

**ROMCARBON S.A. AND SUBSIDIARIES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022	Year ended December 31, 2021
		RON	RON
Revenue	3	381,985,677	341,319,435
Other income	4	4,287,141	4,291,042
Increase (decrease) in inventories of finished goods and work in progress		11,496,807	4,710,209
Raw materials and consumables used	5	(263,732,961)	(235,396,370)
Employee benefits expense	6	(78,261,063)	(73,746,328)
Depreciation and amortisation expenses	7	(14,538,409)	(14,897,799)
Other expenses	8	(30,646,145)	(21,382,633)
Other gains (losses)	9	2,276,748	1,936,380
<b>Profit (loss) from operating activities</b>		<b>12,867,795</b>	<b>6,833,936</b>
Finance income	10	290,047	85,170
Finance costs	11	(2,894,705)	(3,054,857)
Net gain/(loss) on disposal of financial investments		44,525,895	0
Share of profit (loss) of associates and joint ventures accounted for using equity method		2,402,565	(1,144,985)
<b>Profit (loss) before tax</b>		<b>57,191,597</b>	<b>2,719,264</b>
Tax income (expense)	12	(1,066,842)	(928,652)
<b>Profit (loss) from continuing operations</b>		<b>56,124,755</b>	<b>1,790,612</b>
Profit (loss) from discontinued operations		0	0
<b>Profit (loss) for the year</b>		<b>56,124,755</b>	<b>1,790,612</b>
Attributable to:			
Equity holders of the parent		<b>56,119,419</b>	<b>1,793,730</b>
Non controlling interests		5,336	(3,118)

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, 2022	Year ended December 31, 2021
		RON	RON
<b>Profit (loss)</b>		<b>56,124,755</b>	<b>1,790,612</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		745,264	0
<b>Total OCI that will not be reclassified to profit or loss, before tax</b>		<b>745,264</b>	<b>0</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		0	115
<b>Total OCI that will be reclassified to profit or loss, before tax</b>		<b>0</b>	<b>115</b>
Total other comprehensive income, before tax		<b>745,264</b>	<b>115</b>
Income tax relating to changes in revaluation surplus included in other comprehensive income	12	273,332	21,017
<b>Total other comprehensive income</b>		<b>1,018,596</b>	<b>21,132</b>
<b>Total comprehensive income</b>		<b>57,143,351</b>	<b>1,811,744</b>
Comprehensive income attributable to			
<b>Comprehensive income, attributable to owners of parent</b>		57,138,015	1,814,862
<b>Comprehensive income, attributable to non-controlling interests</b>		5,336	(3,118)

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 27, 2023.

**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

ROMCARBON SA

	Not e	December 31, 2022 RON	December 31, 2021 RON
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	123,886,765	132,497,914
Investment property	14	9,883,738	10,894,586
Goodwill	15	143,461	143,461
Intangible assets other than goodwill	16	329,100	298,466
Investments accounted for using equity method	17	0	23,324,617
Investments in subsidiaries, joint ventures and associates		297,974	196,974
Other financial non-current assets		1,898	0
<b>Total non-current assets</b>		<b>134,542,936</b>	<b>167,356,018</b>
<b>Current assets</b>			
Current inventories	18	65,899,751	54,803,659
Trade and other current receivables	19	60,979,526	53,054,234
Other current financial assets	20	263,414	617,902
Other current non-financial assets	21	4,796,687	4,621,551
Cash and cash equivalents	22	73,869,061	17,596,893
<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>205,808,439</b>	<b>130,694,239</b>
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	23	3,760,155	3,760,155
<b>Total current assets</b>		<b>209,568,594</b>	<b>134,454,394</b>
<b>TOTAL ASSETS</b>		<b>344,111,530</b>	<b>301,810,412</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	24	26,412,210	26,412,210
Retained earnings	25	77,247,165	49,182,732
Share premium		2,182,283	2,182,283
Other reserves	26	62,917,677	60,227,360
<b>Total equity attributable to owners of parent</b>		<b>168,759,335</b>	<b>138,004,585</b>
Non-controlling interests	27	920,916	915,581
<b>Total equity</b>		<b>169,680,251</b>	<b>138,920,166</b>
<b>Non-current liabilities</b>			
Other non-current provisions		1,429,017	659,623
<b>Total non-current provisions</b>		<b>1,429,017</b>	<b>659,623</b>
Deferred tax liabilities		7,780,659	8,012,574
Other non-current financial liabilities	28	4,044,764	7,623,547
Other non-current non-financial liabilities	30	13,384,594	16,015,575
<b>Total non-current liabilities</b>		<b>26,639,034</b>	<b>32,311,319</b>
<b>Current liabilities</b>			
Trade and other current payables	29	63,161,506	55,224,665
Other current financial liabilities	28	74,737,029	67,635,179
Other current non-financial liabilities	30	9,893,710	7,719,083
<b>Total current liabilities other than liabilities included in disposal groups classified as held for sale</b>		<b>147,792,245</b>	<b>130,578,927</b>
Liabilities included in disposal groups classified as held for sale		0	0
<b>Total current liabilities</b>		<b>147,792,245</b>	<b>130,578,927</b>
<b>Total liabilities</b>		<b>174,431,279</b>	<b>162,890,246</b>
<b>Total equity and liabilities</b>		<b>344,111,530</b>	<b>301,810,412</b>

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

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2022	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>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>
Profit (loss)	0	0	0	0	0	56,119,419	56,119,419	5,336	56,124,755
Other comprehensive income	0	0	1,018,596	0	0	0	1,018,596	0	1,018,596
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,018,596</b>	<b>0</b>	<b>0</b>	<b>56,119,419</b>	<b>57,138,015</b>	<b>5,336</b>	<b>57,143,351</b>
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	(26,412,210)	(26,412,210)	0	(26,412,210)
Increase (decrease) through other changes, equity	0	0	(470,016)	2,141,737	0	(1,642,776)	28,945	(1)	28,944
<b>Equity at end of period</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>39,201,199</b>	<b>24,778,341</b>	<b>(1,061,863)</b>	<b>77,247,165</b>	<b>168,759,335</b>	<b>920,916</b>	<b>169,680,251</b>

The resolution of the General Meeting of Shareholders of 08.06.2022 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.

The resolution of the General Meeting of Shareholders of 22.11.2022 approved the dividend allocation in amount of Lei 23,770,989. In December 2022 the amount of Lei 7,775,757 was transferred to the Central Depository to partial pay dividends owed to shareholders. The remaining amount was transferred to the Central Depository at the beginning of January 2023.

In 2022 the dividend per share was in amount of 0.10 lei/share (2021: 0.01 lei /share).

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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)	0	0	0	0	0	1,793,730	1,793,730	(3,118)	1,790,612
Other comprehensive income	0	0	21,017	0	115	0	21,132	0	21,132
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>21,017</b>	<b>0</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	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	(2,641,221)	(2,641,221)	0	(2,641,221)
Increase (decrease) through other changes, equity	0	0	(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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	31-dec-22	31-dec-21
<b>Cash flows from (used in) operating activities</b>		
<b>Profit (loss)</b>	<b>56,124,755</b>	<b>1,790,612</b>
<b>Adjustments to reconcile profit (loss)</b>		
Adjustments for income tax expense	1,066,842	928,652
Finance expenses recognized in profit	2,810,679	2,009,061
(Gain) / Loss on sale or disposal of fixed assets	(915,742)	3,462
(Gain) / Loss on sale or disposal of investment property	(1,191,307)	(411,233)
(Gain) / Loss on sale or disposal of financial investments	(44,525,895)	0
Production of the immobilization	(1,880,995)	(1,207,153)
Interest income	(218,712)	(85,170)
Loss on impairment of stocks	96,975	280,404
Loss on impairment of trade receivables	54,270	80,859
Amortization / Depreciation of non-current assets	14,538,409	14,897,799
Net (gain) / loss on foreign exchange	(71,335)	1,037,861
(Gain) / Loss on revaluation of fixed assets	1,370,104	0
(Gain) / Loss on revaluation of investment property	(170,996)	(1,377,918)
(Gain) / Loss on share of profit of associates	(2,402,565)	1,144,985
Increase / Decrease in provisions	769,394	213,585
Increases /(decreases) in subsidies	(3,692,905)	(3,745,692)
<b>Movement in working capital</b>		
(Increase) / Decrease in trade and other receivables	(8,802,444)	(16,895,040)
(Increase) / Decrease in inventories	(11,193,067)	(15,816,276)
(Increase) / Decrease in other assets	177,455	(3,722,015)
Increase / (Decrease) in trade and other payables	7,936,850	21,849,670
Increase / (Decrease) in other payables	(12,762,862)	27,434
<b>Total adjustments to reconcile profit (loss)</b>	<b>(59,007,847)</b>	<b>(786,725)</b>
Interest paid	(2,364,092)	(1,657,222)
Income taxes refund (paid)	(1,044,691)	(773,611)
Bank commissions paid	(446,587)	(351,839)
<b>Net cash flows from (used in) operating activities</b>	<b>(6,738,462)</b>	<b>(1,778,785)</b>
<b>Cash flows from (used in) investing activities</b>		
Payments for property, plant and equipment	(4,346,068)	(2,328,207)
Payments for assets held for sale	0	(3,164,051)
Payments for intangible assets	(154,390)	(124,275)
Proceeds from disposal of property, plant and equipment	915,736	492,998
Proceeds from subsidies	912,179	0
Proceeds from selling the financial investments	70,253,078	0
Proceeds from sale of investment property	2,373,151	2,862,616
Interest received	218,702	85,170
<b>Net cash flows from (used in) investing activities</b>	<b>70,172,388</b>	<b>(2,175,749)</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from borrowing	14,609,909	16,482,163
Repayment of borrowing	(11,104,805)	(12,984,408)
Lease payments	0	(9,739)
Dividends paid	(10,666,862)	(2,641,221)
<b>Net cash flows from (used in) financing activities</b>	<b>(7,161,758)</b>	<b>846,795</b>
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>56,272,168</b>	<b>(3,107,739)</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>56,272,168</b>	<b>(3,107,739)</b>
Cash and cash equivalents at beginning of period	<b>17,596,893</b>	<b>20,704,632</b>
Cash and cash equivalents at end of period	<b>73,869,061</b>	<b>17,596,893</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, 2022 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, 2022 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.

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

**1. GENERAL INFORMATION (continued)**

Name	Field of business	Place of business	Interest held	31-dec-22	31-dec-21
				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
Asociatia "Viitorul in cepe azi"		Buzau	14.29%	1,000	

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## 1. GENERAL INFORMATION (continued)

### Indirect holdings through Recyplat LTD

Name	Field of business	Place of business	Interest held
ROMGREEN UNIVERSAL LTD <sup>1)</sup>	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	17.59%
GREENTECH SA <sup>2)</sup>	Recovery of sorted materials (NACE code 3832)	Buzau	17.59%
GREENFIBER INTERNATIONAL SA <sup>2)</sup>	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%
CIRCULAR VENTURES SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	17.59%
SENEX SIGAD S.R.L.	Custom software creation activities (customer-oriented software)) (NACE CODE 6201)	Bucuresti	12.35%

<sup>1)</sup> On 30 December 2022 Recyplat LTD sold the stake of 17.59% held in Romgreen Universal LTD (Green-Group), for the price of EUR 14,200,000. Cost of Recyplat investment in Romgreen Universal LTD was at the date of sale EUR 4,631,525.

<sup>2)</sup> In December 2022, the merger process between GREENFIBER INTERNATIONAL SA, the absorbing company, and GREENTECH SA, the absorbed company was completed. The new entity operates under the name of GREENTECH SA.

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

## 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, 2022 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

### Going concern

These financial statements have been prepared under the going concern basis, which implies that the Group will continue its activity also in the foreseeable future.

To assess the applicability of this presumption, management reviews forecasts of future cash inflows. On December 31, 2022, the Group's current assets exceed current liabilities by 61,776,349 RON. In 2022, the Group recorded a profit of 56,124,755 RON (2021: 1,790,612 RON) and a cash flows of 56,272,168 RON (2021: -3,107,739 RON).

Based on the budgets of the companies in the Group proposed for the year 2023 and the positive growth trend recorded in recent years, the management believes that the Group will be able to continue its activity in the foreseeable future and, therefore, the application of the principle of going concern in the preparation of financial statements is justified .

### 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)

### Information on the initial application of new regulations

IAS 8.28: When the initial application of an IFRS standard has an effect on the current period or any other prior period, it would have such an effect except that it is impossible to determine the amount of the adjustment, or it could have an effect on future periods, the entity must present:

- (a) the title of the IFRS standard;
- (b) where applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- (c) the nature of the accounting policy change;
- (d) where applicable, a description of the transitional provisions;
- (e) where appropriate, transitional provisions that could have an effect on future periods;
- (f) for the current period and for each prior period presented, to the extent possible, the amount of the adjustment:
  - (i) for each affected line element of the financial statement; and
  - (ii) if IAS 33 Earnings per share applies to the entity, for basic and diluted earnings per share;
- (g) the amount of the adjustment relating to periods prior to those presented, to the extent possible; and
- (h) if the retroactive application required by paragraph 19 letter (a) or (b) is impossible for a particular earlier period, or for periods earlier than those shown, the circumstances which led to the existence of that condition and a description of how and a the moment from which the change in accounting policy was applied.

### Initial application of new amendments to existing standards in force for the current reporting period

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

- Amendments to IAS 16 "Property, plant and equipment" - Receipts before expected use adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022),
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts – Cost of contract execution adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022),
- Amendments to IFRS 3 "Business Combinations" – Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022),
- Amendments to various standards due to "IFRS Improvements (2018-2020 cycle)" resulting from the annual project to improve IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main aim of removing inconsistencies and clarifying certain wordings – adopted by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so it is not mentioned an effective date).

The adoption of these amendments to the existing standards did not lead to significant changes in the Group's financial statements.

### Information on issued standards that will come into force at a later date, which are not applied by the Group in its financial statements

IAS 8.30: When an entity has not applied a new standard that has been issued but is not yet in force, the entity shall disclose:

- (c) this fact; and
  - (d) information known or that can be reasonably estimated relevant to the assessment of the possible impact that the application of the new standard will have on the entity's financial statements during the period of initial application.
- IAS 8.31: In accordance with paragraph 30, an entity considers presenting:
- (f) the title of the new IFRS standard;
  - (g) the nature of the change or imminent changes in accounting policy;
  - (h) the date until which the application of the standard is foreseen;
  - (i) the date on which the entity plans to apply the IFRS standard for the first time; and
  - (j) either:
    - (iii) a discussion of the impact that the initial application of the standard is expected to have on the entity's financial statements; or
    - (iv) if that impact is not known or cannot reasonably be estimated, a statement to that effect.



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

## 2. MAIN ACCOUNTING POLICY (continued)

### Information on issued standards that will come into force at a later date, which are not applied by the Group in its financial statements (continued)

#### Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the date of approval of these financial statements, the following amendments to existing standards have been issued by the IASB and adopted by the EU, but are not yet in force:

- **IFRS 17 "Insurance contracts"** including amendments to IFRS 17 issued by the IASB on June 25, 2020 - adopted by the EU on November 19, 2021 (applicable for annual periods beginning on or after January 1, 2023),
- **Amendments to IFRS 17 "Insurance contracts"** – Initial application of IFRS 17 and IFRS 9 – Comparative information, adopted by the EU on 8 September 2022 (applicable for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of financial statements"** - Presentation of accounting policies adopted by the EU on March 2, 2022 (applicable for annual periods beginning on or after January 1, 2023),
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"** – Definition of accounting estimates adopted by the EU on March 2, 2022 (applicable for annual periods beginning on or after January 1, 2023).
- **Amendments to IAS 12 "Income tax"** – Deferred tax related to receivables and payables arising from a single transaction adopted by the EU on 11 August 2022 (applicable for annual periods beginning on or after 1 January 2023).

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

Currently, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations, which have not been approved for use in EU on 31.12.2022 (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- **Amendments to IAS 1 "Presentation of financial statements"** – Classification of liabilities into short-term liabilities and long-term liabilities (applicable for annual periods beginning on or after January 1, 2023),
- **Amendments to IFRS 16 "Leases"** – Lease liabilities in a sale and leaseback transaction (applicable for annual periods beginning on or after 1 January 2024),
- **IFRS 14 "Deferral accounts related to regulated activities"** (applicable for annual periods beginning on or after January 1, 2016) – The European Commission decided not to issue the approval process for this interim standard and wait for the final standard,
- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associated entities and joint ventures"** - Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (effective date has been postponed indefinitely, until the research project on the equivalence method is completed).

The Group anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Group's financial statements during 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 use of hedge accounting for a portfolio of financial assets and liabilities according to IAS 39: "Financial instruments: recognition and measurement" would not significantly affect the financial statements, if applied at the balance sheet date.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Information on issued standards that will come into force at a later date, which are not applied by the Group in its financial statements (continued)

#### Additional information on specific standards, amendments to existing standards and interpretations that may be used when appropriate:

- **IFRS 14 "Deferral accounts related to regulated activities"** issued by the IASB on January 30, 2014. This standard aims to allow entities that adopt IFRS for the first time, and which currently recognize deferred accounts related to regulated activities according to generally accepted accounting policies previous, to continue to do so upon transition to IFRS.
- **IFRS 17 "Insurance contracts"** issued by the IASB on 18 May 2017. The new standard states that insurance obligations must be valued at a current realizable value and provides a more uniform valuation and presentation approach for all insurance contracts. These requirements are intended to achieve consistent, principles-based accounting of insurance contracts. IFRS 17 prevails over IFRS 4 "Insurance contracts" and related interpretations when applied. The amendments to IFRS 17 Insurance Contracts issued by the IASB on 25 June 2020 postpone the date of initial application of IFRS 17 by two years for annual periods beginning on or after 1 January 2023. In addition, the amendments issued on 25 June 2020 introduce simplifications and clarifications to certain requirements in the standard and provide additional facilities to the initial application of IFRS 17.
- **Amendments to IFRS 3 "Business Combinations"** – References to the Conceptual Framework with amendments to IFRS 3, issued by the IASB on 14 May 2020. The amendments: (a) update IFRS 3 to refer to the 2018 Conceptual Framework instead of The 1989 framework; (b) adds an additional requirement to IFRS 3 that, for transactions and other events that are subject to IAS 37 or IFRIC 21, an acquirer shall apply IAS 37 or IFRIC 21 (and not the Conceptual Framework) to identify the liabilities it - assumed in a business combination; and (c) add an explicit statement to IFRS 3 that an acquirer shall not recognize contingent assets acquired in a business combination.
- **Amendments to IFRS 4 "Insurance contracts"** – Extension of the temporary exemption from the application of IFRS 9, issued by the IASB on 25 June 2020. The amendments change the fixed expiry date of the temporary exemption from IFRS 4 Insurance contracts from the application of IFRS 9 Financial instruments , so that entities 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 "Leasing contracts"** – Reform of the index interest rate benchmark – Phase Two, issued by the IASB on 27 August 2020. The changes relate to changes to financial assets, financial liabilities and lease liabilities, certain hedge accounting requirements and disclosure requirements applying IFRS 7 to accompany the amendments on changes and hedge accounting:
  - a) Changes in financial assets, financial liabilities and lease liabilities** - the IASB introduces a practical advantage for the changes that the reform implies (changes that come as a direct consequence of the IBOR reform and operated on an economically equivalent basis). These changes are accounted for by updating the effective interest rate. All other changes are accounting applying the current requirements of IFRS. A similar practical advantage is proposed for lessee accounting applying IFRS 16.
  - b) Hedge accounting requirements** – according to the amendments, hedge accounting is not discontinued only as a result of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect changes to the hedged item, hedging instrument and hedged risk. Modified hedging relationships must meet all qualifying criteria for the application of hedge accounting, including efficiency requirements.
  - c) Disclosures** – for users to understand the nature and scope of the risks arising from the IBOR reform to which the entity is exposed, how the entity manages such risks, the entity's progress in moving from IBOR indices to other reference rates, such as and how the entity manages this transition, the amendments provide that the entity must disclose information on:
    - how the transition from benchmarks based on interest rates to other benchmarks is managed, the progress made at the reporting date and the risks arising from the transition;
    - the quantitative information on non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to use interest rate benchmarks subject to reform, broken down by significant interest rate benchmarks;
    - to the extent that the IBOR reform has determined changes in the risk management strategy implemented by the entity, a description of these changes and how the entity manages these risks.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Information on issued standards that will come into force at a later date, which are not applied by the Group in its financial statements (continued)

#### Additional information on specific standards, amendments to existing standards and interpretations that may be used when appropriate: (continued)

**d) The IASB also amended IFRS 4** in the sense that insurers applying the temporary exemption from IFRS 9 should apply the amendments in accounting for the changes directly imposed by the IBOR reform.

- **Amendments to IFRS 10 "Consolidated financial statements"** and IAS 28 "Investments in associates and joint ventures" - Sale of or contribution of assets between an investor and its associates or joint ventures, issued by the IASB on September 11, 2014 (on 17 December 2015, the IASB postponed the effective date indefinitely). The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognized when the assets sold or contributed represent an enterprise.
- **Amendments to IFRS 16 "Leases"** – Rent concessions as a result of Covid-19, issued by the IASB on 28 May 2020. The amendments exempt lessees from considering each lease when determining whether rent concessions that arise as a direct effect of the covid-19 pandemic constitute lease modifications and allow lessees to account for such rent concessions as if they did not constitute lease modifications. Applies to covid-19 rent concessions that reduce lease payments due on or before June 30, 2021.
- **Amendments to IFRS 16 "Leases"** - Rent concessions as a result of Covid-19 after 30 June 2021 issued by the IASB on 31 March 2021. The amendments extend by one year the period of application of the practical advantage in IFRS 16. The relief was extended by one year to cover rent concessions that only reduce lease payments due on or before June 30, 2022.
- **Amendments to IFRS 17 "Insurance contracts"** – Initial application of IFRS 17 and IFRS 9 – Comparative information issued by the IASB on 9 December 2021. It is a narrow-scope amendment to the transitional requirements of IFRS 17 for entities applying for the first time IFRS 17 and IFRS 9 simultaneously.
- **Amendments to IAS 1 "Presentation of financial statements"** - Classification of liabilities into short-term liabilities and long-term liabilities, issued by the IASB on January 23, 2020. The amendments provide a more general approach to the classification of liabilities provided by IAS 1 starting from contractual agreements existing at the reporting date. The amendments to IAS 1 issued by the IASB on 15 July 2020 postpone the effective date by one year for annual periods beginning on or after 1 January 2023.
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Presentation of Accounting Policies issued by the IASB on 12 February 2021. The amendments require entities to present their significant accounting policies rather than significant accounting policies and provide guidance and examples to assist preparers of financial statements to decide which accounting policies to present in the financial statements.
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"** – Definition of accounting estimates issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on the distinction between accounting policies and accounting estimates.
- **Amendments to IAS 12 "Income tax" - Deferred tax related to receivables and payables arising from a single transaction issued by the IASB on 6 May 2021.** According to the amendments, the exemption from initial recognition does not apply to transactions where temporary differences arise both deductible as well as taxable on initial recognition, resulting in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 16 "Property, plant and equipment"** - Receipts before expected use, issued by the IASB on 14 May 2020. The amendments prohibit the deduction from the cost of an item of property, plant and equipment of any proceeds obtained from the sale of items produced during the bringing of the respective asset to the place and in the condition necessary to be able to operate as planned by management. Instead, the entity recognizes the proceeds from the sale of these items, and the cost of producing these items in the profit and loss account.
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Contract Execution, issued by the IASB on May 14, 2020. According to the amendments, the "cost of execution" of a contract includes "costs directly related to the contract". The costs directly related to the contract can be either incremental costs of contract execution, or an allocation of other costs directly related to the execution of contracts.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Information on issued standards that will come into force at a later date, which are not applied by the Group in its financial statements (continued)

#### Additional information on specific standards, amendments to existing standards and interpretations that may be used when appropriate: (continued)

- **Amendments to various standards due to "IFRS Improvements (2018-2020 cycle)"** issued by the IASB on 14 May 2020. Amendments to various standards resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of eliminating inconsistencies and clarifying certain wordings. The amendments: (a) clarify that the subsidiary applying paragraph D16(a) of IFRS 1 can cumulatively assess exchange differences using the amounts reported by the parent, depending on the date of transition of the parent to IFRS (IFRS 1); (b) clarifies the fees that an entity includes when applying the "10 per cent" test in paragraph B3.3.6 of IFRS 9 to assess whether it should derecognize a financial liability. An entity includes only fees paid or received between the entity (borrower) and the lender, including fees paid or received by either the entity or the lender on behalf of the other (IFRS 9); (c) removes from the example the presentation of the lessor's reimbursement of leasehold improvements to resolve any possible confusion about the treatment of lease incentives that might arise because of the way in which lease incentives are presented in that example (the example illustrative 13 attached to IFRS 16); and (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude cash flows with taxation when measuring the fair value of a biological asset using a present value technique (IAS 41).

### 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 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.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Revenue recognition (continued)

#### Revenues from services delivered

Revenues from services delivered are recognized if they can be reliably measured.

The revenue associated with the transaction must be recognized according to the stage of execution of the transaction at the balance sheet date. The outcome of a transaction can be reliably estimated when all of the following conditions are met:

- a. the amount of revenue can be reliably assessed;
- b. it is likely that the economic benefits associated with the transaction will be generated for the Company;
- c. the stage of completion of the transaction at the end of the reporting period can be reliably assessed; and
- d. the costs incurred for the transaction and the costs of completing the transaction can be reliably measured.

When the outcome of a transaction involving the revenues from services delivered cannot be reliably estimated, revenue should be recognized only to the extent of recognized recoverable expenses.

#### 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.

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
➤	December 31 2022:	4.6346 LEI/USD	and	4.9474 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.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### 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.

#### Provisions for taxes

As at December 31, 2022 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

#### Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates estimated to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) in force or

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Taxation (continued)

substantially enacted by the date of the balance sheet. The measurement of deferred tax assets and liabilities reflects the tax consequences of how the Group estimates, at the reporting date, that it will recover or settle the book value of its assets and liabilities.

### Current and deferred tax for the period

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

### Property, plant and equipment

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

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

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

### The buildings' depreciation is charged to the income statement.

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

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

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

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:

	Years
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:

Years

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) 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:

1. Level 1 inputs – quoted prices (not adjusted) on active markets for identical assets or liabilities, to which the Company has access at the measurement date
2. Level 2 inputs – inputs other than the quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly
3. Level 3 inputs– inputs for assets or liabilities that are not based on observable inputs

(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 entered into force on January 1, 2018 and which uses for the classification of financial assets, the business model of the entity and the cash flow characteristics of the financial asset according to the contract.

#### Classification of the financial assets

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

1. financial asset valued at amortized cost if both conditions below are met:
  - the financial asset is held within a business model whose objective is to hold the financial assets to collect contractual cash flows and
  - the contractual terms of the financial asset generate, on certain dates, cash flows that are exclusively payments of the principal and the interest related to the principal owed.
2. financial asset valued at fair value through other elements of the overall result if both conditions below are met
  - the financial asset is held within a business model whose objective is fulfilled both by collecting the contractual treasury flows and by selling the financial assets and
  - the contractual terms of the financial asset generate, on certain dates, cash flows that are exclusively payments of the principal and the interest related to the principal owed
3. financial asset valued at fair value through profit or loss, unless it is valued at amortized cost in accordance with point 1 or at fair value through other elements of the comprehensive result in accordance with point 2.

With the exception of trade receivables that fall under the scope of IFRS 15, a financial asset or a financial liability is initially evaluated at fair value, and in the case of a financial asset or a financial liability that is not at fair value through profit or loss, it is added or decrease the costs of the transaction that are directly attributable to the purchase or issue of the financial asset or financial debt.

After the initial recognition, the subsequent evaluation of the financial assets is done at:

- amortized cost
- the fair value through other elements of the global result or
- fair value through profit or loss

Financial assets include shares held in subsidiaries, associated entities and jointly controlled entities, loans granted to these entities, other investments held as fixed 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 associate's results of operations. Any change in the OCI of those holdings is presented as part of the Group's OCI. In addition, when there has been a directly recognized change in equity, the Group recognizes its share of any change, when applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the profit or loss share of an associate of the Group is presented in the statement of profit or loss other than operating profit and represents profit or loss after taxes and non-controlling interests in the associate's subsidiaries.

The financial statements of the associate are prepared for the same reporting period as the group. When necessary, adjustments are made to align the accounting policies with those of the Group.

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 impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and then recognizes the loss in "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.

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

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

The accounting value of the financial asset is reduced by the impairment loss, directly for all financial assets, except for trade receivables, in which case the accounting value is reduced by using a provision account. If a receivable is considered to be irrecoverable, it is eliminated and deducted from the provision. Subsequent recoveries of amounts previously written off are credited to the provision account. Changes in the accounting value of the provision account are recognized in the profit and loss account.

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

## 2. MAIN ACCOUNTING POLICY (continued)

### Financial assets and liabilities (continued)

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 liabilities when and only when the Company's liabilities have been paid, written off or expired.

### Segment reporting

Reporting by activity segments is based on the management's analysis of the group's activity considering production processes, sales markets, the relevance of the resulting information. Thus, the Management has identified four activity segments: Plastics processing, Recycled Polymers and compounds, Other productive sectors and Other activities.

The "Plastics processing" segment includes the income obtained by the Group from the sale of polyethylene products (agricultural films and heat-shrinkable films, polyethylene bags of various thicknesses and sizes, covers), polypropylene (polypropylene bags for the milling and bakery industry, chemistry, the sugar industry, etc. and large-sized bags - big-bags), polystyrene products (expanded polystyrene trays - standard and catering, extruded polystyrene boards for floor insulation), PET products (PET trays and foils and films multilayer (lamination, sealing, thermoforming), PVC pipes, etc. The activities of this segment are carried out in Romcarbon SA and Livingjumbo Industry SA.

The segment "Recycled polymers & compounds" includes sales of regranulates from recycled polymers and plastic compounds from virgin polymers used by processors of plastics that produce articles for various applications in the automotive industry, the electrical and household appliances industry, furniture, construction, pipes, packaging, etc. The activity of this sector is carried out in Romcarbon SA.

In the "Other Productive Sectors" segment are included "Individual respiratory protection equipment and active carbon" which includes - respiratory protection equipment used by the large chemical and petrochemical plants in the country as well as activated carbon intended for various gas purification activities methane resulting from the process of biodegradation of household waste, greening of landfills, retention of toxic gases from incinerators, etc., the "Filters" category, which includes sales of oil, fuel and air filters for vehicles, vacuum cleaners, agriculture as well as industrial filters and "processed PVC" includes products made from recycled material intended for obtaining road signs.

Each business segment is allocated revenues and profits, assets and liabilities, depreciation and amortization expenses, and inputs of property, plant and equipment.

### Earnings per share

IAS 33 - Earnings per share provides that, if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is based on consolidated disclosures only. If it chooses to disclose earnings per share based on its separate financial statements, it must disclose such information on earnings per share only in the statement of comprehensive income.

The Group has chosen to disclose earnings per share in the separate financial statements, based on the separate comprehensive income.

### 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 period.

(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, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Revenues from sale of finished products <sup>1</sup>	313,728,863	276,755,901
Revenues from sale of commodities	37,641,933	43,132,592
Revenues from services delivered	3,141,708	3,514,731
Other revenues (revenues from sale of semi-finished goods, residual goods, other income)	27,473,173	17,916,212
<b>Total</b>	<b><u>381,985,677</u></b>	<b><u>341,319,435</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, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Sales on domestic market (Romania)	267,602,809	225,334,281
Sales on foreign market (Europe)	114,235,017	113,871,928
Others (China, Israel, Turkey)	147,851	2,113,226
<b>Total</b>	<b><u>381,985,677</u></b>	<b><u>341,319,435</u></b>

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

### 3. REVENUES (continued)

	SEGMENT : REVENUES		SEGMENT : PROFIT	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	RON	RON	RON	RON
Plastics processing	288,065,682	257,423,146	28,189,525	24,426,404
Regenerated polymers & Compounds	51,224,339	40,009,626	5,925,723	4,687,147
Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC. etc)	9,569,410	5,876,115	3,039,222	819,008
Revenues from sale of goods, sale of utilities, provision of services, other revenues	33,126,246	38,010,548	1,656,312	1,140,316
<b>Total from operations</b>	<b>381,985,677</b>	<b>341,319,435</b>	<b>38,810,782</b>	<b>31,072,875</b>
Other income	-	-	4,287,141	4,291,042
Other gains and losses, salaries and administrative expenses	-	-	(27,827,563)	(29,675,037)
Finance expenses	-	-	(2,894,705)	(3,054,785)
Net gain/(loss) on disposal of financial investments			44,525,895	-
Finance income			290,047	85,170
<b>Profit inainte de impozitare</b>	<b>-</b>	<b>-</b>	<b>57,191,597</b>	<b>2,719,264</b>

“**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 2022</b>	<b>31-dec 2021</b>	<b>31-dec 2022</b>	<b>31-dec 2021</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)	115,217,017	120,116,717	92,928,865	105,315,946
Romcarbon	Regenerated polymers & Compounds	48,745,757	55,171,383	18,647,978	21,024,345
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	5,307,606	5,785,563	2,699,423	2,346,520
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	174,841,151	120,736,750	60,155,014	34,203,436
	<b>Total Assets / Liabilities</b>	<b>344,111,530</b>	<b>301,810,412</b>	<b>174,431,279</b>	<b>162,890,246</b>
		<b>SEGMENT : DEPRECIATION</b>		<b>Segment of non-current assets additions *</b>	
		<b>31-dec 2022</b>	<b>31-dec 2021</b>	<b>31-dec 2022</b>	<b>31-dec 2021</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)	7,556,484	7,657,157	2,293,951	1,850,257
Romcarbon	Regenerated polymers & Compounds	5,615,091	5,732,261	22,554	1,250,354
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	312,537	293,496	73,102	27,275
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	1,054,298	1,214,885	2,504,151	1,311,246
	<b>Total</b>	<b>14,538,409</b>	<b>14,897,799</b>	<b>4,893,758</b>	<b>4,439,132</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 4% (8% in 2021) of the Group's sale.



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

#### 4. OTHER INCOME

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<b>RON</b>	<b>RON</b>
Income from lease of investment property	594,236	545,350
Income from subsidies	3,692,905	3,745,692
	<b>4,287,141</b>	<b>4,291,042</b>

#### 5. RAW MATERIALS AND CONSUMABLES USED

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<b>RON</b>	<b>RON</b>
Raw materials	189,658,392	164,956,416
Commodities sold	12,796,779	12,575,727
Energy expenses	33,683,638	40,187,664
Goods sold	25,098,983	15,769,854
Packaging cost	2,495,169	1,906,710
<b>Total</b>	<b>263,732,961</b>	<b>235,396,370</b>

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, 2022	Fiscal year ended December 31, 2021
	<b>RON</b>	<b>RON</b>
Salaries expenses	72,543,133	69,160,782
Social contributions	1,747,394	1,666,198
Meal tickets	3,970,536	2,919,349
	<b>78,261,063</b>	<b>73,746,329</b>

The increase in salary expenses is mainly due to the increase of the minimum wage in the economy in 2022 compared with 2021 and the value of the meal tickets offered to the employees.

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

## 7. DEPRECIATION AND AMORTIZATION EXPENSES

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
<b>Amortization/depreciation</b> , out of which:	<b>14,538,409</b>	<b>14,897,799</b>
Depreciation of property, plant and equipment (Note 13)	14,372,685	14,748,814
Amortization of intangible assets (Note 16)	165,724	148,985

## 8. OTHER EXPENSES

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Expenses with repairs	1,218,415	900,254
Expenses with rents	4,721,072	1,546,709
Expenses with insurance premiums	622,788	648,368
Research expenses	1,000	250
Other expenses with commissions	265,387	93,398
Protocol, advertising and publicity expenses	193,268	190,838
Transport	8,016,868	8,263,795
Expenses with travels	178,340	94,584
Expenses with postal charges and telecommunications	172,006	176,580
Expenses with third party services <sup>1</sup>	10,895,191	6,608,976
Other taxes and levies	1,640,436	2,030,528
Losses on receivables and sundry debtors	54,270	80,859
Expenses with indemnifications, fines and penalties	41,459	16,786
Other expenses <sup>2</sup>	2,625,646	730,707
<b>Total</b>	<b><u>30,646,145</u></b>	<b><u>21,382,633</u></b>

<sup>1</sup> The indicator "Expenses with third party services" includes the cost of financial audit services performed by Deloitte Audit SRL. The value of the services is established according to the contract concluded between the parties.

<sup>2</sup> In Other expenses in 2022, the amount of 1,241,521 lei is included, representing differences from the revaluation of Romcarbon SA constructions carried out on 31 December 2022.

## 9. OTHER GAINS (LOSSES)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Compensations, fines and penalties income	51,586	8,202
Gain/(loss) on disposal of property, plant and equipment	915,742	(3,462)
Gains / Losses on fair value adjustments related to investment property **	170,996	1,377,918
Gains / (Losses) from disposal of investment property	1,191,307	411,233
Net income / (expense) from provisions	(96,975)	(280,404)
Other losses	(128,583)	-
Other gains *	172,675	422,893
<b>Total</b>	<b><u>2,276,748</u></b>	<b><u>1,936,380</u></b>

(\*) Line Other gains includes in 2021 income from subsidies for the payment of technical unemployment in amount of lei 298,392 RON.

(\*\*) On December 31, 2022, the Group revalued the investment properties held at the end of the financial year, resulting in an increase in the net value of Lei 170,996 (2021 : Lei 1,377,918), an amount that was recorded in the Profit of the year - see note 15.

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

## 10. FINANCE INCOME

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Interest	(218,712)	(85,170)
Net foreign exchange gain	(71,335)	-
<b>Total</b>	<b><u>(290,047)</u></b>	<b><u>(85,170)</u></b>

## 11. FINANCE COST

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Interest expense	2,364,092	1,657,222
Net foreign exchange losses	-	1,037,861
Bank commissions and assimilated charges	446,587	351,839
Discounts allowed	84,027	7,936
<b>Total</b>	<b><u>2,894,705</u></b>	<b><u>3,054,857</u></b>

## 12. INCOME TAX (EXPENSES)

### Income tax expenses

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	<u>RON</u>	<u>RON</u>
Current income tax expense	1,025,425	752,529
Deferred tax income expense / (income)	41,417	176,123
<b>Total expense (income) with income tax</b>	<b><u>1,066,842</u></b>	<b><u>928,652</u></b>

The tax rate applied for the reconciliation above related to 2022 and 2021 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:

	Year ended December 31, 2022	Year ended December 31, 2021
	<i>RON</i>	<i>RON</i>
<b>Gross profit</b>	<b>57,191,597</b>	<b>2,719,264</b>
Tax calculated according to the 16% rate	9,150,656	435,082
Effect of non-taxable income	(9,667,766)	(328,073)
Sponsorship deductions		21,298
Exemption of reinvested profit	318,914	18,695
Tax loss from previous years		-
Effect of deferred tax	41,417	176,123
Effect of non-deductible expenses	(910,062)	(1,251,777)
<b>Expense with income tax recognized in income statement</b>	<b>(1,066,842)</b>	<b>(928,652)</b>
<b>Components of deferred tax liabilities</b>		
	Year ended December 31, 2022	Year ended December 31, 2021
	<i>RON</i>	<i>RON</i>
Property, plant and equipment	7,314,812	7,588,146
Investment property	872,343	837,044
Inventories	(274,549)	(274,549)
Trade and other receivables	(131,947)	(138,067)
	-	-
<b>Recognized deferred income tax liabilities</b>	<b>7,780,659</b>	<b>8,012,574</b>
<b>of which: deferred tax on revaluation reserves from comprehensive income</b>	<b>7,780,659</b>	<b>8,012,574</b>
	Year ended December 31, 2022	Year ended December 31, 2021
	<i>RON</i>	<i>RON</i>
<b>Opening balance as at January 1</b>	<b>8,012,574</b>	<b>7,857,468</b>
<b>(Expense) / Income during the year</b>		
- movement from revaluation reserves	(273,332)	(21,017)
- recognized in income statement	41,417	176,123
- from acquisition of subsidiaries	-	-
<b>Closing balance as at December 31</b>	<b>7,780,659</b>	<b>8,012,574</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, 2022</b>	<b>44,784,188</b>	<b>23,511,706</b>	<b>183,827,727</b>	<b>907,477</b>	<b>2,800,045</b>	<b>255,831,143</b>
Additions, of which:	-	3,376,956	3,274,441	136,327	5,187,258	<b>11,974,982</b>
- Transfers	-	1,482,990	3,274,441	114,419	-	<b>4,871,851</b>
- Revaluation	-	1,893,966	-	-	-	<b>1,893,966</b>
Disposals, of which:	1,158,326	5,270,976	4,149,172	7,080	3,592,572	<b>14,178,126</b>
- Transfers	-	-	-	-	4,871,851	<b>4,871,851</b>
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	1,158,326	5,217,502	-	-	-	<b>6,375,828</b>
<b>Balance as at December 31, 2022</b>	<b>43,625,862</b>	<b>21,617,686</b>	<b>182,952,996</b>	<b>1,036,724</b>	<b>4,394,731</b>	<b>253,627,999</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, 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	<b>8,055,623</b>
- Transfers	-	931,219	2,990,871	86,295	-	<b>4,008,385</b>
- Revaluation	-	-	-	-	-	-
Disposals, of which:	1,253,731	342,273	631,777	100,161	4,008,384	<b>6,336,327</b>
- Transfers	-	-	-	-	4,008,385	<b>4,008,385</b>
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
<b>Balance as at December 31, 2021</b>	<b>44,784,188</b>	<b>23,511,706</b>	<b>183,827,727</b>	<b>907,477</b>	<b>2,800,045</b>	<b>255,831,143</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, 2022	33,306	4,351,455	117,204,666	557,976	-	122,147,404
Depreciation charge	3,231	1,516,361	12,793,503	59,591		14,372,687
Disposals from sale of assets	-	3,882,865	4,077,587	4,230		7,964,682
Revaluation decrease	-	-	-	-		-
<b>Balance as at December 31, 2022</b>	<b>36,537</b>	<b>1,984,951</b>	<b>125,920,582</b>	<b>613,338</b>		<b>128,555,408</b>
<b>IMPAIRMENT</b>						
Balance as at January 1, 2022	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2022	-	-	-	-	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, 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>117,204,666</b>	<b>557,976</b>	<b>-</b>	<b>122,147,404</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
<b>NET BOOK VALUE</b>						
Balance as at January 1, 2022	44,750,881	19,160,251	66,623,061	349,501	1,614,220	132,497,914
Balance as at December 31, 2022	43,589,325	19,632,735	57,032,414	423,387	3,208,905	123,886,765

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

### 13. IMOBILIZARI CORPORALE (continuare)

#### Pledged and restricted tangible assets

##### ROMCARBON S.A.

Tangible assets having a net book value of Lei 68,314,018 as at December 31, 2021 (December 31, 2021: Lei 80,298,674) 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 Lei 21,880,693 as at December 31, 2022 (December 31, 2021: Lei 25,412,377) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

##### RC Energo Install SRL

Tangible assets with a net book value of Lei 10,122 at December 31, 2021 (31.12.2021: Lei 56,852) consisting of technical installations and equipment represent security for loans and credit lines contracted from Eximbank SA.

### 14. INVESTMENT PROPERTIES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Land	3,618,291	4,654,143
Plants	6,265,447	6,240,443
<b>Total</b>	<b>9,883,738</b>	<b>10,894,586</b>

As at December 31, 2022, 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 2022 was sold a land having a total surface of 504 sq m, located in Iasi, Calea Chisinaului no. 29, for which it was cashed the price of Lei 249,299 (equivalent of Eur 50,400).

In November 2022 was sold a land having a total surface of 2,732 sq m, located in Iasi, Calea Chisinaului no. 29, for which it was cashed the price of Lei 2,123,852 (equivalent of Eur 432,257).

On December 31, 2022, the Company revaluated the investment property held at the end of the financial year, resulting in an increase in the net value of LEI 176,315, the amount was recorded in the Profit of the year

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

## 15. GOODWILL

COST	December 31, 2022 <i>RON</i>	December 31, 2021 <i>RON</i>
<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 <i>RON</i>	Other intangible assets <i>RON</i>	Intangible assets in progress <i>RON</i>	Total <i>RON</i>
<b>COST</b>				
<b>Balance as at January 1, 2022</b>	<b>1,484,912</b>	<b>1,030,967</b>	-	<b>2,515,879</b>
Additions	36,093	19,619	140,646	196,358
Disposals	269,816	-	-	269,816
<i>Correction</i>	<i>205,131</i>	<i>(205,131)</i>	-	-
<b>Balance as at December 31, 2022</b>	<b>1,456,321</b>	<b>845,455</b>	<b>140,646</b>	<b>2,442,421</b>
<b>COST</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>
<b>CUMULATED AMORTIZATION</b>				
<b>Balance as at January 1, 2022</b>	<b>1,475,043</b>	<b>742,370</b>	-	<b>2,217,413</b>
Additions	118,779	46,945	-	165,724
Disposals	269,816	0	-	269,816
<i>Correction</i>	<i>5,242</i>	<i>(5,242)</i>	-	-
<b>Balance as at December 31, 2022</b>	<b>1,329,248</b>	<b>784,073</b>	-	<b>2,113,321</b>
<b>BOOK NET VALUES</b>				
<b>Balance as at January 1, 2022</b>	<b>9,869</b>	<b>288,597</b>	-	<b>298,466</b>
<b>Balance as at December 31, 2022</b>	<b>127,072</b>	<b>61,382</b>	<b>140,646</b>	<b>329,100</b>



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

## 17. OTHER FINANCIAL INVESTMENTS

### Changes of investment regarding associates and financial assets

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
<b>As at January 01</b>	<b>23,324,617</b>	<b>24,469,503</b>
Share of profit / loss of associates (Romgreen)	2,402,566	(1,144,985)
Additions	-	-
Transfer to other comprehensive income	-	-
Sale of the financial investment in Romgreen*	(25,727,183)	-
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	-	99
<b>As at December 31</b>	<b>-</b>	<b>23,324,617</b>

\* On 30 December 2022 Recyplat LTD sold the stake of 17,59% held in Romgreen Universal LTD (Green-Group), for the price of RON 70,253,080 (EUR 14,200,000). Cost of Recyplat investment in Romgreen Universal LTD was at the date of sale RON 25,727,183.

## 18. CURRENT INVENTORIES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Raw materials	27,725,605	26,613,224
Consumables	5,784,577	4,992,101
Items of inventory	116,525	173,624
Packaging	639,801	527,447
Finished products	15,599,417	8,210,274
Production in progress	3,173,535	2,521,525
Semi-finished products	8,153,700	6,146,555
Residual products	43,463	101,982
Commodities	6,894,254	7,112,324
Advances for inventories	109,775	593,889
Impairment allowances for inventories	(2,340,901)	(2,189,286)
<b>Total</b>	<b>65,899,751</b>	<b>54,803,659</b>

In 2022, the Group's average rotation of the inventrie was **57 days**, as compared to **50 days** in 2021.

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

## 19. TRADE AND OTHER CURRENT RECEIVABLES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Trade receivables <sup>1</sup>	59,556,063	52,965,513
Allowances for doubtful clients	(2,046,324)	(2,100,964)
Taxes recoverable	2,131,900	1,143,375
Other receivables	889,066	973,414
Other non-trade receivables	448,821	72,896
<b>Total</b>	<b>60,979,526</b>	<b>53,054,234</b>

<sup>1</sup> The increase in trade receivables is due to the increase in sales with term payment in the sector Recycled Polymers and Compounds, but also due to the increase in the prices of processed plastics as a result of the increase in the costs of raw materials.

	<b>Year ended December 31, 2022</b>	<b>Year ended December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
<b>Changes of allowance for doubtful clients</b>		
<b>Balance at the beginning of the year</b>	<b>2,100,964</b>	<b>2,087,323</b>
Receivables transferred to expenses during the year	-	-
Decrease of allowance recognized in profit and loss	(54,640)	13,642
<b>Balance at the end of the year</b>	<b>2,046,324</b>	<b>2,100,964</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 analysis was made strictly on the balance of the trade receivables account, less uncertain and disputable receivables.

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.

31/12/2022	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.09%	0.16%	0.59%	0.63%	0.81%	1.84%	
Total gross carrying amount of specific un-provisioned receivables	44,222,112	6,592,670	535,849	172,581	263,751	883,713	<b>52,670,675</b>

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>

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

## 20. OTHER CURRENT FINANCIAL ASSETS

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Short term bank-deposits	263,414	617,902
<b>Total</b>	<b>263,414</b>	<b>617,902</b>

## 21. OTHER CURRENT NON - FINANCIAL ASSETS

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Suppliers-debtors for services	560,044	638,873
Pre-paid amounts	4,236,642	3,982,678
<b>Total</b>	<b>4,796,687</b>	<b>4,621,551</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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Cash at banks	73,370,121	17,272,872
Cash on hand	36,410	39,880
Cash equivalents	462,530	284,141
<b>Total</b>	<b>73,869,061</b>	<b>17,596,893</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:

<b>Assets held for sale</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Iasi	70,845	70,845
Buzau	3,689,310	3,689,310
<b>Total</b>	<b>3,760,155</b>	<b>3,760,155</b>

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

	<b>Issued capital</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
264,122,096 fully paid ordinary shares (2020: 264,122,096).	26,412,210	26,412,210
The value of one share is LEI 0.1	-	-
Inflation effect according to IAS 29	-	-
<b>Total</b>	<b>26,412,210</b>	<b>26,412,210</b>

	<b>December31, 2022</b>		<b>December31, 2021</b>	
	<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>
Living Plastic Industry SRL	86.774.508	32.85%	86,774,508	32.85%
Joyful River Limited Loc, Nicosia	54,195,089	20.52%	54,195,089	20.52%
Toderita Stefan Alexandru	32,700,000	12.38%	30,600,000	11.59%
Other legal entities	9,815,721	3.72%	11,613,182	4.40%
Other natural persons	80,636,778	30.53%	80,939,317	30.64%
<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, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
<b>Balance at the beginning of the year</b>	<b>49,182,732</b>	<b>49,238,098</b>
Net profit / (net loss) attributable to parent	56,119,419	1,793,730
Reclassification of revaluation reserve to retained earnings	470,016	945,405
Transfers to reserves	(2,141,737)	(26,914)
Corrections of financial assets disposed	-	(155,540)
Dividends paid	(26,412,210)	(2,641,221)
Other	28,945	29,174
<b>Balance at the end of the year</b>	<b>77,247,165</b>	<b>49,182,732</b>

## 26. OTHER RESERVES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Revaluation reserves	39,093,925	38,708,540
Legal reserves	5,288,528	4,009,201
Other reserves	19,489,813	18,627,403
Translation differences	(954,589)	(1,117,784)
<b>Total</b>	<b>62,917,677</b>	<b>60,227,360</b>

## 27. NON-CONTROLLING INTERESTS

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
<b>Balance at the beginning of the year</b>	<b>915,581</b>	<b>909,941</b>
Share of profit / (loss) for the year	5,335	(3,118)
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>920,916</b>	<b>915,581</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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	RON	RON	RON	RON
Borrowings (Overdraft and Investment loans)	74,737,029	67,635,179	4,044,764	7,623,547
Lease liabilities	-	-	-	-
<b>Total</b>	<b>74,737,029</b>	<b>67,635,179</b>	<b>4,044,764</b>	<b>7,623,547</b>

Short-term bank loans	Entity	31-dec-22 RON	31-dec-21 RON
Credit line in Euro – EximBank SA	Romcarbon	12,333,191	12,290,542
Investment loan II Euro-BRD	Romcarbon	0	515,237
Investment loan III Euro-BRD	Romcarbon	0	65,055
Credit line in Euro – UniCredit Bank SA*	Romcarbon	25,973,635	23,347,205
Credit facility for acquisitions of inventory - UniCredit Bank SA - I	Romcarbon	0	7,131,743
Credit facility for acquisitions of inventory - UniCredit Bank SA - RCB&LJI	Romcarbon	3,799,602	0
Investment loan VI in euro- UniCredit Bank	Romcarbon	686,604	341,069
Investment loan VII in euro- UniCredit Bank	Romcarbon	308,880	0
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	2,757,779	2,152,424
Investment loan in lei I - Eximbank SA	Romcarbon	0	420,086
	LivingJumbo	5,027,641	0
Credit line in Euro – UniCredit Bank SA	Industry		
Investment loan in lei II - Eximbank SA	Romcarbon	0	596,833
Credit facility for acquisitions of inventory - UniCredit Bank SA - RCB&LJI	LivingJumbo	11,042,597	0
	Industry		
	LivingJumbo	6,336,349	8,825,961
Credit line in Euro – EximBank SA	Industry		
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo	2,918,043	3,338,699
	Industry		
	LivingJumbo	0	260,203
Investment loan Euro-UniCredit Bank SA	Industry		
	LivingJumbo	0	310,676
Investment loan I in Euro -BRD	Industry		
Multiproduct credit facility (factoring) in lei - Eximbank SA	LivingJumbo	2,865,207	145,182
	Industry		
	LivingJumbo	0	4,312,663
Credit in lei - CEC Bank	Industry		
Credit line in lei - Eximbank SA	Energoinstall	0	460,887
Credit for current activity in lei - Eximbank SA	Energoinstall	687,500	3,120,715
<b>Total</b>		<b>74,737,029</b>	<b>67,635,179</b>

Linia de credit contractata cu UniCredit Bank SA are un plafon de 8.000.000 Euro, imprumutati sunt Romcarbon SA si Livingjumbo Industry SA. Sublimita care va putea fi utilizata de Livingjumbo Industry SA e de 2.550.000 Euro.

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

## 28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	31-dec-22 RON	31-dec-21 RON
Investment loan VI in euro- UniCredit Bank	Romcarbon	1,882,602	1,259,422
Investment loan VII in euro- UniCredit Bank	Romcarbon	2,162,161	0
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	0	2,758,169
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	0	2,918,456
Credit for current activity in lei - Eximbank SA	Energoinstall	0	687,500
<b>Total</b>		<b>4,044,764</b>	<b>7,623,547</b>

## 29. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2022 RON	December 31, 2021 RON
Trade liabilities	42,006,642	49,203,709
Suppliers invoices not received	1,821,294	1,113,793
Advances to clients	2,094,029	3,287,775
Sundry creditors (a) <sup>1</sup>	17,239,540	1,619,388
Miscellaneous payable	-	-
<b>Total</b>	<b>63,161,506</b>	<b>55,224,665</b>

<sup>1</sup> Sundry creditors (a), the amount of 15,745,347 lei represents dividends to be paid. Their payment was made in January 2023.

## 30. OTHER NON-FINANCIAL LIABILITIES

	OTHER CURRENT NON - FINANCIAL LIABILITIES		OTHER NON-CURRENT NON - FINANCIAL LIABILITIES	
	December 31, 2022 RON	December 31, 2021 RON	December 31, 2022 RON	December 31, 2021 RON
Subsidies	3,600,219	3,745,692	13,384,594	16,015,575
Other liabilities	6,293,491	3,973,391	-	-
<b>Total</b>	<b>9,893,710</b>	<b>7,719,083</b>	<b>13,384,594</b>	<b>16,015,575</b>



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

### 30. OTHER NON-FINANCIAL LIABILITIES (continued) VENITURI IN AVANS

As at December 31, 2022 the value of investment subsidies received from the Group amounts to 16,984,813 lei, as follows:

Romcarbon SA:	9,589,166 lei
Livingjumbo Industry SA:	7,395,647 lei

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

### 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 = 4.9474 lei	USD 1 USD = 4.6346 lei	Leu 1 lei	31 Decembrie 2022 Total
<b>2022</b>				
<b>ASSETS</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
Cash and cash equivalents	66,005,701	256,117	7,607,243	<b>73,869,061</b>
Receivables and other current assets	13,285,565	-	47,693,961	<b>60,979,526</b>
Other current financial assets	-	-	263,414	<b>263,414</b>
Other current non-financial assets	130,362	-	4,666,325	<b>4,796,687</b>
<b>LIABILITIES</b>				
Trade and other liabilities	17,627,848	2,056	45,531,601	<b>63,161,505</b>
Short and long-term borrowings	74,097,100	-	4,684,692	<b>78,781,793</b>
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	9,893,501	<b>9,893,710</b>
	EUR 1 EUR = 4,9481 lei	USD 1 USD = 4,3707 lei	Leu 1 lei	31 Decembrie 2021 Total
<b>2021</b>				
<b>ASSETS</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	<b>17,596,893</b>
Receivables and other current assets	14,005,125	-	39,049,109	<b>53,054,234</b>
Other current financial assets	-	-	617,902	<b>617,902</b>
Other current non-financial assets	130,362	-	4,491,190	<b>4,621,551</b>
<b>LIABILITIES</b>				
Trade and other liabilities	16,091,168	15,882	39,117,615	<b>55,224,664</b>
Short and long-term borrowings	62,205,375	-	13,053,351	<b>75,258,726</b>
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	7,718,875	<b>7,719,083</b>

(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.

	December 31, 2022	December 31, 2021
	RON	RON
<b>LOSS</b>	<b>(1,204,947)</b>	<b>(6,002,712)</b>

#### Tables regarding liquidity and interest rate risks

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

2022	Less than 1 year	1-2 years	2-5 years	Total
	RON	RON	RON	RON
<b>Non-interest bearing</b>				
Trade liabilities	63,161,505	-	-	63,161,505
Other current liabilities	9,893,710	-	-	9,893,710
<b>Interest bearing instruments</b>				
Short and long-term borrowings	74,737,029	2,741,605	1,303,158	78,781,793
Short and long-term leases	-	-	-	-
<b>Non-interest bearing</b>				
Cash and cash equivalents	73,869,061	-	-	73,869,061
Receivables and other current assets	60,979,526	-	-	60,979,526
<b>Interest bearing</b>				
Other current financial assets	263,414	-	-	263,414
2021	Less than 1 year	1-2 years	2-5 years	Total
	RON	RON	RON	RON
<b>Non-interest bearing</b>				
Trade liabilities	55,224,664	-	-	55,224,664
Other current liabilities	7,719,083	-	-	7,719,083
<b>Interest bearing instruments</b>				
Short and long-term borrowings	67,635,179	7,083,794	539,753	75,258,726
Short and long-term leases	-	-	-	-
<b>Non-interest bearing</b>				
Cash and cash equivalents	17,596,893	-	-	17,596,893
Receivables and other current assets	53,054,234	-	-	53,054,234
<b>Interest bearing</b>				
Other current financial assets	617,902	-	-	617,902

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

### 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:

	<b>Year ended December 31, 2022</b>	<b>Year ended December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
Executive management salaries	4,927,345	4,128,002
Benefits for Board of Administration	43,731	42,699
<b>Total</b>	<b>4,971,076</b>	<b>4,170,701</b>

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

<b>Shareholder borrowings</b>	<b>Year ended December 31, 2022</b>	<b>Year ended December 31, 2021</b>
	<b>RON</b>	<b>RON</b>
WU HUI TZU (Livingjumbo Industry SA)	18,417	18,417
WINPACK INDUSTRY (Eco Pack Management SA)	255,647	242,287
<b>Total</b>	<b>274,064</b>	<b>260,704</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 Months 2022	12 Months 2021	12 Months 2022	12 Months 2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
GREENFIBER INTERNATIONAL SA	0	3,660,719	0	33,207	0	5,169	0	2,381
GREENTEH DOO SERBIA	0	0	0	0	0	0	0	0
GRINTEH D.O.O MACEDONIA	0	0	0	0	0	0	0	0
GREENGLASS RECYCLING SA	0	0	0	0	0	0	0	0
GREENTECH SA	5,439,816	3,038,586	95,148	132,661	267,856	1,523	8,444	875
TOTAL WASTE MANAGEMENT	0	0	0	0	0	0	0	0
GREENWEEE INTERNATIONAL SA	684,985	807,988	1,530,631	1,270,053	1,373	0	259,813	215,704
GREEN RESOURCES MANAGEMENT S.A.	0	5,713	216,374	687,687	0	0	24,466	44,771
ELTEX RECYCLING SRL	4,330	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>6,129,131</b>	<b>7,513,006</b>	<b>1,842,153</b>	<b>2,123,608</b>	<b>269,229</b>	<b>6,692</b>	<b>292,723</b>	<b>263,731</b>

In December 2022, the merger process between GREENFIBER INTERNATIONAL SA, the absorbing company, and GREENTECH SA, the absorbed company was completed. The new entity operates under the name of GREENTECH SA.

The table shows the transactions from 2022 with GREENFIBER INTERNATIONAL SA and GREENTECH SA accumulated on GREENTECH SA.

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

### 33. ACQUISITION OF SUBSIDIARIES

In 2022 the Group did not purchase new subsidiaries.

### 34. DISPOSAL OF SUBSIDIARIES

In 2021 the Group did not dispose any subsidiaries

### 35. COMMITMENTS AND CONTINGENCIES

#### ROMCARBON SA

#### Unused credit facilities as at December 31, 2022

The company has unused credit lines in amount of Eur 257,181 (31 December 2021: Eur 797,691) and investment loans in amount of Eur 2,857,496(31 December 2021: Eur 672,667)

#### Guarantees for bank loans

At 31 December 2022, tangible assets (land, plants, equipment and machineries)having a net book value of Lei 68,314,018 (31 December 2021: Lei 80,298,674) constitute collateral for loans and credit lines contracted by the company with UniCredit Bank SA and EximBank SA. For the loans from the banks, the Company also guaranteed with the present and future cash availability from the accounts opened with creditor banks, with inventories of raw materials, materials and goods for sales having a minimum value of Eur 4,600,000, assigned the present and future receivables, as well as their accessories, coming from the present and future contracts with specific clients, these having the status of assigned debtors. Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

#### Guarantees granted for loans contracted by Group companies

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

- 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;
- Credit line having a ceiling of Eur 2,000,000 (due in 13.12.2023),contract no. BUZA/152021/CSC, secured by mortgage on 15 equipment having a book net value of Lei 3,068,353 as at December 31, 2022

#### 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 25, 2023), Contract 9 - ABZ/28.05.2020, secured by an immovable property mortgage over the Sutco pre-sorting equipment, having a net book value of Lei 506,984 as at December 31, 2022, 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 25, 2023), 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 net book value of Lei ,256,266 as at December 31, 2022;
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 net book value on 31.12.2022 of Lei 2,381,098

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

### 35. COMMITMENTS AND CONTINGENCIES (continued)

#### LIVINGJUMBO INDUSTRY SA

##### Unused credit facilities as at December 31, 2022

The company has unused credit facilities in amount of Eur 4,253,038 and Lei 2,134,793 (31 December 2021: Eur 216,293 and Lei 4,042,155).

##### Guarantees for bank loans

At 31 December 2022, tangible assets consist in equipment and machineries having a net book value of Lei 21,880,693 (31 December 2021: Lei 25,412,377) constitute collateral for loans and credit lines contracted by the company with UniCredit Bank SA and EximBank SA. For the loans from the banks, the Company also guaranteed with the present and future cash availability from the accounts opened with creditor banks, assigned the present and future receivables, as well as their accessories, coming from the present and future contracts with specific clients, these having the status of assigned debtors. Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

#### RC ENERGO INSTALL SRL

##### Unused credit facilities as at December 31, 2022

The company has unused credit facilities in amount of Lei 1,000,000 (31 December 2021: Lei 460,887).

##### Guarantees for bank loans

At 31 December 2022, tangible assets consist in equipment and machineries having a net book value of Lei 10,122 (31 December 2021: Lei 56,852) constitute collateral for loans and credit lines contracted by the company with UniCredit Bank SA and EximBank SA. For the loans from the banks, the Company also guaranteed with the present and future cash availability from the accounts opened with creditor banks. Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

### 36. SUBSEQUENT EVENTS

#### ROMCARBON SA

On 04.01.2023, the amount of Lei 39,418,400, equivalent to Eur 8,000,000, was collected as dividends from the subsidiary Recyplat LTD. In December 2022 G.S.A of Recyplat LTD decided to distribute the amount of Eur 9,500,000 as dividends, of which the amount of Eur 1,500,000 was paid in the same month.

On 16.02.2023, it was signed the sale and purchase contract with LIDL ROMANIA S.C.S. the object of which is the sale of the land area of 7,407 sqm, the total price being Lei 7,659,971. The registration cost of this land in Non-current assets or disposal groups classified as held for sale or as held for distribution to owners is Lei 3,689,310.

Initially, in December 2019, a sales-purchase anteacontract was signed with LIDL ROMANIA S.C.S. on the basis of which an advance of Lei 2,419,280 (Eur 488,862) was collected in December 2021, the transaction being completed in February 2023 when the difference of Lei 5,240,691 was collected.

The decision of the Ordinary General Meeting of Shareholders dated 22.11.2022 approved the distribution of dividends in the amount of Lei 23,770,989. During December 2022, the amount of Lei 7,775,757 was transferred to the Central Depository for the partial payment of dividends. The difference was transferred to the Central Depository at the beginning of January 2023.

#### LIVINGJUMBO INDUSTRY SA

By the decision of the Board of Directors of the company, the mandates of Ms. Manaila Carmen as Deputy General Director, of Mr. Cretu Victor as Manager of Operations of the Polypropylene Division and of Mr. Ungureanu Ion, having the position of Manager of Operations of the PET Division were extended with a period of 3 years (17.02.2023 - 17.02.2026).

The group did not identify other significant subsequent events.



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

### **36. SUBSEQUENT EVENTS (continued)**

As of the date of this report, no risks have been identified that would significantly affect the income from the basic activity, however, the global geopolitical tensions arising from the military interventions in Ukraine by the Russian Federation have generated and are generating economic uncertainties on the energy and capital markets, the global prices of energy prices have increased and are expected to be very 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.

### **37. AUTORIZATION**

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 27, 2023.

#### **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



EuCertPlast



## BOARD OF DIRECTORS REPORT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

### ACTIVITY OF THE GROUP

As at December 31, 2022 ROMCARBON SA holds participations directly and/or indirectly in 10 entities:

Company	31.12.2022		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

In the period **01.01.2022 - 30.12.2022**, the Group consolidated through the equity method the holdings held by Recyplat LTD in Romgreen Universal LTD and its subsidiaries

Company	31.12.2022	
	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%
CIRCULAR VENTURES SA	17.5879%	17.5879%
SENEX SIGAD S.R.L.	12.3490%	12.3490%

In December 2022 Recyplat LTD sold the stake of 17,59% held in Romgreen Universal LTD (Green-Group), for the price of EUR 14,200,000.

## PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2022

### PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at December 31, 2022 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 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 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 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 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 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 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 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 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).

Association 'VIITORUL INCEPE AZI (VIA)', established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization; The association's mission is to improve the quality of technical professional training and development in the Buza area (Romania), to support and promote the interests and needs of its members in front of the authorities and/or various bodies, third parties.

The association was established in 2022 by 7 economic operators from Buzau - Voestalpine RAILWAY SYSTEMS ROMANIA SA, URBIS SERV SRL, LUCSOR IMPEX SRL, URSUS BREWERIES SA, ROMCARBON SA, BENCOMP SRL, GREENFIBER INTERNATIONAL SA - as founding members, with contribution equal in its patrimony and with equal right to vote in the General Assembly.

The association's assets, worth 7,000 lei, constituted by the membership contribution of the founding members.

#### **HOLDINGS IN ROMGREEN UNIVERSAL LTD HELD THROUGH RECYPLAT LTD until 30.12.2022**

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 177,858 (EUR 39,800), where 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 reenfiber International SA, Greentech SA and 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 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 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 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 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).

**In December 2022, the merger process between GREENFIBER INTERNATIONAL SA, the absorbing company, and GREENTECH SA, the absorbed company, the new entity named GREENTECH SA, was completed.**

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, Romcarbon SA was indirectly holding 17.5879% of the share capital.

GREENGLASS RECYCLING SA is a company established in 2013, where 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. OLTENIȚEI 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 Romcarbon SA indirectly holds 11.73%. The company's main office is located in Bucharest, sector 2, Barbu Vacarescu 164A Barbu Vacarescu street, 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 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 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 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, Romgreen Universal LTD sold its holdings in GREENTECH DOO SERBIA and GRINTEH MK DOO MACEDONIA.

CIRCULAR VENTURES SA is a company established in 2022 having a share capital of lei 9,000 where Romcarbon SA indirectly holds 17.5879%. The company's main office is located in 165 Calea Floreasca, OneTower, 11 Floor, District 1, Bucuresti. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299).

## PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2022:

ROMCARBON SA – General Manager – Huang Liang Neng  
 RECYPLAT LTD CYPRUS – Director – Nicos Avraamides  
 RC ENERGO INSTALL SRL – General Manager Duca Eugen Florin  
 ECO PACK MANAGEMENT SA – Sole administrator WEY, JIANN-SHYANG  
 INFO TECH SOLUTIONS SRL- General Manager Hristache Cornel  
 LIVINGJUMBO INDUSTRY SA – General Manager WU,HUI-TZU  
 GRINFILD LLC UKRAINE – The company has not been operating since 2012  
 GRINRUH LLC UKRAINE – The company has not been operating since 2012  
 YENKI SRL – Administrator Petre Romeo Florinel  
 ROMGREEN UNIVERSAL LTD CYPRUS- 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  
 GREENWEEE INTERNATIONAL SA – General Manager Costache Marius Iulian  
 GREEN RESOURCES MANAGEMENT S.A – General Manager –Bratu Constantin  
 GREENTECH BALTIC UAB LITHUANIA – 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  
 CIRCULAR VENTURES SA – Administrators – Costache Marius Iulian, Vorosciuc Gabriela, Stoica Serban Andrei  
 SENEX SIGAD S.R.L. – Administrators – Costache Marius Iulian, Dobrin Andrei, Stoica Serban Andrei

## ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 12 Months 2022 is presented in the table below:

Company	12 Months 2021	12 Months 2022	2022 vs 2021
Romcarbon SA (without impact of the GreenGroup Share transaction)	(1,447,458)	5,687,332	7,134,790
<b>Profit from Green-Group share transactions after adjustment</b>	-	<b>45,784,358</b>	<b>45,784,358</b>
Livingjumbo Industry SA	(2,319,221)	3,477,122	5,796,343
RC Energo Install SRL	295,381	1,162,130	866,749
Infotech Solutions SRL	63,728	116,305	52,577
Eco Pack Management SA	(24,810)	(14,914)	9,896
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(109,309)	(115,397)	-6,088
Recyplat Ltd Cipru	(346)	-	346
Share of the profit of the associates (Romgreen Universal LTD)	(1,144,985)	-	1,144,985
Elimination of the financial investment impairment in LivingJumbo	6,477,632	-	(6,477,632)
Other adjustments	-	27,819	27,819
<b>Total</b>	<b>1,790,612</b>	<b>56,124,755</b>	<b>54,334,143</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 of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
Turnover	182,851,592	266,937,601	265,048,638	(1,888,963)	-1%
EBITDA Operational	12,374,754	13,987,048	15,025,300	1,038,253	7%
Profit	869,104	(1,447,458)	51,471,690	52,919,148	n/a

From **EBITDA Operational** to **Net Profit**

Indicator (12 luni)	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
<b>EBITDA Operational</b>	<b>12,374,754</b>	<b>13,987,049</b>	<b>15,025,300</b>	<b>1,038,251</b>	<b>7%</b>
Fixed assets depreciation	(10,202,833)	(9,977,583)	(9,609,158)	368,425	-4%
Revenues from subsidy from Government for investments	2,262,431	2,259,451	2,206,664	(52,787)	-2%
Interest expenses	(1,159,858)	(953,055)	(1,286,399)	(333,344)	35%
Gain/loss from sales of assets	(350,498)	432,513	2,106,927	1,674,414	387%
Gain/loss from revaluation of fixed assets and investment properties	(278,663)	1,377,918	(1,199,108)	(2,577,026)	n/a
Other non-operational items(provisions, penalties, donations)	(618,688)	(715,608)	(2,244,793)	(1,529,184)	214%
Forex gain/loss	(948,390)	(654,633)	274,153	928,785	-142%
Other gain/loss from Financial	29,147	(6,314,423)	47,110,176	53,424,600	n/a
Tax on profit	(238,297)	(889,087)	(912,071)	(22,984)	3%
<b>Net Profit/Loss</b>	<b>869,104</b>	<b>(1,447,458)</b>	<b>51,471,690</b>	<b>52,919,148</b>	<b>n/a</b>

### LIVINGJUMBO INDUSTRY SA

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
Turnover	110,666,945	133,415,290	164,064,764	30,649,474	23%
EBITDA Operational	5,055,294	2,349,885	8,164,661	5,814,776	247%
Profit	538,251	(2,319,221)	3,477,122	5,796,343	n/a

From **EBITDA Operational** to **Net Profit**

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
<b>EBITDA Operational</b>	<b>5,055,294</b>	<b>2,349,885</b>	<b>8,164,661</b>	▲	5,814,776
Fixed assets depreciation	(4,860,955)	(4,748,269)	(4,829,234)	▲	(80,965)
Revenues from subsidy from Government for investments	1,519,521	1,486,241	1,486,241	—	-
Interest expenses	(562,603)	(657,540)	(895,464)	▲	(237,924)
Gain/loss from sales of assets	467,444	-	-	—	-
Other non-operational items(provisions, penalties, donations)	(67,106)	(355,245)	(345,627)	▼	9,618
Forex gain/loss	(353,573)	(353,372)	(46,915)	▼	306,457
Other gain/loss from Financial	(659,771)	(40,921)	(56,540)	▲	(15,619)
<b>Net Profit/Loss</b>	<b>538,251</b>	<b>(2,319,221)</b>	<b>3,477,122</b>	▲	<b>5,796,343</b>

Presentation of the evolution of the key indicators on production sectors - 12 Months

	Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021		
ROMCARBON	<b>PLASTIC PROCESSING SECTOR : POLYETHYLENE</b>						
	Turnover	27,663,389	36,047,057	36,512,692	465,636	1%	
	EBITDA before overhead	746,474	3,051	2,439,836	2,436,785	79859%	
	Profit before overhead	(126,044)	(779,566)	1,697,246	2,476,812	n/a	
	<b>PLASTIC PROCESSING SECTOR : POLYSTYRENE</b>						
	Turnover	41,113,965	51,040,479	54,425,638	3,385,159	7%	
	EBITDA before overhead	11,000,107	9,725,267	7,382,299	(2,342,967)	-24%	
	Profit before overhead	9,487,524	8,335,220	6,131,441	(2,203,779)	-26%	
	<b>PLASTIC PROCESSING SECTOR : POLYPROPYLENE</b>						
	Turnover	34,770,909	42,780,899	40,326,620	(2,454,278)	-6%	
	EBITDA before overhead	4,618,128	4,719,369	3,454,650	(1,264,720)	-27%	
	Profit before overhead	4,305,035	4,394,850	3,129,217	(1,265,633)	-29%	
	<b>RECYCLED POLYMERS &amp; COMPOUNDS</b>						
	Turnover	23,436,682	40,009,626	51,224,339	11,214,713	28%	
	EBITDA before overhead	2,956,979	5,811,810	6,952,632	1,140,822	20%	
	Profit before overhead	(757,367)	1,930,489	3,094,107	1,163,618	60%	
	<b>OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS</b>						
	Turnover	5,546,725	5,876,115	9,569,410	3,693,295	63%	
EBITDA before overhead	1,045,305	743,723	2,933,897	2,190,174	294%		
Profit before overhead	719,032	429,011	2,623,639	2,194,628	512%		
LIVINGJUMBO INDUSTRY	<b>PLASTIC PROCESSING SECTOR : POLYPROPYLENE</b>						
	Turnover	57,605,412	70,185,696	87,305,549	17,119,853	24%	
	EBITDA before overhead	5,122,265	4,090,236	9,554,043	5,463,807	134%	
	Profit before overhead	4,252,578	3,356,297	8,842,685	5,486,389	163%	
	<b>PLASTIC PROCESSING SECTOR : PET</b>						
	Turnover	53,061,537	63,229,595	76,759,215	13,529,620	21%	
EBITDA before overhead	4,072,995	2,532,900	3,208,616	675,716	27%		
Profit before overhead	1,607,215	4,811	576,980	572,169	11893%		

**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.



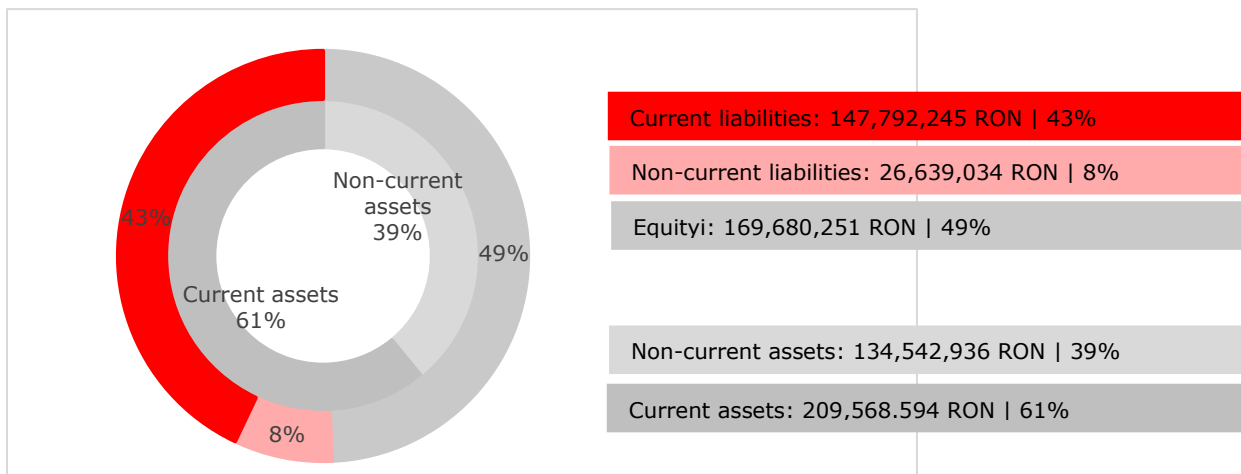
FINANCIAL STATEMENTS

A.) STATEMENTS OF THE FINANCIAL POSITION

Indicator	31.12.2020	31.12.2021	31.12.2022	2022 vs. 2021	
Property, plant and equipment	144,756,737	132,497,914	123,886,765	-8,611,149	▼ -6.50%
Investment property	11,885,346	10,894,586	9,883,738	-1,010,848	▼ -9.28%
Goodwill	143,461	143,461	143,461	0	▲ 0.00%
Intangible assets other than goodwill	323,176	298,466	329,100	30,634	▲ 10.26%
Investments accounted for using equity method	24,469,503	23,324,617	0	-23,324,617	▼ -100.00%
Investments in subsidiaries, joint ventures and associates	196,964	196,974	297,974	101,000	▲ 51.28%
Other non-current financial assets	100,000	0	1,898	1,898	▲ #DIV/0!
<b>Total non-current assets</b>	<b>181,875,186</b>	<b>167,356,018</b>	<b>134,542,936</b>	<b>32,813,082</b>	<b>▼ -19.61%</b>
Current inventories	39,267,786	54,803,659	65,899,751	11,096,092	▲ 20.25%
Trade and other current receivables	36,180,344	53,054,234	60,979,526	7,925,292	▲ 14.94%
Other current financial assets	181,047	617,902	263,414	-354,488	▼ -57.37%
Other current non-financial assets	1,236,391	4,621,551	4,796,687	175,136	▲ 3.79%
Cash and cash equivalents	20,704,632	17,596,893	73,869,061	56,272,168	▲ 319.78%
Non-current assets classified as held for sale	70,845	3,760,155	3,760,155	0	— 0.00%
<b>Total current assets</b>	<b>97,641,045</b>	<b>134,454,393</b>	<b>209,568,594</b>	<b>75,114,201</b>	<b>▲ 55.87%</b>
<b>ASSETS</b>	<b>279,516,232</b>	<b>301,810,411</b>	<b>344,111,530</b>	<b>42,301,119</b>	<b>▲ 14.02%</b>
Issued capital	26,412,610	26,412,210	26,412,210	0	▼ 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	60,969,177	60,227,360	62,917,677	2,690,317	▲ 4.47%
Retained earnings	49,237,598	49,182,732	77,247,165	28,064,433	▲ 57.06%
Equity attributable to equity holders of the parent	138,801,669	138,004,585	168,759,335	30,754,750	▲ 22.29%
Non-controlling interests	909,941	915,581	920,916	5,335	▲ 0.58%
<b>Total equity</b>	<b>139,711,610</b>	<b>138,920,166</b>	<b>169,680,251</b>	<b>30,760,085</b>	<b>▲ 22.14%</b>
Other non-current provisions	446,038	659,623	1,429,017	769,394	▲ 116.64%
Deferred tax liabilities	7,852,871	8,012,574	7,780,659	-231,915	▼ n/a
Other non-current financial liabilities	17,856,699	7,623,547	4,044,764	-3,578,783	▼ -46.94%
Other non-current non-financial liabilities	19,761,267	16,015,575	13,384,594	-2,630,981	▼ -16.43%
<b>Total non-current liabilities</b>	<b>45,916,875</b>	<b>32,311,319</b>	<b>26,639,034</b>	<b>-5,672,285</b>	<b>▼ -17.56%</b>
Trade and other current payables	33,374,994	55,224,664	63,161,506	7,936,842	▲ 14.37%
Other current financial liabilities	52,867,565	67,635,179	74,737,029	7,101,850	▲ 10.50%
Other current non-financial liabilities	7,645,188	7,719,083	9,893,710	2,174,627	▲ 28.17%
<b>Total current liabilities</b>	<b>93,887,747</b>	<b>130,578,927</b>	<b>147,792,245</b>	<b>17,213,318</b>	<b>▲ 13.18%</b>
<b>Total liabilities</b>	<b>139,804,622</b>	<b>162,890,245</b>	<b>174,431,279</b>	<b>11,541,034</b>	<b>▲ 7.09%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>279,516,232</b>	<b>301,810,411</b>	<b>344,111,530</b>	<b>42,301,119</b>	<b>▲ 14.02%</b>



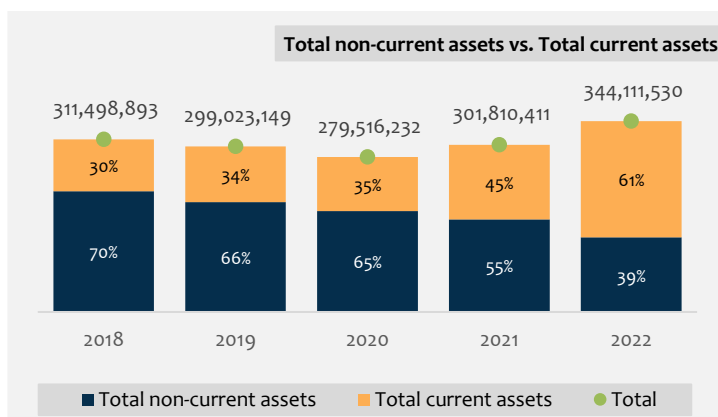
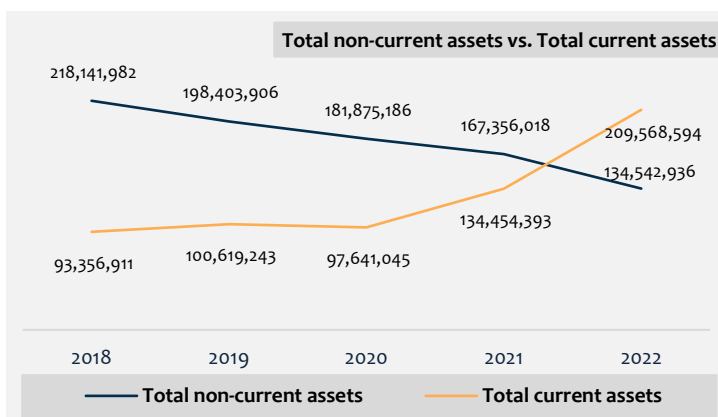
**STRUCTURE OF THE FINANCIAL POSITION AS AT 31.12.2022**



The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2022 is presented in the table below

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	133,313,885	146,753,533	20,300,611	99,543,850
Livingjumbo Industry SA	22,980,200	62,716,657	6,338,423	77,541,777
RC Energo Install SRL	61,474	13,685,282	0	8,371,709
InfoTech Solutions SRL	56,899	1,011,765	0	699,915
Grinfield Ucraina	4,426,809	8,614	0	879,485
Grinruh Ucraina	1,186,187	1,007,788	0	6,728
Recyplat LTD		62,838,622	0	39,579,200
Eco Pack Management SA	28,751	163,993	0	882,288
Ajustari consolidare	(27,511,269)	(78,617,659)	0	(79,712,706)
<b>Total</b>	<b>134,542,936</b>	<b>209,568,594</b>	<b>26,639,034</b>	<b>147,792,245</b>

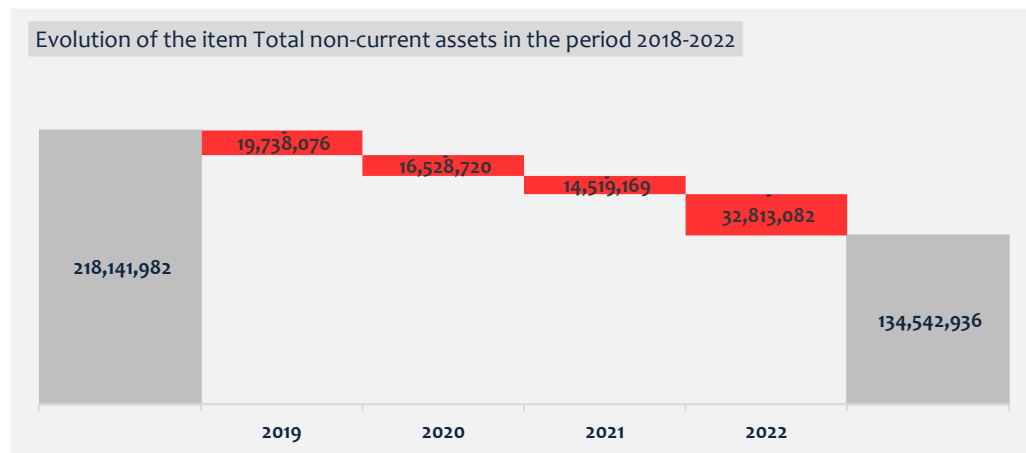
**ASSETS**





**NON-CURRENT ASSETS**

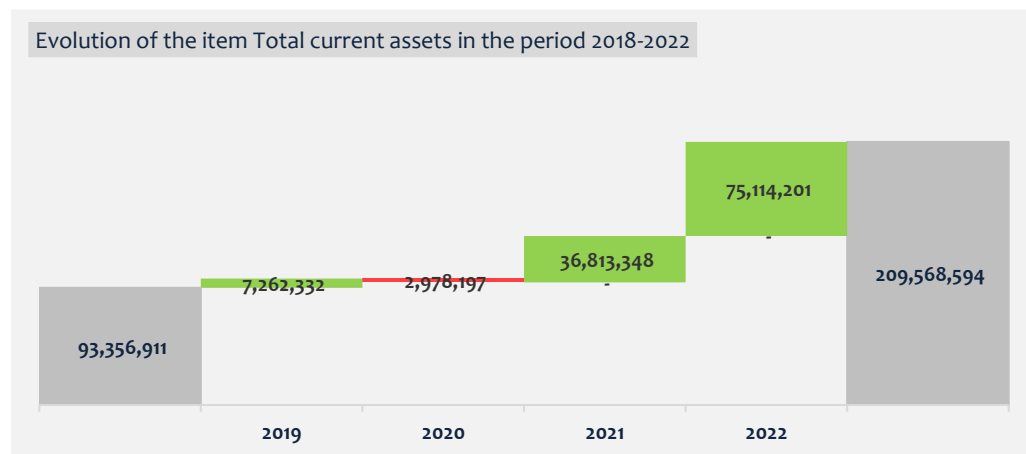
**Non-current assets** have a weight in Total Assets of 39.20% recording a decrease of - LEI 32,813,082, i.e. - 19.61%, as compared with the beginning of the year.



Non-current assets (lei)	31/12/2022	% in total NCA	% in total Assets	2022 vs. 2021
Property, plant and equipment	123,886,765	92.08%	36.00%	-6.50%
Investment property	9,883,738	7.35%	2.87%	-9.28%
Goodwill	143,461	0.11%	0.04%	0.00%
Intangible assets other than goodwill	329,100	0.24%	0.10%	10.26%
Investments accounted for using equity method	0	0.00%	0.00%	-100.00%
Investments in subsidiaries, joint ventures and associates	297,974	0.22%	0.09%	51.28%
Other non-current financial assets	1,898	0.00%	0.00%	n/a
<b>Total non-current assets</b>	<b>134,542,936</b>	<b>100.00%</b>	<b>39.10%</b>	<b>-19.61%</b>

**CURRENT ASSETS**

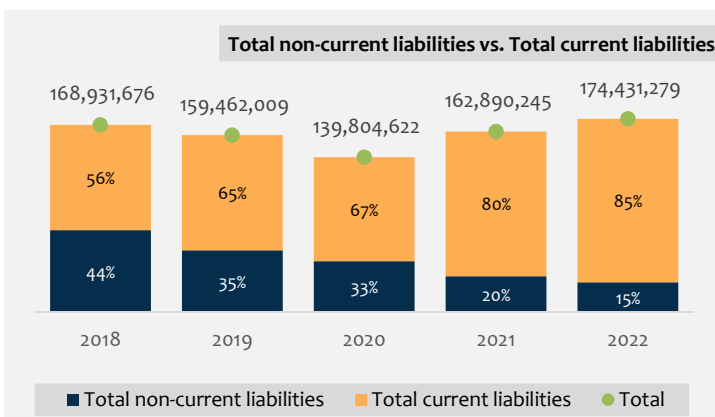
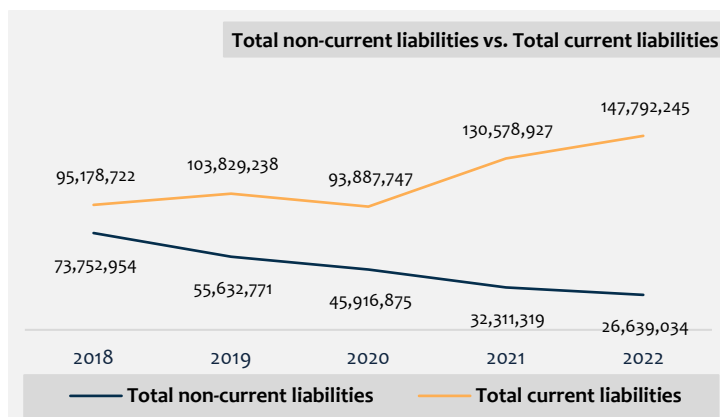
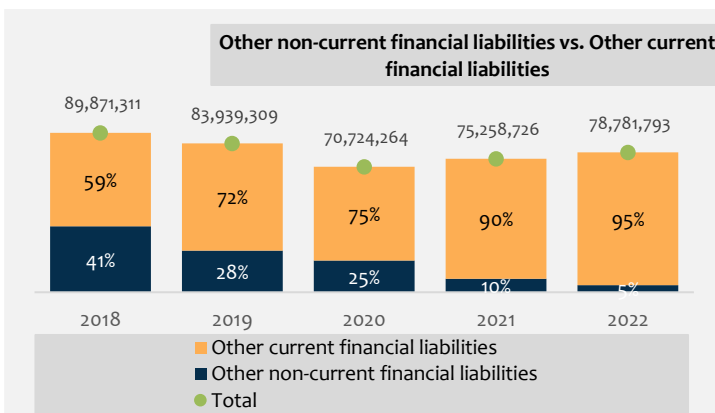
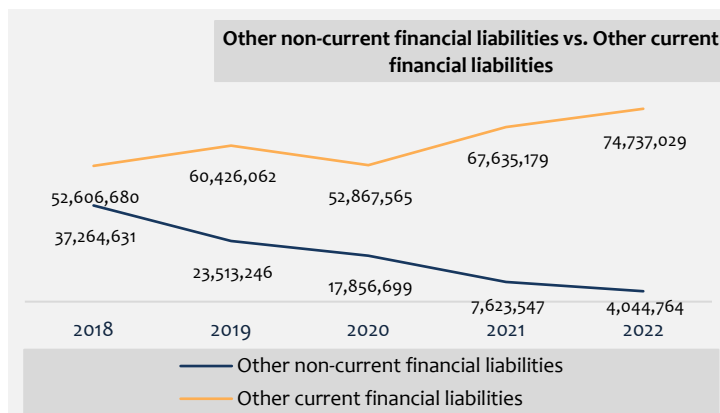
**Current assets** have a weight in Total Assets of 60.90% recording an increase of LEI 75,114,201, i.e. 55.87%, as compared with the beginning of the year.



Current assets (lei)	31/12/2022	% in total CA	% in Total Assets	2022 vs. 2021
Current inventories	65,899,751	31.45%	19.15%	20.25%
Trade and other current receivables	60,979,526	29.10%	17.72%	14.94%
Other current financial assets	263,414	0.13%	0.08%	-57.37%
Other current non-financial assets	4,796,687	2.29%	1.39%	3.79%
Cash and cash equivalents	73,869,061	35.25%	21.47%	319.78%
Non-current assets classified as held for sale	3,760,155	1.79%	1.09%	0.00%
<b>Total current assets</b>	<b>209,568,594</b>	<b>100.00%</b>	<b>60.90%</b>	<b>55.87%</b>

**LIABILITIES**

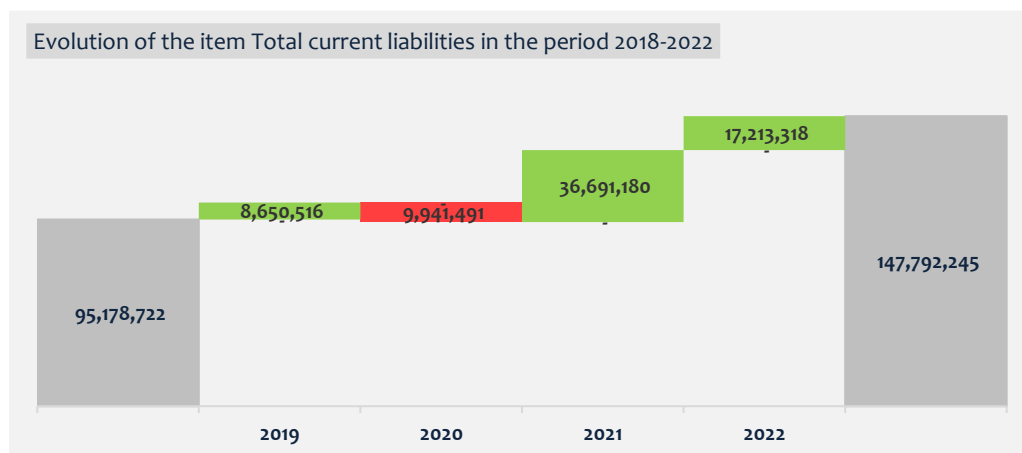
**Total Liabilities** hold 50.69% of the Group 's Equity&Liabilities recording an increase of Lei 11,541,034 , i.e. 7.09%, as compared with the beginning of the year.


**BORROWINGS**

**STRUCTURE OF BORROWINGS**

Company	2021	2022	2022 vs 2021
<b>Romcarbon, total, out of which:</b>	<b>50,877,784</b>	<b>49,904,456</b>	<b>(973,329)</b>
< 12 months	46,860,194	45,859,692	(1,000,502)
> 12 months	4,017,591	4,044,764	27,173
<b>LivingJumbo Industry, total, out of which:</b>	<b>20,111,839</b>	<b>28,189,837</b>	<b>8,077,998</b>
< 12 months	17,193,383	28,189,837	10,996,454
> 12 months	2,918,456	-	(2,918,456)
<b>Energoinstall, total, out of which:</b>	<b>4,269,102</b>	<b>687,500</b>	<b>(3,581,602)</b>
< 12 months	3,581,602	687,500	(2,894,102)
> 12 months	687,500	-	(687,500)
<b>Total borrowings, out of which:</b>	<b>75,258,726</b>	<b>78,781,793</b>	<b>3,523,067</b>
< 12 months	67,635,179	74,737,029	7,101,850
> 12 months	7,623,547	4,044,764	(3,578,783)

**CURRENT LIABILITIES**

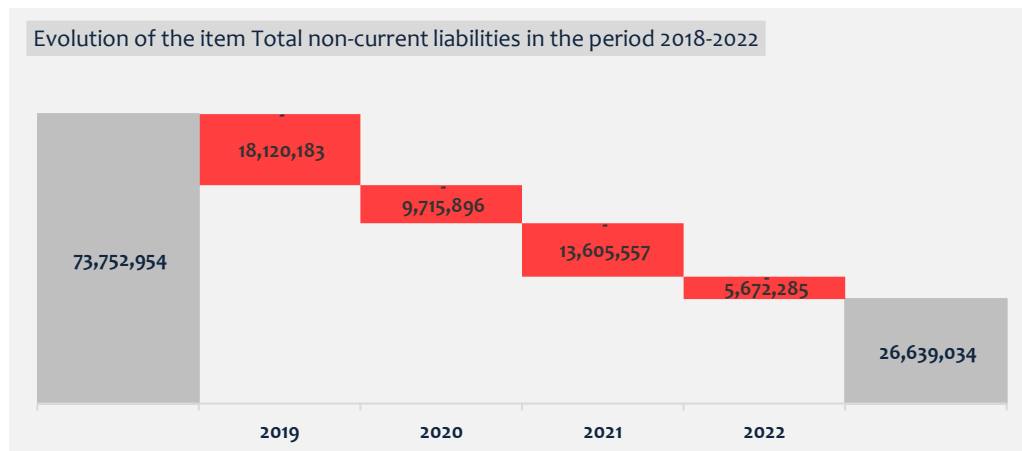
**Current liabilities of the Group** have a weight in Total Liabilities of 84.73% and in Total Equity and Liabilities of 42.95% recording an increase of LEI 17,213,318, i.e. 13.18%, as compared with the beginning of the year.



Current liabilities (lei)	31/12/2022	% in total liabilities	% in Total Current liabilities	% in Total Equity and liabilities	2022 vs 2021
Trade and other current payables	63,161,506	36.21%	42.74%	18.35%	14.37%
Other current financial liabilities	74,737,029	42.85%	50.57%	21.72%	10.50%
Other current non-financial liabilities	9,893,710	5.67%	6.69%	2.88%	28.17%
<b>Total current liabilities</b>	<b>147,792,245</b>	<b>84.73%</b>	<b>100.00%</b>	<b>42.95%</b>	<b>13.18%</b>

**NON-CURRENT LIABILITIES**

**Non-current liabilities** have a weight in Total Equity and Liabilities of 7.74% recording a decrease of - LEI 5,672,285, i.e. -17.56%, as compared with the beginning of the year.

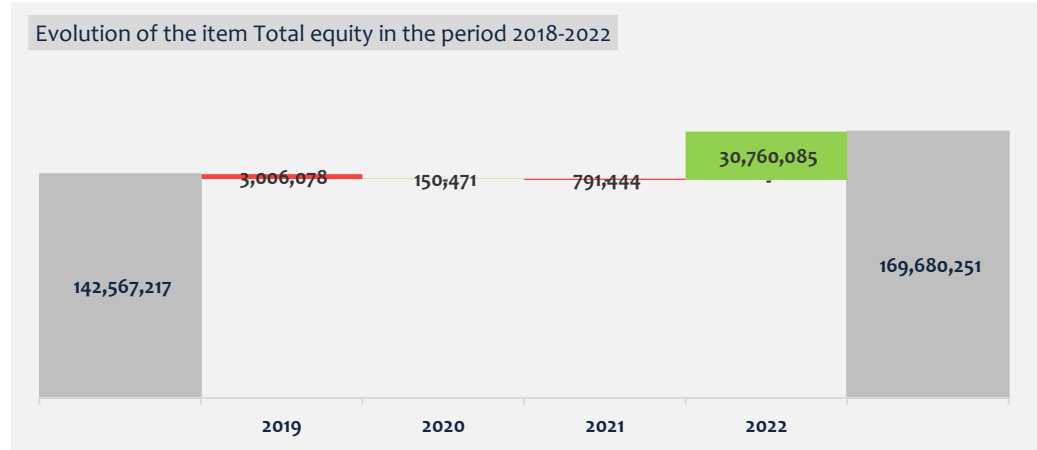


Non-current liabilities (lei)	31/12/2022	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	2022 vs 2021
Other non-current provisions	1,429,017	0.82%	5.36%	0.42%	116.64%
Deferred tax liabilities	7,780,659	4.46%	29.21%	2.26%	-2.89%
Other non-current financial liabilities	4,044,764	2.32%	15.18%	1.18%	-46.94%
Other non-current non-financial liabilities	13,384,594	7.67%	50.24%	3.89%	-16.43%
<b>Total non-current liabilities</b>	<b>26,639,034</b>	<b>15.27%</b>	<b>100.00%</b>	<b>7.74%</b>	<b>-17.56%</b>



**EQUITY**

**The Equity** have a weight in Total Equity and Liabilities of 49.31% recording an increase of LEI 30,760,085, i.e. 22.14%, as compared with the beginning of the year.



Equity	31/12/2022	2022 vs 2021
Issued capital	26,412,210	0.00%
Share premium	2,182,283	0.00%
Reserves	62,917,677	4.47%
Retained earnings	77,247,165	57.06%
<b>Equity attributable to equity holders of the parent</b>	<b>168,759,335</b>	<b>22.29%</b>
Non-controlling interests	920,916	0.58%
<b>Total equity</b>	<b>169,680,251</b>	<b>22.14%</b>

**B.) STATEMENT OF THE COMPREHENSIVE INCOME**

Indicator (lei)	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs.2021	
Revenue	256,828,358	341,319,436	381,985,677	▲	40,666,241	12%
Other Income	4,418,916	4,291,042	4,287,141	▼	(3,901)	0%
Increase (decrease) in inventories of finished goods and work in progress	(1,549,135)	4,710,209	11,496,807	▲	6,786,598	144%
Raw materials, consumables, commodities and utilities used	(150,122,594)	(235,396,370)	(263,732,961)	▲	(28,336,591)	12%
Employee benefits expense	(70,282,433)	(73,746,328)	(78,261,063)	▲	(4,514,735)	6%
Depreciation and amortisation expenses	(15,272,031)	(14,897,799)	(14,538,409)	▼	359,390	-2%
Other expenses	(18,739,100)	(21,382,633)	(30,646,145)	▲	(9,263,512)	43%
Other gains (losses)	802,760	1,936,380	2,276,748	▲	340,368	18%
<b>Profit (loss) from operating activities</b>	<b>6,084,741</b>	<b>6,833,937</b>	<b>12,867,795</b>	<b>▲</b>	<b>6,033,858</b>	<b>88%</b>
Finance Income	89,608	85,170	290,047	▲	204,878	241%
Net gain/(loss) on disposal of financial investments	-	-	44,525,895	▲	44,525,895	n/a
Finance costs	(3,426,116)	(3,054,857)	(2,894,705)	▼	160,152	-5%
Share of profit of associates (GREEN-GROUP)	(2,564,549)	(1,144,985)	2,402,565	▲	3,547,550	-310%
<b>Profit / (loss) before tax</b>	<b>183,684</b>	<b>2,719,265</b>	<b>57,191,597</b>	<b>▲</b>	<b>54,472,332</b>	<b>2003%</b>
Tax income (expense)	(267,650)	(928,652)	(1,066,842)	▲	(138,190)	15%
<b>Profit (loss) of the year, attributable to</b>	<b>(83,966)</b>	<b>1,790,612</b>	<b>56,124,755</b>	<b>▲</b>	<b>54,334,143</b>	<b>3034%</b>
Equity holders of the parent	(86,818)	1,793,730	56,119,419	▲	54,325,689	3029%
Minority interest	2,852	(3,118)	5,336	▲	8,454	-271%
<b>Profit (loss) from continuing operations</b>	<b>(83,966)</b>	<b>1,790,612</b>	<b>56,124,755</b>	<b>▲</b>	<b>54,334,143</b>	<b>3034%</b>
Differences from foreign operations	12,170	115	-	▼	(115)	-100%
Loss/gain from revaluation of fixed assets	-	-	745,264	▲	745,264	n/a
Deffered profit tax allocated to the comprehensive income	289,186	21,017	273,332	▲	252,315	1201%
<b>Comprehensive income of the year, attributable to:</b>	<b>217,390</b>	<b>1,811,744</b>	<b>56,398,087</b>	<b>▲</b>	<b>54,586,343</b>	<b>3013%</b>
Equity holders of the parent	214,538	1,814,862	56,392,751	▲	54,577,889	3007%
Minority interest	2,852	(3,118)	5,336	▲	8,454	-271%

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs.2021	
EBITDA OPERATIONAL	17,752,992	16,824,568	24,700,499	▲	7,875,931	47%

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022
Av. number of employees	1,470	1,440	1,338



**From EBITDA OPERATIONAL to NET PROFIT**

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs 2021	
<b>EBITDA OPERATIONAL</b>	<b>17,752,992</b>	<b>16,824,568</b>	<b>24,700,499</b>	▲	7,875,931	47%
Fixed assets depreciation	(15,272,031)	(14,897,799)	(14,538,409)	▼	359,390	-2%
Revenues from subsidy from Government for investments	3,781,951	3,745,692	3,692,905	▼	(52,787)	-1%
Interest expenses	(1,789,198)	(1,657,222)	(2,364,092)	▲	(706,870)	43%
Gain/loss from sales of assets	85,857	(85,226)	1,191,313	▲	1,276,539	n/a
Net gain/loss from revaluating the investment properties and fixed assets	(278,663)	1,377,918	(1,199,108)	▼	(2,577,026)	-187%
Other non-operational items(provisions,penalties, donations)	(303,722)	(483,113)	(1,475,250)	▲	(992,137)	205%
Forex gain/loss	(1,309,826)	(1,037,861)	71,335	▼	1,109,196	n/a
Share of profit / loss of associates	(2,564,549)	(1,144,985)	2,402,565	▲	3,547,550	-n/a
Net gain/(loss) on disposal of financial investments	-	-	44,525,895	▲	44,525,895	0%
Other gain/loss from Financial	80,873	77,291	183,944	▲	106,653	138%
Tax on profit	(267,650)	(928,652)	(1,066,842)	▲	(138,190)	15%
<b>NET PROFIT</b>	<b>(83,966)</b>	<b>1,790,611</b>	<b>56,124,755</b>	▲	<b>54,334,144</b>	<b>3034%</b>

On quarters, the Statement of the comprehensive income has the following evolution:

Income statement	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 : 2022 vs 2021	Q2 : 2022 vs 2021	Q3 : 2022 vs 2021	Q4 : 2022 vs 2021
Revenue	95,365,144	97,686,287	95,775,679	93,158,567	21,521,163	15,825,876	3,704,187	(384,986)
Other Income	1,073,659	1,095,422	1,074,311	1,043,749	2,900	25,148	8,532	(40,481)
Increase (decrease) in inventories of finished goods and work in progress	6,403,775	902,457	(1,185,374)	5,375,949	3,868,781	(1,806,224)	(329,803)	5,053,844
Raw materials, consumables, commodities and utilities used	(67,381,271)	(65,457,740)	(64,470,503)	(66,423,447)	(17,949,516)	(10,275,088)	(272,094)	160,107
Employee benefits expense	(18,971,412)	(19,796,619)	(19,594,716)	(19,898,316)	(737,844)	(735,384)	(1,339,386)	(1,702,121)
Depreciation and amortisation expenses	(3,691,727)	(3,666,881)	(3,602,325)	(3,577,476)	54,079	39,795	126,561	138,955
Other expenses	(9,044,823)	(5,028,616)	(4,789,918)	(11,782,788)	(3,968,062)	(402,471)	(127,740)	(4,765,239)
Other gains (losses)	41,189	26,086	171,529	2,037,944	(76,486)	(138,341)	39,660	515,535
<b>Profit (loss) from operating activities</b>	<b>3,794,535</b>	<b>5,760,395</b>	<b>3,378,683</b>	<b>(65,818)</b>	<b>2,715,015</b>	<b>2,533,312</b>	<b>1,809,917</b>	<b>(1,024,386)</b>
Finance Income	52,855	2,034	72,943	162,216	11,846	(16,293)	58,885	150,440
Net gain/(loss) on disposal of financial investments	-	-	-	44,525,895	-	-	-	44,525,895
Finance costs	(581,933)	(749,410)	(874,435)	(688,927)	545,041	(195,942)	(179,522)	(9,426)
Share of profit of associates (GREEN-GROUP)	1,583,476	1,374,247	867,591	(1,422,749)	843,600	(252,216)	376,591	2,579,575
<b>Profit / (loss) before tax</b>	<b>4,848,934</b>	<b>6,387,265</b>	<b>3,444,781</b>	<b>42,510,617</b>	<b>4,115,503</b>	<b>2,068,861</b>	<b>2,065,871</b>	<b>46,222,098</b>
Tax income (expense)	(377,230)	(529,285)	(367,291)	206,964	(245,969)	(112,068)	(161,206)	381,053
<b>Profit (loss) of the year, attributable to</b>	<b>4,471,704</b>	<b>5,857,980</b>	<b>3,077,490</b>	<b>42,717,581</b>	<b>3,869,534</b>	<b>1,956,793</b>	<b>1,904,665</b>	<b>46,603,151</b>
Equity holders of the parent	4,470,369	5,855,631	3,076,823	42,716,596	3,867,369	1,953,613	1,902,969	46,601,738
Minority interest	1,335	2,349	667	985	2,165	3,180	1,696	1,413
<b>Profit (loss) from continuing operations</b>	<b>4,471,704</b>	<b>5,857,980</b>	<b>3,077,490</b>	<b>42,717,581</b>	<b>3,869,534</b>	<b>1,956,793</b>	<b>1,904,665</b>	<b>46,603,151</b>
Differences from foreign operations	(2)	(2)	4	-	(84)	(5)	(25)	(1)
Loss/gain from revaluation of fixed assets				745,264	-	-	-	745,264
Deffered profit tax allocated to the comprehensive income				273,332	-	-	-	252,315
<b>Comprehensive income of the year, attributable to:</b>	<b>4,471,702</b>	<b>5,857,978</b>	<b>3,077,494</b>	<b>42,990,913</b>	<b>3,869,450</b>	<b>1,956,788</b>	<b>1,904,640</b>	<b>46,855,465</b>
Equity holders of the parent	4,470,367	5,855,629	3,076,827	42,989,928	3,867,285	1,953,608	1,902,944	46,854,052
Minority interest	1,335	2,349	667	985	2,165	3,180	1,696	1,413
<b>EBITDA OPERATIONAL</b>	<b>6,572,211</b>	<b>8,368,149</b>	<b>5,897,359</b>	<b>3,862,780</b>	<b>2,670,226</b>	<b>2,444,140</b>	<b>1,620,241</b>	<b>1,141,324</b>



## C.) REVENUES

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 2020	% in total	12 Months of 2021	% in total	12 Months of 2022	% in total	2022 vs.2021
Romcarbon SA	181,146,472	60%	264,737,647	64%	262,801,054	59%	-0.73%
LivingJumbo Industry SA	110,666,945	37%	133,415,290	32%	164,064,764	37%	22.97%
RC Energo Install SRL	7,646,082	3%	11,711,050	3%	17,005,204	4%	45.21%
Info Tech Solutions SRL	936,533	0%	1,071,637	0%	1,124,044	0%	4.89%
<b>Total, out of which:</b>	<b>300,396,032</b>	<b>100%</b>	<b>410,935,625</b>	<b>100%</b>	<b>444,995,067</b>	<b>100%</b>	<b>8.29%</b>
Within the Group	43,567,674	15%	69,616,189	17%	63,009,389	14%	-9.49%
<b>Outside of the Group</b>	<b>256,828,358</b>	<b>85%</b>	<b>341,319,436</b>	<b>83%</b>	<b>381,985,677</b>	<b>86%</b>	<b>11.91%</b>

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

Structure of Revenues (Net sales)	12 Months of 2020	% in total	12 Months of 2021	% in total	12 Months of 2022	% in total	2022 vs.2021
Sales of finished goods (701+709)	221,265,575	86%	276,755,901	81%	313,728,863	82%	13.36%
Sales of intermediary goods	12,402,732	5%	14,703,881	4%	17,584,021	5%	19.59%
Sales of residual products	329,150	0%	643,853	0%	479,172	0%	-25.58%
Services rendered	3,958,649	2%	3,514,731	1%	3,141,708	1%	-10.61%
Sales of goods purchased for resale	17,605,357	7%	43,132,592	13%	37,641,933	10%	-12.73%
Revenues from sundry activities	1,266,895	0%	2,568,478	1%	9,409,981	2%	266.36%
<b>Total</b>	<b>256,828,358</b>	<b>100%</b>	<b>341,319,436</b>	<b>100%</b>	<b>381,985,677</b>	<b>100%</b>	<b>11.91%</b>

## D.) STATEMENT OF CASH-FLOW

	12M 2020	12 M 2021	12M 2022
Net cash generated by operating activities	19,968,923	(1,778,786)	(6,738,464)
Net cash (used in)/generated by investing activities	4,101,582	(2,175,748)	70,172,389
Net cash (used in)/generated in financing activities	(13,215,044)	846,795	(7,161,758)
<b>Net increase in cash and cash equivalents</b>	<b>10,855,461</b>	<b>(3,107,739)</b>	<b>56,272,168</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,849,170</b>	<b>20,704,632</b>	<b>17,596,893</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 period</b>	<b>20,704,631</b>	<b>17,596,893</b>	<b>73,869,061</b>

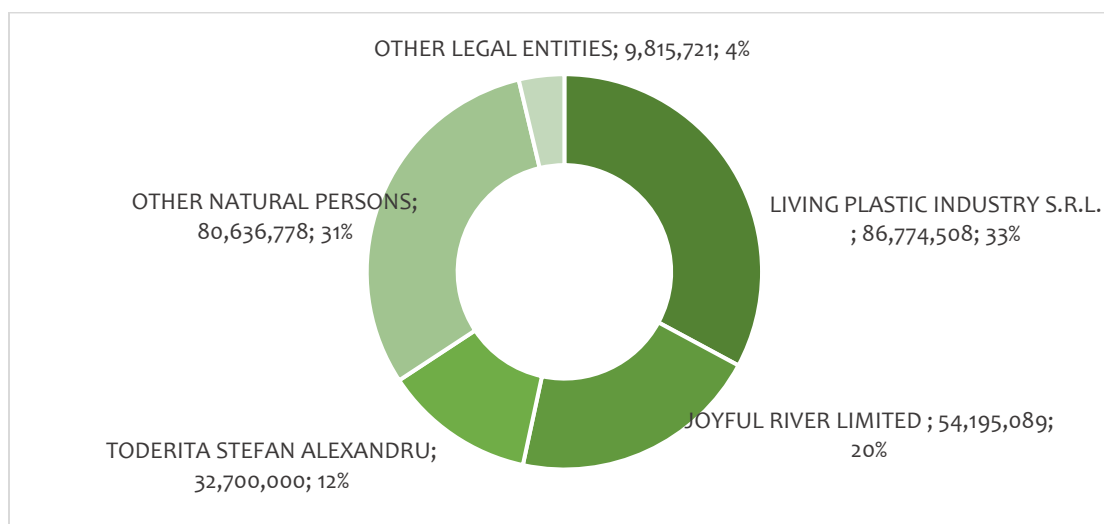


**E.) FINANCIAL RATIOS**

Indicator	Formula	12 Months of 2020	12 Months of 2021	12 Months of 2022
EBIT	Gross profit + Income tax + Expenses with interest	1,972,882	4,376,486	59,555,688
EBITDA	EBIT + Depreciation-Subsidies for investment	13,462,961	15,528,594	70,401,193
Sales	Revenue + Rental and royalty income	257,465,323	341,864,786	382,579,913
EBITDA to sales ratio	EBITDA/Sales	5.23%	4.54%	18.40%
EBITDA to Equity ratio	EBITDA/Equity	9.64%	11.18%	41.49%
Gross profit margin	Gross profit/Sales	0.07%	0.80%	14.95%
Current ratio	Current assets/Current liabilities	1.04	1.03	1.42
Quick ratio	(Current assets-Inventories)/Current liabilities	0.62	0.61	0.97
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	33%	23%	16%
Total liabilities to Assets ratio	Total liabilities/Total Assets	50%	54%	51%
Interest coverage ratio	EBIT/Interest expenses	1.10	2.64	25.19
Account receivable turnover ratio	Average receivables/Sales (days)	49	47	54
Account payable turnover ratio	Average payables/Sales (days)	48	47	56
Return on assets (ROA)	Net profit/Assets	-0.0300%	0.5933%	16.3100%
Return on equity (ROE)	Net profit/Equity	-0.0601%	1.2890%	33.0768%
Return on sales (ROS)	Net profit/Sales	-0.0326%	0.5238%	14.6701%

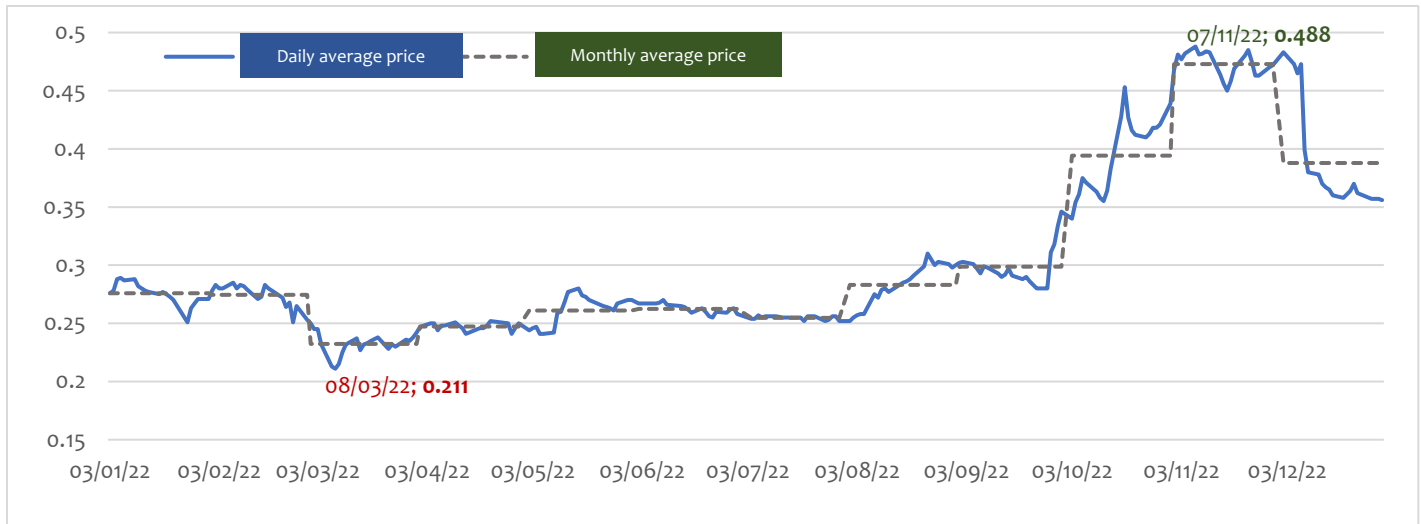
**STRUCTURE OF SHAREHOLDERS**

As at **31.12.2022** SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:





### Evolution of average price of ROCE shares in the period 01.01.2022-31.12.2022



\*  
\* \*

## 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 internal 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 2022, the Group will issue until **30.06.2023** the sustainability report prepared in accordance with GRI standards.

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

**ZAINESCU VIORICA,**  
Financial Manager

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

**ROMCARBON SA** | Thinking forward

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