors;
 3. Fidejussio contract concluded between the bank and ROMCARBON S.A.;
 4. Mortgage over current accounts opened and to be opened by the Borrower with the Bank;
 5. Blank promissory note, with the mention "No Protest".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)

d) Long-term loan contracted from BRD GSG at an initial value of EUR 645,000 (partly contracted)

- Outstanding amount as at December 31, 2020: LEI 829,848 (equivalent of EUR 170,421)
- Due on: July 7, 2022
- Securities:
 1. Mortgage without dispossession over the machinery forming the object of the investment.
 2. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch.

e) Long-term loan contracted from UniCredit Bank SA at an initial value of EUR 607,200 (partly contracted)

- Outstanding amount as at December 31, 2020: Lei 678,449 (equivalent of EUR 139,329)
- Due on: July, 2022
- Securities:
 1. Immovable property mortgage of subsequent rank over real estate property of Romcarbon SA identified by cadastral no. 67264 (in surface area of 10,037 sq m) and cadastral no. 54304 (in surface area of 16,787 sq m);
 2. Movable property mortgage over the movable assets in the form of inventory property of Romcarbon SA, having a minimum value of EUR 2,000,000;
 3. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2021 of EUR 334,000 and a net book value of lei 1,075,392 as at December 31, 2021;
 4. Mortgage over the accounts opened in LEI and foreign currency with UniCredit Bank SA;
 5. Mortgage over a collateral deposit in amount of EUR 200,000.

f) Long-term loan contracted from UniCredit Bank SA to co-fund investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" at an initial value of EUR 4,723,205 (partly contracted)

- Outstanding amount as at December 31, 2020: Lei 9,207,174 (equivalent of EUR 1,890,823)
- Due on: November, 2023
- Securities:
 1. The machinery funded, the estimated value, without VAT, EUR 8,867,855; the assignment of the insurance policy of the machinery purchased out of the loan to UniCredit Bank SA, which will be the sole beneficiary of the policy;
 2. Mortgage over the accounts and sub-accounts opened in LEI and foreign currency with UniCredit Bank SA;
 3. Mortgage over a collateral deposit in amount of EUR 200,000.

g) Long-term loan contracted from BRD GSG at an initial value of EUR 160,000 (partly contracted)

- Outstanding amount as at December 31, 2020: LEI 50,408 (equivalent of EUR 16,563)
- Due on: November 1, 2021
- Securities:
 1. Mortgage without dispossession over the machinery forming the object of the investment.
 2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by LIVING JUMBO INDUSTRY SA with BRD-GSG – Buzău Branch

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
28. OTHER NON-CURRENT FINANCIAL LIABILITIES (continued)
Energo Install SRL loans
a) Credit line in amount of lei 1,000,000 to finance the current operations, contracted from Banca de Export-Import a Romaniei Eximbank SA (partly binding)

- Outstanding amount as at December 31, 2020: LEI 855,393
- Due on: May 27, 2021
- Securities:
 1. Guarantee issued by EximBank SA in the name and on account of the State, in amount of LEI 500,000, representing 70% of the exposure value;
 2. Movable property mortgage over 8 equipment and machinery with a book value of lei 585,991 and a net bok value of LEI 424,458 at December 31, 2020;
 3. Mortgage over current and future accounts in lei and foreign currency opened RC Energo Install SRL with Exim Bank;
 4. Movable property mortgage over all of the receivables, except Greentech, Greenfiber International and Greenweee International SA;
 5. Blank promissory note, with the mention "No Protest";
 6. Movable mortgage over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, property of Romcarbon SA, with a market value of EUR 813,600 as per the valuation of October 2020 and a net book value of lei 2,837,691 as at December 31, 2020.

29. FINANCE LEASE LIABILITIES
Lease contracts

Finance leases refer to vehicles leased for 5-6 years' term. The Group has the option to purchase the equipment for a nominal amount at the end of the contractual terms. The Group's finance lease obligations are secured by the lessee's ownership right over the assets.

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Present value of finance lease payments				
Amounts due within one year	10	16	10	16
More than one year, but less than 5 years	-	9	-	9
Total lease liabilities	10	25	10	25
Less future finance expenses		-		-
Present value of finance lease payments		-		-
Included in the financial statements as:				
Short-term borrowings		-		-
Long-term borrowings		-		-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
30. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	30,618	30,133
Suppliers invoices not received	732	636
Advances to clients	393	2,536
Sundry creditors (a)	1,693	1,925
Total	33,375	35,231

31. OTHER NON-FINANCIAL LIABILITIES

	OTHER CURRENT NON - FINANCIAL LIABILITIES		OTHER NON - CURRENT NON - FINANCIAL LIABILITIES	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Subsidies	3,746	3,881	19,761	23,507
Other current liabilities	3,899	4,365	-	-
Total	7,645	8,246	19,761	23,507

DEFERED INCOME

As at December 31, 2020 the value of investment subsidies received from the Group amounts to LEI 23,507 thousand, as follows:

Romcarbon SA:	LEI 13,139 thousand
LivingJumbo Industry SA:	LEI 10,368 thousand

As at December 31, 2019 the value of investment subsidies received from the Group amounts to LEI 27,289 thousand, as follows:

Romcarbon SA:	LEI 15,401 thousand
LivingJumbo Industry SA:	LEI 11,887 thousand

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****32. FINANCIAL INSTRUMENTS****(a) Capital risk management**

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The Group's capital consists of liabilities, which include the borrowings presented in note 28, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 24, 25 and 26.

The management of the Group's risk also consists in a regular review of the capital structure. As part of this review, the management takes into account the cost of capital and risks associated with each class of capital. Based on the management's recommendations, the Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares, as well as by contracting new debts or settling existing debts.

(b) Main accounting policies

Details of the main accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Objectives of financial risk management

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analysing exposure by the degree and extent of risks. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it firstly to financial risks regarding the fluctuation of the foreign exchange rate (see (e) below) and interest rate (see (f) below).

There has been no change in the Group's exposure to market risks or in the manner the Group manages and measures risks.

(e) Currency risk management

The Group undertakes transactions denominated in various foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policies.

(f) Interest rate risk management

The Group is exposed to interest rate risk given that Group entities borrow funds both at fixed and at variable interest. The risk is managed by the Group by maintaining a balance between fixed rate and variable rate borrowings.

The Group's exposures to interest rates over financial assets are presented in the section regarding liquidity risk management under this note.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****32. FINANCIAL INSTRUMENTS (continued)****(g) Other risks regarding prices**

The Group is exposed to risks related to equity, arising from equity investments. Equity investments are held for strategic purposes rather than commercial purposes. The Group does not actively trade such investments.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Trade receivables consist of a large number of clients from various industries and geographical areas. Credits are constantly assessed as regards the clients' financial status and, if applicable, credit insurance is concluded.

The Group does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Group defines counterparties as having similar characteristics when they are related entities. At no time during the year has the credit risk percentage exceeded 5% of the gross monetary assets.

(i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 32 includes a list of additional facilities not drawn, available to the Group in order to further mitigate liquidity risk.

(j) Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The financial statements include unlisted share holdings, measured at fair value. The best estimate for fair value is determined using the historical cost of shares.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of such instruments approximate their carrying values. The carrying values represent the Group's maximum exposure to credit risks related to existing receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
32. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are as follows:

2020	EUR	USD	Leu	31-Dec-2020 Total thousand LEI
	1 EUR = LEI 4.8694 thousand LEI	1 USD = LEI 4.3966 thousand LEI	1 LEI thousand LEI	
Cash and cash equivalents	1,300	699	18,706	20,705
Receivables and other current assets	9,706	13	26,471	36,190
Other current financial assets	-	-	181	181
Other current non-financial assets	238	-	978	1,216
LIABILITIES				
Trade and other liabilities	1,157	115	32,103	33,375
Other current liabilities	-	-	7,645	7,645
Short and long-term borrowings	60,615	-	10,099	70,715
Short and long-term finance lease liabilities	10	-	-	10
2019	EUR	USD	Leu	31-Dec-2019 Total thousand LEI
	1 EUR = LEI 4.7793 thousand LEI	1 USD = LEI 4.2608 thousand LEI	1 LEI thousand LEI	
Cash and cash equivalents	2,073	154	7,537	9,764
Receivables and other current assets	9,618	-	24,843	34,461
Other current assets	244	41	1,188	1,473
LIABILITIES				
Trade and other liabilities	8,500	89	26,645	35,233
Other current liabilities	-	-	4,365	4,365
Short and long-term borrowings	74,050	-	9,865	83,915
Short and long-term finance lease liabilities	31	-	-	25

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
32. FINANCIAL INSTRUMENTS (continued)

The Group is mainly exposed to EUR and USD exchange rates. The following table details the Group's sensitivity to a 10% increase and decrease in the LEI against the USD/EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to top management and represents management's estimate of the reasonably possible changes in foreign exchange rates. The vulnerability analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In the following table, a negative number below indicates a decrease in profit, whereas the LEI weaken 10% against the EUR/USD. For a 10% strengthening of the LEI against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Loss	(4,994)	(7,546)

Tables regarding liquidity and interest rate risks

The following tables present the maturity terms of the Group's financial liabilities.

The tables have been prepared based on the cash flows, not current, of the financial liabilities on the nearest date when the Group is likely to be claimed payment. The table includes both interest and cash flows related to principal.

2020	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade liabilities	33,375	-	-	33,375
Other current liabilities	7,645	-	-	7,645
Interest bearing instruments				
Short and long-term borrowings	-	-	-	-
Short and long-term leases	52,868	17,857	-	70,724
Non-interest bearing				
Cash and cash equivalents	20,705	-	-	20,705
Receivables and other current assets	36,190	-	-	36,190
Interest bearing				
Other current financial assets	81	100	-	181
2019	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade liabilities and other current liabilities	35,231	-	-	35,231
	4,365	-	-	4,365
Interest bearing instruments				
Short and long-term borrowings	-	-	-	-
Short and long-term leases	60,411	18,201	5,483	83,915
Non-interest bearing				
Cash and cash equivalents	9,764	-	-	9,764
Receivables and other current assets	34,461	-	-	34,461

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
32. FINANCIAL INSTRUMENTS (continued)

The table below present the credit limit and the balance of 10 major counterparties as at the date of the balance sheet, in LEI:

<u>Company</u>	<u>Counterparty</u>	<u>Turnover Period ended at 12 months 2020</u>	<u>Value of receivable as at 31.12.2020</u>	<u>Credit limit</u>	<u>Credit in days</u>
Romcarbon SA	KASAKROM CHEMICALS SRL	10,861	2,779	NO	88
Romcarbon SA	DEDEMAN SRL BACAU	7,994	1,759	NO	90
Romcarbon SA	COMANDOR IMPEX SRL FOCSANI PH BRATPOL JERZY BRATKOWSKI	5,077	163	NO	17
Romcarbon SA	POLONIA - EUR	4,150	649	NO	75
Romcarbon SA	KINTRADE EOOD	3,583	-74		-
LivingJumbo Industry SA	MICRO GRUP BUSINESS SOLUTION SRL	11,329	3,793		90
LivingJumbo Industry SA	POLIMERO Bulgaria	7,006	-	NO	6
LivingJumbo Industry SA	SMITHFIELD ROMANIA SRL	5,313	297		30
LivingJumbo Industry SA	BAOBAG France	5,210	293	NO	52
LivingJumbo Industry SA	EXPERGO BUSINESS NETWORK SRL	4,618	752	NO	60

33. RELATED PARTY TRANSACTIONS

The transactions among the Parent and its subsidiaries – Group’s related parties – were eliminated from the consolidation and are not presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party.

Indemnities granted to top management

The remuneration of managers and other top management members was the following:

	<u>Year ended at December 31, 2020</u>	<u>Year ended at December 31, 2019</u>
	<u>thousand LEI</u>	<u>thousand LEI</u>
Executive management salaries	3,861	4,293
Benefits for Board of Administration	67	313
Total	3,928	4,606

The remuneration of managers and executive personnel is determined by the shareholders, depending on individual performances and market conditions.

Shareholder borrowings	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>thousand LEI</u>	<u>thousand LEI</u>
WU HUI TZU (Living Jumbo Industry SA)	18	18
LIVING PLASTTIC INDUSTRY SRL (Livingjumbo Industry SA)	-	1,350
WINPACK INDUSTRY (Eco Pack Management SRL)	229	216
Total	247	1,584

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**
33. RELATED PARTY TRANSACTIONS (continued)
Related party transactions
(all amounts are expressed in thousand LEI)

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related parties	
	12 months 2020	12 months 2019	12 months 2020	12 months 2019	12 months 2020	12 months 2019	12 months 2020	12 months 2019
Greenfiber International SA	2,586	5,021	35	7,501	8	872	4	8
GREENTEH DOO SERBIA	47	218	80	-	-	34	9	-
GRINTEH D.O.O MACEDONIA	255	-	-	-	-	-	-	-
Greenglass Recycling SA	-	-	-	-	-	-	-	-
Greentech sa	2,568	2,583	142	126	15	62	6	35
Total Waste Management	23	54	-	-	-	-	-	22
Greenweee International SA	1,005	1,043	787	403	45	12	77	67
GREEN RESOURCES MANAGEMENT S.A.	95	63	443	566	-	-	-	28
GREENTECH BALTIC UAB Lithuania	54	-	-	-	-	-	-	-
Greenlamp Reciclare SA	-	1	-	-	-	-	-	-
TOTAL	6,632	8,982	1,486	8,597	68	979	95	160

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020****34. ACQUISITION OF SUBSIDIARIES**

In 2020 the Group did not purchase new subsidiaries.

35. DISPOSAL OF SUBSIDIARIES

In 2020 the Group sold its ownership of 99.86% in Project Advice, a company established in 2010.

In 2020, the Group sold its ownership of 100% in Romcarbon Deutschland GmbH, a company established in 2013. Romcarbon Deutschland GmbH was liquidated on a voluntary basis.

36. COMMITMENTS AND CONTINGENCIES**Potential tax liabilities**

In Romania, there are agencies authorized to conduct controls (audits). Such controls are to a great extent similar to those conducted in other countries by tax authorities, but may extend to other legal or regulatory fields in which the Romanian authorities may become interested. The Group is likely to continue to be subject to periodic controls for breaches or alleged breaches of new and existing laws and regulations. Although the Group may challenge the alleged breaches and penalties when the management considers that it is entitled to, the adoption or implementation of laws and regulations in Romania might have a significant effect on the Group. The tax system in Romania is under continual development, being subject to constant interpretations and changes, often retroactive. In Romania, the fiscal year remains open for fiscal verification for 5 years.

The Group's administrators consider that the Group's tax liabilities have been calculated and recorded according to the legal provisions.

Transfer pricing

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices.

Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Group may not quantify the outcome of such verification.

Environmental matters

The Group's core activity has inherent effects on the environment. The effects of the Group's activities on the environment are monitored by local authorities and the Group's management. Therefore, no provisions have been recorded for any obligations, not measurable at present, regarding the environment or the required remedy works.

37. SUBSEQUENT EVENTS

ROMCARBON SA

In February 2021, the company negotiated, signed and registered with the Buzau Territorial Labour Inspectorate the Collective Employment Contract for Romcarbon SA for the period 2021 – 2023.

LIVINGJUMBO INDUSTRY SA

In February and March 2021, the company negotiated, signed and registered with the Buzau Territorial Labour Inspectorate the Collective Employment Contract for LIVINGJUMBO INDUSTRY SA for the period 2021 – 2023.

The Group did not indentify other subsequent events.

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on April 5, 2021.

PREPARED BY,

For signatures, please refer to the original Romanian version.

**HUANG LIANG NENG,
Chairman of the Board
And General Manager**

**VIORICA ZAINESCU,
Financial Manager**

**CARMEN MANAILA,
Deputy General Manager for
Administrative Operations**



DIRECTORS' REPORT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S COMMENTS

In 2020, Romcarbon Group had a significant improvement of the results of its core activity, although it was a year full of challenge especially due to the Covid-19 pandemic. Romcarbon SA, as stand alone, closed 2020 with a net profit of around 869K LEI compare with a profit of around 370K LEI registered in 2019. Meaning increase of around 0.5 million LEI. Livingjumbo Industry SA, a company in whose capital Romcarbon SA holds 99.86% of shares, closed 2020 with a net profit of around 538K LEI as compared with a net loss of 3,154K LEI registered in 2019. Meaning increase of around 3.7 million LEI. Together Romcarbon SA and Livingjumbo SA, the net profit was increased around 4.2 million LEI.

On the other hand, a significant loss around 2,565K LEI, was registered for the financial investment in Romgreen Universal LTD (Green-Group). It was registered a loss of 68K LEI in 2019. Romcarbon holds 17.59 % of Romgreen Universal LTD (Green-Group).

The main reason of the losses from Romgreen Universal LTD (Green-Group) was due to its synthetic fiber sector, whose main market is the automotive industry which was very much affected by the Covid-19 pandemic.

However, following the recovery of the automotive industry and the continuous growth of circular economy, according to the estimation of Green-Group Management, the EBITDA shall increase around 5 million EUR in 2021 compare with 2020.

THE MAIN INDICATORS FROM THE CONSOLIDATED FINANCIAL STATEMENTS

Indicator [KRON]	2018	2019	2020	2020 vs 2019	
Revenue (Sales)	257,709	245,772	256,050	▲	10,278 4%
Other income	6,289	6,897	5,198	▼	(1,699) -25%
Share of profit / loss of associates	(1,344)	(68)	(2,565)	▲	(2,497)
EBITDA	10,585	12,097	13,463	▲	1,366 11%
EBITDA Operational	10,076	12,530	17,753	▲	5,223 42%
Net profit	(4,117)	(2,617)	(84)	▼	2,533
Net profit without the impact of Share of profit / loss of associates [Green-Group]	(2,773)	(2,549)	2,481	▲	5,030
Non-Current assets	217,924	198,404	181,875	▼	(16,529) -8%
Current assets	93,635	100,695	97,642	▼	(3,053) -3%
Total Equity	142,568	139,561	139,712	▲	151 0%
Total Liabilities	168,993	159,538	139,805	▼	(19,733) -12%
Cash and cash equivalents	9,791	9,764	20,705	▲	10,941 112%
Debt ratio	54%	53%	50%	▼	(0) -6%
Current liquidity	98%	97%	104%	▲	0 7%

ACTIVITY OF THE GROUP

As at December 31, 2020 ROMCARBON SA holds participations directly and/or indirectly in 10 companies:

Company	31.12.2020		Consolidation method
	Interest	Control	
RECYPLAT LTD CIPRU	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	100.00%	100.00%	Global
ECO PACK MANAGEMENT SA	25.36%	99.88%	Global
LIVINGJUMBO INDUSTRY SA	99.86%	99.86%	Global
INFOTECH SOLUTIONS SRL	99.50%	99.50%	Global
GRINFILD LLC UCRAINA	62.62%	62.62%	Global
GRINRUH LLC UCRAINA	62.62%	62.62%	Global
YENKI SRL	33.34%	33.34%	Equity method
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area
KANG YANG BIOTECHNOLOGY CO.LTD	1.95%	1.95%	Outside the consolidation area

As at December 31, 2020, the Group holds indirect participations through Recyplat LTD in Romgreen Universal LTD and its subsidiaries as follows:

Company	31.12.2020	
	Interest	Control
ROMGREEN UNIVERSAL LTD CIPRU	17.5879%	17.5879%
GREENWEEE INTERNATIONAL SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL HUNGARY KFT	17.5879%	17.5879%
GREENTECH SA	17.5875%	17.5875%
GREENGLASS RECYCLING SA	12.3116%	12.3116%
GREENFIBER INTERNATIONAL SA	17.4682%	17.4682%
TOTAL WASTE MANAGEMENT SRL	17.4811%	17.4811%
GREEN RESOURCES MANAGEMENT S.A.	11.7256%	11.7256%
GREENTECH BALTIC UAB LITUANIA	17.5875%	17.5875%
ASOCIATIA ECOLOGICA GREENLIFE	17.5479%	17.5479%
GREENTECH SLOVAKIA S.R.O.(EKOLUMI S.R.O)	14.0700%	14.0700%
ELTEX RECYCLING SRL	17.5879%	17.5879%

These companies have been included in the consolidated financial statements by using the equity method.

PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2020**PRESENTATION OF THE GROUP'S MEMBER COMPANIES**

As at December 31, 2020 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD is a company established in 2011, having a share capital of Lei 112,532 (EUR 26,000) wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

RC ENERGO INSTALL S.R.L. is a company established in 2005, with a share capital of lei 2,000, fully owned by S.C. Romcarbon S.A. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of heating, water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

ECO PACK MANAGEMENT SA is a company established in 2010, with a share capital of lei 1,446,000, where SC Romcarbon SA directly holds 25.36% and 74.62% indirectly. The remaining shares are held by Romanian legal persons. The

company's main office is located in Buzau, 132 Transilvaniei street, Building PSI, room 6. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299).

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, with a share capital of lei 2,000, where S.C. Romcarbon S.A. holds 99.50% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Other information technology and computer service activities (NACE code 6209).

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, with a share capital of lei 5,644,800, where S.C. Romcarbon S.A. holds 99.86% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

GRINFILD LLC UKRAINE is a company established in 2007, with a share capital of lei 4,312,062, where SC Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale. The company ceased its activity in 2012.

GRINRUH LLC UKRAINE is a company established in 2007, with a share capital of lei 4,426,809, where SC Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale. The company ceased its activity in 2012.

YENKI S.R.L. is a company established in 2007, with a share capital of lei 328,000, where S.C. Romcarbon S.A. holds 33.34% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

In December 2020, the company ROMCARBON DEUTSCHLAND GmbH being in voluntary liquidation was deregistered from German business registers.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 177,858 (EUR 39,800), where SC Romcarbon SA indirectly holds 17.5879% of the shares through Recyplat LTD Cyprus. The company's main office is located in 2 Prodromou & Dimitrakopoulou, 5th floor, 1090, Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization. The association's patrimony amounts to RON 1,200. The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing the developing the field regarding environmental protection according to the international rules and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33.33% of its patrimony.

In May 2020, SC Romcarbon SA resigned from its membership in this association, the place being taken over by SC Greenweee International SA. After this change, the indirect ownership of Romcarbon SA in the association is 17.55%.

GREENWEEE INTERNATIONAL SA is a company established in 2007, with a share capital of lei 28,827,300, where SC Romcarbon SA indirectly holds 17.5879% of the shares. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is Dismantling of wrecks for materials recovery (NACE code 3831).

On 31.12.2019 GREENWEEE INTERNATIONAL SA (absorbing company) merged with GREENLAMP RECICLARE S.A. (absorbed company). As a result of the merger process, the share capital of GREENWEEE INTERNATIONAL SA increased from lei 26,212,300 to lei 28,827,300, issuing 26,150 new shares with a nominal value of lei 100.

GREENWEEE INTERNATIONAL HUNGARY KFT is a company established in 2011, with a share capital of lei 45,563, where SC Romcarbon SA indirectly holds 17.5879%. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em.1. The company's object of activity is Management of used waste and treatment of other waste.

GREENTECH SA is a company established in 2002, with a share capital of lei 4,649,117, where SC Romcarbon SA indirectly holds LTD 17.5875% of the shares. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREENFIBER INTERNATIONAL SA is a company established in 2004, with a share capital of lei 35,250,000, where SC Romcarbon SA indirectly holds 17.4682% of the shares. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's share capital is lei 19,442,580. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.4811% of the share capital.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12.3116% of the shares. The remaining shares are held by natural and legal persons. The company's share capital is lei 6,750,000. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17, pav. Comercial, Et.1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREEN RESOURCES MANAGEMENT is a company established in 2016, having a share capital of lei 400,000 where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in Bucharest, sector 2, Barbu Vacarescu 164A Barbu Vacarescu stret, etaj 3, within Building C3 – Office Building, room 18-22. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299).

GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 17.5875%. The company's main office is located in Vilnius, Sandeliu g.16. The company's share capital is lei 8,444,696 (EUR 1,852,500). The company's object of activity is commercial, economic, financial and industrial activity.

EKOLUMI s.r.o is a company established in 2010 where SC Romcarbon SA indirectly holds 14.07% and the remaining shares are held by foreign natural persons. The company's share capital is lei 17,829,227 (EUR 3,705,000). The company's main office is located in Slovakia, Partizánska cesta 4634, Banská Bystrica. The company's object of activity is collection of non-hazardous waste (NACE code 3811).

In January 2021 the company changed its name in GREENTECH SLOVAKIA S.R.O.

ELTEX RECYCLING SRL is a company established in 2014 having a share capital of lei 50,000 where SC Romcarbon SA indirectly holds 17.5879%. The company's main office is located in Oradea, 5 Octavian Goga street. The company's object of activity is Treatment and disposal of non-hazardous waste (NACE code 3821).

In December 2020, the company GREENTECH RECYCLING DEUTSCHLAND GmbH being in voluntary liquidation was deregistered from German business registers.

In December 2020, Romgreen Universal LTD sold its holdings in GREENTECH DOO SERBIA and GRINTEH MK DOO MACEDONIA.

ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2020:

ROMCARBON SA – General Manager – Huang Liang Neng

RECYPLAT LTD CIPRU – Director – Nicos Avraamides

RC ENERGO INSTALL SRL – General Manager Duca Eugen Florin

ECO PACK MANAGEMENT SA – Sole administrator Ionescu Adin

INFO TECH SOLUTIONS SRL- General Manager Hristache Cornel

LIVINGJUMBO INDUSTRY SA – General Manager WU,HUI-TZU

GRINFILD LLC UCRAINA – Societatea nu isi mai desfasoara activitatea din 2012

GRINRUH LLC UCRAINA-- Societatea nu isi mai desfasoara activitatea din 2012

YENKI SRL – Administrator Petre Romeo Florinel

ROMGREEN UNIVERSAL LTD CIPRU – Nicos Avraamides, Constantinos Chiotis, Grzegorz Adam Piejka, Nicolaos Koronis, Paulina Anna Pietkiewicz
 GREENGLASS RECYCLING SA – General Manager Costache Iulian Marius
 GREENWEEE INTERNATIONAL SA – General Manager Costache Iulian Marius
 GREENWEEE INTERNATIONAL HUNGARY KFT -Managing Director - Costache Iulian Marius
 TOTAL WASTE MANAGEMENT SRL – Administrators – Damov Constantin, Stanculescu Adrian, Enache Pommer Matei
 GREENTECH SA General Manager Genes Alina Elena
 GREENFIBER INTERNATIONAL SA – General Manager Genes Alina Elena
 GREEN RESOURCES MANAGEMENT S.A – General Manager – Ionescu Adin
 GREENTECH BALTIC UAB LITUANIA – Administrator VLADAS VENSKUTONIS
 EKOLUMI s.r.o – Administrators – Michal Figur, Lukas Cierny
 ELTEX RECYCLING SRL – Administrators – Marin Georgian Ionut, Bartha Zoltan, Costache Marius Iulian

ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 2020 is presented in the table below:

Subsidiary	Result 2019	Result 2020	2020 vs 2019
Romcarbon SA	370	869	499
Livingjumbo Industry SA	(3,154)	538	3,692
RC Energo Install SRL	305	224	(81)
Infotech Solutions SRL	78	11	(68)
Recyplat Ltd Cipru	(15)	(0)	15
Eco Pack Management SA	(75)	265	340
Project Advice SRL ¹	(12)	-	12
Consolidation Adjustments ²	(115)	(1,992)	(1,877)
Total	(2,617)	(84)	2,533

¹ The Group sold in 2020 the holding in this subsidiary. Subsequently the subsidiary was deregistered from the National Trade Register.

² Consolidation adjustments

Consolidation Adjustments	Result 2019	Result 2020	2020 vs 2019
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(47)	(47)	(0)
Share of the profit of the associates (Romgreen Universal LTD)	(68)	(2,565)	(2,496)
Elimination of the impairment of intercompany receivables		620	620
Total Adjustments	(115)	(1,992)	(1,877)

The main indicators of the Statement of profit or loss registered by the two major companies of the Group, Romcarbon SA and Livingjumbo Industry SA, according to their Standalone Financial Statements

ROMCARBON SA

Indicator [KRON]	A.2018	A.2019	A.2020	B.2021	A.2020 vs A.2019	B.2021 vs A.2020
Turnover	200,716	185,722	182,852	214,467	(2,871)	31,615
EBITDA	11,384	12,319	12,375	11,823	56	552
Net profit	4,800	370	869	1,471	135%	602

From **EBITDA Operational** to **Net profit**

Indicator	A.2018	A.2019	A.2020	2020 vs 2019
EBITDA Operational	11,384	12,319	12,375	56
Fixed assets depreciation	(10,797)	(10,634)	(10,203)	432
Revenues from subsidy from Government for investments	2,263	2,275	2,262	(13)

Indicator	A.2018	A.2019	A.2020	2020 vs 2019	
Interest expenses	(1,703)	(1,473)	(1,160)	313	-21%
Gain/loss from sales of assets	1,964	33	(350)	(384)	1150%
Gain/loss from revaluating the investment properties	308	(430)	(279)	151	-35%
Other non-operational items(provisions, penalties, donations)	(315)	(553)	(729)	(176)	32%
Dividends received from subsidiaries companies	1,117	-	-	-	
Forex gain/loss	114	(1,082)	(948)	133	-12%
Other gain/loss from Financial	130	131	139	8	6%
Tax on profit	334	(217)	(238)	(21)	
Net profit	4,800	370	869	499	135%

LIVINGJUMBO INDUSTRY SA

Indicator [KRON]	A.2018	A.2019	A.2020	B.2021	A.2020 vs A.2019	B.2021 vs A.2020
Turnover	87,293	90,781	110,667	110,171	19,886 22%	(496) 0%
EBITDA	(2,218)	(144)	5,055	5,331	5,199	275 5%
Net profit	(6,887)	(3,154)	538	1,288	3,692	750 139%

From **EBITDA Operational** to **Net profit**

Indicator	A.2018	A.2019	A.2020	2020 vs 2019	
EBITDA Operational	(2,218)	(144)	5,055	5,199	
Fixed assets depreciation	(5,306)	(5,449)	(4,861)	588	-11%
Revenues from subsidy from Government for investments	1,686	1,686	1,520	(166)	-10%
Interest expenses	(874)	(665)	(563)	103	-15%
Gain/loss from sales of assets	27	-	467	467	
Gain/loss from revaluating the investment properties	-	-	-	-	
Other non-operational items(provisions, penalties, donations)	(73)	(67)	(67)	(0)	0%
Dividends received from subsidiaries companies	-	-	-	-	
Forex gain/loss	(66)	(596)	(354)	243	-41%
Other gain/loss from Financial	(64)	2,081	(660)	(2,741)	-132%
Tax on profit	-	-	-	-	
Net profit	(6,887)	(3,154)	538	3,692	-117%

Note: Turnover include the item „Revenue“ from the Statement of the profit or loss, and the item „Revenues from renting“ from the item „Other income“.

Legend : **A** : Actual ; **B** : Budget

Presentation of the evolution of the key indicators on production sectors

ROMCARBON SA

PLASTIC PROCESSING SECTOR : POLYETHYLENE

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	32,571	27,693	27,663	32,004	(30)	0%	4,340	16%
EBITDA before overhead	(720)	(9)	746	1,613	756		866	116%
Profit before overhead	(1,617)	(910)	(126)	720	784		847	

PLASTIC PROCESSING SECTOR : POLYSTYRENE

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	38,807	41,047	41,114	41,292	67	0%	178	0%
EBITDA before overhead	7,847	9,607	11,000	8,402	1,393	14%	(2.598)	-24%
Profit before overhead	5,781	7,810	9,488	6,933	1,678	21%	(2.555)	-27%

PLASTIC PROCESSING SECTOR : POLYPROPYLENE

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	38,178	36,740	34,771	36,647	(1,969)	-5%	1,876	5%
EBITDA before overhead	2,877	3,185	4,618	2,711	1,433	45%	(1,907)	-41%
Profit before overhead	2,539	2,844	4,305	2,378	1,461	51%	(1,927)	-45%

REGENERATED POLYMERS & COMPOUNDS

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	34,512	31,194	23,437	31,420	(7,757)	-25%	7,984	34%
EBITDA before overhead	7,619	5,865	2,957	7,800	(2,908)	-50%	4,843	164%
Profit before overhead	4,238	2,212	(757)	3,973	(2,970)		4,731	

OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	5,529	5,698	5,547	4,918	(152)	-3%	(628)	-11%
EBITDA before overhead	592	979	1,045	129	66	7%	(917)	-88%
Profit before overhead	148	567	719	(194)	152	27%	(913)	

LIVINGJUMBO INDUSTRY SA

PLASTIC PROCESSING SECTOR : POLYPROPYLENE

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	59,090	53,415	57,605	56,746	4,190	8%	(860)	-1%
EBITDA before overhead	4,093	3,069	5,122	5,425	2,053	67%	303	6%
Profit before overhead	3,250	1,784	4,253	4,645	2,469	138%	393	9%

PLASTIC PROCESSING SECTOR: PET

Indicator	A.2018	A.2019	A.2020	B.2021	A.2020 vs. A.2019		B.2021 vs A.2020	
Turnover	28,203	37,365	53,062	53,425	15,696	42%	364	1%
EBITDA before overhead	(2,891)	375	4,073	4,128	3,698	986%	55	1%
Profit before overhead	(5,284)	(2,068)	1,607	1,608	3,675		0	0%

Note: In the indicator «Turnover» are included in addition to Sales of finished goods, the sales of commodities, services and other sales of the Production sectors.

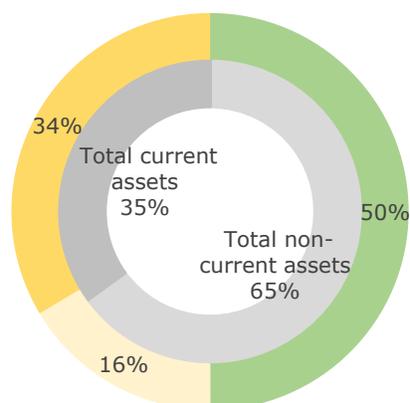
FINANCIAL STATEMENTS

A.) STATEMENT OF THE FINANCIAL POSITION

KRON

Indicator	31.12.18	31.12.19	31.12.20	2020 vs. 2019		
Property, plant and equipment	172,357	157,094	144,757	-12,337	▼	-7.85%
Investment property	18,034	13,433	11,885	-1,548	▼	-11.52%
Goodwill	143	143	143	0	—	0.00%
Intangible assets other than goodwill	90	308	323	15	▲	4.87%
Investments accounted for using equity method	27,103	27,034	24,470	-2,564	▼	-9.48%
Investments in subsidiaries, joint ventures and associates	197	197	197	0	—	0.00%
Other non-current financial assets	0	195	100	-95	▼	-48.72%
Total non-current assets	217,924	198,404	181,875	-16,529	▼	-8.33%
Current inventories	36,548	45,929	39,279	-6,650	▼	-14.48%
Trade and other current receivables	30,295	34,266	36,190	1,924	▲	5.61%
Other current financial assets	0	2,390	181	-2,209	▼	-92.43%
Other current non-financial assets	1,001	1,473	1,216	-257	▼	-17.45%
Cash and cash equivalents	9,791	9,764	20,705	10,941	▲	112.05%
Non-current assets classified as held for sale	16,000	6,873	71	-6,802	▼	-98.97%
Total current assets	93,635	100,695	97,642	-3,053	▼	-3.03%
Activ	311,561	299,099	279,517	-19,582	▼	-6.55%
Issued capital	26,412	26,412	26,412	0	—	0.00%
Share premium	2,182	2,182	2,182	0	—	0.00%
Other reserves	38,677	38,749	38,515	-234	▼	-0.60%
Retained earnings	74,357	71,310	71,692	382	▲	0.54%
Equity attributable to equity holders of the parent	141,629	138,654	138,802	148	▲	0.11%
Non-controlling interests	939	907	910	3	▲	0.33%
Total equity	142,568	139,561	139,712	151	▲	0.11%
Other non-current provisions	285	249	446	197	▲	79.12%
Deferred tax liabilities	8,902	8,364	7,853	-511	▼	-6.11%
Other non-current financial liabilities	37,265	23,513	17,857	-5,656	▼	-24.05%
Other non-current non-financial liabilities	27,301	23,507	19,761	-3,746	▼	-15.94%
Total non-current liabilities	73,753	55,633	45,917	-9,716	▼	-17.46%
Trade and other current payables	34,353	35,233	33,375	-1,858	▼	-5.27%
Other current financial liabilities	52,607	60,426	52,868	-7,558	▼	-12.51%
Other current non-financial liabilities	8,280	8,246	7,645	-601	▼	-7.29%
Total current liabilities	95,240	103,905	93,888	-10,017	▼	-9.64%
Total liabilities	168,993	159,538	139,805	-19,733	▼	-12.37%
Total Equity and liabilities	311,561	299,099	279,517	-19,582	▼	-6.55%

STRUCTURE OF THE FINANCIAL POSITION AS AT 31.12.2020



Total current liabilities: 93,888 KRON | 34%

Total non-current liabilities: 45,917 KRON |

Total equity: 139,712 KRON | 50%

Total non-current assets: 181,875 KRON | 65%

Total current assets: 97,642 KRON | 35%

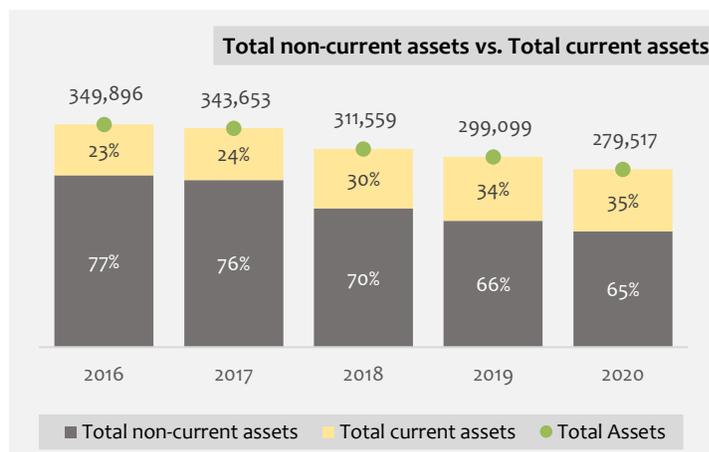
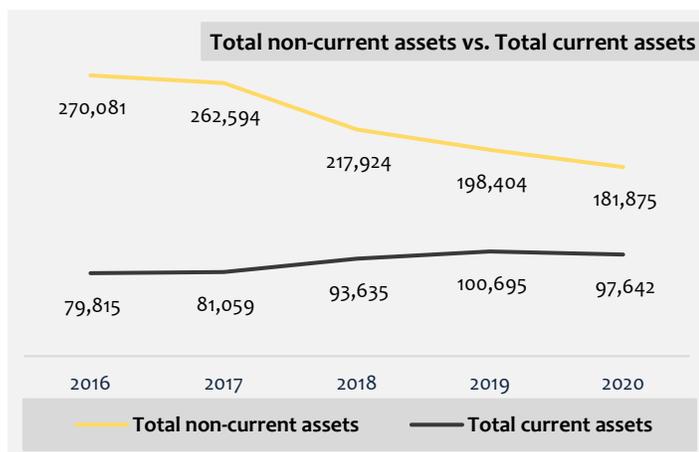
19 2020

Average no. of employees 1,661 1,569 1,470

The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2020 is presented in the table below

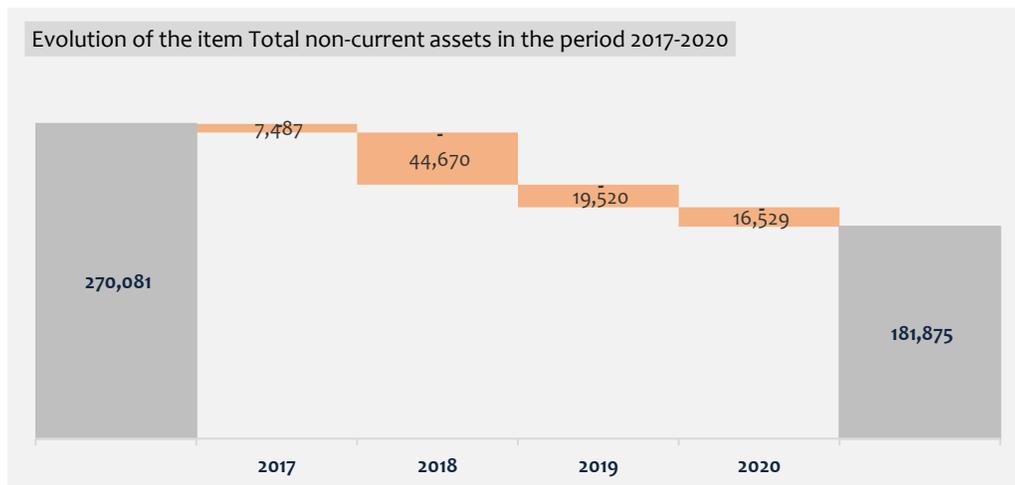
Company	Non-current assets	Current assets	KRON	
			Non-current liabilities	Current liabilities
Romcarbon SA	152,918	78,445	25,357	67,793
LivingJumbo Industry SA	31,296	32,371	20,564	42,444
RC Energo Install SRL	233	6,458	0	2,757
InfoTech Solutions SRL	45	233	-5	94
Grinfield Ucraina	4,427	9	0	879
Grinruh Ucraina	1,186	1,008	0	7
Recyplat Limited Cipru	20,608	7	0	0
Eco Pack Management SA	71	132	0	853
Consolidation adjustments	-28,909	-21,021	0	-20,940
Total	181,875	97,642	45,917	93,888

ASSETS



NON-CURRENT ASSETS

Non-current assets have a weight in Total Assets of 65.07% recording a decrease of LEI 16,529 thousand, i.e. 8,33% ,as compared with the beginning of the year.

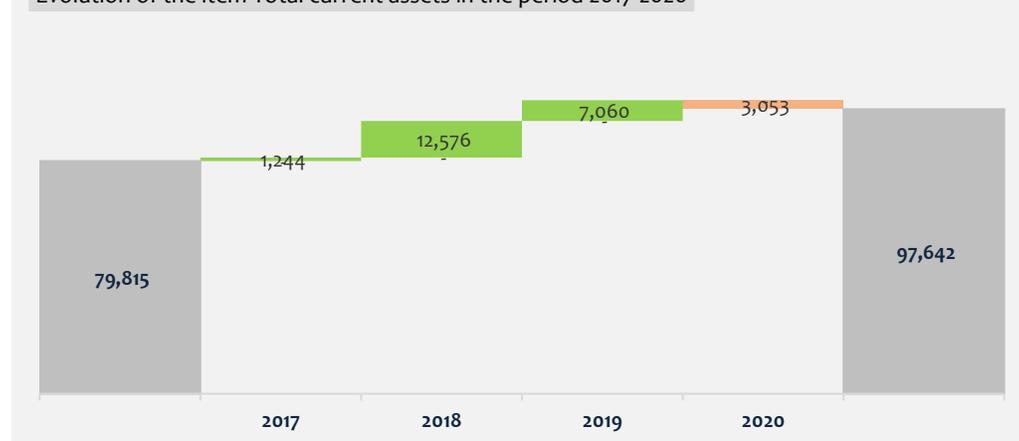


Non-current assets	31.12.2020	% in total Non-current assets	% in Total Assets	30.12.20 vs. 31.12.19
Property, plant and equipment	144,757	79.59%	51.79%	-7.85%
Investment property	11,885	6.53%	4.25%	-11.52%
Goodwill	143	0.08%	0.05%	0.00%
Intangible assets other than goodwill	323	0.18%	0.12%	4.87%
Investments accounted for using equity method	24,470	13.45%	8.75%	-9.48%
Investments in subsidiaries, joint ventures and associates	197	0.11%	0.07%	0.00%
Other non-current financial assets	100	0.05%	0.04%	-48.72%
Total non-current assets	181,875	100.00%	65.07%	-8.33%

CURRENT ASSETS

Current assets have a weight in Total Assets of 34.93% recording a decrease of LEI 3,053 thousand, i.e. 3.03%, as compared with the beginning of the year.

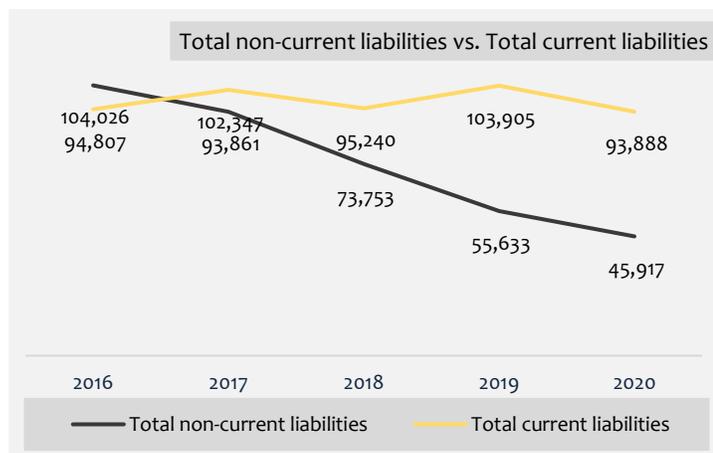
Evolution of the item Total current assets in the period 2017-2020



Current assets	31.12.2020	% in total Current assets	% in Total Assets	30.12.20 vs. 31.12.19
Current inventories	39,279	40.23%	14.05%	-14.48%
Trade and other current receivables	36,190	37.06%	12.95%	5.61%
Other current financial assets	181	0.19%	0.06%	-92.43%
Other current non-financial assets	1,216	1.25%	0.44%	-17.45%
Cash and cash equivalents	20,705	21.21%	7.41%	112.05%
Non-current assets classified as held for sale	71	0.07%	0.03%	-98.97%
Total current assets	97,642	100.00%	34.93%	-3.03%

LIABILITIES

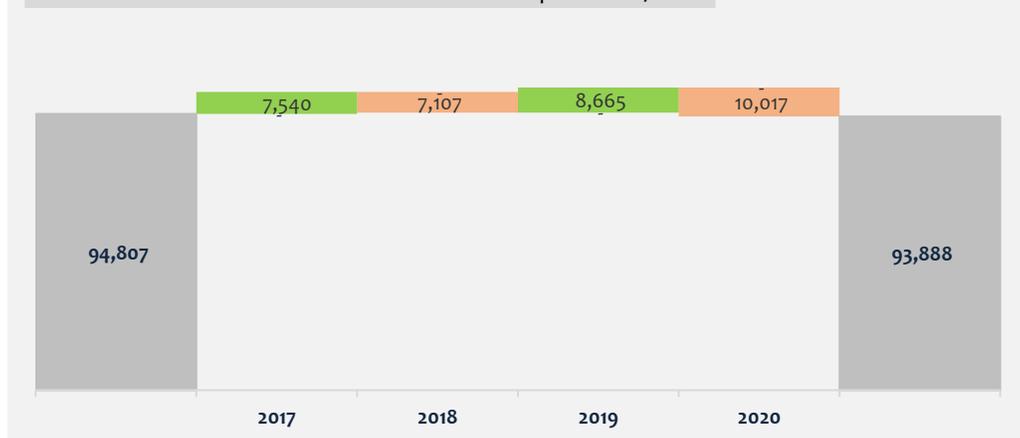
Total Liabilities hold 50.02% of the Group 's Equity&Liabilities recording a decrease of lei 19,733 thousand, i.e. - 12.37%, as compared with the beginning of the year.



CURRENT LIABILITIES

Current liabilities of the Group have a weight in Total Liabilities of 67.16% and in Total Equity and Liabilities of 33.59% recording a decrease of LEI -10.017 thousand, i.e. 9.10%, as compared with the beginning of the year.

Evolution of the item Total current liabilities in the period 2017-2020

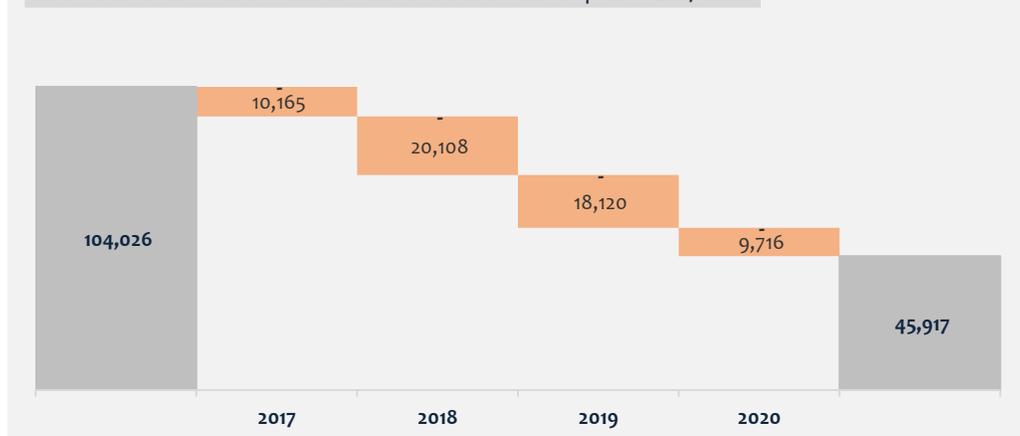


Current liabilities	31.12.2020	% in total liabilities	% in Total current liabilities	% in Total Equity and liabilities	30.12.20 vs. 31.12.19
Trade and other current payables	33,375	23.87%	35.55%	11.94%	-5.27%
Other current financial liabilities	52,868	37.82%	56.31%	18.91%	-12.51%
Other current non-financial liabilities	7,645	5.47%	8.14%	2.74%	-7.29%
Total current liabilities	93,888	67.16%	100.00%	33.59%	-9.64%

NON-CURRENT LIABILITIES

Non-current liabilities have a weight in Total Equity and Liabilities of 16.43% recording a decrease of LEI -9,716 thousand, i.e. -17.46%, as compared with the beginning of the year.

Evolution of the item Total non-current liabilities in the period 2017-2020



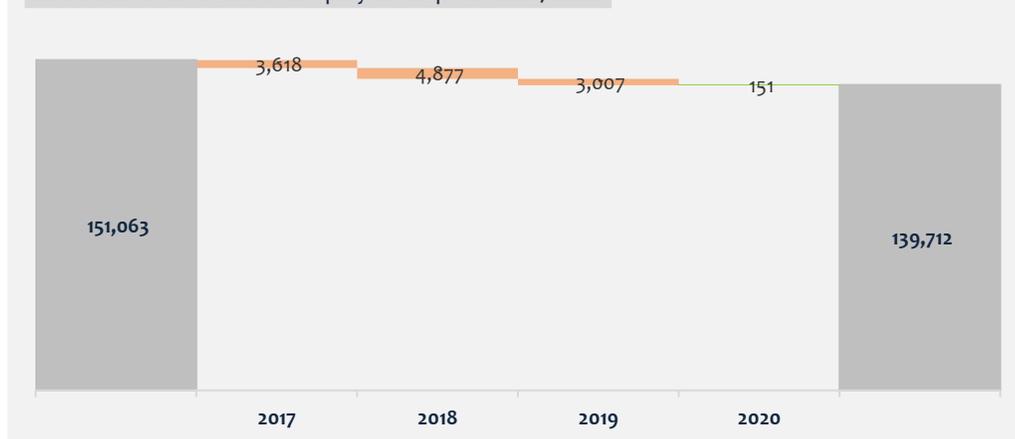
Non-current liabilities	31.12.2020	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	30.12.20 vs. 31.12.19
Other non-current provisions	446	0.32%	0.97%	0.16%	79.12%
Deferred tax liabilities	7,853	5.62%	17.10%	2.81%	-6.11%
Other non-current financial liabilities	17,857	12.77%	38.89%	6.39%	-24.05%
Other non-current non-financial liabilities	19,761	14.13%	43.04%	7.07%	-15.94%
Total non-current liabilities	45,917	32.84%	100.00%	16.43%	-17.46%

EQUITY

The Equity

have a weight in Total Equity and Liabilities of 49.98% recording an increase of LEI 151 thousand, i.e. 0.11%, as compared with the beginning of the year.

Evolution of the item Total equity in the period 2017-2020



Equity	31.12.2020	30.12.20 vs. 31.12.19
Issued capital	26,412	0.00%
Share premium	2,182	0.00%
Other reserves	38,515	-0.60%
Retained earnings	71,692	0.54%
Equity attributable to equity holders of the parent	138,802	0.11%
Non-controlling interests	910	0.33%
Total	139,712	0.11%

B.) STATEMENT OF THE COMPREHENSIVE INCOME

	12M of 2018	12M of 2019	12M of 2020	2020 vs.2019	
Revenue	257,709	245,772	256,050	▲	10,278 4.18%
Other Income	6,289	6,897	5,198	▼	(1,699) -25%
Increase (decrease) in inventories of finished goods and work in progress	1,347	6,251	(1,549)	▼	(7,800) -125%
Raw materials and consumables used	(165,723)	(155,174)	(150,123)	▼	5,051 -3%
Employee benefits expense	(64,806)	(67,409)	(70,282)	▲	(2,873) 4%
Depreciation and amortisation expenses	(16,356)	(16,304)	(15,277)	▼	1,027 -6%
Other expenses	(21,049)	(19,729)	(18,734)	▼	995 -5%
Other gains (losses)	3,314	1,878	794	▼	(1,084) -58%
Profit (loss) from operating activities	725	2,182	6,077	▲	3,895 179%
Finance Income	6	6	90	▲	84 1400%
Finance costs	(2,936)	(4,463)	(3,418)	▼	1,045 -23%
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1,344)	(68)	(2,565)	▲	(2,497) 3672%
Profit / (loss) before tax	(3,549)	(2,343)	184	▼	2,527 -108%
Tax income (expense)	189	(274)	(268)	▼	6 -2%
Profit (loss) of the year, attributable to	(3,360)	(2,617)	(84)	▼	2,533 -97%
Equity holders of the parent	(4,048)	(2,586)	(87)	▼	2,499 -97%
Minority interest	(69)	(31)	3	▼	34 -110%
Profit (loss) from continuing operations	(4,117)	(2,617)	(84)	▼	2,533 -97%
Differences from foreign operations	(65)	1	12	▲	11 1100%
Loss/gain from revaluation of fixed assets	-	760	-	▼	(760)
Deferred profit tax allocated to the comprehensive income	1,276	74	289	▲	215 291%
Comprehensive income of the year, attributable to:	(2,906)	(1,783)	217	▲	2,000
Equity holders of the parent	(2,837)	(1,751)	215	▲	1,966
Minority interest	(69)	(31)	3	▲	34
	12M of 2018	12M of 2019	12M of 2020	2020 vs.2019	
EBITDA Operational	10,076	12,530	17,753	▲	5,223 42%

C.) REVENUES

The participation of the consolidated subsidiaries in obtaining the item "Revenues ", in the reporting period is presented in the below table:

Company	2018 [KRON]	% in total	2019 [KRON]	% in total	2020 [KRON]	% in total	2020 vs.2019
Romcarbon SA	198,461	67.06%	183,857	65.05%	181,146	60.46%	-1.47%
LivingJumbo Industry SA	87,293	29.50%	90,781	32.12%	110,667	36.94%	21.91%
RC Energo Install SRL	8,606	2.91%	7,034	2.49%	6,867	2.29%	-2.37%
Eco Pack Management SA	2	0.00%	-	0.00%	-	0.00%	
Info Tech Solutions SRL	1,583	0.53%	977	0.35%	937	0.31%	-4.13%
Project Advice SRL	8						
Total, out of which:	295,953	100.00%	282,649	100.00%	299,617	100.00%	6.00%
Within the group	38,244	12.92%	36,877	13.05%	43,568	15%	18.14%
Outside the group	257,709	87.08%	245,772	86.95%	256,050	85%	4.18%

In the reporting period the item «Revenues» have the following structure:

Revenues	2018	% in total	2019	% in total	2020	% in total	2020 vs.2019
Sales of finished goods (701+709)	215,451	84%	213,204	87%	221,266	86%	3.78%
Sales of intermediary goods	14,532	6%	11,994	5%	12,403	5%	3.41%
Sales of residual products	378	0%	326	0%	329	0%	1.00%
Services rendered	3,691	1%	2,787	1%	3,959	2%	42.02%
Sales of goods purchased for resale	23,047	9%	16,873	7%	17,605	7%	4.34%
Revenues from sundry services	610	0%	588	0%	488	0%	-16.99%
Total	257,709	100%	245,772	100%	256,050	100%	4.18%

D.) CASH-FLOW

Items [KRON]	2018	2019	2020
Gross profit / (loss) for the year	(4,305)	(2,343)	184
Finance expenses recognized in profit	2,925	2,702	3,418
(Gain) / Loss on sale or disposal of fixed assets	(52)	336	42
(Gain) / Loss on sale or disposal of investment property	(2,710)	-	70
(Gain) / Loss on sale or disposal of assets hold for sales	-	(186)	(229)
Income from dividends	-	-	-
Income from interests	-	(6)	(90)
Loss on impairment of stocks	-	-	286
Loss on impairment of trade receivables	32	112	29
Loss on time-barred receivables	207	4	22
Amortization / Depreciation of non-current assets	16,356	16,304	15,277
Net (gain) / loss on foreign exchange	10	(206)	1,310
(Gain) / Loss on investment	(5)	-	-
(Gain) / Loss on revaluation of fixed assets	-	96	-
(Gain) / Loss on revaluation of investment property	(308)	430	279
(Gain) / Loss on revaluation of assets held for sale	757	(71)	-
(Gain) / Loss on share of profit of associates	1,584	68	2,564
Increase / Decrease in provisions	21	-	200
Increase / Decrease in subsidies	(3,982)	(3,794)	(3,782)
Movements in working capital			
(Increase) / Decrease in trade and other receivables	5,704	(4,282)	(1,943)
(Increase) / Decrease in inventories	1,685	(9,380)	6,364
(Increase) / Decrease in other assets	(410)	(2,861)	2,555
Increase / (Decrease) in trade and other payables	(4,540)	842	(3,339)
Increase / (Decrease) in other payables	(461)	(38)	(564)
Cash generated from operations	12,508	(2,273)	22,652
Interest paid	(2,518)	(2,100)	(1,789)
Income tax paid	(146)	(734)	(490)
Bank commissions paid	(408)	(603)	(319)
Net cash generated by operating activities	9,436	(5,710)	20,054
Cash flows from investing activities			
Payments for property, plant and equipment	(5,244)	(3,710)	(2,775)
Payments for intangible assets	-	-	(285)
Proceeds from disposal of property, plant and equipment	136	161	31

Items [KRON]	2018	2019	2020
Proceeds from sale of investment property	18,086	(23)	-
Interest received	5	6	90
Dividends received	-		
Proceeds from disposal of non-current assets held for sales		16,186	7,041
Net cash (used in)/generated by investing activities	12,983	12,620	4,102
Cash flows from financing activities			
(Repayment) / Drawings of borrowings	(16,569)	(5,919)	(13,215)
Lease payments	(49)	(13)	-
Dividends paid for non-controlling interest	(2,007)	(1,005)	-
Net cash (used in)/generated in financing activities	(18,625)	(6,937)	(13,215)
Net increase in cash and cash equivalents	3,794	(27)	10,941
Cash and cash equivalents at the beginning of the year	5,997	9,791	9,764
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-	-
Cash and cash equivalents at the end of the year	9,791	9,764	20,705

E.) FINANCIAL RATIOS

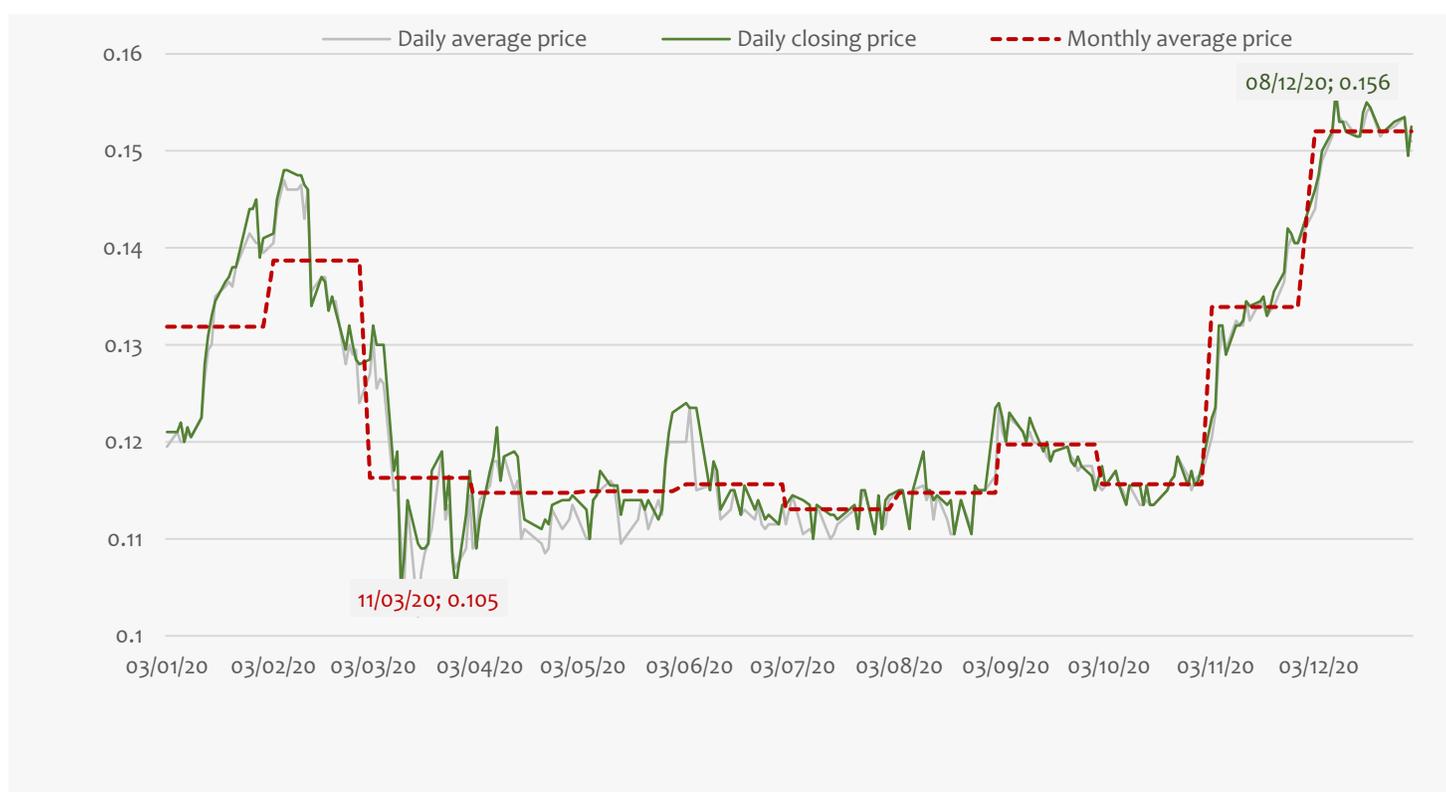
Indicator	Formula	2018	2019	2020
EBIT	Gross profit + Profit tax + Expenses with interest	(1,788)	(243)	1,973
EBITDA	EBIT + Depreciation - Subsidies for investments	10,585	12,097	13,463
Sales	Revenue + Rental and royalty income	260,016	248,708	257,466
EBITDA to sales ratio	EBITDA/Sales	4.07%	4.86%	5.23%
EBITDA to Equity ratio	EBITDA/Equity	7.42%	8.67%	9.64%
Gross profit margin	Gross profit/Sales	-1.36%	-0.94%	0.07%
Current ratio	Current assets/Current liabilities	0.98	0.97	1.04
Quick ratio	(Current assets-Inventories)/Current liabilities	0.60	0.53	0.62
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	52%	40%	33%
Total liabilities to Assets ratio	Total liabilities/Total Assets	54%	53%	50%
Interest coverage ratio	EBIT/Interest expenses	(0.71)	(0.12)	1.10
Account receivable turnover ratio	Average receivables/Sales	46	47	49
Account payable turnover ratio	Average payables/Sales	51	50	48
Return on assets (ROA)	Net profit/Assets	-1.4918%	-0.9962%	-0.0343%
Return on equity (ROE)	Net profit/Equity	-2.9069%	-1.8874%	-0.0605%
Return on sales (ROS)	Net profit/Sales	-1.5834%	-1.0522%	-0.0326%

SHAREHOLDERS ` STRUCTURE

As at 31.12.2020 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	Number of shares	% 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	8,807,769	3.33%
NATURAL PERSONS	114,344,730	43.29%
Total	264,122,096	100.00%

Evolution of the price of Romcarbon SA shares in 2020.



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INTERNAL CONTROL

Internal control aims at ensuring a rigorous and effective management of the Group's activity through the adoption by the Group's member companies of policies and procedures which ensure consistency of objectives, identify the key factors of success and communicate to the entity's managers in real-time information on performance and perspectives.

Internal control is organized so as to comply not only with financial-accounting regulations, but with all regulations, such as environmental, occupational health and safety, emergency situations, the Civil Code.

The Group's organization chart establishes the hierarchical levels of responsibility and authority existing and allows knowledge of functional and managerial aspects of the organization.

The Boards of Administration are independent of the management at the organization and their members are involved in management activities, which they supervise carefully. The Boards of Administration of the Group's member companies delegates to the managers responsibilities regarding internal control and make systematic and independent assessments of the internal control system established by management.

Internal (financial) audit has an assistance function that must ensure management that each of the companies' internal procedures are implemented and adhered to by all departments involved.

Regular or permanent check and assessment according to the Program approved by each of the Group companies' management of the quality operation of internal control is performed to determine whether internal controls are applied according to the procedures and if they are modified appropriately when the situation requires.

Internal control establishes methods by which employees are assessed, trained, promoted and rewarded as staff represents an essential component of internal control. The organizational chart, the internal regulations (IR), job descriptions are updated according to the modifications.

Each of the Group companies' management has taken action in order to remove or reduce incentives that could cause employees to engage in dishonest, illegal or immoral activities. They are found in the Internal Regulations and other regulations issued but also in personal examples.

Management is in charge of the filling of specific positions by competent personnel who has the knowledge and skills to perform the tasks characteristic of each function.

The Group faces various risks arising from the external or the internal environment that must be managed appropriately by management. Risk identification and analysis is an ongoing process and a critical component of an effective internal control. Some of the examples are the Group member companies' inability to achieve the set objectives, staff quality, importance and complexity of basic economic processes, introduction of new information technologies, entry of new competitors on the market etc.

Management identifies and assesses these risks and formulates specific measures to reduce the risk at an acceptable level.

For an adequate split of the responsibilities (tasks) in order to prevent significant frauds and errors, the Company applies:

- The division of the administration of assets to avoid the risk of theft;
- The division of the authorization of the operations of assets administration;
- The separation of the IT tasks from the tasks of the persons outside the IT system (the tasks related to the design and control of accounting software are separated from the ones related to the update of information)

Inside each Group member company, there are three different functions, whose separation (their aggregation is not admitted) represents the grounds for mutual control between departments and performers, namely:

- achievement of the objectives of the organization
- preservation of the assets of the organization
- the accounting function;

For an efficient internal control, the same person cannot fulfill all such roles. If any two of such roles are fulfilled by the same person, the risk of error and fraud is higher.

Most of the operations and transactions involve at least two of the presented roles; as result, errors and frauds can be easily detected, because they result in a lack of correlation between the statements, between the departments or performers.

The internal accounting and financial control is a major element of internal control inside the entity and it relates to the entire processes of obtaining and communicating the accounting and financial information in order to obtain reliable information and in accordance with legal requirements.

The internal accounting and financial control focuses on providing:

- compliance of the accounting and financial information with the applicable rules;
- application of the management instructions according to this information;

- protection of the assets;
- prevention and detection of accounting and financial frauds and irregularities;
- reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- reliability of the annual published financial statements and other information communicated to the market.

All intern control activities seek to perform a permanent and periodical review of activities, in order for the management to identify the best solutions for its decisions for increasing the performance of the company and become more competitive on the market.

THE GROUP'S OBJECTIVES AND POLICIES REGARDING RISK MANAGEMENT

The parent company implemented risk management in accordance with Standard SR EN ISO 31010 – Risk Management. Risk Assessment Techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Capital risks

The management of the Group's risk also consists in a regular review of the capital structure. The Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares.

Financial risks

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analyzing exposure by the degree and extent of risks.

Liquidity risk

Liquidity risk, also called funding risks, is the risk for a company to face difficulties in raising funds to fulfill its commitments associated to the financial instruments.

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Market risk

At the date of this Report, the main difficulty company is facing is the unprecedented crisis, worldwide, in the raw materials market, transposed into a significant reduction in availability and a rapid and sharp increase in prices. The European polymer market has been under pressure for several months now, with all plastics processing companies reporting major supply problems with raw materials to ensure continued production, with stocks at a low level.

Demand for polymers rebounded in European market in the second half of 2020, after a sharp drop due to the COVID-19 pandemic and related to lockdown measures. But when plastics processing companies began to increase production, the supply of raw materials did not increase at the same time, and comparing with December 2020 the situation deteriorated rapidly. In addition, extreme weather conditions that have led to production shutdowns in the US, also affecting the European market, the significant number of European producers who have declared Force Majeure and the shortage of containers in shipping, have resulted in record levels of polymer prices and insufficient availability.

In March 2021, the purchase prices for the main raw materials increased by 77% for Polypropylene, by 86% for

Polystyrene, by 96% for Polyethylene, compared to the end of November 2020, the transfer in selling prices of the increased cost of raw materials being a real challenge.

Until this moment, the production activity of the company did not have syncope caused by the lack of raw materials, managing to permanently ensure the necessary. All the necessary and possible measures are taken in ensuring the stocks of raw materials at a level that allows the continuity in production, the cash flow situation and the availability of credit resources helping us in approaching the punctual acquisition opportunities. **However, it is difficult to estimate what will happen in the coming months, at this moment there are no signs of improvement in the market.**

NON-FINANCIAL DECLARATION



GROUP PROFILE
 QUALITY POLICY
 POLICY ON ENVIRONMENT AND CLIMATE CHANGE
 OCCUPATIONAL HEALTH AND SAFETY POLICY
 ENERGY STRATEGIES
 SOCIAL AND PERSONNEL POLICY
 BUSINESS ETHICS, VALUES, FIGHT AGAINST CORRUPTION
 CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY POLICIES
 SUPPLY POLICY
 STATEMENT REGARDING THE PREVENTIVE MEASURES TO FIGHT AGAINST THE SPREAD OF CORONAVIRUS - (COVID - 19)

This non-financial declaration contains information through which the management of the Group wishes to communicate transparently to the interested parties represented by business partners, employees, investors, the local community in general and any other interested parties the actions undertaken by the two production companies of the Group (ROMCARBON SA and Livingjumbo Industry SA) in terms of continuous improvement of product quality, environmental protection, occupational health and safety, personnel and social issues, social responsibility, ethics and business integrity and the prevention and fight against corruption.

1. Group profile

Romcarbon Group consists of companies that produce: (i) plastic packaging products, waste recycling (Romcarbon SA and Livingjumbo Industry SA), (ii) plumbing, heating and air conditioning services and works (RC Energo Install SRL), (iii) business and business consulting services (Recyplat LTD), (iv) information technology services (InfoTech Solutions SRL).

The main companies with production activities of the Group are Romcarbon SA and Livingjumbo Industry SA, holding 73%, respectively 15% of the total non-current assets.

This declaration of Romcarbon Group refers especially to the two companies with a production profile that hold the largest share in Romcarbon Group, the other companies / subsidiaries having as their object the provision of services specialized in different fields.

The Group's total assets per company are distributed among companies in 2020 as follows: Romcarbon SA (70%), Livingjumbo Industry SA (19%), Recyplat LTD (6%), RC Energo Install SRL (2%).

The fields in which the Group carries out its activity are:

- processing of plastic (polyethylene, polystyrene, polypropilene, PET, PVC - Romcarbon SA and Livingjumbo Industry SA);
- recycling of plastic materials (Romcarbon SA);
- other productive activities (production of filters for motorvehicles and industrial filters, production of masks for the protection of respiratory system - Romcarbon SA).
- other activities (RC Energo Install SRL, Recyplat LTD, Info Tech Solutions SRL, Eco Pack Management SA, Grinfield Ukraine, Grinruh Ukraine)

The revenues are distributed by fields of activity in 2020 as follows:

- processing of plastic (polyethylene, polystyrene, polypropilene, PET, PVC): 82% (78% in 2019);
- recycling of plastic materials: 9% (13% in 2019);

- other productive activities (production of filters for motorvehicles and industrial filters, production of masks for the protection of the respiratory system, PVC pillars for road signs): 2% (2% in 2019);
- other activities: 7% (7% in 2019).

The assets are distributed by fields of activity in 2020 as follows:

- processing of plastic (polyethylene, polystyrene, polypropilene, PET, PVC): 41% (47% in 2019);
- recycling of plastic materials: 24% (29% in 2019);
- other productive activities (production of filters for motorvehicles and industrial filters, production of masks for the protection of the respiratory system): 2% (2% in 2019);
- other activities: 34% (22% in 2019).

Parent company Romcarbon SA is a well-known organization on the Romanian and European markets as traditional plastics processor. With 65 years of experience in the processing of polyethylene, polypropylene, PVC and polystyrene packaging, Romcarbon has the reputation of one of the leading plastic packaging manufacturers in Romania and one of the largest employers in Buzau county, currently having about 1000 employees. The organization has operating work points in Bucharest, Stefanesti and Iasi.

Livingjumbo Industry SA is a well-known organization on the Romanian and European markets as a plastic processor in the field of polypropylene packaging.

Beginning in 2002 with the production of flexible packaging (big-bag type), Livingjumbo Industry SA has steadily expanded its capacity - both quantity and assortment - and in 2016 opened a new production sector, that of rigid PET film foils / trays and multilayer barrier films for food packaging. The important investment in the new sector was made taking into account the clear trend on the market for this type of packaging, both in terms of the characteristics of extending the shelf life of products and saving and recycling materials.

The sectors in which the company operates are:

- Polypropylene processing: thread extrusion, weaving and packaging production, the products sold are: flexible containers (big-bag type) in various constructive versions, for bulk packing up to 2000 kg, fabric, thread, string, strap
- PET processing: extrusion and thermoforming, the products sold are rigid thermoforming foils, rolled and unlaminated, and trays for modified, transparent and colorful packaging.
- Barrier type flexible film processing (9 layers) for sealing PET trays, for fill-form-seal and flow-pack packaging

As of September 2011, Livingjumbo Industry SA is part of Romcarbon group.

Being aware of the environmental impact of the packaging, we introduce on the market and also because we want to support Romania in meeting the recovery and recycling targets for packaging waste, Romcarbon Group fulfills its recycling obligations through authorized companies for the purpose of taking over the responsibilities of economic operators who place packaging on the market.

Present over the last decade in the green industry through investments made as shareholders in some of the largest waste treatment and recycling plants in central and south-eastern Europe, our Group, through Romcarbon SA, finalized in mid-2012 its investment in the most modern plastic waste recycling plant in Romania, naturally born out of the need to assimilate a technology that integrates and closes the recycling of waste.

The Group's mission is to deliver eco-efficient plastic packaging to serve different industrial and agricultural fields and to close the circle by recycling the resulting plastic waste, turning them into secondary raw materials. The company processes both its own waste and waste on the domestic and foreign markets.

The products manufactured and sold by the Group are in principle single-use packaging for the food industry and with possible multiple uses for the non-food industry. The end-user delivers the used products as waste to collection companies. At the moment, there is no alternative packaging on the market to replace the PP, PE, PSE, PET packaging we produce, so their life cycle is difficult to quantify and is valid until other methods, similar technologies appear.

The production activity of the Group is carried out through Romcarbon SA with 4 sectors of activity, 3 production sites, auxiliary activities (warehouses, transport, maintenance, quality and laboratory) and several cost centers: departments, compartments, offices and services (commercial, legal, financial, accounting, technical investment, human resources, health and safety, emergency services, quality management, supply logistics, transport) and Livingjumbo Industry SA with 2 cost centers corresponding to the activity sectors, 4 production sections, auxiliary activities (warehouses, maintenance, quality and laboratory), departments, compartments, offices and services (commercial, legal, financial, accounting, technical investment, human resources, health and safety, emergency situations, quality management, logistics supply, transport).

The expectations and relevant needs of stakeholders

Financial institutions

- compliance with civil law and the specific laws applicable in the company's field of activity;
- compliance with the company's articles of association;
- compliance with the contractual provisions;
- responsible use of equipment and buildings covered by insurance;
- identification and management of risks related to the occurrence of insured events;

Financial Supervisory Authority:

- compliance with the provisions of the capital market legislation (Law 24/2017);

Bucharest Stock Exchange:

- compliance with the provisions of the capital market legislation (Law 24/2017);
- compliance with the provisions of the BSE Code;
- implementation of the best practices manual in the relationship with investors;

Financial analysts:

- organization of regular meetings to present the company's strategy and financial results;

Shareholders:

- compliance with the provisions of the company's articles of incorporation, of the company law and the law on the capital market;
- adoption by the Group of a dividend policy;
- distribution of a share of the company's profit as dividends;
- transparency in the company's decisions that might affect the price of the company's shares;
- good on-line and off-line communication with investors/shareholders (through www.romcarbon.com, and on social networks: [LinkedIn](https://www.linkedin.com)). Respecting each shareholder's right to information;

Customers and suppliers

- requirements thereof stipulated/provided in the concluded contracts/orders;

Employees

- requirements of the collective employment contract and individual employment contracts.

Central and local public, supervisory and regulatory authorities

- legislative and regulatory requirements specific to the Group's field of activity and location;
- authorization requirements for regulated products;
- authorisations, permits and licenses;

The analysis of the external context and of the stakeholders is made taking into account the aspects deriving from the legal, technological, competitive, market, cultural, social and economic environments. All these data were evaluated through SWOT and PESTLE analyzes. The analysis is performed annually and the data obtained are input elements in the analysis performed by management. The last PESTLE analysis was performed on 10.02.2021 and included the context created by the pandemic with SARS Cov 2, risks related to it and measures taken by the two companies.

2. Quality policy

According to the strategic development strategy of ROMCARBON SA, the Quality, Environment, Occupational Health and Safety Policy seeks:

- continuous satisfaction of the requirements of clients, business partners and other interested parties and the legal and regulatory requirements applicable to the field of activity;
- identification of risk factors and taking actions to eliminate or reduce risks, by complying with applicable legal requirements in the field of occupational safety and health, environmental protection and other requirements to which the organization subscribes, to offer jobs in conditions of safety and health, for the staff involved in the Group's activities.
- assuring customers of the safety and trust in the products made and offered.

The top-level management aims to develop the Integrated Management System in line with the requirements of the reference standards: ISO 9001: 2015, ISO 14001-2015 and ISO 45001: 2018 and the continuous improvement of its effectiveness.

The scope of the activity of ROMCARBON SA is regulated for the products CAR and INDUSTRIAL FILTERS and the PERSONAL PROTECTIVE EQUIPMENT of the respiratory tract. For these products the applicable legal and regulatory requirements are implemented and maintained, and we have all the necessary authorizations and certifications.

Also, for plastic products intended for the food industry, the legal requirements in force are observed: Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food, EC Regulation of the European Parliament and the EU Council on the registration, evaluation, authorization and restriction of chemicals (REACH) as subsequently amended and supplemented.

The ISO 9001: 2015 standard is implemented to demonstrate and maintain the organization's ability to consistently provide products that meet customer quality requirements and applicable regulatory requirements. ISO 9001: 2015 also aims to increase customer satisfaction through the effective application of the system, including continuous improvement processes and by ensuring compliance with customer requirements and applicable regulations.

The ISO 14001-2015 standard is implemented to improve environmental performance and control the impact on the environment, eliminate or minimize the danger to the environment and to demonstrate compliance with legal and other requirements in the field.

The ISO 45001: 2018 standard is implemented to eliminate or minimize the danger to employees and other stakeholders who may be exposed to OHS risks associated with activities, to improve OHS performance and to demonstrate compliance with legal requirements and other occupational health and safety requirements to which the organization subscribes.

The Integrated Quality, Environment, Occupational Health and Safety Management System is certified by a Renar accredited body, namely SRAC ROMANIA. The Quality Management System from ROMCARBON SA has been certified since 1994.

The management of LIVINGJUMBO INDUSTRY SA followed the development of the Integrated Management System, in accordance with the requirements of the reference standards: ISO 9001: 2015, ISO 14001-2015, ISO 22000 -2018 (polypropylene sector) and BRC GLOBAL STANDARD for PACKAGING AND PACKAGING MATERIALS ISSUE 6: JULY 2015 (PET rigid film and multilayer barrier film sector) and the continuous improvement of its effectiveness;

The Integrated Quality Management System, Environment, Food Safety is certified by a Renar accredited body, namely RINA-SIMTEX OC. The Quality Management System from LIVINGJUMBO INDUSTRY SA has been certified since 2003. The management system according to BRC GLOBAL STANDARD for PACKAGING AND PACKAGING MATERIALS has been certified by Lloyds Register since 2016.

Quality strategic objectives

The Group's main objectives for 2021 are:

1.Improvement of performance

- Efficacy in the design of offers/ orders / contracts
- Insuring the on-time collection
- Execution of the budgeted sales plan
- Optimization of the budgeted sales plan in terms of cost and prices

2. Maintaining focus on increasing customer satisfaction by meeting their requirements and expectations and offering competitive, quality products / Increasing customer satisfaction / Continuous securing of the quality of all products and food safety for food products

- Reduction of response time to clients' requests

- Making sure that the delivery terms are met
 - Increase the utilization of clients' feedback
 - Making sure that clients' requirements are met
3. Increasing labor productivity
- Increasing the efficient utilisation of work force
 - Ensuring the appropriate human resources for the conduct of the activity
 - Securing the appropriate work equipment for the conduct of the activity
4. Focusing all our actions on environmental protection, preventing pollution and promoting a safe and healthy work environment, preventing any work accidents or occupational illnesses by:
- Complying with the legal and regulatory requirements applicable to products and maintaining product certifications;
 - Increasing the general compliance level with the legal requirements and other requirements to which Romcarbon is subscribing;
 - Efficient use of raw materials, materials and utilities by reducing: the amount of technological waste generated, the amount of non-compliant products and consumption of utilities;
 - Preventing pollution – 0 environmental incidents
 - Achieving the environmental objectives by recovering at least 60% of the waste put on the market;
 - Preventing occupational injuries and illnesses of employees and staff working under the supervision of the organization – decrease by 20% of the number of labour accidents;
 - Maintaining the SSO risk level below 3.5%
 - Supervising and controlling emergency situations – 0 actual emergency situations
5. Making sure that SMI obtains the intended results, the organisation's processes and activities are consistent with the documented/implemented/certified SMI and the SMI requirements are embedded in all the processes and activities of the organization, either organizational or technical
- Maintaining the SMI certification,
 - Making the transition to standard ISO 45001/ 2018
 - Continuous improvement of the Integrated management system for quality, environment, occupational health and safety, in accordance with the reference standards: ISO 9001:2015, ISO 14001:2015 and OH&S 18001:2007
6. Mitigating the effects of the Covid-19 pandemic and the potential risk of similar illnesses
- Promoting high-demand/consumption products during the period of crisis/increase of offers/orders for such products
 - Analysis of current suppliers and selection of alternative suppliers to ensure the necessary supplies
 - Ensuring the appropriate human resources for the conduct of the activity

The indicators of the strategic quality objectives, referring to the increase of customer satisfaction are the following:

- Efficient collaboration with the customer (Percentage of questionnaires for assessment of customer returns / total questionnaires sent) = 70.25%;
- Number of actions established/ implemented that were identified following the analysis of the customer feedback;
- Customers' global satisfaction level;
- Number of justified complaints received from customers

In 2020, the indicators reached the performance values established, registering a customer satisfaction level of > 90% for ROMCARBON and >90% for LIVINGJUMBO INDUSTRY.

Ratio	2018	2019	2020
Accumulated number of complaints	59	65	54

Other indicators established for the logistics, production sales processes are:

- Providing raw materials / materials / services appropriate to the activity;
- Degree of achievement of supply orders (number of products supplied / number of products required to be supplied * 100) = 100%;
- Share of non-compliant products supplied from total products supplied% = 0;
- Making products according to the requirements of the organization / client;
- Degree of compliance with the requirements (no. non-compliant products / total quantity achieved * 100);
- Degree of compliance with the requirements (number of quality complaints registered monthly and annually; the amount of claim losses incurred);
- The degree of realization of the budgeted production (real value / budgeted value * 100);
- Efficient use of raw materials, materials and utilities;
- The degree of inclusion in utility consumption;
- Realization of the sales program-Degree of realization of the sales program (Difference between the value of sales and the budgeted value > 100,000);

- Term analysis of orders and contracts-promptness in performing the analysis of offers / orders / contracts (No. of offers / orders / contracts analyzed in 3 days / no. of offers / orders / contracts to be analyzed / month * 100) = 100%;
- Ensuring compliance with delivery deadlines - Prompt delivery (No. of deliveries with expired deadline / total deliveries = 0%).

All the objectives, the related indicators and their target performances are analyzed within the Analysis performed by the management in order to verify the compliance with the limits established in the documented procedures.

For the indicators that had acceptable performances, analyzes and changes in the system are established.

Potential risks and identified opportunities

According to the requirements of the reference standards, the Group identified and assessed the main risks and opportunities existing within the Group, in a controlled and efficient manner in order to meet the objectives and laid down the control measures and actions aimed at preventing the emergence of new risks, mitigating the risks identified by the established treatment methods.

Depending on the areas in which the Group carries out its activities, the **main risks are:**

Processing of plastic (polyethylene, polystyrene, polypropylene, PVC),

- Insufficient staff specialized in newly acquired equipment;
- Lack of qualified staff
- Growing number of specialized staff nearing retirement
- Some orders are small, and require frequent changes, and thus generate losses;
- Competition in the field;
- Season products;
- Price variations of basic raw materials;
- Some of the equipment is technologically obsolete;
- Frequent changes in the legal requirements that affect the plastic packaging field.

Recycling of plastic materials

- High costs, logistics for large volumes (both for the purchase of waste and for their storage);
- Oil price fluctuations that influence the price of virgin materials and can affect us in terms of selling prices of recycled material
- Composite raw materials (waste);
- Testing and analysis to obtain competitive products;
- High consumption of utilities;
- Large staff turnover;
- No sales on all outputs of the technological process;
- The market is not yet sufficiently mature to satisfy both the demand for raw materials; (recycled waste) as well as the sale of recycled finished products;
- Requires extensive storage space for both raw materials and finished products;
- The lack of a well-developed selective collection system upstream (the degree of recycling of waste from landfills has an extremely low efficiency);

Other productive activities (production of filters for cars and industrial filters, manufacturing of masks for the protection of the respiratory system).

- The range of filters is not complete (air, oil,) as required on the market;
- Some developed products are already obsolete;
- The products require a lot of labor, possible non-competitive price;
- It is a strongly regulated field and requires expenses with approvals and authorizations;
- The main raw materials come from import and depend upon quantities;
- Requires high control costs (destructive laboratory tests);
- High competition with low cost products.
- Lack of qualified staff
- Growing number of specialized staff nearing retirement.

In the international context regarding the evolution of the epidemiological situation caused by the spread of COVID-19, risks can be identified in the supply, production and sale, which can significantly affect the economic activity of the organization.

As far as supply is concerned, at this time there were no special problems, however, prices might increase due to fluctuating oil prices or changing suppliers who are unable to provide us with the required raw materials.

As far as sales are concerned, there is a risk that they will decrease substantially due to the decrease / interruption of the activities of the suppliers who used our products as well as to the price increases for the finished products due to the price increases for raw materials.

In case of cessation of production / establishment of quarantine or other future events that would require measures of temporary interruption of activity, the effects would consist of financial losses in the medium and long term.

In this context, a risk of partial / total cessation of activity may be considered, which may be due to the lack of key personnel (in case of increasing number of illnesses).

Also, in the context of the SARS Cov 2 pandemic, the risks for the visitors coming on the Romcarbon platform were analyzed and clear measures were established that are permanently implemented and monitored.

The main measures that must be observed by all visitors (customers, suppliers, contractors, etc.) are:

- accept their body temperature being taken upon entry on the ROMCARBON platform
- disinfect upon entering the unit
- sign a statement on own account as regards their health (regarding SARS Cov 2)
- wear (medical) mask while they are on the Romcarbon platform
- keep a social distance of at least 1.5 m from other persons

For all the identified risks, the organisation established an order of priority in addressing them so that the residual risks decrease.

As a result of the measures established and implemented by the two organizations, the risks were kept to a minimum.

Effective risk control has been achieved through:

- measures for implementation and observance of the documented procedures of the integrated system;
- internal audits and controls of the integrated management system with the verification of the observance of the documented procedures;
- providing with competent human resources necessary to carry out the activities and processes within the two organizations;

3. Policy on environment and climate change

In the field of environmental protection, the management of ROMCARBON SA has adopted an environmental policy specific to the activity of the two production organizations, the size and impact on the environment, which will provide the framework for establishing and analyzing the tactical and strategic environmental objectives. As a result, management has formulated guidelines that provide the framework for setting environmental objectives and targets.

The main objective of the Group is to focus all actions towards meeting the requirements of customers and all stakeholders, protecting the environment, preventing pollution and promoting a safe and healthy working environment, preventing any work accident or professional illness through:

- Making sure that SMI obtains the intended results, the organisation's processes and activities are consistent with the documented/implemented/certified SMI through a continuous improvement of the Integrated management system for quality, environment, occupational health and safety, in accordance with the reference standards: ISO 9001 : 2015, ISO 14001 : 2015 and ISO 45001:2018, such as compliance with the requirements on food safety as per standards ISO 22000-2018, BRC GLOBAL STANDARD for PACKAGING AND PACKAGING MATERIALS ISSUE 6: JULY 2019;
- Complying with the legal and regulatory requirements applicable to products and maintaining product certifications;
- Increasing the general compliance level with the legal requirements and other requirements to which Romcarbon is subscribing;
- Staff awareness and improving communication for achieving the environmental performances planned;
- Efficient use of raw materials, materials and utilities by reducing: the amount of technological waste generated, the amount of non-compliant products and consumption of utilities;
- Preventing pollution – 0 environmental incidents
- Achieving the environmental objectives by recovering at least 60% of the waste put on the market;
- Supervising and controlling emergency situations – 0 actual emergency situations.

The indicators related to the strategic environmental objectives, which refer to the protection of the environment and the prevention of pollution are the following:

- **Pollution prevention and promotion of a safe and healthy work environment;**
- Number of incidents / environmental accidents occurred: 0;
- Number of environmental complaints from stakeholders: 0;
- Number of fines / warnings or other sanctions received: 0;
- **Preventing any possible emergency situation and ensuring the response capacity;**
- Capacity to respond to emergency situations - I_{CR}: 100%
- Number of simulations performed / Number of simulations of Emergency Situations planned: 100%;
- Number of actual emergency situations: 0;

- Number of fines issued by the General Inspectorate for Emergency Situations: 0;

In 2020, the indicators reached the established performance values, we had no incidents / environmental accidents, sanctions / fines from the authorities.

All the objectives, the related indicators and their target performances were analyzed within the Analysis performed by the management annually and were within the limits established in the documented procedures.

Environmental protection is an essential component in the management process of the two organizations, representing a social, moral and legal obligation.

The environmental management system, which is embedded in the organisation's general management, has the following elements:

- The environmental assessment / re-assessment activity is documented in the specific procedure and has as main elements the determination of the environmental aspects of the activities and products that it can control and those that it can influence, as well as the environmental impacts associated, from a product life cycle perspective;
- When determining the environmental aspects, the following are taken into account: air emissions, water discharges, ground flows, use of raw materials or natural resources, use of energy, emitted energy (heat, radiation, vibration, noise, light), waste, space use;
- Attention is paid to the life cycle stages that can be controlled or influenced by the organization from supply, storage, handling, production and sale;
- *The list of significant environmental aspects* is updated annually or whenever there are changes in the organization, in the applicable legislation or in other requirements to which each organization subscribes;
- The objectives are established in accordance with the Policy regarding quality, environment and occupational health and safety, and the Policy regarding quality, environment and food safety with the commitments of pollution prevention, with the obligations of compliance and improvement;
- Changes and the development of new activities or products may invalidate previously identified aspects or require the addition of new aspects to the list, in these cases the environmental aspects are reanalyzed and updated.

Examples of such changes:

- Changing the scope of the Integrated Management System;
- Development of new products/services;
- Changes in processes/technology/introduction of new processes;
- Significant expansion or reduction of the capacity;
- Extension or transition of a new activity;
- Changes in the environmental compliance obligations;
- Emergency situations occurred;
- The process regarding compliance and evaluation of compliance with legal requirements is performed annually by analyzing all aspects and elements both in the main production and support processes: logistics, human resources, etc.
- The water management authorizations as well as the environmental permit are reviewed and endorsed according to the legislation in force and also the rest of the authorizations necessary for a legal functioning.
- All staff are trained in the prevention of environmental pollution, compliance with applicable law, procedures and responsibilities. Annually, the training program provides training and assessments regarding environmental aspects, applicable legal and regulatory requirements and waste management.
- Permanent collaboration with environmental authorities: National Agency for Environmental Protection, National Environmental Guard, Romanian National Water Administration, etc.
- The environmental aspects are re-assessed annually and it was found that significant environmental aspects are reported only in abnormal conditions and emergency situations.

Supply with drinking and technological water:

We have our own underground water supply system, consisting of three drillings (drilled wells) at H=100-150 m and Q=300mc/h (2 Km away from the industrial platform), aduction installations (metal pipe of D=250mm and L=4000m), storage installations, reinforced concrete tanks, located underground with a volume of =500mc each), water tower at a V = 100 mc and distribution network.

Discharge of waste water:

Domestic and technological waste water that requires treatment is discharged into the sewerage system of the municipality of Buzau, and technological water that does not require treatment is discharged into the river Buzau. We monitor the quality of wastewater according to the requirements of the environmental permit.

Developments and facilities for environmental protection and pollution prevention

- protection of electrical installations against acid vapor corrosion,
- closed containers are provided with valves for exhaust air at the time of filling,
- fuel storage arranged for the storage of liquid fuels and oils, provided with a concrete platform, enclosed, access being allowed only in the presence of the manager.

- waste storage platform divided into types and assortment of waste;
- Volatile Organic Compounds (VOC) emissions filtering installation;
- replacement of capacitors in power stations containing polychlorinated biphenyls (PCBs) with environmentally friendly capacitors

Measures, facilities and development for soil and sub-soil protection:

To prevent soil and subsoil pollution and protect soil and subsoil, the following technical and organizational measures are taken:

- collection of household, street and industrial waste and disposal in accordance with legal provisions
- in order to prevent soil and subsoil pollution with possible leaks from the internal sewerage and from the pre-treatment installations, they are monitored and maintained properly, intervening immediately to remedy any dysfunctions (clogging, pipe bursts)
- collection of used oil waste, degreasing mixture), storage according to legal provisions and delivery over to authorized economic agents for use.
- proper handling, storage of fuels and lubricants.
- proper handling, storage of toxic and hazardous substances.

Water quality protection:

Water is used in the washing/separation of plastic materials, a technology that is provided with a waste water treatment plant with a recirculation system.

Water is also used for extruder thermosetting, regranulating head. Water is recirculated.

Sources of noise and vibrations:

The identified sources of noise are:

- electrically operated equipment, punching presses for the manufacture of sheet metal subparts and waste grinding mills, weavers. They are located inside the buildings, far from protected areas;
- the means of transport for the supply of the raw material and the shipment of the finished product;
- for excess noise limits in the weaver zone, personnel protection measures are taken both in ROMCARBON and in LIVINGJUMBO INDUSTRY SA;

Possible sources of soil and subsoil pollution:

- sewerage network in case of leaks and / or damages due to various causes;
- improper storage of waste of any type and especially household waste.

Measures taken

- Proper collection, storage, handling of oil products and waste of any kind.
- Storage of ferrous metal waste on concrete platforms for a short period until delivery to authorized agents.
- Non-ferrous metal waste is stored in the materials warehouse.
- Used tires and car batteries are handed over to authorized economic agents.
- The used oil resulting from the oil changes in the engines and the transmission systems of the equipment is collected and stored, according to GD 235/2007, in the fuel warehouse and handed over to authorized units for use.
- The ecological solvent SE 80/155 waste resulting from the degreasing of the metal parts is collected in metal containers (barrels), stored in the fuel warehouse and sold to authorized economic agents.
- The extrusion and thermoforming operations generate technological waste that is collected and recycled in the own production process, and the non-recyclable ones are sold to authorized economic agents.

Environmental impact

The Group companies always seek that their activities and products have a minimal impact on the environment and the climate. As a manufacturer of plastic packaging, in various forms, Romcarbon SA considered it a duty to assume a role in reducing the impact on the environment and climate.

By developing a plastics recycling sector we try to have a positive impact on the environment.

With an initial investment of over EUR 7 million in 2012 and reaching a total investment value of EUR 16.5 million in 2020, the recycling and compound sector has a processing capacity of up to 17,000 tons / year, ensuring the reconversion of waste from PE, PP, PS, ABS, etc. both industrial waste and post-consumer waste.

The recycled raw materials obtained in this sector replace the quantitative equivalent of virgin raw materials both in our own manufacturing of PE and PP products, as well as for our domestic and foreign customers. We have the necessary know-how to "refine" regenerated materials with various additives to obtain products with improved mechanical properties, resistant to solar radiation, resistant to flame, resistant to strong shocks, etc.

We are currently in the process of certification with EuCertPLAST for the recycling sector. The purpose of this process is to give our customers confidence that we operate at the highest standards in the field of plastic recycling (SR EN 15343/2008).

Romcarbon SA and Livingjumbo Industry SA assimilate in their portfolio products that are partly or entirely made of recycled materials, promoting them to its customers constantly and extensively. Construction foils and recycled polyethylene household bags are already "classic" products for us. We are in the stage of establishing, together with our customers and for all products suitable for this purpose, the best share of recycled material that would ensure both savings of virgin raw materials and the preservation of use characteristics.

We align with the requirements of the European Directives by including in production the biodegradable and compostable materials, starting with the bags destined for food packaging in the big chain stores. We seek the sustainability of the solution from the point of view of ensuring the raw materials both for these products and for the replacement of the disposable packaging made of expanded polystyrene.

As an essential part of its actions to reduce the negative impact on the environment, the Group constantly monitors energy efficiency and implements measures to reduce consumption. For evaluation, the Group carries out, every 4 years, an audit on the entire energy field, with clear solutions in energy saving, with the annual monitoring and reporting of the degree of implementation of the measures.

The first measures consisted in the sectorization of the local lighting and the replacement of the classic lighting solution with LEDs.

At the end of 2020, Romcarbon SA submitted the Financing Application entitled "Implementation of an integrated energy consumption monitoring system within SC Romcarbon SA" and the related documentation for the Financing Line within the Large Infrastructure Operational Program, Component 1-OS 6.2. Reducing energy consumption at the level of industrial consumers; Priority Axis - Promoting clean energy and energy efficiency in order to sustain a low carbon economy; State aid scheme - De minimis aid scheme for monitoring energy consumption at the level of industrial consumers; POIM / 358/6/2.

If this project is approved, the implementation of the project and, implicitly, of the smart monitoring system will lead to the identification and correct ranking of measures to improve energy performance and a maximum achievable energy saving of 116.85 t.e.p. / year, composed of 1,358.68 MWh of electricity, which means a maximum annual reduction of the environmental impact of 426.63 tons CO₂ / year, or 3,867.70 tons CO₂ / project duration.

Romcarbon SA is in the process of analyzing a project for the construction of a 1 MW photovoltaic plant, which will provide from a renewable source part of the electricity needed for the operation of the technological lines, with a long-term contribution to the reduction of CO₂ emissions.

Climate change

Aspects related to climate change are part of the PESTLE analysis of the general context, the risk analysis being correlated with measures.

The **climate** is mainly continental, with an average of 92 days of frost per year (16 days with temperatures below -10 °C), but also with 92 days of hot and dry summer. Local winds include Crivățul, which blows from northeast to southwest (or sometimes east to west) and Austrul, a wind that blows from the southwest and brings dry and warm air in summer and in winter leads to high temperatures. The average temperature in July has risen way above 22 °C, which makes Buzău cross the border between the continental climates with warm / hot summers to the continental climate with hot summers according to the Köppen climate classification.

4. Occupational Health and Safety Policy

The management of the ROMCARBON GROUP is continuously concerned with the creation of safe and healthy jobs, permanently respecting the requirements of the legislation in force.

As a result, the management of the two organizations has formulated directions that represent the framework for setting objectives and targets for health and safety at work.

The main objective for the occupational health and safety is to focus all actions on meeting the requirements of customers and all stakeholders, for preventing any occupational accident or disease by:

- Making sure that the organisation's processes and activities are consistent with the documented/implemented/certified SMI through a continuous maintenance and improvement and certification of the integrated management system for quality, environment, occupational health and safety, in accordance with the reference standards: ISO 9001 : 2015, ISO 14001 : 2015 and ISO 45001:2018, such as compliance with the

requirements on food safety as per standards ISO 22000-2018, BRC GLOBAL STANDARD for PACKAGING AND PACKAGING MATERIALS ISSUE 6: JULY 2019;

- Compliance with the applicable legal and regulatory requirements;
- Preventing occupational injuries and diseases, for own employees and for the staff working under the supervision of the organization – reduction of 30% of the occupational accidents;
- Maintaining the SSM risk level both for ROMCARBON and for LIVINGJUMBO, below 3.5%
- Monitoring and controlling emergency situations – 0 actual emergency situations

The increasing number of work accidents in 2020 compared to the previous year, required the intensification of analyzes and measures, especially staff training, amid the fluctuation and the declining level of training of the workforce.

	2018	2019	2020
Accumulated number of work accidents	3	4	12

At the beginning of the year, between 11.01.2021 and 22.01.2021, the compliance with legal requirements was assessed at ROMCARBON SA and LIVINGJUMBO INDUSTRY. The legal requirements that have been verified are in the fields of environment, occupational health and safety, civil protection, ISCIR and emergency situations.

Following the evaluation, the *Evaluation Register of Compliance with the Legal Requirements* on each sector of activity for environment, occupational health and safety and emergency situations / fire and civil protection was drawn up.

Each register also mentions the actions necessary especially to achieve compliance with the legal requirements on OHS and decrease the number of labour accidents.

Through this policy, the senior management assumes on a permanent basis the legal obligations incumbent upon it to:

- Ensure the health and security of employee in all work-related matters;
- Consult, inform and train employees;
- Ensure the organizational framework and the necessary means for occupational health and safety;

According to the requirements deriving from the legislation in force in the field of health and safety at work, namely Law 319/2006, the Law on Health and Safety at Work and GD 1425/2006 approving the methodological norms for the application of the provisions of the Law 319/2006 on Health and Safety at Work, the occupational safety and health conditions and the prevention of work accidents and occupational diseases are ensured as follows:

- internal prevention and protection activities are organized internally through the SIPP Internal Prevention and Protection Service;
- the hazards are identified and the risks for each component of the work system are assessed using the National Institute for Labor and Social Protection Research;
- the assessment of job vacancies is constantly updated as required by law;
- the frequency of the risk reassessment is correlated with the established measure programs, after evaluating the effectiveness of the actions undertaken;
- based on the risk assessment, prevention and protection plans are developed for each job;
- instructions (ISSM) for all work equipment and activities carried out are drafted, updated and disseminated taking into account their particularities;
- occupational health and safety responsibilities are established for all staff in the organization, both the management and the executive through the job descriptions;
- areas that require security signalling and types of signaling for each area are identified according to the hazards identified, according to GD 971/2006 regarding the minimum requirements for security signaling / occupational health;
- records are being kept of the work equipment, periodic maintenance that is carried out by the appropriate personnel in compliance with the legal requirements so that the equipment does not pose a danger to the health and safety of the executing personnel;
- personal protective equipment, including noise protection (noise suppression), is provided;
- healthy and sanitary ware and adequate facilities for staff are provided;
- the staff health surveillance is ensured through our own medical practice and contract with an occupational medicine service (MAT CORD);
- checks on the operation of the alarm, warning, emergency signalling, and safety systems;

The two organizations assessed the risks for each job and by implementing the above-mentioned measures, the overall risk level for each organization is below the admissible maximum admission limit of 3.5%.

As a result of the inspections carried out by the labor inspectors, no corrective measures were taken, no deviations from the legal provisions were found, the non-conformities being immediately remedied, some of them even on the spot, no measures / sanctions being necessary.

As regards the management of emergency situations in the field of fire protection and civil protection with implications for the safety and health of the personnel, the preventive measures are ensured through the fulfillment of the applicable legal requirements and fire protection is organized.

- the Private Service for Emergency Situations (SPSU) has been set up with tasks in the field of fire protection through control, verification, simulation;
- a contract has been signed with the authorized fire protection company;
- ISU operating authorizations are obtained for all newly built / refurbished facilities;
- appropriate maintenance / verification of the technical means of fire protection;
- identify, monitor and evaluate specific risk factors, triggers of dangerous events;

5. Energy strategies

ROMCARBON SA is a big consumer of electricity, therefore the efficient use of electricity and in general of all forms of energy is a priority in the production processes.

The main objective of the Energy Management Program consists in the efficient use of energy in the immediate and prospective term, through the efficient use of energy throughout the entire energy cycle of the company, the incorporation of energy efficiency in the existing equipment and in the selection criteria for the acquisition of new equipment and compliance with energy regulations issued country-wide.

In the development program of the two organizations, we are considering the acquisition of high-tech equipment and lines in order to replace the old technologies with new technologies of high technical efficiency and low energy consumption. In the last period (2012-2018), a wide range of modern technological lines have been acquired for the recovery of plastic waste and its re-use as raw material.

Also, in order to reduce the energy consumption of large consuming machines, measures have been taken over time to bring the equipment to normal parameters together with the replacement of high power motors with low power motors with variable speed, measures that have led to significant savings of energy.

Through the equipment maintenance plan, our constant wish is to bring the equipment into the parameters and fit into specific consumption.

Energy consumption is measured at each profit center through counters fitted to each consuming unit. Ensuring the proper operation of both measuring and energy equipment is ensured by firm contract with accredited contractors. The maintenance of the energetic equipment as well as the preventive maintenance is done on the basis of a firm contract with accredited companies in line with the technical specifications of the installations in operation.

For the efficient exploitation of the technological lines, we implement permanent programs of professional training and periodical evaluation of our operators in order to use the production capacities at maximum capacity while always complying with the consumption limits.

A significant reduction in electricity consumption was achieved through local lighting in the technological flow. Local lighting was sectorized so it would be used only where needed.

For efficient use of compressed air, each workshop has been equipped with compressors, so compressors are used only in the required places. At the same time, variable speed compressors have been purchased that have a much lower specific consumption.

6. Social and Personnel Policy

Romcarbon Group has constantly reconsidered human resources policy and labor value. In this respect, following the permanent assessments of both the employed and the existing personnel on the labor market, an adaptation to the company's requirements was achieved and a supplementation and updating as needed.

Within the two organizations internal procedures were developed and implemented through which the organization of the activity was established and the necessary human resources were allocated efficiently.

Social and staff related risks are identified and analyzed and their potential adverse effects are kept to an acceptable level through established objectives, actions taken and appropriate measures to cancel or mitigate them.

The main potential risks in the social and personnel field analyzed within the company are:

- large personnel turnover, lower retention rate of new hired personnel or key positions;
- lack of qualified staff to ensure the continuity of specific company activities;

The effects of these potential risks may consist in increasing absenteeism, lowering efficiency, increasing recruitment costs, employee demotivation, or labor conflicts.

In this respect, the adopted measures have managed to keep the risks in the social and personnel field at a low level.

The main objective in the field of human resources is to provide the proper human resources for the activity.

To achieve the goal, actions have been set up:

- employing staff on the basis of professional competence and experience;
- increasing staff skills through training and development opportunities and allocating sufficient resources to continually train and improve staff;
- performance appraisal based on professional and personal competence criteria;
- correct and timely communication of information;
- compliance with the legal requirements;
- social facilities (financial support for employees and in exceptional situations, their family members (husband, wife, children in their care) who have special medical problems, as well as employees who were severely affected by earthquake, landslides or floods or other natural phenomena, fires, etc.);
- communicating and permanently consulting with the representatives of the employees designated under the law.

Competent, motivated and integrated employees are the key to success in meeting the company's goals, being the most important resource for the proper conduct of the business.

In 2020, given the economic context, labor migration, and the lack of qualified workforce, the company focused its attention to retention of qualified staff and training of new staff.

The training, improvement and professional development of the staff is carried out on the basis of the "Annual Training Plan" elaborated at the level of the two organizations:

During the analyzed period, the level of achievement of the training plan was:

	2018	2019	2020
Proposed matters	245	258	253
Accomplished matters	226	241	236
Achievement (%)	92%	93%	93%

The annual training plan was intended to be a systematic process of changing behavior, knowledge and motivation of staff in order to improve the balance between personal characteristics and job requirements.

Both women and men benefit from equal appreciation and promotion within Romcarbon SA.

Internal regulations of companies include provisions for the prohibition of any form of discrimination on grounds of religion, sex, social status, etc.

The distribution of staff by gender is presented in the following table:

Description	No. of staff		
	2018	2019	2020
Total number of staff, of which:	1,626	1,554	1,535
Men	721	684	686
Women	905	870	849
<i>% women out of total staff</i>	<i>56%</i>	<i>56%</i>	<i>55%</i>
Number of execution staff, of which:	1,508	1,421	1,422
Men	653	608	610
Women	855	813	812
<i>% women out of total execution staff</i>	<i>57%</i>	<i>57%</i>	<i>57%</i>
Number of management staff, of which:	118	133	113
Men	71	76	76
Women	47	57	37
<i>% women out of total management staff</i>	<i>40%</i>	<i>43%</i>	<i>33%</i>

By eliminating any form of discrimination within the company, women are free to choose their occupation, to engage in any vacancy, and at any level of the professional hierarchy. This creates non-discriminatory conditions for career

advancement, for remuneration of work in relation to professional competencies and quality of work carried out as well as for participation in vocational qualification / retraining programs, training, specialization.

The company guarantees for all employees, irrespective of gender, the application of the principle of equal pay and the right to other benefits paid by the employer to the employees.

Non-financial statistics and indicators relevant to social and staff policy assessment.

1. Assessment of staff turnover:

Description	Number of staff		
	2018	2019	2020
Total number of staff	1,626	1,554	1,535
Staff increase compared to previous year	-102	-72	-19
No. of leavers	386	419	485
% out of total number of staff	24%	27%	32%
No. of new hires	302	351	481
% out of total number of staff	19%	23%	31%
No. of hires/leavers	78%	84%	99%

2. Assessment of the efficiency of recruitments:

Description	Number of staff		
	2018	2019	2020
No. of interviewees	760	728	920
No. of individuals selected for employment	305	386	481
Achievement rate (hires/interviewees)	40%	53%	52%

3. Disaggregation of staff by sex, age and job:

Age	Sex	Total, of which:	Processing of plastics	Waste recycling	Other production departments		Support departments
Less than 18	Men	0	0	0	0	0	0
	Women	0	0	0	0	0	0
18 -24 years	Men	69	53	3	0	0	13
	Women	34	34	0	0	0	0
25 - 34 years	Men	100	68	12	2	0	18
	Women	124	105	5	0	0	14
35 - 44 years	Men	148	95	17	0	0	36
	Women	222	186	9	0	0	27
45 - 54 years	Men	266	149	34	6	0	77
	Women	384	310	15	6	0	53
More than 55	Men	103	35	8	6	0	54
	Women	85	54	3	5	0	23
Total employees	Men	686	400	74	14	0	198
	Women	849	689	32	11	0	117
		1,535	1,089	106	25	0	315

4. Disaggregation of staff by sex and age

Age	Total, of which:	%	Men	%	Women	%
18 -24 years	103	7%	69	10%	34	4%
25 - 34 years	224	15%	100	15%	124	15%
35 - 44 years	370	24%	148	22%	222	26%
45 - 54 years	650	42%	266	39%	384	45%
More than 55 years	188	12%	103	15%	85	10%
Total	1,535	100%	686	100%	849	100%

5. Disaggregation of staff by sex and seniority:

Seniority	Total, of which:	%	Men	%	Women	%
Less than 3 years	558	36%	297	43%	261	31%
3 - 5 years	281	18%	128	19%	153	18%
5 - 10 years	302	20%	121	18%	181	21%
10 - 15 years	230	15%	73	11%	157	18%
15 - 20 years	96	6%	26	4%	70	8%
20 - 25 years	0	0%	0	0%	0	0%
More than 25 years	68	4%	41	6%	27	3%
Total	1,535	100%	686	100%	849	100%

6. Disaggregation of staff by sex, seniority and field of activity:

Range	Sex	Total, of which:	Processing of plastics	Waste recycling	Other production departments	Support departments
Less than 3 years	Men	297	179	35	3	80
	Women	261	211	10	3	37
3 - 5 years	Men	128	77	24	0	27
	Women	153	112	22	1	18
5 - 10 years	Men	121	58	11	3	49
	Women	181	149	0	0	32
10 - 15 years	Men	73	51	0	0	22
	Women	157	143	0	0	14
15 - 20 years	Men	26	24	0	0	2
	Women	70	70	0	0	0
20 - 25 years	Men	0	0	0	0	0
	Women	0	0	0	0	0
More than 25 years	Men	41	11	4	8	18
	Women	27	4	0	7	16
Total staff	Men	686	400	74	14	198
	Women	849	689	32	11	117
		1,535	1,089	106	25	315

7. Staff distribution by COR structure

	Men	Women	Total
Senior management and officers	77	37	114
Specialists in various fields of activity	12	32	44
Technicians and other technical specialists	37	68	105
Administrative clerks	4	6	10
Services workers	1	0	1
Qualified workers in agriculture, forestry and fishery	0	0	0
qualified and similar workers	122	64	186
Operators of installations and machinery; machine and equipment assembler	168	216	384
Unqualified workers	265	426	691
Total	686	849	1,535

8. Average monthly salary by sex and field of activity:

		Total, of which:	Processing of plastics	Waste recycling	Other production departments	Support departments
Average monthly salary, gross	Men	3,136	3,107	2,503	2,645	3,464
	Women	3,092	2,975	2,344	2,228	4,067

7. Business ethics. Values. Fight against corruption

General business ethics principles

The Code of Professional Ethics adopted by the Group includes a minimum set of principles, values and rules of conduct that should be taken as a reference in the activities that the directors, executive management and the functional departments of the companies fulfill.

The Code aims to promote social responsibility, a culture of quality that contributes to the achievement of superior quality products and compliance with business ethics principles. It aims at preventing the occurrence of illegal and unlawful acts that may occur in the course of the company's activities.

We believe that commitment to ethical conduct is one of the essential components of the functioning of each organization in Romcarbon Group. The activities are carried out correctly, based on a culture of ethics and compliance, social satisfaction being a permanent concern for the company's management.

ROMCARBON SA has a policy of zero tolerance to corruption, cartels, human rights violations and violation of health, safety and environmental protection rules.

The group of companies is structured and operates on a set of values whose observance ensures a stable business and development environment:

- honor
- competence
- responsibility
- commitment
- innovation

CODE OF ETHICS

Ethical behavior is the foundation of trust both in business and within the organization. ROMCARBON SA as a company operating on the principles of integrated management has thought and implemented this code that contains guidelines on the need to respect the legal framework, human rights and ethics, as well as the company's commitment to an ethical and socially responsible business environment.

A. Values and principles

Legality: ROMCARBON SA and its subsidiaries are committed to acting in good faith, within the appropriate legal framework. They comply with rules, regulations and regulatory requirements, codes of the industries in the field, organizational standards for business activities. Regulatory measures are considered benchmarks, ethics goes beyond legal compliance, integrating standards of good corporate governance, best practices and community expectations.

Competence: ROMCARBON SA can gain the trust through competence and integrity in its activity, consistency in thinking, words and actions. This implies promoting and respecting professional ethics standards just before individual or organizational goals.

Objectivity: Consider the effect felt by all stakeholders on actions taken from business, social, environmental and health perspectives. Achieving business goals must be done in a way that does not harm the entire value chain promoted in the community, the organization and the environment in general.

Personal and Social Responsibility: ROMCARBON SA assumes responsibility for the impact of its activities and takes into account the needs and expectations of all internal and external parties: employees, shareholders, business partners, competitors, governmental and political stakeholders, non-governmental organizations (NGOs) and local communities.

Professionalism: Recognition and acceptance of corporate and personal responsibility for the ethical quality of the actions and operations undertaken.

Innovation

B. Commitment to this set of values implies that every person involved in securing a proper environment for business development:

- fully knows, understands and complies with applicable laws, regulations and rules. Consistently uses the criteria, standards and performance indicators in conducting the business.
- maintains a high level of professional competence, implying a continuous care for improving knowledge.

- assumes the personal responsibility for the statements and opinions expressed and may at any time prove the compliance thereof with the applicable legal regulations, internal rules, implemented standards. Accepts the obligation to account for the activities undertaken, the opinions and conclusions formulated and to bear the consequences for non-achievements.

C. Applicability of the code in the organization's activities

All managers and employees must act in accordance with the Code of Ethics and respect it. In order to fulfill their duties, the management of each organization, as well as the employees, must constantly be guided by the ethical principles that ensure business performance:

- treatment of employees / colleagues with respect and dignity, not choosing any aggressive physical or mental behavior, no verbal abuse or inhuman treatment;
- maintaining trust and partnership relationships with shareholders / clients / suppliers / employees;
- providing safe, high-quality products;
- respect for the environment through conservation of resources; reuse of waste resulting from production processes, selective collection of waste and waste recovery through specialized units;
- compliance with the laws and internal rules of the organization;
- displaying a proper attitude and language, both in the relationship with clients / suppliers / collaborators / institutions, and in cross-department relationships;
- not to be in a situation of conflict of interest and not to yield to internal and external pressures in any relationship that would contractually bind the organization;
- management awareness to promote social investment programs by joining non-governmental, not-for-profit and apolitical associations that aim to promote human spirit and solidarity by organizing and sustaining humanitarian actions.

D. Ethical deviations

The following acts and attitudes will be considered ethical deviations:

- failure to comply with laws and regulations;
- failure to comply with internal rules and procedures;
- failure to report a conflict of interest, any involvement or participation in procedures involving a conflict of interest;
- use of position to obtain personal gains of a material nature or other advantages;
- disclosure of confidential information;
- discretionary treatment of shareholders;
- refusal to cooperate with other institutions, departments or employees;
- intimidation, creating any kind of pressure, visible (bribery, threats) or less visible (blackmail, intercessions / interventions), on the people in management

Human rights

ROMCARBON SA is committed to respecting human rights in the relationship with each stakeholder and we ask that they, in turn, respect the rights of others. A broad range of civil, political, economic, social and cultural rights are included, including the following (enumeration is not exhaustive):

- the right to human dignity;
- right to life;
- personal freedom and security;
- right to access the highest health standards;
- the right to legal and favorable working conditions;
- right to fair wages and decent living;
- right to an adequate living standard;
- right to form and to join a trade union and the right to collective negotiations;
- prohibition of all forms of forced or compulsory labor;
- prohibition of child labor;
- prohibition of discrimination;
- freedom of opinion.

Equal treatment and chances and protection of privacy

Each member organization of the Group understands the value of diversity. Employees, clients, business partners, suppliers and all other interested third parties are citizens who come from many countries, with different nationalities, beliefs, religions, convictions, cultures. The Group promotes the prohibition and prevention of discrimination of any kind, such as, but not limited to, discrimination based on race, color, gender, age, language, religion, political or other opinion, ethnicity, national or social origin, property, birth, sexual orientation or any other criteria, including marital status or parental status.

ROMCARBON SA is committed to respecting the privacy of individuals and preserving the confidentiality of their personal information.

Fair work practices

Human resources are the most important resources of Romcarbon Group, each organization being dedicated to the growth of their employees and ensuring a good balance between professional and personal life.

ROMCARBON SA does not tolerate any form of forced, compulsory or child labor, nor any other ethical practices such as wage denial, denial of sick leave or daily rest, abusive use of alternative forms of employment. Supporting people with special needs is a priority in the human resources policy.

The organization is committed to implementing a fair employment and remuneration policy in accordance with applicable laws. Disciplinary procedures are exercised fairly, impartially and transparently.

Anti-corruption and anti-fraud

ROMCARBON SA does not engage in or tolerate corruption in any form (including bribery, payments to facilitate certain services, money support, blackmail, abuse of power for personal gains, undue benefits or gifts with intent to influence), regardless of whether it occurs in the public or private sector and irrespective of size.

Fraud, including forgery of financial or non-financial information registers, money laundering and insider trading are forbidden.

ROMCARBON SA and its affiliates fight fraud and do not tolerate fraudulent practices. In order to protect the organization's values, assets and reputation, each member of the organization is responsible for acting in good faith, in accordance with the rules and regulations, and paying attention to any indication of fraud. Even ignoring suspicion of fraud can result in company and employee liability.

FINAL PROVISIONS

The ethical conduct rules presented in the Code of Ethics are mandatory for all members of the management: administrators and managers, as well as other employees, and breaches are not accepted.

Signalling issues helps the company protect the culture of integrity and ethics, reputation and financial health, and ultimately protects employees' jobs and community welfare.

8. Corporate governance and social responsibility policies

All shareholders of ROMCARBON SA are equally treated. All shares issued give the holders equal rights.

The General Meeting of Shareholders is the governing body of the company that decides on its activity and ensures its economic and commercial policy.

ROMCARBON SA facilitates and encourages: the participation of the shareholders in the works of the General Meetings of Shareholders (GMS), the full exercise of their rights, the dialogue between the shareholders and the members of the Board of Administration and / or the management.

The duties of the General Meeting of Shareholders are those stipulated in the Articles of Incorporation of ROMCARBON SA being strictly in accordance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions taken.

The general meeting is convened by the board of administration whenever necessary and the shareholders exercise their rights within the meetings in accordance with the legal provisions and the procedure approved by the Board of Administration in this respect.

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

When appointing the members of the Board of Administration, the General Meeting seeks a balanced membership according to the structure and activity of ROMCARBON SA, as well as the experience and personal qualifications of the members of the Board of Administration.

Persons who, under the law, are incapable or have been convicted of fraudulent misconduct, abuse of trust, forgery, deceit, embezzlement, false testimony, bribe giving or taking, and other offenses provided by the law on commercial companies are incompatible with the capacity of member of the Board of Administration.

The decision-making process remains a collective responsibility of the members of the Board of Administration, and they are held jointly and severally liable for all decisions taken in the exercise of their duties.

In addition to the Board of Administration, the 2-member Audit Committee, which carries out an annual assessment of the internal control system, considers the efficiency and scope of the internal audit function, risk management and internal control reporting to the audit committee within the Council, as well as the ability to react to and management's efficiency in solving the deficiencies or weaknesses in the internal control system, identified and presented to the Council through relevant reports. The Audit Committee must reconsider conflict of interest in the transactions of the organization and its subsidiaries with stakeholders. The Audit Committee is responsible for reviewing the Corporate Governance Statement in its Annual Report on Internal Risk and Control as well as for assessing corporate governance and monitoring the application of statutory and generally accepted internal audit standards. The Audit Committee must receive and evaluate the reports of the internal audit team.

The internal auditor participates in the meetings of the Board of Administration and of the General Meeting of Shareholders and informs them about irregularities in the administration, violations of the legal provisions and provisions of the articles of incorporation that they find.

Risk factors include general issues (emerging markets pose a higher risk than developed economies with mature legal and political systems), potential political instability, risks of temporary instability of the legislative framework, risks linked to the instability of the foreign exchange and inflation rates, as well as risks related to the capital market and its liquidity.

ROMCARBON SA addresses the risk prudently, in line with its long-term strategy. Prudent risk management is growing in importance given the prolongation of economic uncertainties at the economic and financial level and the prominent manifestation of market volatility. The strategic vision of risk management is set by the Board of Administration and is implemented through policy actions at the level of executive management of the company. The activity of control and risk management is ensured through a series of specific structures regulated by the specific provisions of the capital market, the articles of incorporation, the collective employment agreement and the organizational structure, as follows:

- financial auditor;
- internal auditor;
- configuration of the organizational and functional structure.

The financial statements of the company are audited, according to law, by an external financial auditor (legal person), member of the Chamber of Financial Auditors of Romania, appointed by the Ordinary General Meeting of Shareholders (OGMS) and operating under a services agreement approved by the Board of Administration.

Each member of the Board of Administration will avoid any direct or indirect conflict of interest with the organization or any subsidiary controlled by it. Each administrator will inform the Board of Administration of any conflict of interest occurred, in which case he will refrain from debating and voting on the issues in question.

It is also forbidden to any person holding inside information:

- to use that information for the acquisition or alienation or intended acquisition or alienation, on its own account or on behalf of a third party, directly or indirectly, of financial instruments to which that information relates;
- to recommend to third parties to carry out transactions with securities held by the company, if it holds information in such respect;
- to disclose internal information for a purpose other than that falling under the realm of his tasks and duties;
- to disseminate information in any way that creates or is likely to create a false or wrong impression;
- to adopt a behavior that creates a false or wrong impression of the demand, offer, price, or value of the investments;
- to engage in market manipulation activities.

These obligations apply to any person who holds inside information in circumstances where those people know or ought to know that such information is sensitive.

Romcarbon Group proposes, through an active Corporate Social Responsibility Policy:

- to support and respect human rights, in particular its own employees. In this respect, the employees benefit from various programs of specialisation/professional training, as well as permanent information on the evolution of the organization (presentation of employees' representatives and periodical analysis of the financial statements of the organization). Within their own responsibilities, each organization takes the necessary measures to protect the safety and health of employees, including activities to prevent occupational risks of information and training, as well as to implement the labor protection and the necessary means for it (e.g. periodic training, provision of personal protective equipment, work equipment, hygienic-sanitary materials, periodic medical check-up, etc.). ROMCARBON SA and its subsidiaries do not use child labour, do not engage in trafficking of human beings, nor encourage these ideas in any way. No physical or mental punishment, physical or verbal pressure or any form of inhuman treatment is tolerated in any way;
- to uphold the right to free association. The Romcarbon Group companies respect the legal right of all staff to appoint representatives, who negotiate on behalf of and for them in the periodic negotiations of the/ collective employment agreement at organization level. Employees' representatives are protected by law against any form of conditioning, constraint or limitation of the exercise of their duties;
- to contribute to the elimination of discrimination in employment, the pursuit of the profession, the setting and granting of salaries. Any direct or indirect discrimination against an employee based on sex, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political options, social origin, disability, family status or responsibility, membership in trade unions;
- to combat any form of corruption;
- to support educational activities, both as a partner and as a sponsor, projects and initiatives that have an educational purpose.

9. Supply policy: risks and opportunities

The supply policy and procedures of the Group companies are regulated by the quality (SR EN ISO 9001), environment (SR EN ISO 14001) and occupational health and safety standards (ISO 45000: 2018), which impose the general conditions for the evaluation of all suppliers, ensuring the quality of the purchased products and services, compliance of the products and services in the legal regulations and standards, their safety in use for employees, customers, the environment.

For the sectors that work with packaging that can be used in the food industry, we also analyze the risks that may arise as a result of the presence of threats and vulnerabilities for all raw materials / materials or groups of raw materials / materials, in order to assess the potential risk of fraud. Relevant food safety hazards are those hazards that can be transferred directly or indirectly to food due to the use of the products and / or services provided and thus may have the potential to have an adverse effect on human health.

In 2020, the Group purchased the following basic raw materials: 6,900 tons of polypropylene, 4,084 tons of polyethylene, 2,924 tons of polystyrene, 10,053 tons of waste. In addition to these, there are many other raw materials (additives, dyes, fillers, etc.), auxiliary materials, packaging, spare parts, etc. necessary both for production and for administrative and logistical activity.

A large supply capacity ensures a negotiating leverage in the relationship with suppliers, in terms of advantageous prices, delivery terms and payments.

Alternative suppliers and replacement variants are provided for each raw material / material. The relations with our accepted / approved suppliers consist of close collaboration relations, ensuring the continuity in the supply both in normal conditions and in emergency situations.

On the other hand, the multitude of raw materials, materials and internal and external suppliers makes the supply activity a complex activity, in which all the factors that can have a negative influence must be taken into account. Unique, similar conditions cannot be imposed on all suppliers, and keeping the whole process under control requires an intense specific organization.

Basic raw materials are part of a specific market, which in recent years has been less influenced by the price of oil and especially by the policy of exploitation of capacities and availability in the market adopted by large polymer producers.

There are raw materials and materials for which we do not have a domestic source, their acquisition on the foreign market being influenced by possible traffic restrictions and / or additional costs.

10. Statement on the preventive measures taken to prevent the spread of coronavirus - (COVID - 19)

Given the confirmation and evolution of the SARS-COV-2 coronavirus pandemic, the Group companies established and implemented preventive measures for the protection of both their own employees and collaborators (agents, drivers, couriers, etc.). The measures were re-evaluated and adapted according to the evolution of the situation and the official communications / measures ordered by the public authorities with competence in the field.

The basic preventive measures were and are:

- monitoring public information, from official / secure sources; direct request for information and recommendations from the Buzau Public Health Directorate in concrete situations; permanent evaluation of the response to the measures taken and their adaptation accordingly;
- extensive and continuous information of own personnel about the prevention measures, by displaying in multiple visible places and by distributing printed materials containing the official information transmitted by the Ministry of Health, Ministry of Internal Affairs - Strategic Communication Group, Public Health Directorate and by collective and individual training, with acknowledgment of training through the signature of acknowledgment of each employee;
- ensuring the endowment with protective masks for all employees, for each day worked, acquiring and maintaining sufficient back-up stocks
- providing all sectors with hygiene materials and disinfectants - soap, disinfectant, sanitary alcohol - for personal use and for cleaning and disinfecting surfaces;
- intensifying the cleaning and disinfection program;
- implementing the procedure of measuring the temperature of employees and visitors / contractors before entering the company, as well as the procedure to be followed in case of registering high temperature and / or the identification / display of other symptoms;
- arranging separate rooms in which, if necessary, people with high temperature and / or other symptoms remain isolated with their consent until transported to a medical unit in order to have their health assessed by specialized medical staff;
- limiting the access to company offices / premises to persons outside the organization and following the strict observance of the rules within the company
- Implementation of remote work procedures through telework for the sectors in which the activity can be carried out in this way.

There were no activity blockages with SARS-VOC-2 infections as a direct cause, as the preventive measures and immediate action taken in case of confirmed employees prevented the spread of the disease.

The adverse impact of the pandemic in the markets on which the Group's sales are focused imposed, in the spring of 2020, the measure of temporarily restricting the activity in two of the Group's companies, Romcarbon SA and RC Energo Install SRL, sending 20 employees into technical unemployment in March, 262 employees in April and 293 employees in May, in the Regenerated Compounds and Polymers sector, the Processed Polypropylene sector, as well as the Services sector.

The PESTLE analysis carried out in 2020 took into account the internal and external organizational context, identifying the specific risks and the measures accordingly.

HUANG LIANG NENG,
Chairman of the Board of Directors
& General Manager

ZAINESCU VIORICA,
Financial Manager,

MANAILA CARMEN,
Deputy general manager for administrative operations

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