

**ROMCARBON S.A. AND SUBSIDIARIES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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(all amounts are expressed in lei, unless specified otherwise)

	Note	Year ended December 31, 2021 RON	Year ended December 31, 2021 RON
Revenue	3	338,977,704	256,049,673
Other income	4	6,632,773	5,197,601
Increase (decrease) in inventories of finished goods and work in progress		4,710,209	(1,549,135)
Raw materials and consumables used	5	(235,396,370)	(150,122,594)
Employee benefits expense	6	(73,746,328)	(70,282,433)
Depreciation and amortisation expenses	7	(14,897,799)	(15,272,031)
Other expenses	8	(21,382,633)	(18,739,100)
Other gains (losses)	9	1,936,380	802,760
<b>Profit (loss) from operating activities</b>		<b>6,833,936</b>	<b>6,084,741</b>
Finance income	10	85,170	89,608
Finance costs	11	(3,054,857)	(3,426,116)
Share of profit (loss) of associates and joint ventures accounted for using equity method		(1,144,985)	(2,564,549)
<b>Profit (loss) before tax</b>		<b>2,719,264</b>	<b>183,684</b>
Tax income (expense)	12	(928,652)	(267,650)
<b>Profit (loss) from continuing operations</b>		<b>1,790,612</b>	<b>(83,966)</b>
Profit (loss) from discontinued operations		-	-
<b>Profit (loss) for the year</b>		<b>1,790,612</b>	<b>(83,966)</b>
Attributable to:			
Equity holders of the parent		<b>1,793,730</b>	<b>(86,803)</b>
Minority interest PL		(3,118)	2,837
<b>From operations:</b>			
RON ( per share)		0.0068	(0.0003)

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 28, 2022.

**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.

(all amounts are expressed in lei, unless specified otherwise)

	Note	Year ended December 31, 2021 RON	Year ended December 31, 2020 RON
<b>Profit (loss)</b>		<b>1,790,612</b>	<b>(83,966)</b>
<i>Components of other comprehensive income that will not be reclassified to profit or loss, before tax</i>			
Other comprehensive income, before tax, gains (losses) on revaluation		-	-
<b>Total OCI that will not be reclassified to profit or loss, before tax</b>		<b>-</b>	<b>-</b>
<i>Components of other comprehensive income that will be reclassified to profit or loss, before tax</i>			
Gains (losses) on exchange differences on translation, before tax		115	12,170
<b>Total OCI that will be reclassified to profit or loss, before tax</b>		<b>115</b>	<b>12,170</b>
Total other comprehensive income, before tax		<b>115</b>	<b>12,170</b>
Income tax relating to changes in revaluation surplus included in other comprehensive income	12	21,017	289,186
<b>Total other comprehensive income</b>		<b>21,132</b>	<b>301,356</b>
<b>Total comprehensive income</b>		<b>1,811,744</b>	<b>217,390</b>
Comprehensive income attributable to			
<b>Comprehensive income, attributable to owners of parent</b>		1,814,862	214,553
<b>Comprehensive income, attributable to non-controlling interests</b>		(3,118)	2,837

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	Not e	<b>December 31, 2021</b>	<b>December 31, 2020</b>
		<b>RON</b>	<b>RON</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	132,497,914	144,756,736
Investment property	14	10,894,586	11,885,346
Goodwill	15	143,461	143,461
Intangible assets other than goodwill	16	298,466	323,176
Investments accounted for using equity method	17	23,324,617	24,469,503
Investments in subsidiaries, joint ventures and associates		196,974	196,964
Other financial non-current assets		0	100,000
<b>Total non-current assets</b>		<b>167,356,018</b>	<b>181,875,186</b>
<b>Current assets</b>			
Current inventories	18	54,803,659	39,267,786
Trade and other current receivables	19	52,981,338	36,158,571
Other current financial assets	20	617,902	181,047
Other current non-financial assets	21	4,621,551	1,236,391
Cash and cash equivalents	22	17,596,893	20,704,632
<b>Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners</b>		<b>130,621,343</b>	<b>97,548,427</b>
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	23	3,760,155	70,845
<b>Total current assets</b>		<b>134,381,498</b>	<b>97,619,272</b>
<b>TOTAL ASSETS</b>		<b>301,737,516</b>	<b>279,494,458</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	24	26,412,210	26,412,210
Retained earnings	25	49,182,732	49,238,098
Share premium		2,182,283	2,182,283
Other reserves	26	60,227,360	60,969,077
<b>Total equity attributable to owners of parent</b>		<b>138,004,585</b>	<b>138,801,668</b>
Non-controlling interests	27	915,581	909,941
<b>Total equity</b>		<b>138,920,166</b>	<b>139,711,609</b>
<b>Non-current liabilities</b>			
Other non-current provisions		659,623	446,038
<b>Total non-current provisions</b>		<b>659,623</b>	<b>446,038</b>
Deferred tax liabilities		8,012,574	7,852,871
Other non-current financial liabilities	28	7,623,547	17,856,699
Other non-current non-financial liabilities	30	16,015,575	19,761,267
<b>Total non-current liabilities</b>		<b>32,311,319</b>	<b>45,916,875</b>
<b>Current liabilities</b>			
Trade and other current payables	29	55,224,665	33,374,994
Other current financial liabilities	28	67,635,179	52,867,565
Other current non-financial liabilities	30	7,646,187	7,623,415
<b>Total current liabilities other than liabilities included in disposal groups classified as held for sale</b>		<b>130,506,031</b>	<b>93,865,974</b>
Liabilities included in disposal groups classified as held for sale		0	0
<b>Total current liabilities</b>		<b>130,506,031</b>	<b>93,865,974</b>
<b>Total liabilities</b>		<b>162,817,350</b>	<b>139,782,849</b>
<b>Total equity and liabilities</b>		<b>301,737,516</b>	<b>279,494,458</b>

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2021	Issued capital	Share premium	Revaluation surplus	Legal & Other reserves	Reserve of exchange differences on translation	Retained earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
<b>Equity at beginning of period</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>39,577,007</b>	<b>22,454,150</b>	<b>(1,062,080)</b>	<b>49,238,098</b>	<b>138,801,668</b>	<b>909,941</b>	<b>139,711,609</b>
Profit (loss)	-	-	-	-	-	1,793,730	1,793,730	(3,118)	1,790,612
Other comprehensive income	-	-	21,017	-	115	-	21,132	-	21,132
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>21,017</b>	<b>-</b>	<b>115</b>	<b>1,793,730</b>	<b>1,814,862</b>	<b>(3,118)</b>	<b>1,811,744</b>
Issue of equity	-	-	-	-	-	-	-	-	-
Dividends recognised as distributions to owners	-	-	-	-	-	(2,641,221)	(2,641,221)	-	(2,641,221)
Increase (decrease) through other changes, equity	-	-	(945,405)	182,454	102	792,125	29,276	8,758	38,034
<b>Equity at end of period</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>38,652,619</b>	<b>22,636,604</b>	<b>(1,061,863)</b>	<b>49,182,732</b>	<b>138,004,585</b>	<b>915,581</b>	<b>138,920,166</b>

The resolution of the General Meeting of Shareholders of 28.04.2021 approved the dividend allocation in amount of Lei 2,641,221. The full amount was transferred to the Central Depository to pay dividends owed to shareholders.

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2020	Issued capital	Share premium	Revaluation surplus	Legal & Other reserves	Reserve of exchange differences on translation	Retained earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
<b>Equity at beginning of period</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>39,823,384</b>	<b>22,410,695</b>	<b>(1,074,249)</b>	<b>48,899,710</b>	<b>138,654,033</b>	<b>907,104</b>	<b>139,561,137</b>
Profit (loss)	-	-	-	-	-	(86,803)	(86,803)	2,837	(83,966)
Other comprehensive income	-	-	289,187	-	12,169	-	301,356	-	301,356
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>289,187</b>	<b>-</b>	<b>12,169</b>	<b>(86,803)</b>	<b>214,553</b>	<b>2,837</b>	<b>217,390</b>
Issue of equity	-	-	-	-	-	-	-	-	-
Dividends recognised as distributions to owners	-	-	-	-	-	-	-	-	-
Increase (decrease) through other changes, equity	-	-	(535,564)	43,455	-	425,191	(66,919)	-	(66,919)
<b>Equity at end of period</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>39,577,007</b>	<b>22,454,150</b>	<b>(1,062,080)</b>	<b>49,238,098</b>	<b>138,801,668</b>	<b>909,941</b>	<b>139,711,609</b>

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	December 31, 2021	December 31, 2020
<b>Cash flows from (used in) operating activities</b>		
Profit (loss)	<b>1,790,612</b>	<b>(83,966)</b>
<b>Adjustments to reconcile profit (loss)</b>		
Adjustments for income tax expense	928,652	267,650
Finance expenses recognized in profit	2,009,061	3,417,671
(Gain) / Loss on sale or disposal of fixed assets	3,462	42,000
(Gain) / Loss on sale or disposal of investment property	(411,233)	69,662
(Gain) / Loss on sale or disposal of assets held for sale	0	(228,608)
Production of the immobilization	(1,207,153)	0
Interest income	(85,170)	(89,608)
Loss on impairment of stocks	280,404	285,673
Loss on impairment of trade receivables	0	28,645
Loss on time-barred receivables	80,859	22,272
Amortization / Depreciation of non-current assets	14,897,799	15,276,908
Net (gain) / loss on foreign exchange	1,037,861	1,309,826
(Gain) / Loss on revaluation of investment property	(1,377,918)	278,663
(Gain) / Loss on share of profit of associates	1,144,985	2,564,549
Increase / Decrease in provisions	213,585	200,000
Increases /(decreases) in subsidies	(3,745,692)	(3,781,951)
<b>Movement in working capital</b>		
(Increase) / Decrease in trade and other receivables	(16,895,040)	(2,028,629)
(Increase) / Decrease in inventories	(15,816,276)	6,363,889
(Increase) / Decrease in other assets	(3,722,015)	2,554,638
Increase / (Decrease) in trade and other payables	21,849,670	(3,338,685)
Increase / (Decrease) in other payables	27,434	(564,208)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(786,725)</b>	<b>22,650,357</b>
Interest paid	(1,657,222)	(1,789,198)
Income taxes refund (paid)	(773,611)	(489,622)
Bank commissions paid	(351,839)	(318,647)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,778,785)</b>	<b>19,968,924</b>
<b>Cash flows from (used in) investing activities</b>		
Payments for property, plant and equipment	(2,328,207)	(2,775,018)
Payments for assets held for sale	(3,164,051)	0
Payments for intangible assets	(124,275)	(285,438)
Proceeds from disposal of property, plant and equipment	492,998	31,090
Proceeds from sale of investment property	2,862,616	0
Proceeds from sale of assets held for sales	0	7,041,341
Interest received	85,170	89,608
<b>Net cash flows from (used in) investing activities</b>	<b>(2,175,749)</b>	<b>4,101,583</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from borrowing	16,482,163	6,993,267
Repayment of borrowing	(12,984,408)	(20,208,312)
Lease payments	(9,739)	0
Dividends paid	(2,641,221)	0
<b>Net cash flows from (used in) financing activities</b>	<b>846,795</b>	<b>(13,215,045)</b>
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>(3,107,739)</b>	<b>10,855,462</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,107,739)</b>	<b>10,855,462</b>
Cash and cash equivalents at beginning of period	<b>20,704,632</b>	<b>9,849,170</b>
Cash and cash equivalents at end of period	<b>17,596,893</b>	<b>20,704,632</b>

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## 1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Romania and the address 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. Country of incorporation is Romania. As at December 31, 2021 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, Toderiță Ștefan Alexandru. The reporting entity of the Group is Romcarbon SA.

The Parent's main field of activity is the manufacture of plastic packaging, NACE code 2222. In the reporting period it wasn't changed the name of the parent company nor the field of activity.

As at December 31, 2021 the company was holding directly or through other subsidiaries, participating interest in the following entities, forming ROMCARBON GROUP:

RC ENERGO INSTALL S.R.L. is a company established in 2005, 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).

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 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).

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 Other information technology and computer service activities (NACE code 6209).

YENKI S.R.L. is a company established in 2007, 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).

GRINFILD LLC 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. The company ceased its activity in 2012.

GRINRUH LLC UKRAINE is a company established in 2007, 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.

ECO PACK MANAGEMENT SA is a company established in 2010, 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, Granules Hall, room no.7, 2nd floor. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299). Starting with 10.12.2021, the company suspended his activity for a period of 3 years.

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, 3<sup>rd</sup> 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.

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**1. GENERAL INFORMATION (continued)**

Name	Field of business	Place of business	Interest held	31-dec-21	31-dec-20
				RON	RON
RECYPLAT LTD CIPRU	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	100.00%	20,261,120	20,261,120
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,990	1,980
LIVINGJUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222)	Buzau	99.86%	6,477,632	6,477,632
GRINFILD LTD	Activity is wholesale	Odessa	62.62%	2,687,755	2,687,755
GRINRUH LTD	Activity is construction and wholesale	Odessa	62.62%	4,426,809	4,426,809
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucurest	99.88%	2,619,254	2,619,254
YENKI SRL	Operation of sports facilities (NACE code 9311)	Buzau	33.34%	100,000	100,000
KANG YANG BIOTECHNOLOGY CO. LTD	Manufacture of products beneficial to human health	Taiwan	4.81%	203,963	203,963
Registrul Miorita SA	Other financial service activities, except insurance and pension funding n.e.c..(NACE code 6499)	Cluj	3.79%	5,000	5,000

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**1. GENERAL INFORMATION (continued)**

**Indirect holdings through Recyplat LTD**

<b>Name</b>	<b>Field of business</b>	<b>Place of business</b>	<b>Interest held</b>
ROMGREEN UNIVERSAL LTD	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	17.59%
GREENTECH SA	Recovery of sorted materials (NACE code 3832)	Buzau	17.59%
GREENFIBER INTERNATIONAL SA	Manufacture of man-made fibres (NACE code 2060)	Buzau	17.59%
GREENWEEE INTERNATIONAL SA	Dismantling of wrecks for materials recovery (NACE code 3831)	Buzau	17.59%
GREENGLASS RECYCLING SA	Recovery of sorted materials (NACE code 3832)	Ilfov	12.31%
GREEN RESOURCES MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	11.73%
GREENTECH BALTIC UAB LITUANIA	Commercial, economic, financial and industrial activity	Lituania	17.59%
GREENTECH SLOVAKIA S.R.O.	Collection of non-hazardous waste (NACE code 3811)	Slovakia	14.07%
ELTEX RECYCLING SRL	Treatment and disposal of non-hazardous waste (NACE code 3821)	Oradea	17.59%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)	The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities	Buzau	17.59%

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## **2. MAIN ACCOUNTING POLICY**

### **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, 2021 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.

### **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.

In view of the Commission Delegated Regulation (EU) 2018/815 (hereinafter referred to as the ESEF RTS) which specifies the single electronic reporting format (ESEF) in which all financial statements are prepared, the Group considered it necessary to align the presentation of the overall result with the financial position. compliance with ESEF taxonomy.

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.

*(all amounts are expressed in lei, unless specified otherwise)*

## 2. MAIN ACCOUNTING POLICY (continued)

### 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 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),
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021),
- **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).

The adoption of amendments to the existing standards has not led to any material changes in the Group’s financial statements

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

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 IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (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 adopted by the EU on 28 June 2021 (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 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **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 - adopted by the EU on 28 June 2021 (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.).

### **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 at date of publication of these consolidated 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,
- **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 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- **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),
- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after 1 January 2023).



(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

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:

- **FRS 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 issued on 25 June 2020 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"** - 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.
- **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.

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

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

- 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.
- **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 IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 issued by IASB on 31 March 2021. Amendments extend by one year the application period of the practical expedient in IFRS 16. The relief was extended by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022.
- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

*(all amounts are expressed in lei, unless specified otherwise)*

## 2. MAIN ACCOUNTING POLICY (continued)

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

- **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 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **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).

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (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:

- i. The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. 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.

### 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.

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

### Foreign currency transactions (continued)

The official conversion rates used to convert balance sheet items denominated in foreign currency at the end of the reporting period were as follows:

➤	December 31, 2016:	4.3033 LEI/USD	and	4.5411 LEI/EUR
➤	December 31 2017:	3.8915 LEI/USD	and	4.6597 LEI/EUR
➤	December 31 2018:	4.0736 LEI/USD	and	4.6639 LEI/EUR
➤	December 31 2019:	4.2608 LEI/USD	and	4.7793 LEI/EUR
➤	December 31 2020:	3.9660 LEI/USD	and	4.8694 LEI/EUR
➤	December 31 2021:	4.3707 LEI/USD	and	4.9481 LEI/EUR

### 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.

### Employee contributions

#### 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.

#### Provizioane privind impozite și taxe

As at December 31, 2021 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.

*(all amounts are expressed in lei, unless specified otherwise)*

## **2. MAIN ACCOUNTING POLICY (continued)**

### **Taxation (continued)**

#### 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.

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 Group 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 Group 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.

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

### 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.

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

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

### 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>
Licences	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.

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.



*(all amounts are expressed in lei, unless specified otherwise)*

## 2. MAIN ACCOUNTING POLICY (continued)

### 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.

### Fair value measurement IFRS 13

A number of assets and liabilities included in the Company's financial statements require measurement and / or presentation at fair value.

IFRS 13 Defines fair value as the price at which it would be collected for the sale of an asset or paid for the transfer of a debt in a regulated transaction between market participants at the measurement date (ie an exit price). The definition of fair value emphasizes that fair value is a market-based valuation, not a Company-specific value.

IFRS 13 applies when another IFRS provides or permits fair value measurements or disclosures about fair value measurements except in the following cases:

- a) Share-based payment transactions falling under IFRS 2
- b) Leasing transactions that fall under IFRS 16
- c) Measurements that are similar to fair value but do not represent fair value, such as net realizable value under IAS 2
- d) Plan assets valued at fair value in accordance with IAS 19
- e) Investments in pension plans valued at fair value in accordance with IAS 26
- f) Assets whose recoverable amount is fair value less costs associated with disposal under IAS 36

Fair Value Hierarchy - In order to improve the consistency and comparability of fair value measurements and related disclosures, this hierarchy is classified into 3 levels:

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

### 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

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.

*(all amounts are expressed in lei, unless specified otherwise)*

## **2. MAIN ACCOUNTING POLICY (continued)**

### **Financial assets and liabilities (continued)**

#### **Investments in associates (continued)**

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.

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.

(all amounts are expressed in lei, unless specified otherwise)

## 2. MAIN ACCOUNTING POLICY (continued)

### Financial assets and liabilities (continued)

#### **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.

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.

#### 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.

*(all amounts are expressed in lei, unless specified otherwise)*

## **2. MAIN ACCOUNTING POLICY (continued)**

### Impairment of financial assets (continued)

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.

### 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.

(all amounts are expressed in lei, unless specified otherwise)

### 3. REVENUES

An analysis of the Group's revenues for the reporting period is presented below:

	Fiscal year ended December 31, 2021 <u>RON</u>	Fiscal year ended December 31, 2020 <u>RON</u>
Revenues from sale of finished products <sup>1</sup>	276,755,901	221,265,575
Revenues from sale of commodities	43,132,592	17,605,357
Revenues from services delivered	3,514,731	3,958,649
Other revenues (revenues from sale of semi-finished goods, residual goods, other income)	15,574,481	13,220,092
<b>Total</b>	<b><u>338,977,704</u></b>	<b><u>256,049,673</u></b>

<sup>1</sup> The increase in Revenues from sales of finished products and from the sale of commodities is mainly due to the significant increase in raw material prices (plastic granules) during the reporting period and is correlated with the increased cost of raw materials.

Segment reporting	Fiscal year ended December 31, 2021 <u>RON</u>	Fiscal year ended December 31, 2020 <u>RON</u>
Sales on domestic market (Romania)	222,992,551	177,330,242
Sales on foreign market (Europe)	113,871,928	76,840,957
Other (China, Israel, Malaesia, Australia, USA)	2,113,226	1,878,474
<b>Total</b>	<b><u>338,977,704</u></b>	<b><u>256,049,673</u></b>

	<u>Segment: Revenues</u>		<u>Segment: Profit</u>	
	Fiscal year ended December 31, 2021 <u>RON</u>	Fiscal year ended December 31, 2020 <u>RON</u>	Fiscal year ended December 31, 2021 <u>RON</u>	Fiscal year ended December 31, 2020 <u>RON</u>
Plastics processing	257,423,147	210,016,489	24,426,404	28,323,070
Regenerated polymers & Compounds	40,009,626	23,436,682	4,687,147	1,290,506
Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC. etc)	5,876,115	5,546,725	819,008	1,231,874
Revenues from sale of goods, sale of utilities, provision of services, other revenues	35,668,817	17,049,777	1,069,822	511,493
<b>Total from operations</b>	<b><u>338,977,704</u></b>	<b><u>256,049,673</u></b>	<b><u>31,002,380</u></b>	<b><u>31,356,943</u></b>
Other income	-	-	6,632,773	5,197,601
Other gains and losses, salaries and administrative expenses	-	-	(31,946,274)	(33,042,797)
Finance expenses	-	-	(3,054,785)	(3,417,671)
Finance income	-	-	85,170	89,608
<b>Profit before taxation</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,719,264</u></b>	<b><u>183,684</u></b>

*(all amounts are expressed in lei, unless specified otherwise)*

### 3. REVENUES (continued)

**“Plastics processing”** 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.

**“Regenerated Polymers & Compounds ”** 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 active carbon”** 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.

(all amounts are expressed in lei, unless specified otherwise)

**3. REVENUES (continued)**

		<b>Segment Assets</b>		<b>Segment Liabilities</b>	
		<b>31-dec 2021</b>	<b>31-dec 2020</b>	<b>31-dec 2021</b>	<b>31-dec 2020</b>
		<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
	<b>Segment Assets and Liabilities</b>				
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	120,116,717	113.269.004	105,315,946	100.268.915
Romcarbon	Regenerated polymers & Compounds	55,171,383	66.430.315	21,024,345	17.334.981
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	5,785,563	5.906.510	2,346,520	2.756.628
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	120,663,854	93.888.629	34,130,540	19.422.326
	<b>Total Assets / Liabilities</b>	<b>301.737.516</b>	<b>279,494,458</b>	<b>162.817.350</b>	<b>139,782,849</b>
		<b>Segment Depreciation</b>		<b>Segment of non-current assets additions *</b>	
		<b>31-dec 2021</b>	<b>31-dec 2020</b>	<b>31-dec 2021</b>	<b>31-dec 2020</b>
		<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
	<b>Segment Depreciation and Non-current assets additions</b>				
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	7,657,157	7.989.018	1,850,257	1.076.701
Romcarbon	Regenerated polymers & Compounds	5,732,261	5.569.601	1,250,354	1.446.438
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	293,496	295.823	27,275	3.880
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	1,214,885	1.417.588	1,311,246	153.538
	<b>Total</b>	<b>14.897.799</b>	<b>15,272,031</b>	<b>4.439.132</b>	<b>2,680,558</b>

\* 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 8% (4% in 2020) of the Group's sales.



(all amounts are expressed in lei, unless specified otherwise)

#### 4. OTHER INCOME

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Income from lease of investment property	2,887,081	1,415,650
Income from subsidies	3,745,692	3,781,951
	<u><b>6,632,773</b></u>	<u><b>5,197,601</b></u>

#### 5. RAW MATERIALS AND CONSUMABLES USED

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Raw materials	116,056,228	79,870,362
Commodities sold	12,575,727	11,066,352
Energy expenses	89,087,851	44,087,826
Goods sold	15,769,854	13,298,068
Packaging cost	1,906,710	1,799,985
<b>Total</b>	<u><b>235,396,370</b></u>	<u><b>150,122,594</b></u>

The increase in expenses with raw materials took place as a result of the increase in the purchase costs of plastic granules and is correlated with the increase in revenues from sales of finished products.

#### 6. EMPLOYEE BENEFITS EXPENSES

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Cheltuieli cu salariile	69,160,781	65,970,176
Social contributions	1,666,198	1,857,907
Meal tickets	2,919,349	2,454,350
	<u><b>73,746,328</b></u>	<u><b>70,282,433</b></u>

The increase in salary expenses is mainly due to the increase of the minimum wage in the economy by a percentage of 3.14% in 2021 (2,300 lei) compared to 2020 (2,230 lei). In 2021, a number of 1,325 employees benefited from salary increases, as an effect of the increase of the minimum wage.

#### 7. DEPRECIATION AND AMORTIZATION EXPENSES

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
<b>Amortization/depreciation</b> , out of which:	<u><b>14,897,799</b></u>	<u><b>15,272,031</b></u>
Depreciation of property, plant and equipment (Note 13)	14,748,814	15,123,046
Amortization of intangible assets (Note 16)	148,985	269,843

(all amounts are expressed in lei, unless specified otherwise)

## 8. OTHER EXPENSES

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<b>RON</b>	<b>RON</b>
Expenses with repairs	900,254	770,991
Expenses with rents	1,546,709	486,990
Expenses with insurance premiums	648,368	575,871
Research expenses	250	-
Other expenses with commissions	93,398	40,971
Protocol, advertising and publicity expenses	190,838	589,832
Transport	8,263,795	7,578,177
Expenses with travels	94,584	69,490
Expenses with postal charges and telecommunications	176,580	193,200
Expenses with third party services	6,608,976	5,456,843
Other taxes and levies	2,030,528	2,448,546
Losses on receivables and sundry debtors	80,859	22,272
Expenses with indemnifications, fines and penalties	16,786	7,913
Other expenses	730,707	498,004
<b>Total</b>	<b>21,382,633</b>	<b>18,739,100</b>

## 9. OTHER GAINS (LOSSES)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<b>RON</b>	<b>RON</b>
Compensations, fines and penalties income	8,202	44,992
Gain/(loss) on disposal of property, plant and equipment	3,462	186,609
Gains / Losses on fair value adjustments related to investment property **	1,377,918	278,663
Gains / (Losses) from disposal of investment property	411,233	69,662
Net gain/(loss) on disposal of financial investments	-	110,538
Net income / (expense) from provisions	280,404	172,567
Other gains *	422,893	1,202,590
<b>Total</b>	<b>1,936,380</b>	<b>802,760</b>

(\*) Line Other income/losses includes income from subsidies for the payment of technical unemployment in amount of lei 298,392 RON (2020: 771,389 RON)

(\*\*) On December 31, 2021, the Group revalued the real estate investments held at the end of the financial year, resulting in an increase in the net value of 1,377,918 RON, an amount that was recorded as a result of the year - see note 15.

(all amounts are expressed in lei, unless specified otherwise)

## 10. FINANCE INCOME

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Interest	(85,170)	(89,608)
<b>Total</b>	<b><u>(85,170)</u></b>	<b><u>(89,608)</u></b>

## 11. FINANCE COSTS

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Interest expense	1,657,222	1,789,198
Net foreign exchange gains/(losses)	1,037,861	1,309,826
Bank commissions and assimilated charges	351,839	318,647
Discounts allowed	7,936	8,445
<b>Total</b>	<b><u>3,054,857</u></b>	<b><u>3,426,116</u></b>

## 12. INCOME TAX (EXPENSES)

### Income tax expenses

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Current income tax expense	752,529	489,622
Deferred tax income expense / (income)	176,123	(221,972)
<b>Total expense (income) with income tax</b>	<b><u>928,652</u></b>	<b><u>267,650</u></b>

The tax rate applied for the reconciliation above related to 2021 and 2020 is 16% and is due by all Romanian legal persons.

(all amounts are expressed in lei, unless specified otherwise)

## 12. INCOME TAX (EXPENSES)(continued)

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

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<b>RON</b>	<b>RON</b>
<b>Gross profit</b>	<b>2,719,264</b>	<b>183,684</b>
Tax calculated according to the 16% rate	435,082	29,389
Effect of non-taxable income	(328,073)	(474,099)
Sponsorship deductions	21,298	13,040
Exemption of reinvested profit	18,695	37,644
Tax loss from previous years	-	(20,748)
Effect of deferred tax	176,123	(221,972)
Effect of non-deductible expenses	(1,251,777)	369,096
<b>Expense with income tax recognized in income statement</b>	<b>(928,652)</b>	<b>(267,650)</b>

### Components of deferred tax liabilities

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2020
	<b>RON</b>	<b>RON</b>
Property, plant and equipment	7,588,146	7,609,161
Investment property	837,044	653,008
Inventories	(274,549)	(274,549)
Trade and other receivables	(138,067)	(134,749)
Other	-	-
<b>Recognized deferred income tax liabilities</b>	<b>8,012,574</b>	<b>7,852,871</b>
<b>of which: deferred tax on revaluation reserves from comprehensive income</b>	<b>8,012,574</b>	<b>7,852,871</b>

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2021
	<b>RON</b>	<b>RON</b>
<b>Opening balance as at January 1</b>	<b>7,857,468</b>	<b>8,368,626</b>
<b>(Expense) / Income during the year</b>		
- movement from revaluation reserves	(21,017)	(289,186)
- recognized in income statement	176,123	(221,972)
- from acquisition of subsidiaries	-	-
<b>Closing balance as at December 31</b>	<b>8,012,574</b>	<b>7,857,468</b>

(all amounts are expressed in lei, unless specified otherwise)

**13. PROPERTY, PLANT AND EQUIPMENT**

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
<b>COST</b>						
<b>Balance as at January 1, 2021</b>	<b>45,780,054</b>	<b>22,940,657</b>	<b>181,277,855</b>	<b>921,344</b>	<b>3,191,939</b>	<b>254,111,849</b>
Additions, of which:	257,863	913,322	3,181,652	86,295	3,616,491	8,055,623
- Transfers	-	931,219	2,990,871	86,295	-	4,008,385
- Revaluation	-	-	-	-	-	-
Disposals, of which:	1,253,731	342,273	631,777	100,161	4,008,384	6,336,327
- Transfers	-	-	-	-	4,008,385	4,008,385
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
<b>Balance as at December 31, 2021</b>	<b>44,784,187</b>	<b>23,511,706</b>	<b>183,827,729</b>	<b>907,478</b>	<b>2,800,046</b>	<b>255,831,146</b>

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
<b>COST</b>						
<b>Balance as at January 1, 2020</b>	<b>45,780,054</b>	<b>22,877,178</b>	<b>179,297,065</b>	<b>897,107</b>	<b>3,090,860</b>	<b>251,942,265</b>
Additions, of which:	-	63,479	2,555,478	29,457	3,105,751	5,754,165
- Transfers	-	63,479	2,541,058	6,961	-	2,611,498
- Revaluation	-	-	-	-	-	-
Disposals, of which:	-	-	574,686	5,220	3,004,673	3,584,579
- Transfers	-	-	-	-	2,611,498	2,611,498
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	<b>45,780,054</b>	<b>22,940,657</b>	<b>181,277,857</b>	<b>921,344</b>	<b>3,191,938</b>	<b>254,111,851</b>

(all amounts are expressed in lei, unless specified otherwise)

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
<b>ACUMULATED DEPRECIATION</b>						
Balance as at January 1, 2021	31,144	2,804,839	104,728,780	604,524	-	108,169,287
Depreciation charge	2,162	1,608,144	13,084,894	53,613	-	14,748,813
Disposals from sale of assets	-	61,528	609,006	100,161	-	770,695
Revaluation decrease	-	-	-	-	-	-
<b>Balance as at December 31, 2021</b>	<b>33,306</b>	<b>4,351,455</b>	<b>117,204,668</b>	<b>557,977</b>	<b>-</b>	<b>122,147,406</b>
<b>IMPAIRMENT</b>						
Balance as at January 1, 2021	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2021	-	-	-	-	1,185,825	1,185,825
PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
<b>ACUMULATED DEPRECIATION</b>						
Balance as at January 1, 2020	27,082	1,227,469	91,868,627	539,451	-	93,662,629
Depreciation charge	4,062	1,577,369	13,325,285	70,293	-	14,977,009
Disposals from sale of assets	-	-	465,131	5,220	-	470,351
Revaluation decrease	-	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	<b>31,144</b>	<b>2,804,838</b>	<b>104,728,781</b>	<b>604,524</b>	<b>-</b>	<b>108,169,287</b>
<b>IMPAIRMENT</b>						
Balance as at January 1, 2020	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2020	-	-	-	-	1,185,825	1,185,825
<b>NET BOOK VALUE</b>						
Balance as at January 1, 2021	45,748,910	20,135,818	76,549,075	316,820	2,006,113	144,756,736
Balance as at December 31, 2021	44,750,881	19,160,251	66,623,061	349,501	1,614,220	132,497,914

(all amounts are expressed in lei, unless specified otherwise)

### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Pledged and restricted tangible assets

##### ROMCARBON S.A.

Tangible assets having a net book value of 80,298,674 lei as at December 31, 2021 (December 31, 2020: 99,292,925 lei) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank, EXIMBANK SA and CecBank SA.

##### LIVINGJUMBO INDUSTRY S.A.

Tangible assets with a net book value of 25,412,377 lei as at December 31, 2021 (December 31, 2020: 28,170,635 lei) 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 114,523 lei at December 31, 2021 (31.12.2020: 115,000 lei) consisting of technical installations and equipment represent security for loans and credit lines contracted from Eximbank SA.

### 14. INVESTMENT PROPERTY

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
Land	4,654,143	6,232,945
Plants	6,240,443	5,652,401
<b>Total</b>	<b>10,894,586</b>	<b>11,885,346</b>

As at December 31, 2021, 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 Group decided to classify such non-current assets as investment property.

In July 2021 was sold a land having a total surface of 11,525 sq m, located in built-up area of Buzau, for which it was cashed the price of 1,853,603 lei (equivalent of Eur 376,176).

In November 2021 was sold a land having a total surface of 2,266 sq m, located in Iasi, Calea Chisinaului no. 29, for which it was cashed the price of 1,009,014 lei (equivalent of Eur 203,940).

At December 31, 2021, the Group performed the revaluation of the investment property held at the end of the year, which resulted in an increase of net amount of 1,377,918 lei, which was registered in the result for the year.

(all amounts are expressed in lei, unless specified otherwise)

## 15. GOODWILL

COST	December 31, 2021 RON	December 31, 2020 RON
<b>Balance at the beginning of the year</b>	<b>143,461</b>	<b>143,461</b>
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Disposals from sale of subsidiaries	-	-
<b>Balance at the end of the year</b>	<b>143,461</b>	<b>143,461</b>

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

## 16. OTHER INTANGIBLE ASSETS

	Licenses	Other intangible assets	Intangible assets in progress	Total
<b>COST</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Balance as at January 1, 2021</b>	<b>1,437,062</b>	<b>976,205</b>	-	<b>2,413,267</b>
Additions	69,517	54,762	-	124,279
Disposals	21,667	-	-	21,667
<b>Balance as at December 31, 2021</b>	<b>1,484,912</b>	<b>1,030,967</b>	-	<b>2,515,879</b>
	Licenses	Other intangible assets	Intangible assets in progress	Total
<b>COST</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Balance as at January 1, 2020</b>	<b>1,484,100</b>	<b>862,740</b>	<b>57,081</b>	<b>2,403,921</b>
Additions	229,054	113,465	11,794	354,313
Disposals	276,092	-	68,875	344,967
<b>Balance as at December 31, 2020</b>	<b>1,437,062</b>	<b>976,205</b>	<b>0</b>	<b>2,413,267</b>
	Licenses	Other intangible assets	Intangible assets in progress	Total
<b>AMORTIZATION</b>				
<b>Balance as at January 1, 2021</b>	<b>1,361,496</b>	<b>728,595</b>	-	<b>2,090,091</b>
Expenses with amortization	135,209	13,775	-	148,985
Write-offs on disposal of assets	21,663	0	-	21,663
Transfer	-	-	-	-
<b>Balance as at December 31, 2021</b>	<b>1,475,043</b>	<b>742,370</b>	-	<b>2,217,413</b>
<b>NET BOOK VALUE</b>				
<b>Balance as at January 1, 2021</b>	<b>75,565</b>	<b>247,610</b>	-	<b>323,176</b>
<b>Balance as at December 31, 2021</b>	<b>9,869</b>	<b>288,597</b>	-	<b>298,466</b>



(all amounts are expressed in lei, unless specified otherwise)

## 17. OTHER FINANCIAL INVESTMENTS

In 2021, there were no changes regarding the Group's associates.

### Changes of investment regarding associates and financial assets

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
<b>As at January 01</b>	<b>24,469,503</b>	<b>27,033,841</b>
Share of profit / loss of associates (Romgreen)	-1,144,985	-2,564,249
Additions	-	-
Transfer to other comprehensive income	-	-
Reduction of Romgreen share premiums	-	-
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	99	(89)
<b>As at December 31</b>	<b>23,324,617</b>	<b>24,469,503</b>

## 18. CURRENT INVENTORIES

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
Raw materials	26,613,224	16,894,489
Consumables	4,992,101	4,669,915
Items of inventory	173,624	92,388
Packaging	527,447	298,055
Finished products	8,210,274	7,042,505
Production in progress	2,521,525	1,768,778
Semi-finished products	6,146,555	5,140,373
Residual products	101,982	855,083
Commodities	7,112,324	4,342,122
Advances for inventories	593,889	86,604
Impairment allowances for inventories	(2,189,286)	(1,922,524)
<b>Total</b>	<b>54,803,659</b>	<b>39,267,786</b>

In 2021, the Group's average rotation of the inventory was **50 days**, as compared to **60 days** in 2020.

The increase in the value of the inventories of raw materials on 31.12.2021 is due to the increase of the purchase price of plastic granules as compared to the previous year. The Group performed an impairment analysis for existing inventories and no indications of impairment were found, the value of the stock being recoverable.

(all amounts are expressed in lei, unless specified otherwise)

**19. TRADE AND OTHER CURRENT RECEIVABLES**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
Trade receivables <sup>1</sup>	52,965,513	36,691,325
Allowances for doubtful clients	(2,100,964)	(2,087,323)
Taxes recoverable	1,143,375	438,635
Other receivables	973,414	1,115,935
Other non-trade receivables	-	-
<b>Total</b>	<b>52,981,338</b>	<b>36,158,571</b>

<sup>1</sup> The increase in trade receivables is due to the increase in sales with term payment in the Regenerated polymers & Compounds sector as a result of the return to activity before the Covid-19 pandemic, but also due to the increase in plastic processing prices due to rising raw material costs.

<b>Changes of allowance for doubtful clients</b>	<b>Year ended December 31, 2021</b>	<b>Year ended December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
<b>Balance at the beginning of the year</b>	<b>2,087,323</b>	<b>2,076,201</b>
Receivables transferred to expenses during the year	-	-
Decrease of allowance recognized in profit and loss	13,642	11,122
<b>Balance at the end of the year</b>	<b>2,100,964</b>	<b>2,087,323</b>

(all amounts are expressed in lei, unless specified otherwise)

### 19. TRADE AND OTHER CURRENT RECEIVABLES (continued)

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 Group 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.

31/12/2021	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.00%	0.01%	0.02%	0.02%	0.03%	0.06%	
Total gross carrying amount of specific un-provisioned receivables	40,538,004	4,234,902	2,043,197	269,188	66,999	481,611	<b>47,633,902</b>

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	29,299,463	2,170,194	280,430	126,372	167,995	377,896	<b>32,422,350</b>

(all amounts are expressed in lei, unless specified otherwise)

## 20. OTHER CURRENT FINANCIAL ASSETS

	Year ended December 31, 2021	Year ended December 31, 2020
	<u>RON</u>	<u>RON</u>
Short term bank-deposits	617,902	181,047
<b>Total</b>	<b><u>617,902</u></b>	<b><u>181,047</u></b>

## 21. OTHER CURRENT NON - FINANCIAL ASSETS

	December 31, 2021	December 31, 2020
	<u>RON</u>	<u>RON</u>
Suppliers-debtors for services	638,873	361,372
Pre-paid amounts	3,982,678	875,019
<b>Total</b>	<b><u>4,621,551</u></b>	<b><u>1,236,391</u></b>

## 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, 2021	December 31, 2020
	<u>RON</u>	<u>RON</u>
Cash at banks	17,272,872	20,575,016
Cash on hand	39,880	42,739
Cash equivalents	284,141	86,877
<b>Total</b>	<b><u>17,596,893</u></b>	<b><u>20,704,632</u></b>

(all amounts are expressed in lei, unless specified otherwise)

### 23. ASSETS HELD FOR SALE

The assets held for sale have the following geographical distribution:

Assets held for sale	December 31, 2021	December 31, 2020
	RON	RON
Iasi	70,845	70,845
Buzau	3,689,310	-
<b>Total</b>	<b>3,760,155</b>	<b>70,845</b>

On 31.01.2020, the sale was completed according to the pre-contract of sale and purchase no. 1830 of 18.12.2019, concluded with GREEN PC AMBALAJE S.R.L. (as a 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 sale-purchase contract no. 183 of 31.01.2020 for which the price of 3,987,387 lei (equivalent to 834,356 euro) was collected.

In December 2021, it was purchased a building located in the vicinity of Romcarbon SA having a total area of 3,723 sq m., land together with the three buildings erected on it for a total price of Lei 3,164,050, equivalent to Eur 639,370. From the acquired building, the surface of 3,450 sq m together with a land with an area of 3,957 sq m from the company's patrimony will be the object of the sale-purchase transaction with LIDL Romania, which will materialize in 2022, this building being classified as fixed assets held for sale.

### 24. ISSUED CAPITAL

	Share capital	
	December 31, 2021	December 31, 2020
	RON	RON
264,122,096 fully paid ordinary shares (2020: 264,122,096). The value of one share is LEI 0.1 Inflation effect according to IAS 29	26,412,210	26,412,210
	-	-
<b>Total</b>	<b>26,412,210</b>	<b>26,412,210</b>

	December 31, 2021		December 31, 2020	
	No. of shares	% Holding	No. of shares	% Holding
Living Plastic Industry SRL	86,774,508	32.85%	86,774,508	32.85%
Unitai International Corporation	0	0.00%	615,500	0.23%
Joyful River Limited Loc, Nicosia	54,195,089	20.52%	54,195,089	20.52%
Toderita Stefan Alexandru	30,600,000	11.59%	24,266,000	9.19%
Other legal entities	11,613,182	4.40%	8,192,269	3.10%
Alte natural persons	80,939,317	30.64%	90,078,730	34.10%
<b>Total</b>	<b>264,122,096</b>	<b>100%</b>	<b>264,122,096</b>	<b>100%</b>

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

(all amounts are expressed in lei, unless specified otherwise)

## 25. RETAINED EARNINGS

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
<b>Balance at the beginning of the year</b>	<b>49,238,098</b>	<b>48,899,710</b>
Net profit / (net loss) attributable to parent	1,793,730	(86,803)
Reclassification of revaluation reserve to retained earnings	945,405	536,999
Transfers to reserves	(26,914)	(43,455)
Corrections of financial assets disposed	(155,540)	-
Dividends paid	(2,641,221)	-
Other	29,175	(68,353)
<b>Balance at the end of the year</b>	<b>49,182,732</b>	<b>49,238,098</b>

## 26. OTHER RESERVES

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
Revaluation reserves	38,708,540	39,632,928
Legal reserves	4,009,201	3,982,248
Other reserves	18,627,403	18,471,802
Translation differences	(1,117,784)	(1,117,901)
<b>Total</b>	<b>60,227,360</b>	<b>60,969,077</b>

## 27. NON-CONTROLLING INTERESTS

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
<b>Balance at the beginning of the year</b>	<b>909,941</b>	<b>907,104</b>
Share of profit / (loss) for the year	(3,118)	2,837
Distribution of other capital items	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Corrections at dissolution of subsidiaries	8,758	-
<b>Balance at the end of the year</b>	<b>915,581</b>	<b>909,941</b>

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES

Secured loans - at amortized cost	OTHER CURRENT FINANCIAL LIABILITIES		OTHER NON - CURRENT FINANCIAL LIABILITIES	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	RON	RON	RON	RON
Borrowings (Overdraft and Investment loans)	67,635,179	52,857,825	7,623,547	17,856,699
Lease liabilities	-	9,740	-	-
<b>Total</b>	<b>67,635,179</b>	<b>52,867,565</b>	<b>7,623,547</b>	<b>17,856,699</b>

Short-term bank loans	Entity	31-dec-21 RON	31-dec-20 RON
Credit line Euro – EximBank SA	Romcarbon	12,290,542	12,380,473
Investment loan II Euro-BRD	Romcarbon	515,237	608,452
Investment loan III Euro-BRD	Romcarbon	65,055	768,238
Investment loan II in lei - UniCredit Bank	Romcarbon	0	229,698
Investment loan III in Euro- UniCredit Bank	Romcarbon	0	412,713
Investment loan IV in lei - UniCredit Bank	Romcarbon	0	608,007
Credit line Euro – UniCredit Bank SA	Romcarbon	23,347,205	18,714,452
Facilitate Euro - achizitii stocuri - UniCredit Bank SA	Romcarbon	7,131,743	0
Investment loan V in lei - UniCredit Bank	Romcarbon	299,802	0
Investment loan VI in euro- UniCredit Bank	Romcarbon	41,267	0
Investment loan Euro - UniCredit Bank SA - Project CCE 2015	Romcarbon	2,152,424	2,118,191
Investment loan in lei I - Eximbank SA	Romcarbon	420,086	840,173
Investment loan in lei II - Eximbank SA	Romcarbon	596,833	596,832
Credit line Euro – EximBank SA	LivingJumbo Industry	8,825,961	9,207,174
Investment loan Euro - UniCredit Bank SA - Project CCE 2015	LivingJumbo Industry	3,338,699	3,285,596
Investment loan Euro-UniCredit Bank SA	LivingJumbo Industry	260,203	422,386
Investment loan I in Euro -BRD	LivingJumbo Industry	310,676	524,115
Investment loan II in Euro -BRD	LivingJumbo Industry	0	50,408
Multiproduct credit facility (factoring) in lei - Eximbank SA	LivingJumbo Industry	145,182	1,235,525
Credit in lei - CEC Bank	LivingJumbo Industry	4,312,663	0
Credit line - Eximbank SA	EnergoInstall	460,887	855,393
Credit for current activity - Eximbank SA	EnergoInstall	3,120,715	0
<b>Total</b>		<b>67,635,179</b>	<b>52,857,826</b>

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	31-dec-21 RON	31-dec-20 RON
Investment loan II Euro-BRD	Romcarbon	0	507,043
Investment loan III Euro-BRD	Romcarbon	0	64,020
Investment loan V in lei - UniCredit Bank	Romcarbon	1,114,987	0
Investment loan VI in euro- UniCredit Bank	Romcarbon	144,435	0
Investment loan Euro - UniCredit Bank SA - Project CCE	Romcarbon	2,758,169	4,832,489
Investment loan in lei I - Eximbank SA	Romcarbon	0	420,086
Investment loan in lei II - Eximbank SA	Romcarbon	0	596,832
Credit in lei - CEC Bank	LivingJumbo Industry	0	4,716,794
Investment loan I in Euro -BRD	LivingJumbo Industry	0	305,733
Investment loan Euro-UniCredit Bank SA	LivingJumbo Industry	0	256,063
Investment loan Euro - UniCredit Bank SA - Project CCE 2015	LivingJumbo Industry	2,918,456	6,157,639
Credit for current activity - Eximbank SA	Energoinstall	687,500	0
<b>Total</b>		<b>7,623,547</b>	<b>17,856,699</b>

Under the existing loan agreements, the parent company is subject to certain restrictive conditions. These conditions require the parent company, among other things, to maintain certain financial indicators including the DSCR indicator, total financial debt / EBITDA, financial debt, current liquidity and the ratio between net financial assets and equity.

In credit agreements, the parent company has the obligation to fulfill a certain level of financial indicators, separately and / or together with Livingjumbo Industry SA.

As of December 31, 2021, the parent company met the levels of the indicators "total net financial debt / equity" and "Total net financial debt / EBITDA", both separately and together with LivingJumbo Industry SA. The parent company also separately met the level of the "Current Liquidity" indicator, but did not meet the level of this indicator together with Livingjumbo Industry SA.

The "Debt service coverage" indicator was not met either separately or together with Livingjumbo Industry SA at the date of these financial statements.

Regarding this aspect, the analysis of the indicators is performed based on the submitted financial statements, the parent company communicating with the bank until the end of the financial year and notifying the estimated situation, the banks confirming they will perform the analysis based on the submitted statements. The company has obtained a letter from the banking institutions stating that the parent company does not violate the provisions of the contract, the covenants being calculated based on the Financial Statement submitted, and will not request early repayment of loans provided.

As of December 31, 2021, the Group had several loans contracted with various banks.

### Borrowings ROMCARBON SA

#### 1. Short-term borrowings (for working capital)

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

- Balance as at 31.12.2021: 23,347,205 lei (equivalent of 4,718,418 euro)
- Due on: 08.04.2022
- Guarantees:

1. Mortgage on the following immovable assets (land + constructions), in total area of **81,210 sq m** located in Buzau, 132, Transilvaniei street, identified with the cadastral numbers **67264** (having a total area of 10,037 sq m), **54304** (having a total area of 16,787 sq m), **67301** (having a total area of de 3,348 sq m), **64371** (having a total area of 22,830 sq m), **52784** (having a total area of 7,659 sq m), **52768** (having a total area of 10,191 sq m) and



(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

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

**72441** (having a total area of 10,358 sq m);

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 of the accounts in lei or foreign currency opened by S.C. Livingjumbo Industry S.A. with UniCredit Bank – Buzău Branch;
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. 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 781,102 as at December 31, 2021.
7. Blank promissory note, with the mention "No Protest";
8. LivingJumbo Industry SA as co-borrower;

- 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)**

➤ Balance as at 31.12.2021: 12,290,542 lei (equivalent of 2,483,891 euro)

➤ Due on: 26.05.2022

➤ Guarantees:

1. Mortgage on the following immovable assets (land + constructions), in total area of **37,910 sq m** located in Buzau, 132, Transilvaniei street, identified with the cadastral numbers: 61094(344/1/6) in total area of 8,922 sq m, 52789( 344/1/8) in total area of 17,922 sq m, 65873(344/1/9) in total area of 5,950 sq m, 52808( 344/1/11/1) in total area of 4,561 sq m, 54430 in total area of 1,320 sq m (subsequent rank);
2. Mortgage of subsequent rank on an equipment (technological line for washing, sorting and grinding PE foil), having a market value of eur 490,500 as per the evaluation of 28.04.2021 and a net book value on 31.12.2021 of lei 2,138,455;
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".

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### c) **Short-term credit – financing the purchase of inventories contracted from UniCredit Bank SA in amount of 2,000,000 Eur (ctr. BUZA/134815/CSC)**

- Currency : EUR and RON
- Balance for drawings in EURO as at 31.12.2021: 5,237,047 lei (equivalent of 1,058,395 euro)
- Balance for drawings in lei as at 31.12.2021: 1,894,696 lei
- Due on: 18.11.2022
- Guarantees:
  1. Mortgage on movable goods of the nature of stocks that will be purchased with financing from this credit having a value of at least Eur 2,000,000;
  2. Mortgage on immovable assets (land + constructions), identified with the cadastral number 64371 in the total surface of 22,830 sq m located in Buzau, 132 Transilvania street;
  3. 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.

## 2. Long-term borrowings

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

- Balance as at 31.12.2021: 515,237 lei (equivalent of 104,128 euro)
- Due on: 03.09.2022
- Guarantees:
  1. Mortgage over the credit balance of the accounts in lei or foreign currency opened by S.C. Romcarbon S.A. with BRD GSG Suc.Buzau;
  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. Real estate mortgage over 4 machinery having a net book value of lei 2,186,725 as at December 31, 2021.

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

- Balance as at 31.12.2021: 65,055 lei (equivalent of 13,148 euro)
- Due on: 03.02.2022
- Guarantees:
  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. Mortgage over immovable assets (land + constructions) with 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;

### 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)**

- Balance as at 31.12.2021: 420,086 lei
- Due on: 20.06.2022
- Guaranties:

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### **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) (continued)**

1. Mortgage on the following immovable assets (land + constructions), in total area of **6,214 sq m** identified by the cadastral numbers 52853 in total area of 1,323 sq m, 52837 in total area of 1,907 sq m, 54558 in total area of 152 sq m, 54430 in total area of 1,320 sq m, 60631 in total area of 911 sq m, and 64035 in total area of 601 sq m.
2. Mortgage over 2 machinery having a market value of Eur 620,400 as per the valuation of 28.04.2021 and of 12.07.2021 and a net book value of lei 2,750,228 as at December 31, 2021.
3. 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 EximBank SA – Buzău Branch;
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)**

- Balance as at 31.12.2021: 4,910,592 lei (equivalent of 992,420 euro)
- Due on: 04.12.2023
- Guarantees:
  1. Mortgage over the machinery purchased in project "Development of Romcarbon SA", having a market value as per the valuation of 25.05.2021 of EUR 3,879,000 and a net book value of lei 17,260,710 as at December 31, 2021;
  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;

### **e) 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)**

- Balance as at 31.12.2021: 596,832 lei
- Due on: 16.12.2022
- Guarantees:
  1. Mortgage of subsequent rank over equipment (PE plastic film washing, sorting and grinding line) with a market value of EUR 490,500 as per the valuation report of 28.04.2021 and a net book value of lei 2,138,455 as at December 31, 2021;
  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 2,046,978 as at December 31, 2021;
  3. Mortgage without dispossession over 3 forklifts with a market value of EUR 43,089 as per the valuation of 22.09.2021 and a net book value of lei 150,471 as at December 31, 2021;
  4. Immovable mortgage without dispossession over 9 machinery purchased under this project with a market value of EUR 90,469 as per the valuation of 28.04.2021 and 22.09.2021 and a net book value of lei 448,623 as at December 31, 2021;

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### **e) 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) (continued)**

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. Mortgage over the credit balance of the accounts in lei or foreign currency opened by S.C. Romcarbon S.A. with EximBank SA;
7. Blank promissory note, with the mention "No Protest".

### **f) Investment loan in amount of Eur 1,000,000 to finance and re-finance objectives included in the 2021 investment plan contracted from UniCredit Bank SA Buzau Branch, (ctr. BUZA/005/2021)**

- Currency : EUR si RON
- Balance of the drawings in EURO as at 31.12.2021: 185,702 lei (equivalent of 37,530 euro)
- Balance of the drawings in RON as at 31.12.2021: 1,414,789 lei
- Due on: 08.06.2026
- Guarantees:
  1. Mortgage on an immovable asset (land + constructions), identified by the cadastral number 67264 (in total area of 10,037 sq m) located in Buzau, 132 Transilvaniei street;
  2. Mortgage on an immovable asset (land + constructions), identified by the cadastral number 54304 (in total area of 16,787 sq m) located in Buzau, 132 Transilvaniei street;
  3. Mortgage on an immovable asset identified by cadastral numbers 61039-C1-U12, 61099-C1-U2, 6777, 6778 and 6779 located at Bulevardul Unirii, Bl. E3-E4, Buzau;
  4. 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;
  5. The movable mortgage on the machinery that will be purchased with financing from the present facility.

## 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 on: 03.07.2023
- Guarantees:
  1. Movable asset mortgage over two pieces of production equipment: extruder PP line (inventory no. 24078) with a market value of euro 37,792 at April 22, 2021 and a net carrying amount of lei 0 at December 31, 2021 and a floexographic printing machine (inventory no. 24075) with a market value of euro 20,347 at April 22, 2021 and a net carrying amount of lei 0 at December 31, 2021.
  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;

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### Treasury line

**Non-binding loan – treasury line - in amount of eur 300,000**, contracted from UniCredit Bank SA (contract BUZA/015/2016) to hedge against interest rate risk caused by loan agreement BUZA/010/2015.

- Due on: 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.

### Guarantees granted for loans contracted by Group companies

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

1. 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 781,102 as at December 31, 2021;
2. 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 26, 2022), 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 129,900 as per the valuation of July 12, 2021 and a net book value of lei 611,774 at December 31, 2021, 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 December 14, 2022), secured by an immovable property mortgage over 15 pieces of equipment property of Romcarbon SA, with a market value of EUR 1,032,234 as per the valuation of December 13, 2021 and a net book value of lei 4,255,159 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:

1. Credit line in amount of lei 1,000,000 for financing the current activity (due on May 26, 2022), 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 790,719 as per the valuation of September 9, 2021 and a net book value of lei 2,046,978 at December 31, 2021;
2. Credit line in the amount of lei 4,500,000 for financing the current activity (due on May 19, 2023), guaranteed with a real estate mortgage on 8 equipments owned by Romcarbon SA having a market value according to the evaluation from 06.09.2021 of euro 621,000 and a net book value on 31.12.2021 of lei 2,695,337.

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### **Borrowings LIVINGJUMBO INDUSTRY S.A.**

#### **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)**

- Balance as at 31.12.2021: 8,825,961 lei (equivalent of 1,783,707 euro)
- Due on: 26.05.2022
- Guarantees:
  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 2021 of EUR 129,900 and a net book value of lei 611,774 at December 31, 2021;
  3. Mortgage over the credit balance in lei or foreign currency opened by LIVINGJUMBO INDUSTRY S.A. with EximBank SA Buzau Branch;
  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 from CEC Bank SA within the limit of lei 5,000,000**

- Balance as at 31.12.2021: 4,312,663 lei
- Due on: 14.12.2022
- Guarantees:
  1. Movable property mortgage without dispossession over 15 equipment property of Romcarbon SA, with a market value of EUR 1,032,234 as per the valuation of December 13, 2021 and a net book value of lei 4,255,159 at December 31, 2021;
  2. 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;
  3. Mortgage over the credit balance in lei or foreign currency opened by LIVINGJUMBO INDUSTRY S.A. with CEC Bank Buzau Branch;

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### **Borrowings LIVINGJUMBO INDUSTRY S.A. (continued)**

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

- Balance as at 31.12.2021: 145,182 lei
  - Due on: 26.05.2022
  - Guarantees
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 borrowee 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".

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

- Balance as at 31.12.2021: 310,676 lei (equivalent of 62,787 euro)
  - Due on: 07.07.2022
  - Guarantees:
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. LIVINGJUMBO 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)**

- Balance as at 31.12.2021: 260,203 lei (equivalent of 52,587 euro)
  - Due on: July 2022
  - Guarantees:
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 781,102 as at December 31, 2021;
  4. Mortgage over the accounts opened in LEI and foreign currency with UniCredit Bank SA;

(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### **Borrowings LIVINGJUMBO INDUSTRY S.A. (continued)**

#### **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)**

- Balance as at 31.12.2021: 6,257,155 lei (equivalent of 1,264,557 euro)
- Due on: November 2023
- Guarantees :
  1. The machinery funded, the estimated value, without VAT, EUR 5,152,000; 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;

### **Borrowings RC ENERGO INSTALL SRL**

#### **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 contracted)**

- Balance as at 31.12.2021: 460,887 lei
- Due on: 26.05.2022
- Guarantees:
  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 327,072 and a net bok value of LEI 114,523 at December 31, 2021;
  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 790,719 as per the valuation of September 2021 and a net book value of lei 2,343,546 as at December 31, 2021.

#### **b.) Credit in amount of lei 4,500,000 for financing and refinancing the current activity contracted from Banca de Export-Import a Romaniei Eximbank SA (partly contracted)**

- Balance as at 31.12.2021: 3,808,215 lei
- Due on: 19.05.2023
- Guarantees:
  1. Guarantee issued by EximBank S.A. in the name and on behalf of the State, amounting to lei 2,925,000, representing 65% of the value of the exposure;
  2. The movable mortgage on 8 equipments owned by Romcarbon SA having a market value of Eur 621,000 and a net book value on 31.12.2021 of lei 2,695,337;
  3. Movable mortgage on current accounts in lei or foreign currency, present or future opened by RC Energo Install SRL at Exim Bank;
  4. Movable mortgage on the universality of receivables;
  5. Blank promissory note, stipulated "without protest";



(all amounts are expressed in lei, unless specified otherwise)

## 28. OTHER FINANCIAL LIABILITIES (continued)

### 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,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	RON	RON	RON	RON
<b>Present value of finance lease payments</b>				
Amounts due within one year	-	9,989	-	9,740
More than one year, but less than 5 years	-	-	-	-
<b>Total lease liabilities</b>	-	<b>9,989</b>	-	<b>9,740</b>

## 29. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2021	December 31, 2020
	RON	RON
Trade liabilities <sup>1</sup>	49,203,709	30,618,476
Suppliers invoices not received	1,113,793	731,744
Advances to clients	3,287,775	392,518
Sundry creditors (a)	1,619,387	1,632,256
Miscellaneous payable	-	-
<b>Total</b>	<b>55,224,664</b>	<b>33,374,994</b>

<sup>1</sup> The increase in commercial debts is due to the increase in the purchase costs of raw materials, plastic granules.

## 30. OTHER NON-FINANCIAL LIABILITIES

	OTHER CURRENT NON - FINANCIAL LIABILITIES		OTHER NON-CURRENT NON - FINANCIAL LIABILITIES	
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	RON	RON	RON	RON
Subsidies	3,745,692	3,745,692	16,015,575	19,761,267
Other liabilities	3,900,495	3,877,723	-	-
<b>Total</b>	<b>7,646,187</b>	<b>7,623,415</b>	<b>16,015,575</b>	<b>19,761,267</b>

(all amounts are expressed in lei, unless specified otherwise)

## DEFERED INCOME

As at December 31, 2021 the value of investment subsidies received from the Group amounts to 19,761,267 lei, as follows:

Romcarbon SA:	10,879,379 lei
Livingjumbo Industry SA:	8,881,888 lei

As at December 31, 2021 the value of investment subsidies received from the Group amounts to 23,506,959 lei, as follows:

Romcarbon SA:	13,138,830 lei
Livingjumbo Industry SA:	10,368,129 lei

## 31. 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.

(all amounts are expressed in lei, unless specified otherwise)

### 31. FINANCIAL INSTRUMENTS (continued)

#### (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.

#### (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.

(all amounts are expressed in lei, unless specified otherwise)

### 31. 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:

	EUR 1 EUR = 4.9481 lei	USD 1 USD = 4.3707 lei	Leu 1 lei	December 31, 2021 Total
<b>2021</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
Cash and cash equivalents	2,728,892	1,421,134	13,446,868	17,596,893
Receivables and other current assets	14,005,125	-	38,976,213	52,981,338
Other current financial assets	-	-	617,902	617,902
Other current non-financial assets	130,362	-	4,491,190	4,621,551
<b>LIABILITIES</b>				
Trade and other liabilities	16,091,168	15,882	39,117,615	55,224,664
Short and long-term borrowings	62,205,375	-	13,053,351	75,258,726
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	7,645,979	7,646,187
	EUR 1 EUR = 4.8694 lei	USD 1 USD = 3.966 lei	Leu 1 lei	December 31, 2020 Total
<b>2020</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
Cash and cash equivalents	1,300,500	699,137	18,704,995	20,704,632
Receivables and other current assets	9,705,889	13,175	26,439,507	36,158,571
Other current financial assets	-	-	181,047	181,047
Other current non-financial assets	238,239	-	998,152	1,236,391
<b>LIABILITIES</b>				
Trade and other liabilities	1,157,463	114,652	32,102,880	33,374,994
Short and long-term borrowings	60,615,179	-	10,099,345	70,714,524
Short and long-term finance lease liabilities	9,741	-	-	9,741
Other current non-financial liabilities	-	-	7,623,415	7,623,415
	-	-	-	-

(all amounts are expressed in lei, unless specified otherwise)

### 31. 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.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
Loss	(6,002,712)	(4,994,009)

#### Tables regarding liquidity and interest rate risks

Următoarele tabele detaliază datele până la scadență a datoriilor financiare ale Societății.

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.

<b>2021</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Total</b>
	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Non-interest bearing</b>				
Trade liabilities	55,224,664	-	-	<b>55,224,664</b>
Other current liabilities	7,646,187	-	-	<b>7,646,187</b>
<b>Interest bearing instruments</b>				
Short and long-term borrowings	67,635,179	7,083,794	539,753	<b>75,258,726</b>
Short and long-term leases	-	-	-	-
<b>Non-interest bearing</b>				
Cash and cash equivalents	17,596,893	-	-	<b>17,596,893</b>
Receivables and other current assets	52,981,338	-	-	<b>52,981,338</b>
<b>Interest bearing</b>				
Other current financial assets	617,902	-	-	<b>617,902</b>
<b>2020</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Total</b>
	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Non-interest bearing</b>				
Trade liabilities	33,374,994	-	-	<b>33,374,994</b>
Other current liabilities	7,623,415	-	-	<b>7,623,415</b>
<b>Interest bearing instruments</b>				
Short and long-term borrowings	52,857,824	17,856,700	-	<b>70,714,524</b>
Short and long-term leases	9,741	-	-	<b>9,741</b>
<b>Non-interest bearing</b>				
Cash and cash equivalents	20,704,632	-	-	<b>20,704,632</b>
Receivables and other current assets	36,158,571	-	-	<b>36,158,571</b>
<b>Interest bearing</b>				
Other current financial assets	181,047	-	-	<b>181,047</b>

(all amounts are expressed in lei, unless specified otherwise)

### 31. 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:

Company	Counterparty	Sales 12 Months of 2021	Receivables as at 31.12.2021	Credit limit	Credit limit (days)
Romcarbon SA	KASAKROM CHEMICALS SRL	26,356,977	3,437,510	NO	52
Romcarbon SA	DEDEMAN SRL BACAU	10,168,634	2,033,596	NO	89
Romcarbon SA	PH BRATPOL JERZY BRATKOWSKI POLONIA - EUR	5,562,786	689,765	NO	74
Romcarbon SA	COMANDOR IMPEX SRL	5,508,982	98,138	NO	31
Romcarbon SA	GLOBAL PLAST SRL	5,384,180	-	NO	44
Livingjumbo Industry SA	MICRO GRUP BUSINESS SOLUTION SRL	11,809,361	5,273,056	NO	90
Livingjumbo Industry SA	POLIMERO	11,298,651	838,168	NO	35
Livingjumbo Industry SA	CARLESTAM POLAND SP. Z O.O.	8,072,409	1,030,924	NO	60
Livingjumbo Industry SA	SIGMA BAGS	6,213,311	919,943	NO	60
Livingjumbo Industry SA	EXPERGO BUSINESS NETWORK SRL	4,991,207	669,246	NO	60

### 32. 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:

	Year ended December 31, 2021 <b>RON</b>	Year ended December 31, 2020 <b>RON</b>
Executive management salaries	4,128,002	3,860,998
Benefits for Board of Administration	42,699	66,586
<b>Total</b>	<b>4,170,701</b>	<b>3,927,584</b>

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

(all amounts are expressed in lei, unless specified otherwise)

**32. RELATED PARTY TRANSACTIONS (continued)**

<b>Shareholder borrowings</b>	<b>Year ended December 31, 2021</b>	<b>Year ended December 31, 2020</b>
	<b>RON</b>	<b>RON</b>
WU HUI TZU (Livingjumbo Industry SA)	18,417	18,417
WINPACK INDUSTRY (Eco Pack Management SA)	242,287	228,927
<b>Total</b>	<b>260,704</b>	<b>247,344</b>

(all amounts are expressed in lei, unless specified otherwise)

### 32. RELATED PARTY TRANSACTIONS (continued)

#### Related party transactions

	Sales of goods and services (w/o VAT)		Purchase of goods and services (w/o VAT)		Recivables from related parties		Payables from related parties	
	12 Month of 2021	12 Month of 2020	12 Month of 2021	12 Month of 2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
GREENFIBER INTERNATIONAL SA	3,660,719	2,586,176	33,207	34,746	5,169	8,283	2,381	3,740
GREENTEH DOO SERBIA	0	46,578	0	79,694	0	0	0	8,808
GRINTEH D.O.O MACEDONIA	0	254,647	0	0	0	0	0	0
GREENGLASS RECYCLING SA	0	0	0	0	0	0	0	0
GREENTECH SA	3,038,586	2,568,459	132,661	141,721	1,523	15,024	875	6,070
TOTAL WASTE MANAGEMENT	0	22,532	0	0	0	0	0	0
GREENWEEE INTERNATIONAL SA	807,988	1,004,722	1,270,053	786,962	0	44,636	215,704	76,550
GREEN RESOURCES MANAGEMENT S.A.	5,713	94,855	687,687	443,098	0	0	44,771	60
GREENTECH BALTIC UAB Lithuania	0	53,973	0	0	0	0	0	0
<b>TOTAL</b>	<b>7,513,006</b>	<b>6,631,942</b>	<b>2,123,609</b>	<b>1,486,221</b>	<b>6,693</b>	<b>67,943</b>	<b>263,730</b>	<b>95,228</b>



*(all amounts are expressed in lei, unless specified otherwise)*

### **33. ACQUISITION OF SUBSIDIARIES**

In 2021 the Group did not purchase new subsidiaries.

### **34. DISPOSAL OF SUBSIDIARIES**

In 2021 the Group did not dispose any subsidiaries.

### **35. COMMITMENTS AND CONTINGENCIES**

There are no changes

### **36. SUBSEQUENT EVENTS**

#### **ROMCARBON SA**

On 31.01.2022, the company signed with the Ministry of Investments and European Projects, as Managing Authority for the Large Infrastructure Operational Program, the financing contract, granting the Company a non-reimbursable financing amounting to 933,049 lei for "Implementation of a system intelligent monitoring of energy consumption within the SC ROMCARBON S.A. ", non-reimbursable financing that covers 100% of the project value (excluding VAT)".

The group did not identify any significant subsequent events.

At the date of this report, no risks are identified that would significantly affect the revenues from the core business. As of February 2022, global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, with global energy prices expected to be highly volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management considers that it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate.

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 28, 2022.

#### **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**



## ADMINISTRATORS' REPORT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

### ACTIVITY OF THE GROUP

As at December 31, 2021 ROMCARBON SA holds participations directly and/or indirectly in 10 companies:

Company	31.12.2021		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, 2021, the Group holds indirect participations through Recyplat LTD in Romgreen Universal LTD and its subsidiaries as follows:

Company	31.12.2021	
	Interest	Control
<b>ROMGREEN UNIVERSAL LTD CIPRU</b>	<b>17.5879%</b>	<b>17.5879%</b>
GREENWEEE INTERNATIONAL SA	17.5879%	17.5879%
GREENTECH SA	17.5879%	17.5879%
GREENGLASS RECYCLING SA	12.3116%	12.3116%
GREENFIBER INTERNATIONAL SA	17.5879%	17.5879%
TOTAL WASTE MANAGEMENT SRL	17.5879%	17.5879%
GREEN RESOURCES MANAGEMENT S.A.	11.7259%	11.7259%
GREENTECH BALTIC UAB LITUANIA	17.5879%	17.5879%
ASOCIATIA ECOLOGICA GREENLIFE	17.5879%	17.5879%
GREENTECH SLOVAKIA S.R.O.(EKOLUMI S.R.O)	14.0704%	14.0704%
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 2021

#### PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at December 31, 2021 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, 3<sup>rd</sup> 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, Granules Hall, room no.7, 2nd floor. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299). Starting with 10.12.2021, the company suspended his activity for a period of 3 years.

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 17.59%.

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.*

GREENTECH SA is a company established in 2002, with a share capital of lei 4,649,117, where SC Romcarbon SA indirectly holds LTD 17.5879% 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 17.5879% 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 17.5879% 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 Ilfov, Popești Leordeni Șos. OLTEȚI 181, Corp Administrativ. 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 11.73%. 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 17.5879%. 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.

GREENTECH SLOVAKIA S.R.O. (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).

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.

In August 2021, the company GREENWEEE INTERNATIONAL HUNGARY KFT was deregistered from Hungarian business registers.

**ACTIVITY OF THE GROUP OF COMPANIES****PRESENTATION OF THE GROUP COMPANIES**

The following persons ensured the executive management of the group companies in 2021:

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 until 12.08.2021 Ionescu Adin Daniel; starting with this date the administrator of the company is WEY, JIANN-SHYANG  
 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  
 TOTAL WASTE MANAGEMENT SRL – Administrators – Genes Alina Elena, 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 Daniel until 01.10.2021; starting with this date the general manager of the company is Bratu Constantin  
 GREENTECH BALTIC UAB LITUANIA – Administrator VLADAS VENSKUTONIS  
 GREENTECH SLOVAKIA 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 12 Months 2021 is presented in the table below:

<b>Company</b>	<b>Result 12M 2020 (in lei)</b>	<b>Result 12 M 2021 (in lei)</b>	<b>2021 vs 2020</b>
Romcarbon SA	869.104	(1.447.458)	(2.316.562)
Living Jumbo Industry SA	538.251	(2.319.221)	(2.857.472)
RC Energo Install SRL	224.489	295.381	70.892
Infotech Solutions SRL	10.933	63.728	52.795
Recyplat Ltd Cipru	(290)	(346)	(57)
Eco Pack Management SA	265.441	(24.810)	(290.251)
Consolidation adjustments <sup>1</sup>	(1.991.895)	5.223.338	7.215.233
<b>Total</b>	<b>(83.965)</b>	<b>1.790.612</b>	<b>1.874.578</b>

<sup>1</sup> Consolidation adjustments

<b>Consolidation adjustments</b>	<b>Result 12 M 2020 (in lei)</b>	<b>Result 12 M 2021 (in lei)</b>	<b>2021 vs 2020</b>
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(47.392)	(109.309)	(61.917)
Share of the profit of the associates (Romgreen Universal LTD) - 2021	(2.564.549)	1.290.175	3.854.724
Share of the profit of the associates (Romgreen Universal LTD) – correction 2019 and 2020 share	-	(2.435.160)	(2.435.160)
Elimination of the subsidiaries investment impairment	620.000	6.477.632	5.857.632
Corrections	46	-	(46)
<b>Total Adjustments</b>	<b>(1.991.895)</b>	<b>5.223.338</b>	<b>7.215.233</b>

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 (12 months)	A.2019	A.2020	B.2021	A.2021	A.2021 vs A.2020	A.2021 vs B.2021
TURNOVER	185,722,305	182,851,591	214,466,522	266,937,602	84,086,010	46%
EBITDA						
Operational	12,318,776	12,374,754	11,822,621	13,987,049	1,612,295	13%
Net Profit	370,103	869,105	1,470,634	(1,447,459)	(2,316,565)	n/a

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

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

Indicator (12 months)	A.2019	A.2020	A.2021	2021 vs 2020
<b>EBITDA Operational</b>	<b>12,318,776</b>	<b>12,374,754</b>	<b>13,987,049</b>	<b>1,612,295</b> <b>13%</b>
Fixed assets depreciation	(10,634,489)	(10,202,833)	(9,977,583)	225,249    -2%
Revenues from subsidy from Government for investments	2,275,213	2,262,431	2,259,451	(2,980)    0%
Interest expenses	(1,472,607)	(1,159,858)	(953,055)	206,802    -18%
Gain/loss from sales of assets	33,366	(350,498)	432,513	783,011    -223%
Gain/loss from revaluating the investment property	(429,524)	(278,663)	1,377,918	1,656,581    -594%
Other non-operational items(provisions, penalties, donations)	(552,858)	(618,687)	(715,609)	(96,922)    16%
Forex gain/loss	(1,081,651)	(948,390)	(654,633)	293,758    -31%
Other gain/loss from Financial	131,320	29,147	(6,314,423)	(6,343,570)    n/a
Tax on profit	(217,442)	(238,297)	(889,087)	(650,790)    273%
<b>Net profit</b>	<b>370,103</b>	<b>869,105</b>	<b>(1,447,459)</b>	<b>(2,316,565)</b> <b>-267%</b>

**LIVINGJUMBO INDUSTRY SA**

Indicator (12 Months)	A.2019	A.2020	B.2021	A.2021	A.2021 vs A.2020	A.2021 vs B.2021
Turnover	90,780,619	110,656,931	112,911,084	133,415,291	22,758,360	21%
EBITDA before overhead	-143,640	5,055,294	5,330,787	2,349,885	-2,705,409	-54%
Profit before overhead	-3,154,104	538,251	1,287,777	-2,319,221	-2,857,472	-531%

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

Indicator	A.2019	A.2020	A.2021	2021 vs 2020
<b>EBITDA Operational</b>	<b>(143,640)</b>	<b>5,055,294</b>	<b>2,349,885</b>	<b>▼ (2,705,409)</b>
Fixed assets depreciation	(5,449,158)	(4,860,955)	(4,748,269)	▼ 112,686
Revenues from subsidy from Government for investments	1,685,903	1,519,521	1,486,241	▼ (33,280)
Interest expenses	(665,234)	(562,603)	(657,540)	▲ (94,937)
Gain/loss from sales of assets	-	467,445	-	▼ (467,445)
Other non-operational items(provisions, penalties, donations)	(66,914)	(67,106)	(355,245)	▲ (288,139)
Forex gain/loss	(596,351)	(353,573)	(353,372)	▼ 200
Other gain/loss from Financial	2,081,290	(659,771)	(40,921)	▼ 618,850
Tax on profit	-	-	-	— -
<b>Profit net</b>	<b>(3,154,104)</b>	<b>538,251</b>	<b>(2,319,221)</b>	<b>▲ (2,857,472)</b>

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– **12 Months**

					ROMCARBON SA			
<b>PLASTIC PROCESSING SECTOR : POLYETHYLENE</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	27,693,424	27,663,389	32,003,549	36,047,057	8,383,667	30%	4,043,508	13%
EBITDA before overhead	-9,426	746,474	1,612,585	3,051	-743,423	-100%	-1,609,533	-100%
Profit before overhead	-910,201	-126,044	720,457	-779,566	-653,522	518%	-1,500,023	-208%
<b>PLASTIC PROCESSING SECTOR : POLYSTYRENE</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	41,047,197	41,113,965	41,291,623	51,040,479	9,926,514	24%	9,748,856	24%
EBITDA before overhead	9,607,393	11,000,107	8,401,653	9,725,267	-1,274,840	-12%	1,323,614	16%
Profit before overhead	7,809,668	9,487,524	6,932,817	8,335,220	-1,152,304	-12%	1,402,403	20%
<b>PLASTIC PROCESSING SECTOR : POLYPROPYLENE</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	36,739,816	34,770,909	36,646,856	42,780,899	8,009,989	23%	6,134,043	17%
EBITDA before overhead	3,185,107	4,618,128	2,710,671	4,719,369	101,242	2%	2,008,698	74%
Profit before overhead	2,844,403	4,305,035	2,378,451	4,394,850	89,816	2%	2,016,400	85%
<b>REGENERATED POLYMERS &amp; COMPOUNDS</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	31,194,070	23,436,682	31,420,267	40,009,626	16,572,945	71%	8,589,359	27%
EBITDA before overhead	5,864,773	2,956,979	7,800,278	5,811,810	2,854,830	97%	-1,988,468	-25%
Profit before overhead	2,212,422	-757,367	3,973,300	1,930,489	2,687,856	-355%	-2,042,811	-51%
<b>OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	5,698,286	5,546,725	4,918,485	5,876,115	329,390	6%	957,630	19%
EBITDA before overhead	978,885	1,045,305	128,747	743,723	-301,582	-29%	614,976	478%
Profit before overhead	566,668	719,032	-193,777	429,011	-290,021	-40%	622,788	-321%
					LIVINGJUMBO INDUSTRY SA			
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	53,415,290	57,605,409	59,485,960	70,185,696	12,580,288	22%	10,699,736	18%
EBITDA before overhead	3,068,929	5,128,229	5,425,287	4,090,236	-1,037,993	-20%	-1,335,051	-25%
Profit before overhead	1,783,701	4,252,574	4,645,287	3,356,297	-896,277	-21%	-1,288,990	-28%
<b>PLASTIC PROCESSING SECTOR : PET</b>								
Indicator	A.2019	A.2020	B.2021	A.2021	A.2021 vs. A.2020		A.2021 vs B.2021	
Turnover	37,365,326	53,051,522	53,425,124	63,229,595	10,178,073	19%	9,804,470	18%
EBITDA before overhead	375,028	4,075,817	4,127,599	2,532,900	-1,542,917	-38%	-1,594,699	-39%
Profit before overhead	-2,068,212	1,610,038	1,607,599	4,811	-1,605,227	-100%	-1,602,788	-100%

**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.

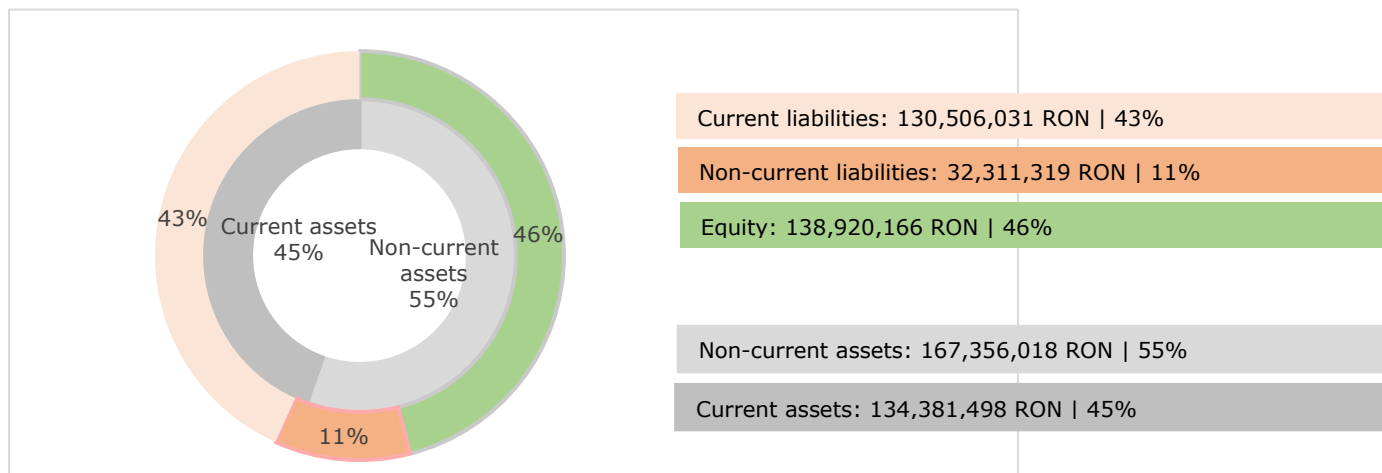
## FINANCIAL STATEMENTS

## A.) STATEMENT OF THE FINANCIAL POSITION

Indicator	31.12.2019	31.12.2020	31.12.2021	2021 vs. 2020	
Property, plant and equipment	157,093,810	144,756,737	132,497,914	-12,258,824	▼ -8.47%
Investment property	13,432,444	11,885,346	10,894,586	-990,760	▼ -8.34%
Goodwill	143,461	143,461	143,461	0	▬ 0.00%
Intangible assets other than goodwill	307,581	323,176	298,466	-24,710	▼ -7.65%
Investments accounted for using equity method	27,033,841	24,469,503	23,324,617	-1,144,886	▼ -4.68%
Investments in subsidiaries, joint ventures and associates	197,373	196,964	196,974	10	▲ 0.01%
Other non-current financial assets	195,396	100,000	0	-100,000	▼ -100.00%
<b>Total non-current assets</b>	<b>198,403,906</b>	<b>181,875,186</b>	<b>167,356,018</b>	<b>-14,519,169</b>	<b>▼ -7.98%</b>
Current inventories	45,992,537	39,267,786	54,803,659	15,535,872	▲ 39.56%
Trade and other current receivables	34,018,158	36,158,571	52,981,338	16,822,767	▲ 46.52%
Other current financial assets	2,389,650	181,047	617,902	436,854	▲ 241.29%
Other current non-financial assets	1,496,726	1,236,391	4,621,551	3,385,161	▲ 273.79%
Cash and cash equivalents	9,849,170	20,704,632	17,596,893	-3,107,739	▼ -15.01%
Non-current assets classified as held for sale	6,873,003	70,845	3,760,155	3,689,310	▲ 5207%
<b>Total current assets</b>	<b>100,619,243</b>	<b>97,619,272</b>	<b>134,381,498</b>	<b>36,762,226</b>	<b>▲ 37.66%</b>
<b>ASSETS</b>	<b>299,023,149</b>	<b>279,494,458</b>	<b>301,737,516</b>	<b>22,243,058</b>	<b>▲ 7.96%</b>
Issued capital	26,412,210	26,412,210	26,412,210	0	▲ 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	▼ 0.00%
Reserves	60,489,521	60,969,177	60,227,360	-741,817	▼ -1.22%
Retained earnings	49,570,021	49,237,998	49,182,732	-55,266	▼ -0.11%
Equity attributable to equity holders of the parent	138,654,035	138,801,669	138,004,585	-797,084	▼ -0.57%
Non-controlling interests	907,105	909,941	915,581	5,639	▲ 0.62%
<b>Total equity</b>	<b>139,561,139</b>	<b>139,711,610</b>	<b>138,920,166</b>	<b>-791,444</b>	<b>▼ -0.57%</b>
Other non-current provisions	248,808	446,038	659,623	213,585	▲ 47.88%
Deferred tax liabilities	8,364,029	7,852,871	8,012,574	159,703	▲ n/a
Other non-current financial liabilities	23,513,246	17,856,699	7,623,547	-10,233,153	▼ -57.31%
Other non-current non-financial liabilities	23,506,687	19,761,267	16,015,575	-3,745,692	▼ -18.95%
<b>Total non-current liabilities</b>	<b>55,632,771</b>	<b>45,916,875</b>	<b>32,311,319</b>	<b>-13,605,557</b>	<b>▼ -29.63%</b>
Trade and other current payables	35,232,436	33,374,993	55,224,664	21,849,671	▲ 65.47%
Other current financial liabilities	60,426,062	52,867,565	67,635,179	14,767,614	▲ 27.93%
Other current non-financial liabilities	8,170,740	7,623,415	7,646,187	22,772	▲ 0.30%
<b>Total current liabilities</b>	<b>103,829,238</b>	<b>93,865,973</b>	<b>130,506,031</b>	<b>36,640,058</b>	<b>▲ 39.03%</b>
<b>Total liabilities</b>	<b>159,462,009</b>	<b>139,782,848</b>	<b>162,817,350</b>	<b>23,034,502</b>	<b>▲ 16.48%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>299,023,149</b>	<b>279,494,458</b>	<b>301,737,516</b>	<b>22,243,058</b>	<b>▲ 7.96%</b>



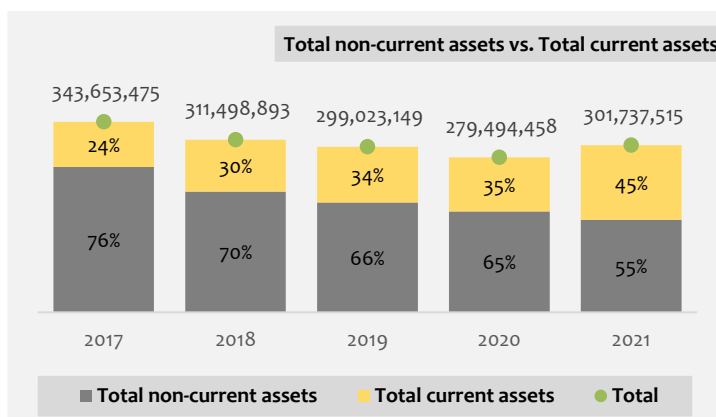
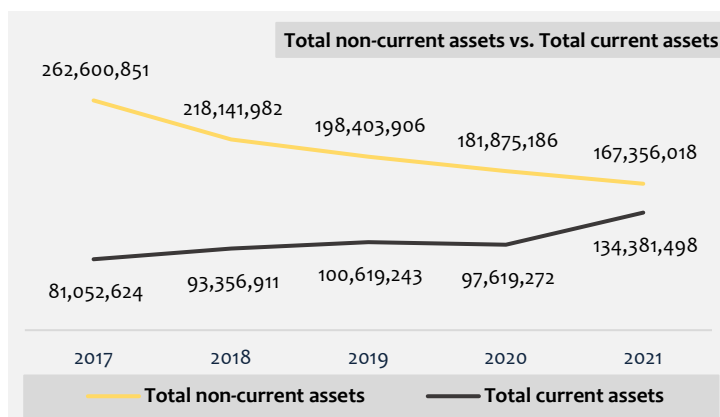
## STRUCTURE OF THE FINANCIAL POSITION 31.12.2021



The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2021 is presented in the table below

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	138,364,502	105,111,922	21,050,092	88,281,451
Livingjumbo Industry SA	27,371,737	47,031,243	10,573,727	65,489,719
RC Energo Install SRL	130,127	17,352,892	687,500	12,565,454
InfoTech Solutions SRL	37,479	286,136	0	71,171
Grinfeld Ucraina	4,426,809	8,614	0	879,485
Grinruh Ucraina	1,186,187	1,007,788	0	6,728
Recyplat LTD	20,607,507	6,986	0	0
Eco Pack Management SA	28,751	165,547	0	868,928
Consolidation adjustments	(24,797,081)	(36,589,630)	-	(37,656,905)
<b>Total</b>	<b>167,356,018</b>	<b>134,381,498</b>	<b>32,311,319</b>	<b>130,506,031</b>

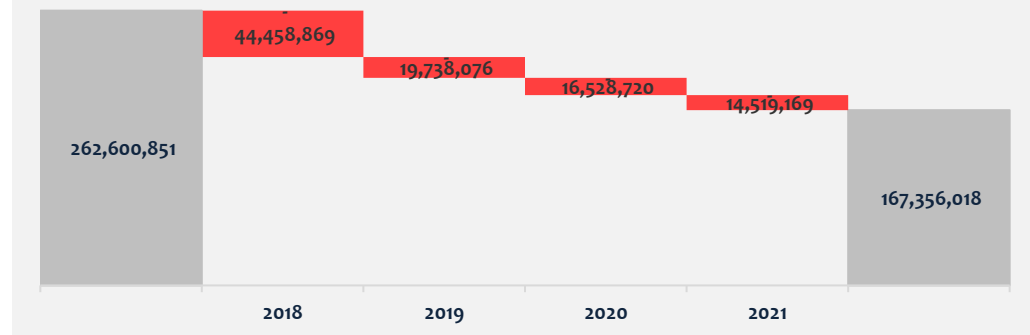
## ASSETS



**NON-CURRENT ASSETS**

**Non-current assets** have a weight in Total Assets of 55.46% recording a decrease of - LEI 14,519,169, i.e. - 7.98%, as compared with the beginning of the year.

Evolution of the item Total non-current assets in the period 2017-2021

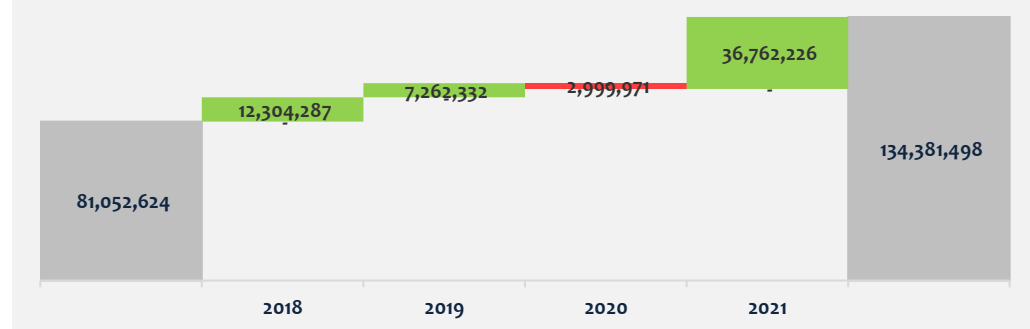


Non-current assets (lei)	31/12/2021	% in total NCA	% in total Assets	30.09.21 vs. 31.12.20
Property, plant and equipment	132,497,914	79.17%	43.91%	-8.47%
Investment property	10,894,586	6.51%	3.61%	-8.34%
Goodwill	143,461	0.09%	0.05%	0.00%
Intangible assets other than goodwill	298,466	0.18%	0.10%	-7.65%
Investments accounted for using equity method	23,324,617	13.94%	7.73%	-4.68%
Investments in subsidiaries, joint ventures and associates	196,974	0.12%	0.07%	0.01%
Other non-current financial assets	0	0.00%	0.00%	-100.00%
<b>Total non-current assets</b>	<b>167,356,018</b>	<b>100.00%</b>	<b>55.46%</b>	<b>-7.98%</b>

**CURRENT ASSETS**

**Current assets** have a weight in Total Assets of 44.54% recording an increase of LEI 36,762,226, i.e. 37.66%, as compared with the beginning of the year.

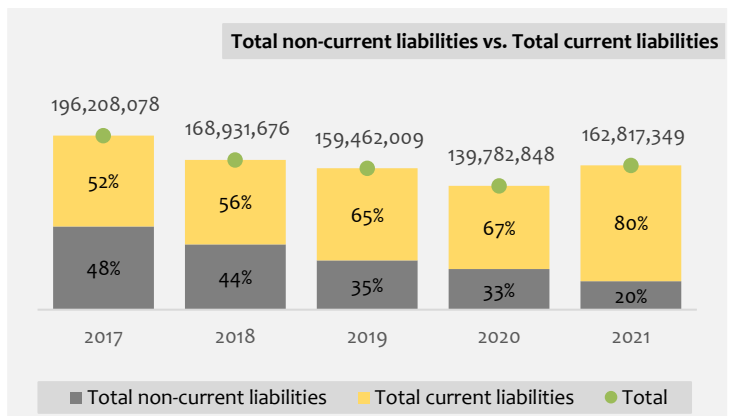
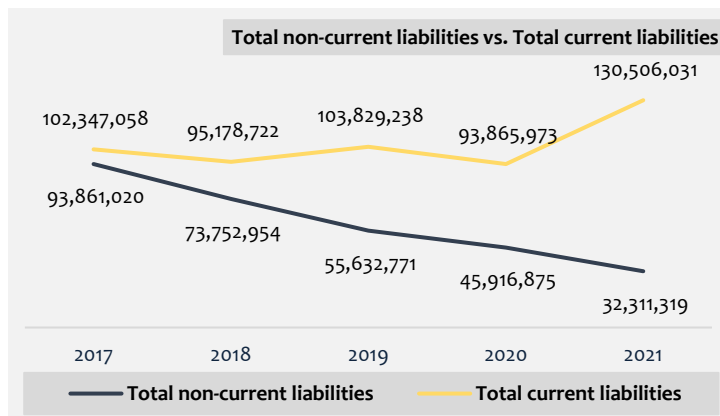
Evolution of the item Total current assets in the period 2017-2021



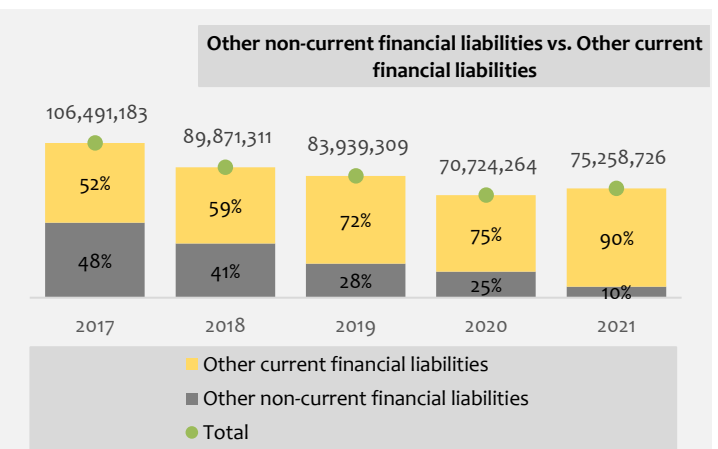
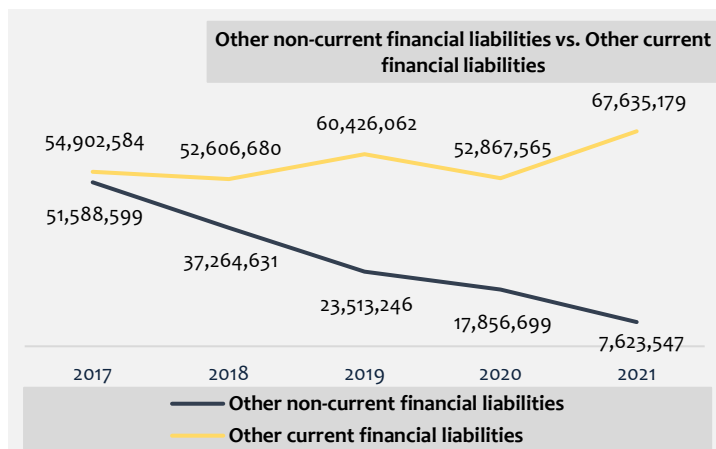
Current assets (lei)	31/12/2021	% in total CA	% in Total Assets	2021 vs. 2020
Current inventories	54,803,659	32.75%	18.16%	39.56%
Trade and other current receivables	52,981,338	31.66%	17.56%	46.52%
Other current financial assets	617,902	0.37%	0.20%	241.29%
Other current non-financial assets	4,621,551	2.76%	1.53%	273.79%
Cash and cash equivalents	17,596,893	10.51%	5.83%	0.00%
Non-current assets classified as held for sale	3,760,155	2.25%	1.25%	5207.59%
<b>Total current assets</b>	<b>134,381,498</b>	<b>80.30%</b>	<b>44.54%</b>	<b>37.66%</b>

## LIABILITIES

**Total Liabilities** hold 53.96% of the Group's Equity&Liabilities recording an increase of Lei 23,034,502, i.e. 16.48%, as compared with the beginning of the year.



## BORROWINGS



Note: Other financial liabilities include long-term and short-term bank loans and leases.

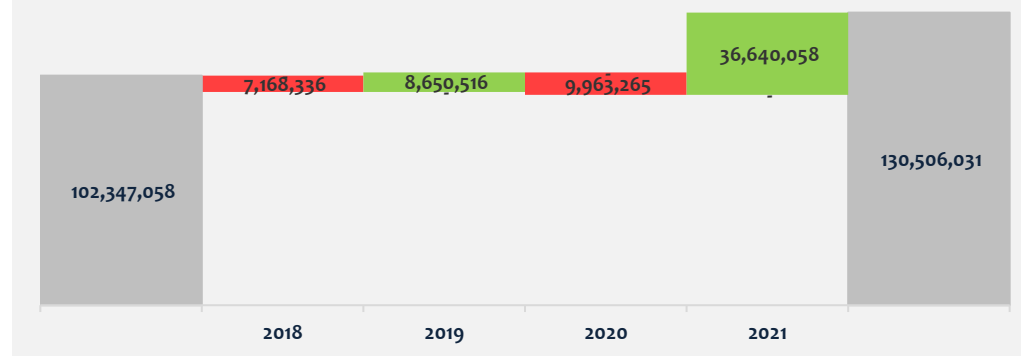
## BORROWINGS STRUCTURE

Company	2020	2021	2021 vs 2020
<b>Romcarbon, total, out of which:</b>	<b>43,697,700</b>	<b>50,877,784</b>	<b>7,180,084</b>
< 12 months	37,277,230	46,860,194	9,582,964
> 12 months	6,420,471	4,017,591	- 2,402,880
<b>LivingJumbo Industry, total, out of which:</b>	<b>26,161,432</b>	<b>20,111,839</b>	<b>- 6,049,593</b>
< 12 months	14,725,203	17,193,383	2,468,180
> 12 months	11,436,229	2,918,456	- 8,517,772
<b>Energoinstall, total, out of which:</b>	<b>855,393</b>	<b>4,269,102</b>	<b>3,413,710</b>
< 12 months	855,393	3,581,602	2,726,210
> 12 months	-	687,500	687,500
<b>Total borrowings, out of which:</b>	<b>70,714,525</b>	<b>75,258,726</b>	<b>4,544,201</b>
< 12 months	<b>52,857,826</b>	<b>67,635,179</b>	<b>14,777,353</b>
> 12 months	<b>17,856,699</b>	<b>7,623,547</b>	<b>- 10,233,153</b>

**CURRENT LIABILITIES**

**Current liabilities of the Group** have a weight in Total Liabilities of 80.15% and in Total Equity and Liabilities of 43.25% recording an increase of LEI 36,640,058, i.e. 39.03%, as compared with the beginning of the year.

Evolution of the item Total current liabilities in the period 2017-2021

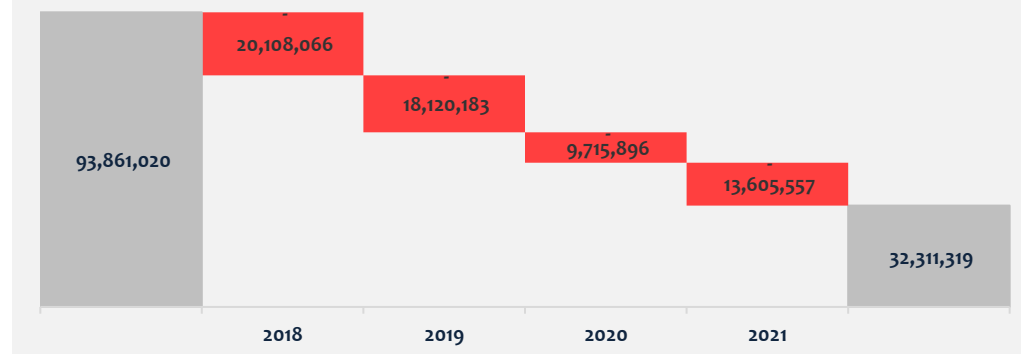


Current liabilities (lei)	31/12/2021	% in total liabilities	% in Total Current liabilities	% in Total Equity and liabilities	2021 vs. 2020
Trade and other current payables	55,224,664	33,92%	42,32%	18,30%	65,47%
Other current financial liabilities	67,635,179	41,54%	51,83%	22,42%	27,93%
Other current non-financial liabilities	7,646,187	4,70%	5,86%	2,53%	0,30%
<b>Total current liabilities</b>	<b>130,506,031</b>	<b>80,15%</b>	<b>100,00%</b>	<b>43,25%</b>	<b>39,03%</b>

**NON-CURRENT LIABILITIES**

**Non-current liabilities** have a weight in Total Equity and Liabilities of 10.71% recording a decrease of - LEI 13,605,557, i.e. -29.63%, as compared with the beginning of the year.

Evolution of the item Total non-current liabilities in the period 2017-2021

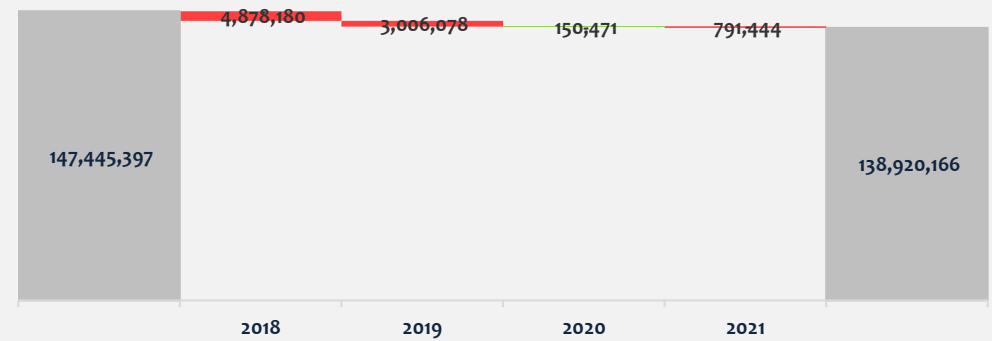


Non-current liabilities (lei)	31/12/2021	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	2021 vs 2020
Other non-current provisions	659,623	0.41%	2.04%	0.22%	47.88%
Deferred tax liabilities	8,012,574	4.92%	24.80%	2.66%	0.00%
Other non-current financial liabilities	7,623,547	4.68%	23.59%	2.53%	-57.31%
Other non-current non-financial liabilities	16,015,575	9.84%	49.57%	5.31%	-18.95%
<b>Total non-current liabilities</b>	<b>32,311,319</b>	<b>19.85%</b>	<b>100.00%</b>	<b>10.71%</b>	<b>-29.63%</b>

**EQUITY**

**The Equity** have a weight in Total Equity and Liabilities of 46.04% recording a decrease of LEI 791,444, i.e. - 0.57%, as compared with the beginning of the year.

Evolution of the item Total equity in the period 2017-2021



Equity (lei)	31/12/2021	2021 vs 2020
Issued capital	26,412,210	0.00%
Share premium	2,182,283	0.00%
Reserves	60,227,360	-1.22%
Retained earnings	49,182,732	-0.11%
<b>Equity attributable to equity holders of the parent</b>	<b>138,004,585</b>	<b>-0.57%</b>
Non-controlling interests	915,581	0.62%
<b>Equity (lei)</b>	<b>138,920,166</b>	<b>-0.57%</b>

## B.) STATEMENT OF THE COMPREHENSIVE INCOME

Indicator (lei)	12 Months of 2019	12 Months of 2020	12 Months of 2021		2021 vs.2020	
Revenue	245,771,899	256,049,673	338,977,704	▲	82,928,032	32%
Other Income	6,896,657	5,197,601	6,632,773	▲	1,435,171	28%
Increase (decrease) in inventories of finished goods and work in progress	6,250,936	(1,549,135)	4,710,209	▲	6,259,344	-404%
Raw materials and consumables used	(155,174,117)	(150,122,594)	(235,396,370)	▲	(85,273,776)	57%
Employee benefits expense	(67,408,983)	(70,282,433)	(73,746,328)	▲	(3,463,895)	5%
Depreciation and amortisation expenses	(16,301,394)	(15,272,031)	(14,897,799)	▼	374,232	-2%
Other expenses	(19,730,988)	(18,739,100)	(21,382,633)	▲	(2,643,532)	14%
Other gains (losses)	1,899,442	802,760	1,936,380	▲	1,133,620	141%
<b>Profit (loss) from operating activities</b>	<b>2,203,453</b>	<b>6,084,741</b>	<b>6,833,936</b>	▲	<b>749,195</b>	<b>12%</b>
Finance Income	6,312	89,608	85,170	▼	(4,438)	-5%
Finance costs	(4,484,520)	(3,426,116)	(3,054,857)	▼	371,259	-11%
Share of profit (loss) of associates and joint ventures accounted for using equity method	(68,054)	(2,564,549)	(1,144,985)	▼	1,419,564	-55%
<b>Profit / (loss) before tax</b>	<b>(2,342,808)</b>	<b>183,684</b>	<b>2,719,264</b>	▲	<b>2,535,579</b>	<b>1380%</b>
Tax income (expense)	(274,293)	(267,650)	(928,652)	▲	(661,002)	247%
<b>Profit (loss) of the year, attributable to</b>	<b>(2,617,101)</b>	<b>(83,966)</b>	<b>1,790,612</b>	▲	<b>1,874,578</b>	<b>n/a</b>
Equity holders of the parent	(2,585,653)	(86,818)	1,793,730	▲	1,880,548	-2166%
Minority interest	(31,448)	2,852	(3,118)	▲	(5,970)	-209%
<b>Profit (loss) from continuing operations</b>	<b>(2,617,101)</b>	<b>(83,966)</b>	<b>1,790,612</b>	▲	<b>1,874,578</b>	<b>n/a</b>
Differences from foreign operations	987	12,170	115	▼	(12,055)	-99%
Loss/gain from revaluation of fixed assets	760,000	-	-	—	-	-
Deffered profit tax allocated to the comprehensive income	74,009	289,186	21,017	▼	(268,169)	-93%
<b>Comprehensive income of the year, attributable to:</b>	<b>(1,782,105)</b>	<b>217,390</b>	<b>1,811,744</b>	▲	<b>1,594,354</b>	<b>733%</b>
Equity holders of the parent	(1,750,657)	214,538	1,814,862	▲	1,600,324	746%
Minority interest	(31,448)	2,852	(3,118)	▲	(5,970)	-209%

Indicator	12 Months of 2019	12 Months of 2020	12 Months of 2021		2021 vs.2020	
EBITDA OPERATIONAL	12,530,438	17,752,992	16,824,811	▼	(928,180)	-5%

Indicator	12 Months of 2019	12 Months of 2020	12 Months of 2021
Average no. of employees	1,569	1,470	1,440

## From EBITDA OPERATIONAL to Net profit

Indicator	12 Months of 2019	12 Months of 2020	12 Months of 2021		2021 vs 2020	
<b>EBITDA OPERATIONAL</b>	<b>12,530,438</b>	<b>17,752,992</b>	<b>16,824,811</b>	▼	(928,180)	-5%
Fixed assets depreciation	(16,301,394)	(15,272,031)	(14,897,799)	▼	374,232	-2%
Revenues from subsidy from Government for investments	3,961,116	3,781,951	3,745,692	▼	(36,260)	-1%
Interest expenses	(2,099,673)	(1,789,198)	(1,657,222)	▼	131,976	-7%
Gain/loss from sales of assets	(124,272)	85,857	(85,226)	▼	(171,083)	-199%

Indicator	12 Months of 2019	12 Months of 2020	12 Months of 2021		2021 vs 2020	
Gain/loss from revaluating the investment properties	(429,524)	(278,663)	1,377,918	▲	1,656,581	-594%
Other non-operational items(provisions,penalties, donations)	(242,143)	(303,722)	(483,115)	▲	(179,393)	59%
Forex gain/loss	(1,760,637)	(1,309,826)	(1,037,861)	▼	271,966	-21%
Share of profit / loss of associates (Romgreen)	(68,054)	(2,564,549)	(1,144,985)	▼	1,419,564	-55%
Other gain/loss from Financial	2,191,334	80,873	77,293	▼	(3,579)	-4%
Tax on profit	(274,293)	(267,650)	(928,652)	▲	(661,002)	247%
<b>NET PROFIT</b>	<b>(2,617,101)</b>	<b>(83,966)</b>	<b>1,790,612</b>	<b>▲</b>	<b>1,874,577</b>	<b>n/a</b>

### C.)REVENUES (NET SALES)

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

Company	12 Months of 2019	% in total	12 Months of 2020	% in total	12 Months of 2021	% in total	2021 vs.2020
Romcarbon SA	183,857,280	65%	181,146,472	60%	264,737,647	65%	46.15%
LivingJumbo Industry SA	90,780,619	32%	110,666,945	37%	133,415,290	33%	20.56%
RC Energo Install SRL	7,034,188	2%	6,867,397	2%	9,369,318	2%	36.43%
Info Tech Solutions SRL	976,928	0%	936,533	0%	1,071,637	0%	14.43%
<b>Total, out of which:</b>	<b>282,649,015</b>	<b>100%</b>	<b>299,617,347</b>	<b>100%</b>	<b>408,593,893</b>	<b>100%</b>	<b>36.37%</b>
Within the Group	36,877,116	13%	43,567,674	15%	69,616,189	17%	59.79%
<b>Outside of the Group</b>	<b>245,771,899</b>	<b>87%</b>	<b>256,049,673</b>	<b>85%</b>	<b>338,977,704</b>	<b>83%</b>	<b>32.39%</b>

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

Revenues (Net sales)	12 Months of 2019	% in total	12 Months of 2020	% in total	12 Months of 2021	% in total	2021 vs 2020%
Sales of finished goods (701+709)	213,203,576	87%	221,265,575	86%	276,755,901	82%	25.08%
Sales of intermediary goods	11,993,519	5%	12,402,732	5%	14,703,881	4%	18.55%
Sales of residual products	325,903	0%	329,150	0%	643,853	0%	95.61%
Services rendered	2,787,453	1%	3,958,649	2%	3,514,731	1%	-11.21%
Sales of goods purchased for resale	16,873,305	7%	17,605,357	7%	43,132,592	13%	145.00%
Revenues from sundry activities	588,144	0%	488,210	0%	226,746	0%	-53.56%
<b>Total</b>	<b>245,771,899</b>	<b>100%</b>	<b>256,049,673</b>	<b>100%</b>	<b>338,977,704</b>	<b>100%</b>	<b>32.39%</b>

### D.)CASH-FLOW

	2019	2020	2021
Net cash generated by operating activities	(5,748,141)	19,968,923	(1,778,786)
Net cash (used in)/generated by investing activities	12,619,819	4,101,582	(2,175,748)
Net cash (used in)/generated in financing activities	(6,922,049)	(13,215,043)	846,795
<b>Net increase in cash and cash equivalents</b>	<b>(50,372)</b>	<b>10,855,462</b>	<b>(3,107,739)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,899,542</b>	<b>9,849,170</b>	<b>20,704,632</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	0	0	0
Cash from subsidiaries acquired during the year	0	0	0
<b>Cash and cash equivalents at the end of the year</b>	<b>9,849,170</b>	<b>20,704,632</b>	<b>17,596,893</b>

**E.) FINANCIAL RATIOS**

Indicator	Formula	12 Months of 2019	12 Months of 2020	12 Months of 2021
EBIT	Gross profit + Expenses with interests	(243,135)	1,972,882	4,376,487
EBITDA	EBIT + Depreciation-Subsidies for investment	12,097,143	13,462,962	15,528,594
Sales	Revenue + Rental and royalty income	248,707,440	257,465,323	341,864,785
EBITDA to sales ratio	EBITDA/Sales	4.86%	5.23%	4.54%
EBITDA to Equity ratio	EBITDA/Equity	8.67%	9.64%	11.18%
Gross profit margin	Gross profit/Sales	-0.94%	0.07%	0.80%
Current ratio	Current assets/Current liabilities	0.97	1.04	1.03
Quick ratio	(Current assets-Inventories)/Current liabilities	0.53	0.62	0.61
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	40%	33%	23%
Total liabilities to Assets ratio	Total liabilities/Total Assets	53%	50%	54%
Interest coverage ratio	EBIT/Interest expenses	(0.12)	1.10	2.64
Account receivable turnover ratio	Average receivables/Sales (days)	46	49	47
Account payable turnover ratio	Average payables/Sales (days)	50	48	47
Return on assets (ROA)	Net profit/Assets	-0.8752%	-0.0300%	0.5934%
Return on equity (ROE)	Net profit/Equity	-1.8752%	-0.0601%	1.2890%
Return on sales (ROS)	Net profit/Sales	-1.0523%	-0.0326%	0.5238%

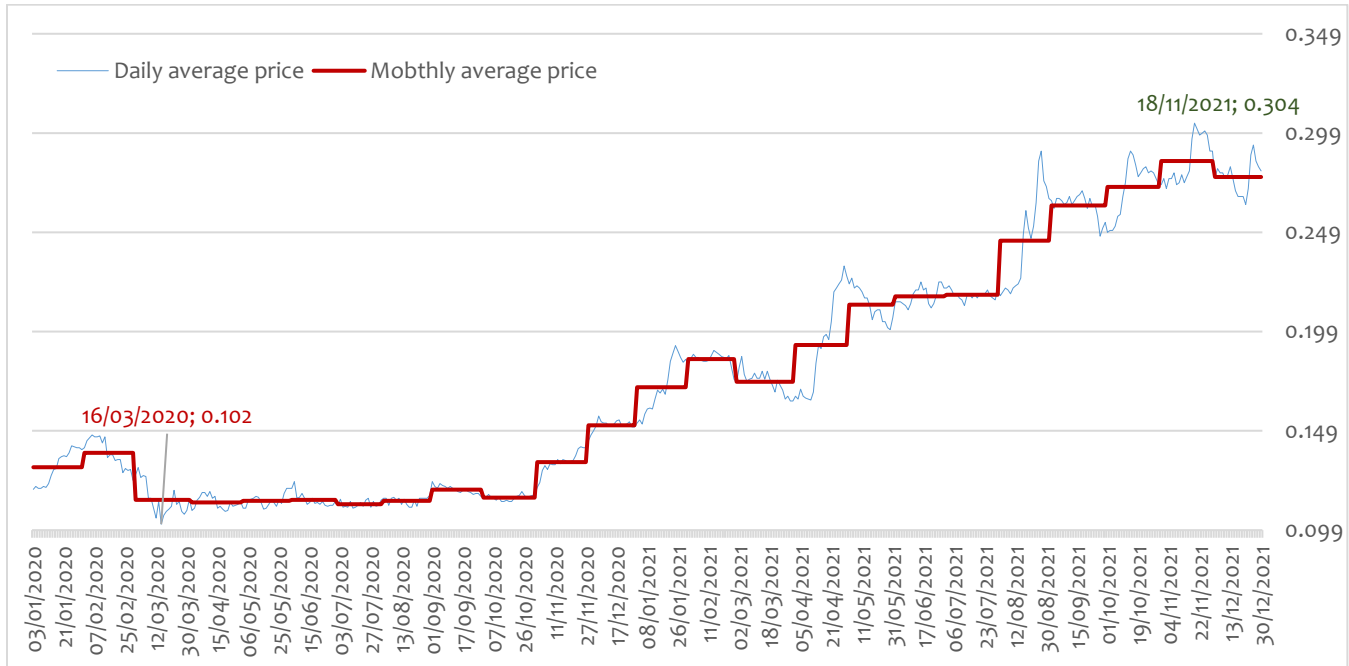
**SHAREHOLDERS STRUCTURE**

As at 31.12.2021 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.	86,774,508	32.85%
JOYFUL RIVER LIMITED	54,195,089	20.52%
TODERITA STEFAN ALEXANDRU	30,600,000	11.59%
Other individuals	80,939,317	30.64%
Other legal entities	11,613,182	4.40%
<b>Total</b>	<b>264,122,096</b>	<b>100.00%</b>



Evolution of the price of Romcarbon SA shares in 2021.



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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:

- a) The division of the administration of assets to avoid the risk of theft;
- b) The division of the authorization of the operations of assets administration;
- c) 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:

- d) achievement of the objectives of the organization
- e) preservation of the assets of the organization
- f) 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:

- g) compliance of the accounting and financial information with the applicable rules;
- h) application of the management instructions according to this information;
- i) protection of the assets;
- j) prevention and detection of accounting and financial frauds and irregularities;
- k) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- l) 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, no risks are identified that would significantly affect the revenues from the core business. As of February 2022, global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, with global energy prices expected to be highly volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management considers that it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate.

## **NON-FINANCIAL DECLARATION**

At the date of these financial statements, the Group has not prepared the non-financial declaration. For the year 2021, the Group will issue until **30.06.2022** its first sustainability report prepared in accordance with GRI standards.

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 28, 2022.

### **PREPARED BY,**

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