



2022

**ANNUAL
REPORT**

132 Transilvaniei Steet, Buzau



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ANNUAL REPORT ACCORDING TO THE FSA REGULATION NO.5/2018

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Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , Str. Transilvaniei, nr.132

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Website : www.romcarbon.com

E-mail : investor.relations@romcarbon.com

Registered business number: J10 / 83/1991

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

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

Standard category, Symbol : ROCE

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



LANGUAGE DISCLAIMER

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1. ANALYSIS OF THE COMPANY ACTIVITY

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

2221 Manufacture of plates, sheets, tubes and plastic profiles

2222 Manufacture of plastic packaging

2223 Manufacture of plastics for construction

2229 Manufacture of other plastic products

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

3832 Recovery of sorted materials

3299 Other manufacturing

4677 Wholesale of waste

1.1.b) S.C. Romcarbon S.A. was founded in 1952 under the name "Fabrica Chimica nr.12".

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

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

1.1.d) The inputs of "Property, plant and equipment" during 2022 are presented in the table below :

Category	Value
Plants	1,320,580
Equipment and Machineries	899,421
Controlling device	939,268
Vehicles	399,632
Furniture	114,419
TOTAL	3,673,320

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

Item	Entry value	Sections
SMART METER FOR MONITORING THE ELECTRICITY CONSUMPTION	918,482	Administrative
ELECTRIC NETWORK 6KW+0,4KW	454,029	Administrative
PE BAGS AUTOMATIC LINE	451,173	CP3 - Polyethylene
PLATFORMA BETONATA ACCES PIETONAL +AUTO -POARTA 1	447,601	Administrative
REGRANULATION LINE [IMPROVEMENT]	201,626	CP5 - Polystyrene
COMPRESSOR	146,592	CP6 - Polypropylene

1.1.1 GENERAL ASSESSMENT ITEMS

Indicator	2021	2022	2022 vs. 2021	
Sales of finished goods	169,491,035	183,306,275	13,815,240	8.15%
Total sales (Turnover)	266,937,601	265,048,638	(1,888,963)	-0.71%
Exports	50,148,679	53,659,166	3,510,487	7.00%
Total Revenues	276,378,079	328,255,881	51,877,802	18.77%
Total Expenses	(276,936,450)	(275,872,120)	1,064,330	-0.38%
Gross profit/loss, total, out of which:	(558,371)	52,383,761	52,942,132	n/a
Exploitation result	7,363,739	6,285,831	(1,077,908)	-14.64%
Financial result	(7,922,110)	46,097,930	54,020,040	n/a
Profit tax	(889,087)	(912,071)	(22,984)	2.59%
Net profit	(1,447,458)	51,471,690	52,919,148	n/a
EBIT	394,684	53,670,160	53,275,476	13498.26%
EBITDA	8,112,816	61,072,654	52,959,838	652.79%
EBITDA Operational	13,987,048	15,025,300	1,038,253	7.42%
Cash and bank balances	17,588,598	2,772,709	(14,815,889)	-84.24%



Market share (%) in Romania:

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

1.1.2 Technical assessment of the company

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

In 2022, production activity was carried out in 7 profit centers as follows:

➤ Profit Center No. 1 – Filters.

Filters workshop: In this centre are manufactured air, oil, fuel and cabin filters for cars, trucks and tractors, railway equipment and industrial installations.

➤ Profit Center No. 2 – Protective equipment and Active Carbon

- Protective equipment workshop: production of personal protective respiratory equipment – gas masks and filter cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment.
- Active Carbon Workshop that manufactures active carbon, powder or grains, impregnated- semi-finished product necessary for protective equipment, as well as active carbon used in oil industry, food, chemical and pharmaceutical industries.

➤ Profit Center No. 3 with Polyethylene workshop - here are manufactured varied sizes of polyethylene packaging (small bags, garbage bags, pouches, cover bags by extrusion, printing, welding), general purpose film, foil for greenhouse, shrinkable film and photopolymer clichés.

➤ Profit Center No. 4 with two workshops:

- Support for traffic signs workshop based on recycled PVC, extruded and pressed.
- PVC pipes workshop is engaged in the production of PVC pipes as semi-finished products for internal use.

➤ Profit Center No. 5 with extruded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where are manufactured packaging trays for food industry and products for constructions as XPS plates and rolls, ribbed and perforated.

➤ Profit Center No. 6 with 2 workshops of Polypropylene-where are manufactured polypropylene products: laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food, chemical and construction industry.

➤ Profit Center No. 7 – Compounds- with two activities:

- Treating of plastic scraps coming from WEEE recycling and automotive industry by separating the recyclable polymeric fractions, grinding, extruding and filtering the separated fractions. The finished products are plastics regranulated products, compounds and composites plastic products.
- Treating the postproduction and post consumption polypropylene woven as well as polyethylene foil scraps by densimetric sorting, extruding and filtering. The finished products are PE and PP regranulated products and compounds.

The company has a working points in Iasi where the main activity is renting the assets for production purpose.

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

	2020	2021	2022
- Sales of finished products, total, out of which:	71.72%	63.49%	69.16%
CP1~ Automotive and industrial filters,	1.33%	1.01%	1.28%
CP2~ Respiratory protective equipment and Active Carbon	1.34%	0.84%	2.04%
CP3~ Polyethylene processing products	15.23%	13.49%	13.63%
CP4~ PVC processing products	0.38%	0.33%	0.26%
CP5~ Polystyrene processing products	22.01%	17.79%	19.27%
CP6~ Polypropylene processing products	18.65%	15.69%	15.13%
CP7~ Recycled plastics & Compounds	12.79%	14.34%	17.54%

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



New products developed in 2022

In 2022 we enlarged the range of filters with 4 new items from which 3 are for automotive industry and 1 industrial filters, as well as 21 reprojecting filters -17 for automotive, 4 industrial filters.

In Compounds Center were developed 153 new products manufactured from recycled plastic, which includes optimization from both costs and using of raw materials point of view. The new products were delivered to beneficiaries for testing, validation and use (2.140 tons).

XPS rollers for mounting under parquet, intended for underfloor heating, were assimilated into production.

We have started the preparation regarding the assimilation of XPS boards laminated with aluminized boPET film, intended for insulating the floor both thermally and from the point of view of humidity and fulfilling the conditions of the EN 16354 standard.

According with the Circular Economy Plan which set the increasing of recycled material in plastic products, in the polyethylene sector continue the production and assimilation of products with recycled material, proportion of recycled material in production reaching ~65%.

It was extended the full-size range of woven polypropylene packaging with over new 180 products.

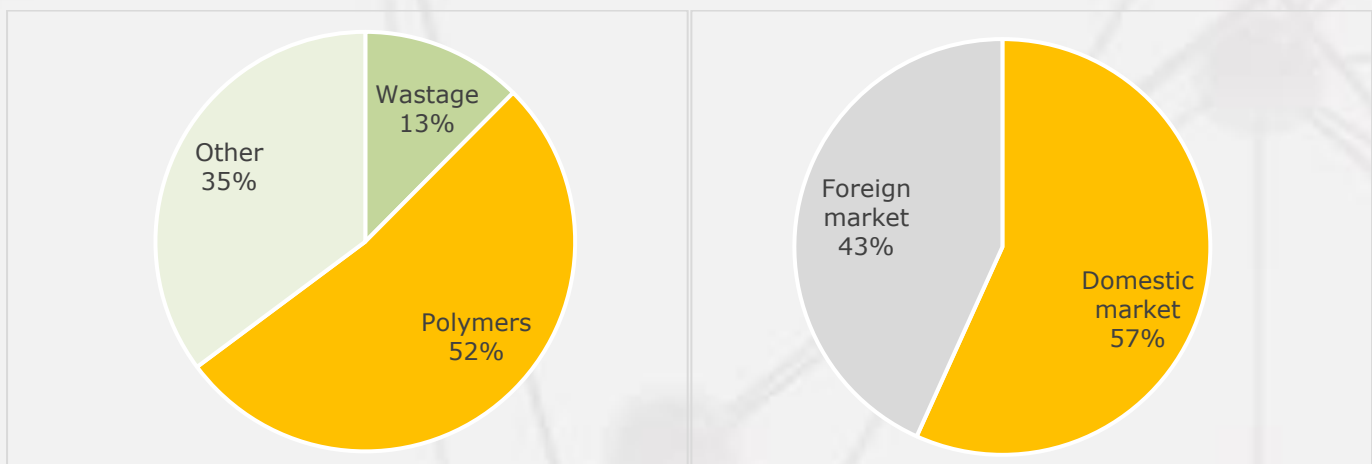
1.1.3 The assessment of the procurement activity (domestic and import)

The supplying chain of raw materials, materials and services is done according to the specific internal procedures. Following the analysis of a minimum 3 commercial offers, the best alternative is selected, which then becomes the acquisition. Collaborations with agreed suppliers are conducted on the basis of commercial contracts or confirmed spot orders. The portfolio of raw materials suppliers for most production sectors includes companies with the headquarters in Romania in a percentage of 43% (2021 : 44%), and companies acting on the foreign markets in a percentage of 57% (2021 : 56%). For the Compound sector, the raw material supplied comes in a percentage of 92% from romanian market, while the difference is ensured by the foreign markets.

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

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

Related to the supplier's domicile in 2022 the acquisitions of raw materials and materials had the following structure:



1.1.4 The assessment of sales activity

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

Group	2020	2021	2022	2022 vs. 2021	
CP1~ Auto and industrial filters,	2,409,202	2,703,153	3,395,182	▲	692,029 26%
CP2~ Respiratory protective equipment and Active Carbon	2,423,505	2,247,391	5,396,649	▲	3,149,258 140%
CP3~ Polyethylene products	27,570,557	36,010,670	36,123,918	▲	113,248 0%
CP4~ PVC products	679,304	881,364	697,669	▼	(183,695) -21%
CP5~ Polystyrene products	39,839,387	47,497,169	51,082,952	▲	3,585,783 8%
CP6~ Polypropylene products	33,761,931	41,879,984	40,107,774	▼	(1,772,210) -4%
CP7~ Regenerated plastics & Compounds	23,154,619	38,271,305	46,502,132	▲	8,230,827 22%
Total	129,838,505	169,491,035	183,306,276	▲	13,815,241 8%

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

Sales of finished products	2020		2021		2022	
	Value	%	Value	%	Value	%
Domestic market	91,948,262	70.82%	122,114,658	72.05%	135,277,778	26.20%
Exports	37,890,243	29.18%	47,376,377	27.95%	48,028,498	73.80%
Total	129,838,505	100.00%	169,491,035	100.00%	183,306,276	100.00%



1) AUTOMOTIVE AND INDUSTRIAL FILTERS

a) Market

The products of this center are delivered on the domestic market. Of the total sales of this profit center, 23% represent the sales of automotive filters, 36% railway and naval filters, 15% industrial filters and 26% agricultural filters and others. The process of selling the filters is made both directly by Romcarbon and through distributors. The main objectives in marketing and sales process are:

- maintaining and diversifying the sales of filters for the railway and naval fields.
- developing the sale of industrial filters by offering customized elements for replacing imported filters with equivalents
- maintaining the sale of car filters specially cabin filters that will represent a continuity in terms of reducing the share of polluting engines

b) Competition

From the point of view of the brand, we maintain the Romcarbon brand, recognized by the informed customers of its European-level quality. In addition, we produce under different brands of car component distributors, which hold significant shares in the after-market market, thus managing to be present on this market as well.

Romcarbon filters are recognized as having the proper quality, are risk-free, and have fair prices.

The competition is represented by well-known companies, both for industrial filters such as Pall, Donaldson, but also for automotive and agricultural filters, Mann, Mahle, Knecht, our advantage being the price adapted to local purchasing power. Another category are the "middle range" brands that have similar prices to ours: Hifi, Uniflux, Purflux. Compared to these, but we have the advantage that we represent a Romanian brand, and many customers prefer our products for this reason.



2) ACTIVE CARBON AND INDIVIDUAL RESPIRATORY PROTECTIVE EQUIPMENTS

a) Market:

ROMCARBON is a long-standing producer of activated carbon and individual and collective respiratory protection equipment. ROMCARBON produces both full masks, half masks, filters against industrial toxins existing in the working atmosphere. Although Romania is among the last countries in the EU in terms of spending on the purchase of respiratory protection equipment, ROMCARBON has an important portfolio of clients. In 2022, the sales market was the domestic market. Of the total value of sales, 95% are sales to Ministry of Defence, Romanian companies that design and execute filtering ventilation installations, companies whose field of activity is metal coatings, companies from the pharmaceutical industry and the food industry, biogas production and purification stations/farms, companies producing components for telecom infrastructure and the automotive industry and only a small number of companies from the chemical industry.

The sales in 2022 have doubled compared to 2021 and previous years; if sales of Active carbon increased by only 3%, sales of respiratory protection equipment tripled. The products were sold both directly to the end user (80% of the number of customers) and to companies distributing protective equipment. (20 %).



b) Competition:

Also in 2022, ROMCARBON proved to be a reliable partner and kept its traditional customers by proving professionalism, kindness, honesty, respect for its customers and, last but not least, promptness. The sales team has made many efforts in promoting the products and attracting new customers, sales to new customers representing about 58% of the total sales for Individual Protective Equipment, although there are a number of high-performance products from globally recognized manufacturers on the market (DRAEGER SAFETY Germany, SPERIAN Italy, HONEYWELL USA, MSA AUER Germany). Maintaining the value of 96% of the degree of customer satisfaction for 2022 also highlights the fact that the respiratory protection equipment and active carbon produced by ROMCARBON continue to satisfy customer requirements. With the hope that companies will understand that "safety" does not mean only a legislative obligation, that investments in respiratory protection equipment must become a priority and that "safety" means the prevention of costs that may increase in the event of future accidents, ROMCARBON pursues 2023 maintaining sales at least at the level of 2022.

3) POLYETHYLENE PRODUCTS**a) Market:**

Romcarbon is the leader in the Romanian market for small polypropylene bags. The product portfolio includes laminated, non-laminated, polyethylene lined, valve bags, polypropylene fabric and polypropylene tape.

The bags are intended for the packaging of powdery or granular products, with a capacity of 5-50 kg, such as sugar, rice, flour, cereals, salt, nitrates, fertilizers, lime, cement, fodder, animal feed, etc.

The distribution of sales of Polyethylene products is: 91% on domestic market and 9% on foreign markets.

b) Competition:

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

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

4) PVC PRODUCTS

In 2022, sales of PVC supports recycled material for road signs have a share of 59% on foreign markets and 41% on the domestic market



5) **POLYSTYRENE PRODUCTS**

a) **Market**

- **Extruded polystyrene trays** (69% of total sales of the sector)

In this sector are produced trays for the food industry (standard trays and absorbent trays).

National Institute of Statistics' data could not provide the market situation for the specific products but only all packaging material made of polystyrene at large. According to Romcarbon's own market analysis Romanian market is dominated mainly by local producers (Romcarbon is one of the two biggest local suppliers)and there are some insignificant % from the import.

In 2022, the distribution of sales of trays was 56% on domestic market and 44% to export, mainly to Balkans countries.

- **Extruded polystyrene underlayment for floor insulation** (31% of total sales of the sector)

For the EPS underlayment, Romcarbon is in a dominate position as local producer. The import is around 30% of the market share.

The sale of this range of products is achieved both through national distributors and directly to final consumers. In 2022, the distribution of sales of EPS underlayment was 59% on domestic market and 41% to export. The largest foreign market for extruded polystyrene underlayment is Bulgaria.

b) **Competition:**

The main competitors for polystyrene packaging are: British Foam Group and Euroconf Impex SRL Belcesti - local producers, and other European manufacturers such as Linpac, Siraggema, Coopbox.

For XPS underlayment, the main competitors are manufacturers from Poland (DECORA, VTM) and Germany (SELITAC).

6) **PROLYPROPYLENE PRODUCTS**

a) **Market**

The main market is represented by the plastic packaging.

We, as a active producer in this market, have registered an increased demand in certain segments, such as the food sector or that of animal feed production. This, together with the much higher volume of sales to DIY stores determined by the change in the habits of end consumers during the pandemic and beyond, managed to largely compensate for the low demand in the industrial sector.

The type of sale we practice is consultative. We always try to meet the requirements of our customers and offer them the right packaging solutions for their products.

The sales structure was 73% on the domestic market and 27% on the foreign market.



a.1) Domestic market

ROMCARBON is the leader on the market of small polypropylene bags in Romania, having the largest production capacity.

The sales activity is carried out both through distributors and directly to companies activating in the milling and baking industry, in the chemical industry, in the sugar industry, in the salt processing industry, in the production of animal feed or in the sector DIY. Since the domestic market is a market that takes into account not only the prices offered, but also the quality of products and services, we try to give all the support to our customers and meet their requirements by offering suitable packaging solutions for their products.

ROMCARBON owns, according to data provided by INS, approximately 16% of the local market.

a.2) Foreign market

Customers on the foreign market are mainly large traders and packaging distributors from European countries such as Poland, Greece, Holland, Spain, France, Serbia, Hungary, Latvia, Croatia, etc. We have no data to help us determine the share on the foreign markets. What we can mention, however, is that we have to deal with very competitive prices from the importers from the Asian market. Our customers mainly appreciate the flexibility, the period and also the lower delivery costs that we can offer given the advantage that we have the production capacity in Europe.

b) Competition:

On the domestic market of polypropylene packaging, are 2 other large producers, Romtextil SA and Luna Plast SRL, and several importers of small polypropylene bags from the Asian market. On the external market, the competition is determined, apart from the entry of large quantities of packaging from Asia, by producers from the immediate vicinity, such as those from Bulgaria.

Major dependents. There are no significant customers who, in terms of turnover with them, to represent a risk factor for our company.

7) RECYCLED POLYMERS AND COMPOUNDS

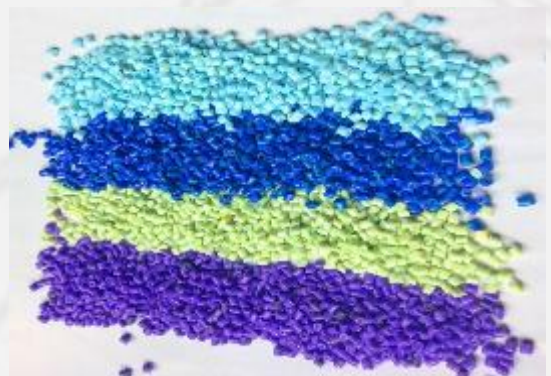
a) Market

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

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

The center is equipped with the latest technology from some of the world leaders in the field of extrusion equipment and laboratory equipment. Current production capacity of the factory of compounds is about 15,000 tons/ year.

The production capacity increased in 2020 as a result of the investment in a new polymers fractions sorting equipment.



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

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

Since 2021, a new product made out of recycled was added to the range of products dedicated exclusively to the automotive industry, and at the same time the customer portfolio grew with two new companies supplying injected parts to Renault.

In parallel with the research and development of products for the automotive industry, we have made new products for the home furniture and interior design market, forming a partnership with one of the largest international retailers.

In present, similar products in this subcategory are:

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

In 2022 sales were distributed as follows : 75% on the domestic market and 25% on foreign markets.

The foreign market is represented by clients from Italy, Croatia, Greece, Germany, Spain, Poland, Hungary, Bulgaria, Netherlands, s.o.

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

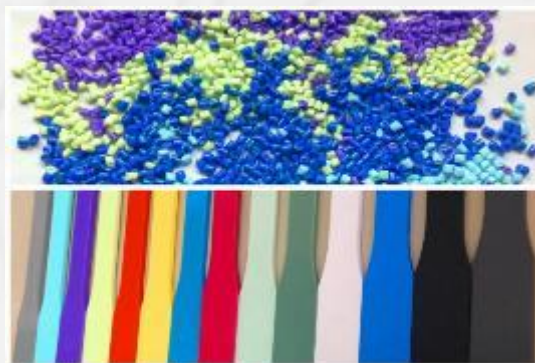
b) Competition:

The competition of virgin compounds is represented by large companies from the petrochemical industry.

➤ Internal market - recycled

The main internal competitors are Ecofriend Recycling, Crilelmar, Calex, Remat, Total Recycling, Italplast Group, Total Recover, Iza SRL, Ecosistem SRL, Amzay Factory Impex, Remat Holding, Recycling Mondo Plast, Plastic Recycling Export External market - recycled

The most important external competitors are Ecoinvest (Bulgaria), PMB (Bulgaria), Sky Plastic (Austria), Atus Recycling (Poland), Rego Plast (Hungary), Pokas Recycling (Greece), Megaport (Bulgaria), Galoo Plastics (Belgium). , Synova (France), Borealis (Germany), Versalis (Italy), LyondellBasell Industries (Netherlands).



Since 2021, the Plastic Compounds Division was certified by EuCertPlast. The certification is based on the European standard EN 15343: 2007 and offers the company's suppliers and customers the assurance that pre- and post-consumer processed plastics are treated according to best practices and with respect for the environment.



EuCertPlast

Obtaining EuCertPlast certification enables the company to meet the requirements of the REACH Directive and contributes to the application of best practices on the traceability of recycled plastics (throughout the recycling process and the supply chain) and on the quality of the recycled content in the final product.

ROMCARBON also has **RecyClass certification**. The purpose of this certification is to recognize plastic recycling processes for pre-consumer and post-consumer waste operating at a site in accordance with the requirements set out in the recycling process conformity assessment scheme. Certification against this audit scheme enables recyclers to demonstrate their contribution to the management of plastic waste and transparently communicate its origin. The audit scheme requirements are aligned with those of EN 15343:2007 and ISO 22095:2020



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

The number of employees at 31.12.2022 was 778, grouped according to the level of education as follows:

Total personnel, out of which:	778	%
• higher education*	90	12%
• post-secondary school	10	1%
• technical school for foreman	10	1%
• secondary education	293	38%
• vocational school	203	26%
• 9 – 11 classes/apprentice school	98	13%
• occupational qualification	4	1%
• school	70	9%

*Out of the total personnel with higher education, 67 persons are employed on positions which require higher education.

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

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

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

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

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

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

S.C. ROMCARBON S.A. has implemented and certified an integrated quality management system - environment - occupational health and safety standards ISO 9001 :2015, ISO 14001 : 2015 si ISO 45001 :2018, applicable to the design and manufacture of protective equipment for respiratory tract - SRAC certificate.

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

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

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

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

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

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

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Exemples of such changes:

- Change of the applicability area of Integrated Management System;
- Development of new products or services;
- Changes of the production processes, changes of tehnology, or insertion of new processes;
- Significant increase or decrease of the production capacity;
- Extension or relocation of an activity;
- Changes in compliance obligations with environment issues;
- Emergency situations

At the beginning of 2023 were evaluated the environment aspects and the list of significant environmental aspects was drawn up in normal, abnormal conditions and emergency situations.

1.1.7 The assessment of the research and development activity

The technical-investment activity was carried out by the Department of Technical and Investment in collaboration with internal departments involved and with agreed service providers, included:

- certification and recertification of products regulated in accordance with national and European legislation. In 2022 were renewed the certifications of the following products:
 - in the Workshop Filters and Protective Materials: air and oil filters; automotive filters; auto-motors (8 certifications); gas mask (1 certification) and filters cartridge (9 certifications).
 - in PS sector: renew the Technical Agreement and Approval for XPS sheet for insulation under the lamination floor, including the perforated, ribbed XPS rolls for underfloor heating.
 - in recycling sector, we prolong the EuCertPlast certification, certification with aim of recognising the company as a recycler which respect high standards.
- Obtaining annual health certificate required for extruded polystyrene packaging for export to non-EU countries.
- Acquisition of the new equipment in order to increase the company productivity and the products quality (plastic recycling washing line for LDPE and PP waste, Laminated XPS underlay panels converting machine together with packaging machine, bag conversion line).
- Updating the technical documentation of the expanded polystyrene, polyethylene, compound products and protective equipment.

The cost of research and development activity in 2022 was 651,086 lei, while for 2023 it was budgeted a cost of 866,640 lei.

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

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



Market risk

In 2022, it was registered a slight decrease in total turnover with 0.71%, reaching RON 265,048,638 lei (2021 : RON 266,937,601). Regarding the sales of finished products, it was registered an increase of 8% (2020: RON 169,491,035).

The main market for Romcarbon S.A. products is the local market, the turnover related to the main activity (Revenues from the sale of finished products) obtained in Romania had a share of 71% in 2022 (70% in 2021).

The clients' portfolio for the main activity (sales of finished products) is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods SC Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2021 had a turnover representing 6% and 16% of total turnover. The sales to Livingjumbo Industry SA in 2022 included also sales of finished products, rents and income from other activities, which accounted for 6% of turnover.

One risk that influenced the company's business in 2021 was the supply chain. The main difficulty faced by the company was the unprecedented crisis, worldwide, in the market of raw materials (plastic granules), translated into a significant reduction in availability and rapid and sharp rise in prices.

Currency risk

Currency exposure of Romcarbon SA is generated mainly by the loans denominated in euro for financing the production and the investments activities. As at 31.12.2022 the balance of these loans was EUR 9,858,202 (2021 : EUR 9,407,930).

In 2022 the loss generated by the fluctuation of foreign currencies rate was + RON 229.121 (2020: - RON 651,119).

Liquidity risk

Current liquidity of Romcarbon SA (calculated as a ratio between current assets and current debts) recorded an increase in 2022, i.e. 1.47 as compared with 1.19 in 2021.

Cash-flow risk

Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during the year 2023.



1.1.9 Perspective elements regarding the company's activity

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

For 2023, the company budgeted the following financial indicators:

- A total turnover of RON 326,059,963 (up with 23% as compared with 2022) out of which the turnover related to the sales of finished products is budgeted at the level of RON 212,787,742 (15% higher as compared with 2022);
- a gross profit of RON 8,480,090, out of which from current activity, excluding the financial activity and sales of assets, a profit of RON 7,299,680 .

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

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

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

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.

2. TANGIBLE ASSETS OF THE COMPANY

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

- land and industrial and civil construction located in the municipality of Buzau, Transilvania Street no. 132, with a total area of 158,005 square meters of which built area of 62,199.52 square meters;
- land and industrial and civil construction located in Transilvania Street no. 132 - the sport facility - a total area of 22.830 square meters of which 1.053 square meters built area.
- land and commercial space located in Buzau city, Unirii Street, total area of 287 square meters of which 287 square meters built area;
- land and industrial buildings located in town of Buzau, Zone B, capture water - total area of 111,340 square meters, of which built area of 265 square meters;
- land and industrial buildings located in Iasi, str. Calea Chisinau, no. 29 total area of 9,399.50 square meters, built area of 1,766 square meters;

Main production facilities :

I.)BUZAU

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

- Band filters hall - 1,830 sqm building area of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof;
- Protective materials hall - area 1,458 sqm prefabricated foundation pillars of glass type, prefabricated reinforced concrete beams, brick masonry and glass reinforced concrete roof;
- Active charcoal Hall 1 - area of 639 sqm built in reinforced concrete foundation, brick walls, concrete roof;
- Active charcoal Hall 2 - area of 1,803 square meters, built of prefabricated foundation pillars of glass type prefabricated reinforced concrete beams, brick masonry on concrete foundation;
- Polyethylene- Polypropylene Hall - an area of 11,666 square meters, built of prefabricated foundation pillars glass type with precast concrete beams, brick masonry and reinforced concrete foundation, reinforced concrete slab;
- Production hall + expansion and modernization of EU funds (Compounds Hall) - total area of 4,106 square meters of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof in which the extent of 1,806 sqm - hall with glass type foundation, metal poles and steel structure; Tristram wall panels 6 cm, aluminum joinery and double glazing and roof panels Tristram 8 cm floor made of concrete and reinforcing mesh with a mesh of 100 * 100 * 8 mm quartz elicoptrizat and treatment resistance to wear and dust ; access to the plant is made by six industrial doors with electric drives; electrical facilities have been fully restored;
- Production hall – total area 873 sqm, built on the foundation of reinforced concrete, structure of concrete pillars, aluminium frames, thermopane windows;



- Polystyrene hall and Warehouse - an area of 4,367 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick walls, glass panels and three-layer, reinforced concrete floor and roof panels Tristram;
- PSE mill hall and warehouse area of 577 sqm built on reinforced concrete foundation, brick walls, concrete roof;
- Wiring Hall 1 -Surface 415 sqm built on reinforced concrete foundation, brick walls, concrete floor;
- Laboratory - area 642 sqm, built on concrete foundation, brick masonry, roof;
- Compressor hall with an area of 396 sqm, built on the foundation of reinforced concrete, brick walls, concrete slab, of which 276.5 sq rent;
- Deposit filters - area of 1,144 square meters, built on the foundation of reinforced concrete, reinforced concrete walls, prefabricated roof;
- Administrative building - area 375 sqm, built on the foundation of reinforced concrete, brick masonry, reinforced concrete roof slab;
- Hall with an area of 1,653 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation of reinforced concrete roof;



I.2.) Rented buildings :

- Hall area of 717 sqm built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
- Hall - an area of 3,153 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof;
- Hall - an area of 2,718 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof; .
- Wiring Hall 2 - area of 468 sqm built on reinforced concrete foundation, brick walls, floor of corrugated sheets;
- Hall with an area of 692 sqm, brick walls, concrete roof;
- Hall with an area of 1,034 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Hall with an area of 1,795 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Warehouse with an area of 436 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels;
- Warehouse with an area of 743 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels.

II.) WORKING POINT IASI

ASSET 18.

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

ASSET 19

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

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

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

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

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



3. SECURITY MARKET

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

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

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

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

2020 - 2,641,220.96 lei

2021 - 26,412,219.60 lei

2022 - according to the GSM decision on 27/28.04.2023

In 2022, the ROCE share had the highest yield among the issuers included in the BET-XT index. In the event "Performers of the year 2022" organized by the Bucharest Stock Exchange, Romcarbon was awarded.

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

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

Not applicable.

3.5 S.C. Romcarbon SA did not issue bonds or other debt securities in 2022.

4. THE MANAGEMENT OF THE COMPANY

4.1. DIRECTORS

a) The Board of Directors in 2021:2

Huang Liang Neng - Chairman of the Board, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 52 years old;

Wey Jiann-Shyang - Deputy chairman of the Board, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated **29.11.2021** for a mandate which will expire on 04.02.2024, 59 years old;

Toderita Stefan Alexandru - Member of the Board, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 28 years old;

b) Not applicable.

c) Participation of administrators to share capital of SC Romcarbon SA, at the reference date 31.12.2022:

Huang Liang Neng- 0 shares

Wang Yi Hao - 0 shares

Toderita Stefan Alexandru - 32,700,000 actiuni (12.38%)

d) Company' s affiliates as per 31.12.2022:

d.1. Legal entities in which SC Romcarbon S.A. owned, on 31.12.2022, directly, at least 25% holdings :

Company	Total number of shares	Nominal Value (lei)	Social capital (lei)	No. of shares held	Investment value	Interest quota (%)
RECYPLAT LTD CIPRU	26,000	4,3521	113,154	26,000	20,261,120	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	199	1,990	99.5000%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA					2,687,755	62.6200%
YENKI SRL	32,800	10	328,000	10,934	100,000	33.3354%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	36,670	586,625	25.3596%

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

4.2. Executive members

In 2022, the management of the company was exercised by the following persons:

a.1) Limited period (mandate):

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

a.2) Unlimited period:

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

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

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

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

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

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

Titi Mihai - Technical Manager since 21.01.2019;

Zainescu Viorica Ioana - CFO starting on 15.01.2010

For more details regarding the directors and managers please access the following link :

<https://www.romcarbon.com/about-romcarbon/#Corporate-governance>

b) Not applicable.

c) Not applicable.

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

5. FINANCIAL STATEMENTS

Attachments:

-Separate financial statements for the year ended on 31.12.2022 prepared in accordance with Accounting Act no. 82/1991, republished, Order no. 2844/2016 as subsequently amended, O.M.F.P. no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided for in art. 6 para. (2) of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The company will issue for the year 2022 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") (Including: Independent-auditor Report of Deloitte Audit SRL -, Income and expenses statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement, Notes to financial statements, the Administrators Financial Report attached to the financial situations;

- The decision of the Ordinary General Meeting of Shareholders dated 27/28.04.2023, which approved the 2022 financial statements;

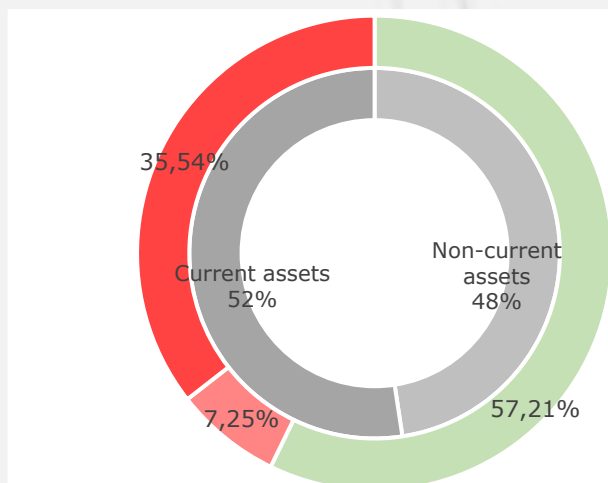
- Declaration of the management company of the conformity of the accounting statements.



5.1 STATEMENT OF THE FINANCIAL POSITION

Indicator	31.12.2020	31.12.2021	31.12.2022	31.12.2022 vs. 31.12.2021		
Property, plant and equipment	113,644,666	106,567,874	102,490,667	-4,077,207	▼	-3.83%
Investment property	11,885,346	10,894,586	9,883,738	-1,010,848	▼	-9.28%
Intangible assets other than goodwill	302,737	294,483	330,920	36,437	▲	12.37%
Investments in subsidiaries, joint ventures and associates	27,085,181	20,607,559	20,608,559	1,000	▲	0.00%
Total non-current assets	152,917,930	138,364,502	133,313,884	-5,050,618	▼	-3.65%
Current inventories	22,285,771	27,647,514	29,963,708	2,316,194	▲	8.38%
Trade and other current receivables	36,839,898	57,999,727	63,653,763	5,654,036	▲	9.75%
Other current financial assets	570,774	1,265,317	42,738,851	41,473,534	▲	3277.72%
Other current non-financial assets	1,080,363	2,187,278	3,864,347	1,677,069	▲	76.67%
Cash and cash equivalents	17,588,598	12,798,377	2,772,709	-10,025,668	▼	-78.34%
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	70,845	3,760,155	3,760,155	0	—	0.00%
Total current assets	78,436,251	105,658,368	146,753,533	41,095,165	▲	38.89%
Total assets	231,354,181	244,022,870	280,067,417	36,044,547	▲	14.77%
Issued capital	26,412,210	26,412,210	26,412,210	0	—	0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	—	0.00%
Other reserves	59,466,597	58,542,209	60,895,475	2,353,266	▲	4.02%
Retained earnings	50,151,453	47,008,179	70,732,989	23,724,810	▲	50.47%
Total Equity	138,212,543	134,144,882	160,222,957	26,078,075	▲	19.44%
Other non – current provisions	200,000	400,000	1,000,000	600,000	▲	150.00%
Deferred tax liabilities	7,857,468	8,012,574	7,780,659	-231,915	▼	-2.89%
Other non-current financial liabilities	6,420,472	4,017,590	4,044,764	27,174	▲	0.68%
Other non-current non-financial liabilities	10,879,379	8,619,928	7,475,188	-1,144,740	▼	-13.28%
Total non-current liabilities	25,357,319	21,050,091	20,300,611	-749,480	▼	-3.56%
Trade and other payables	26,129,532	37,161,910	48,060,900	10,898,990	▲	29.33%
Other current financial liabilities	37,277,228	46,860,194	45,859,692	-1,000,502	▼	-2.14%
Other current non-financial liabilities	4,377,559	4,805,793	5,623,258	817,465	▲	17.01%
Total current liabilities	67,784,319	88,827,897	99,543,849	10,715,952	▲	12.06%
Total liabilities	93,141,638	109,877,988	119,844,460	9,966,472	▲	9.07%
Total equity and liabilities	231,354,181	244,022,870	280,067,417	36,044,547	▲	14.77%

STRUCTURE OF THE STATEMENT OF THE FINANCIAL POSITION AS AT 31.12.2022



Current liabilities: 99,543,849 lei | 36%

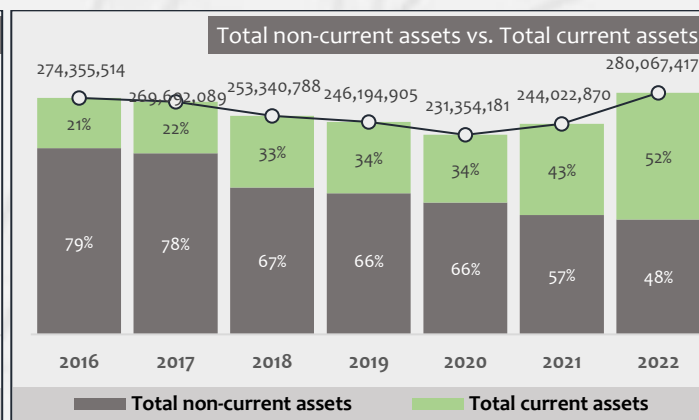
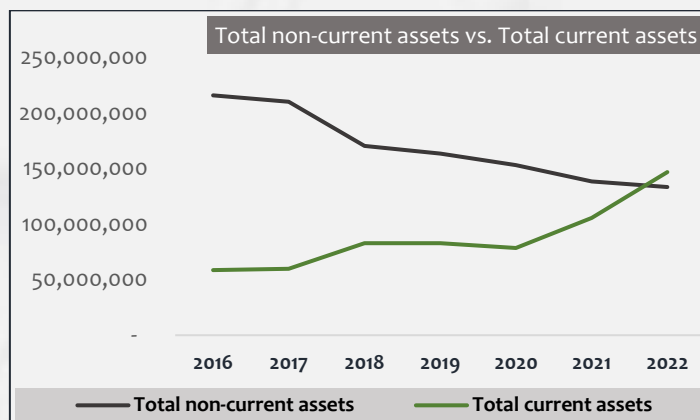
Non-current liabilities: 20,300,611 lei | 7%

Equity: 160,222,957 lei | 57%

Non-current assets: 133,313,884 lei | 48%

Current assets: 146,753,533 lei | 52%

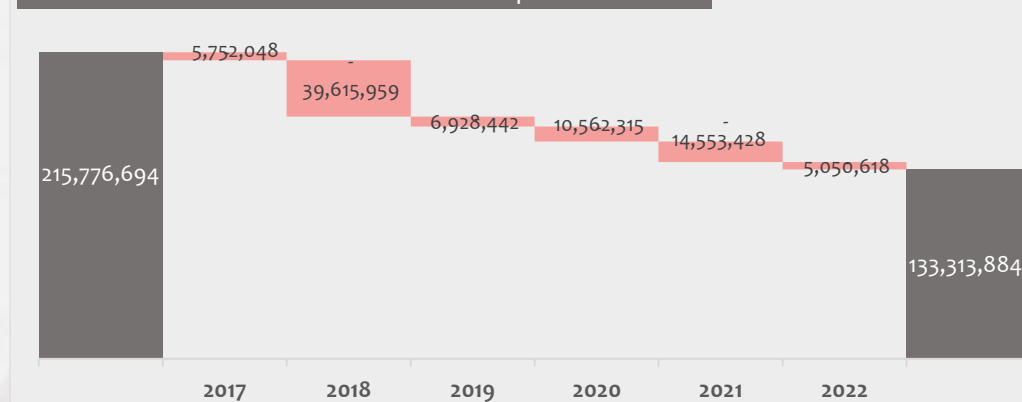
ASSETS



NON-CURRENT ASSETS

As at 31.12.2022, **Non-currents assets** hold 47.57% of the company's assets, recording a decrease of – Lei 5,050,618, i.e. 3.65% ,as compared with the beginning of the year .

Evolution of Total non-current assets in the period 2016-2022



Non-current assets (NCA)	31.12.2022	% in total NCA	% in total Assets	2022 vs. 2021
Property, plant and equipment	102,490,667	76.88%	36.57%	-3.83%
Investment property	9,883,738	7.41%	3.53%	-9.28%
Intangible assets other than goodwill	330,920	0.25%	0.12%	12.37%
Investments in subsidiaries, joint ventures and associates	20,608,559	15.46%	7.35%	0.00%
Total non-current assets	133,313,884	100.00%	47.57%	-3.65%

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

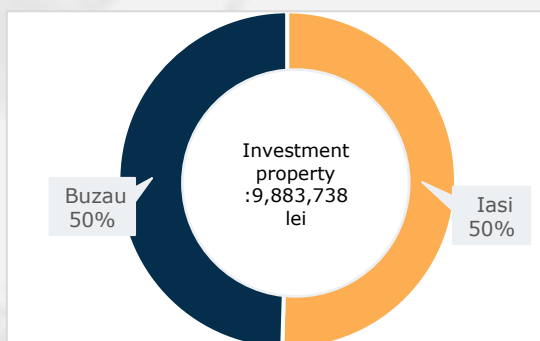
· Buildings (including re-arrangements and improvement)	:	1,320,580 lei
· Equipment and installations	:	2,352,741 lei

The inflows of the Non-current assets in 2022 had the following destinations: Plastics processing sector: 1,062,707 lei; Administrative and other sectors: 2,610,613 lei.

The outputs of Non-current assets in 2022 totalized LEI 4,067,575 out of which LEI 498,518 cassations/dismantle and LEI 3,569,057 sales.

On December 31, 2022, the Company revaluated the lands and buildings. As a result of the revaluation the amount of LEI 745,265 was recorded in Revaluation reserves and the amount of – LEI 1,370,104, net loss, in the result of the year.

The Investment property (land & plants) have the following geographical distribution:



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 lei, the amount was recorded as a result of the year

Outflows of 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).

Financial Investments hold 7.36% of Total Assets, and 15.46% of Non-current assets. As at 31.12.2022, S.C. ROMCARBON S.A. held shares in other companies totalizing Lei 30,340,197, as follows:

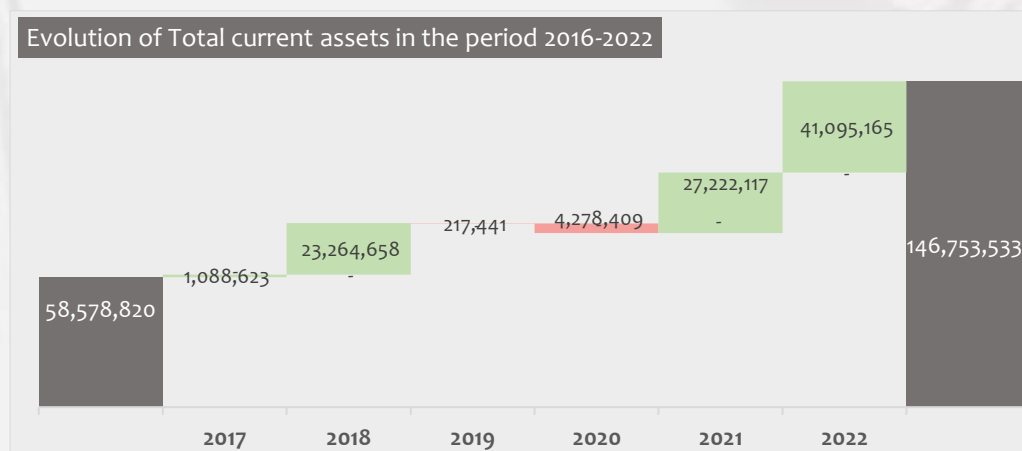
Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	199	1,990	99.50%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG							
BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
VIITORUL INCEPE AZI (ONG)	7,000					1,000	14.29%
TOTAL						30,340,197	

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

Company	Holdings (%)	Adjustments
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
LIVINGJUMBO INDUSTRY SA	99.86%	6,477,632
Total		9,731,638

CURRENT ASSETS

As at 31.12.2022, **Current assets** hold 52.40% of total assets recording an increase of Lei 41,095,165, i.e. 38.89% as compared with the beginning of the year.



Current assets (CA)	31.12.2022	% in total CA	% in Total Assets	2022 vs. 2021
Current inventories	29,963,708	20.42%	10.70%	8.38%
Trade and other current receivables	63,653,763	43.37%	22.73%	9.75%
Other current financial assets ¹	42,738,851	29.12%	15.26%	3277.72%
Other current non-financial assets	3,864,347	2.63%	1.38%	76.67%
Cash and cash equivalents	2,772,709	1.89%	0.99%	-78.34%
Non-current assets held for sale ²	3,760,155	2.56%	1.34%	0.00%
Total current assets	146,753,533	100.00%	52.40%	38.89%

¹In this indicator it is registered the dividends to be received from Recyclat LTD in amount of LEI 39,579,200 (equivalent of EUR 8,000,000) and loans granted to affiliates.

Affiliate	Value of the contract	Balance as at 31.12.2022	Interest	Total	Tenor
RC Energo Install SRL	3,000,000 lei	3,000,000 lei	159,651 lei	3,159,651 lei	03/06/2023
Total	3,000,000 lei	3,000,000 lei	159,651 lei	3,159,651 lei	

In June 2022, the loan granted in 2019 to RC Energo Install SRL having a maximum ceiling of LEI 1,231,700 was extended by 12 months.

In July 2022, an additional act was signed by which the ceiling limit was increased to LEI 3,000,000.

² Non-current assets or disposal groups classified as held for sale or as held for distribution to owners

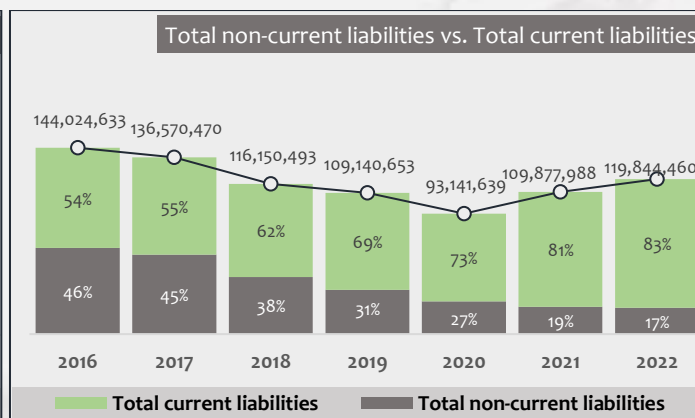
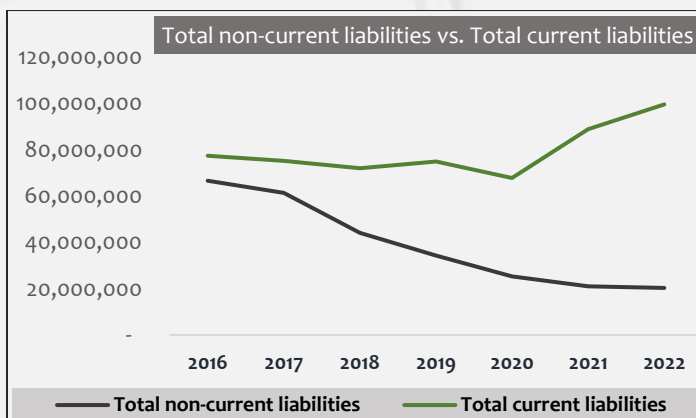
In December 2021, it was purchased a building located in the vicinity of Romcarbon SA having a total area of 3,723 sq.m., land together with the three buildings erected on it for which it was paid the price of Lei 3,164,050, equivalent to Eur 639,370. From the acquired building, the surface of 3,450 sqm together with a land with an area of 3,957 sqm from the company's patrimony will be the object of the sale-purchase transaction with LIDL ROMANIA S.C.S., which will materialize in 2023, this building being classified as fixed assets held for sale.

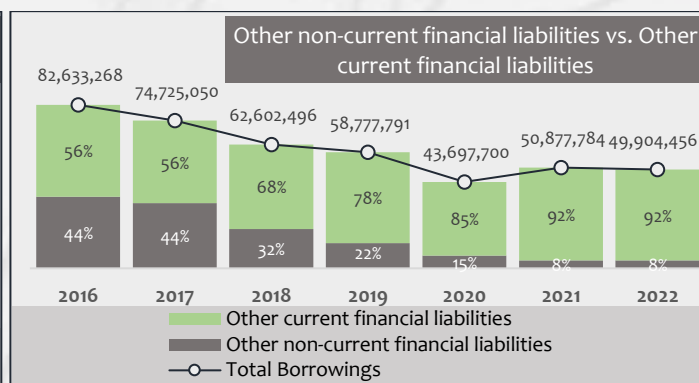
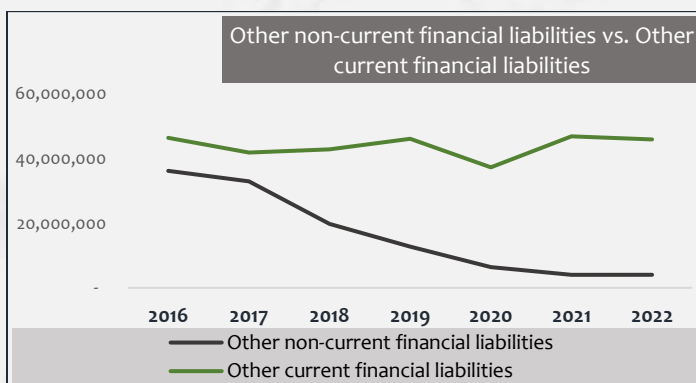
Subsequent events

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 is Lei 3,689,310. Initially, in December 2019, a sales-purchase anteccontract 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.

LIABILITIES

Total Liabilities hold 42.79% of the company's Equity&Liabilities recording an increase of Lei 9,966.,472, i.e. 9.07% as compared with the beginning of the year.



BORROWINGS

As at 31.12.2022 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Type	Balance as at 31.12.2022		< 1 year	>1 year
	in euro	in lei		
Credit lines in euro	€ 7,742,820	38,306,826 lei	38,306,826 lei	- lei
Short term credits in euro	€ 290,500	3,799,602 lei	3,799,602 lei	- lei
Investment loans in euro	€ 1,824,882	6,666,041 lei	3,429,839 lei	3,236,202 lei
Total credits in euro	€ 9,858,202	48,772,470 lei	45,536,268 lei	3,236,202 lei
Short term credits in lei		- lei	- lei	- lei
Investment loans in lei		1,131,986 lei	323,424 lei	808,561 lei
Total credits in lei		1,131,986 lei	323,424 lei	808,561 lei
Total bank exposure		49,904,456 lei	45,859,692 lei	4,044,763 lei

In June 2022, Romcarbon SA and Livingjumbo Industry SA signed a credit contract with UniCredit Bank SA to finance the purchase of inventories with a ceiling of EUR 3,000,000, the maturity of the credit being 07.06.2023. The credit facility was used 26% by Romcarbon and 74% by Livingjumbo Industry.

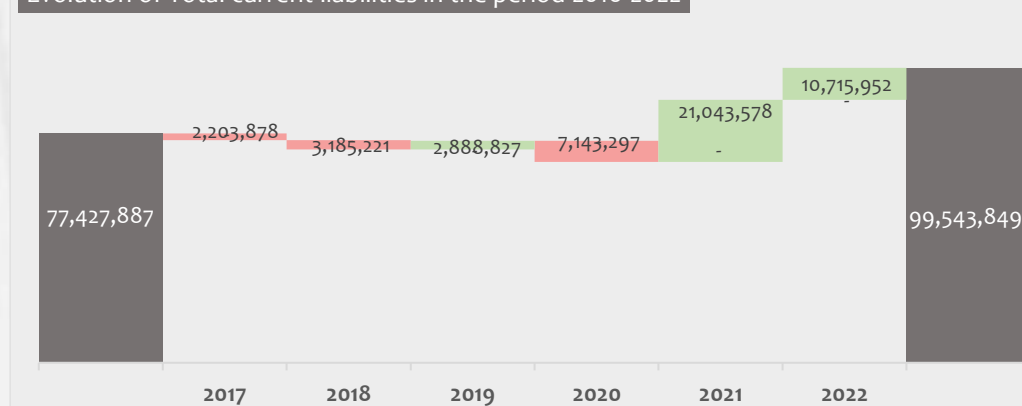
Also in June 2022, Romcarbon SA signed a long-term loan agreement with UniCredit Bank SA with a value of EUR 2,950,000 for the financing of the investment plan for the year 2022, the maturity of the loan being 08.06.2027.

In December 2022 it was increased the ceiling of the credit line contracted with UniCredit Bank SA from EUR 5,450,000 to EUR 8,000,000. The credit line can be used both by Romcarbon SA and Livingjumbo Industry SA.

CURRENT LIABILITIES

Current liabilities of the Company, representing 83.06% of the Total Liabilities and 35.54% of Total Equity & Liabilities have increased by Lei 10,715,952 as compared with the beginning of the year, i.e. 12.06%.

Evolution of Total current liabilities in the period 2016-2022

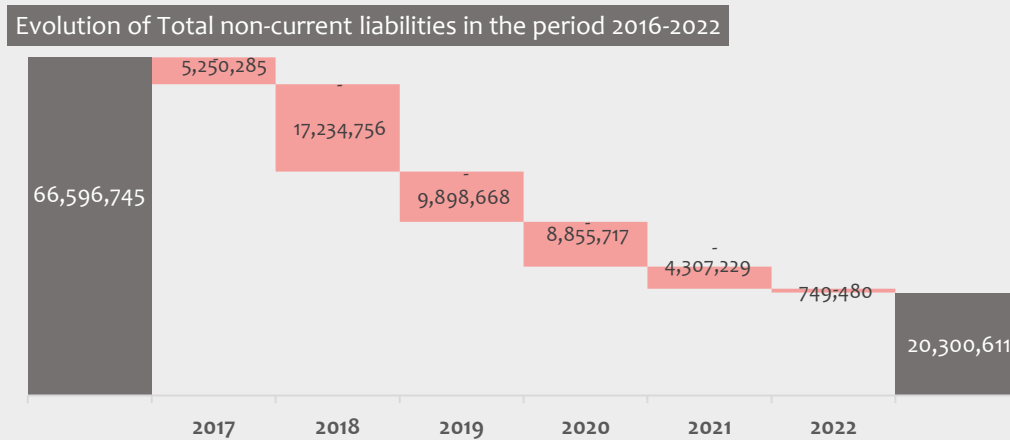


Current liabilities	31.12.2022	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	2022 vs. 2021
Trade and other payables	48,060,900	40.10%	48.28%	17.16%	29.33%
Other current financial liabilities	45,859,692	38.27%	46.07%	16.37%	-2.14%
Other current non-financial liabilities	5,623,258	4.69%	5.65%	2.01%	17.01%
Total current liabilities	99,543,850	83.06%	100.00%	35.54%	12.06%



NON-CURRENT LIABILITIES

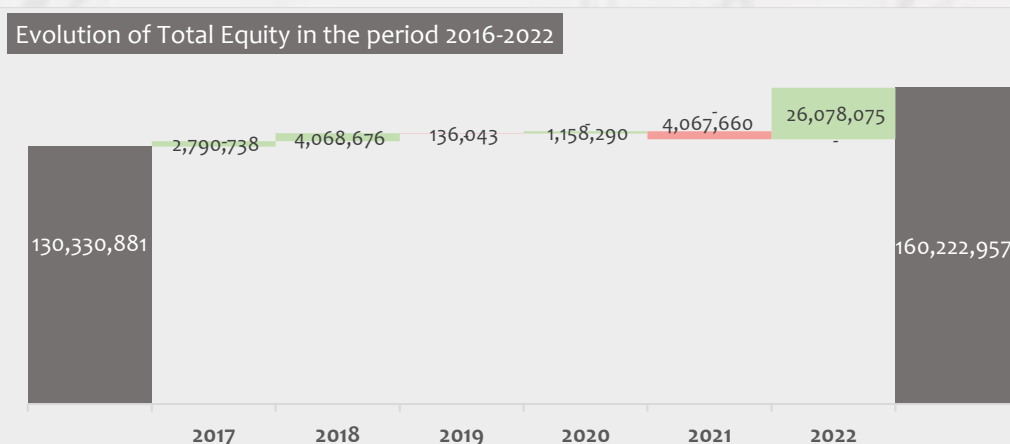
Non-current Liabilities representing 7.25% of the company's Equity & Liabilities recording in the reporting period an increase of - Lei 749,480, i.e. -3.56%, as compared with the beginning of the year.



Non-current liabilities	31.12.2022	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and Liabilities	2022 vs. 2021
Other non – current provisions	1,000,000	0.83%	4.93%	0.36%	150.00%
Deferred tax liabilities	7,780,659	6.49%	38.33%	2.78%	-2.89%
Other non-current financial liabilities	4,044,764	3.38%	19.92%	1.44%	0.68%
Other non-current non-financial liabilities	7,475,188	6.24%	36.82%	2.67%	-13.28%
Total non-current liabilities	20,300,611	16.94%	100.00%	7.25%	-3.56%

EQUITY

Total Equity holds **57.21%** of Total Equity & Liabilities, recording in the reporting period an increase of Lei 26,078,075 as compared with the beginning of the year.



Equity	31.12.2022	% in Total Equity and liabilities
Issued capital (264,122,096 shares at Lei 0.10/share)	26,412,210	9.43%
Share premium	2,182,283	0.78%
Reserves	60,895,475	21.74%
Retained earnings	70,732,989	25.26%
Total equity	160,222,957	57.21%

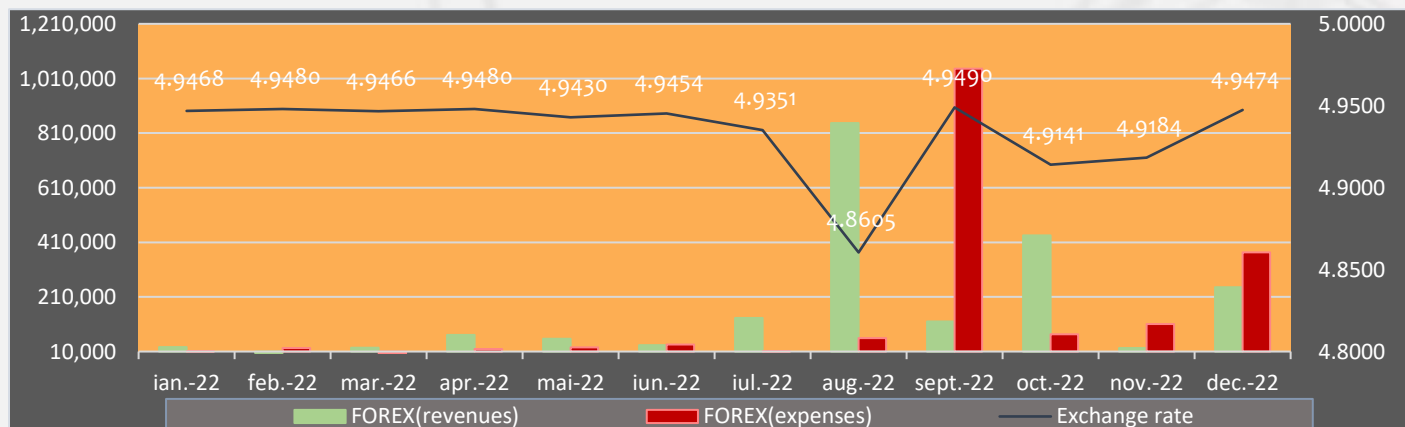
5.2 STATEMENT OF THE COMPREHENSIVE INCOME

Indicator	12 luni 2020	12 luni 2021	12 luni 2022	2022 vs. 2021	
Revenues (Net sales)	181,146,472	264,737,646	262,801,054	▼	(1,936,592) -1%
Other Income ³	3,967,550	4,459,406	4,454,249	▼	(5,157) 0%
Increase (decrease) in inventories of finished goods and work in progress	(843,348)	872,218	7,447,653	▲	6,575,435 754%
Raw materials, consumables, commodities and utilities used	(117,623,988)	(197,945,281)	(199,065,784)	▲	(1,120,503) 1%
Employee benefits expenses and social charges	(37,639,734)	(40,568,395)	(42,312,860)	▲	(1,744,465) 4%
Depreciation and amortisation expenses	(10,202,833)	(9,977,583)	(9,609,158)	▼	368,425 -4%
Other expenses	(15,084,038)	(15,900,694)	(18,863,784)	▲	(2,963,090) 19%
Other gains and losses ⁴	(524,439)	1,883,115	1,769,858	▼	(113,257) -6%
Profit (loss) from operating activities	3,195,643	7,560,432	6,621,228	▼	(939,204) -12%
Finance Income ⁵	105,139	128,719	47,336,583	▲	47,207,864 36675%
Finance Cost	(2,303,519)	(1,769,890)	(1,574,050)	▼	195,840 -11%
Gain/loss from the impairment of financial investment	110,138	(6,477,632)	-	▼	6,477,632 -100%
Profit (loss) before tax	1,107,401	(558,371)	52,383,761	▲	52,942,132 n/a
Income Tax	(238,297)	(889,087)	(912,071)	▲	22,984 3%
Profit (loss) of the year	869,104	(1,447,458)	51,471,690	▲	52,919,148 n/a
Gain/loss from revaluation of the tangible assets	-	-	745,264	▲	745,264
Deferred tax adjustment for non-deductible tax revaluation reserves	289,186	21,017	273,332	▲	252,315
Total rezultat global	1,158,290	(1,426,441)	52,490,286	▲	53,916,727 n/a
EBITDA Operational	12,374,754	13,987,048	15,025,300	▲	1,038,253 7%

Note: EBITDA operational is calculated only for operational activity, excluding the depreciation, sales of non-current assets, non-repeating elements and financial activity.

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022
Average no. of employees	803	807	734

In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation in 2022 the company registered revenues in amount of Lei 2,019,619 and expenses in amount of Lei 1,790,498, resulting a profit of Lei 229,121.



In 2021 by re-valuating the company bank availabilities, receivables and liabilities expressed in a foreign currency it was registered a loss of - Lei 651,119.



³ In the item « Other income » are comprised the following revenues :

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs. 2021	
Rentals	1,705,120	2,199,955	2,247,585	▲	47,630 2%
Income from subsidies for investments	2,262,431	2,259,451	2,206,664	▼	(52,787) -2%
Total	3,967,550	4,459,406	4,454,249	▼	(5,157) 0%

⁴ In the item « Other gains and losses» are comprised the following revenues :

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
Gain/loss on disposal of non-current assets held for sale	(234,171)	-	-	—	-
Gain/ Loss arising on changes in fair value of investment property	(278,663)	1,377,918	170,996	▼	(1,206,922)
Gain/loss on disposal of investments property	(69,662)	411,233	1,191,307	▲	780,074
Revenues from compensation, fines and penalties	44,667	8,202	7,009	▼	(1,193)
Gain/loss on fixed assets disposal	(46,665)	21,280	915,621	▲	894,341
Other exploitation revenues	104,545	98,047	111,123	▲	13,076
Loss from financial investments	(110,538)	-	-	—	-
Revenues from discounts received	-	-	47,746	▲	47,746
Gains / losses from adjustments for impairment of current assets	(282,705)	(13,642)	54,640	▲	68,282
Revenues from exploitation subsidies for salaries	548,753	180,077	-	▼	(180,077)
Loss from revaluation of tangible assets	-	-	(128,583)	▲	(128,583)
Exploitation expenses for risks and expenses	(200,000)	(200,000)	(600,000)	▲	(400,000)
Total	(524,439)	1,883,115	1,769,859	▼	(113,256)

⁵ In the item « Financial income » are comprised the following revenues :

Indicator	12 Months of 2020	12 Months of 2021	12 Months of 2022	2022 vs 2021	
Revenues from interests	105,139	128,719	316,730	▲	188,011
Revenues from dividends -Recyplat LTD	0	0	46,745,700*	▲	46,745,700
Forex net gain	0	0	274,153	▲	274,153
Total	105,139	128,719	47,336,583	▲	47,207,864

*Equivalent of 9,500,000 Eur

From NET PROFIT to EBITDA to EBITA OPERATIONAL

Indicator	2020	2021	2022	2022 vs 2021	
NET PROFIT	869,104	(1,447,458)	51,471,690	52,919,148	n/a
Depreciation and amortisation expenses	10,202,833	9,977,583	9,609,158	(368,425)	-4%
Revenues from subsidies for investments	(2,262,431)	(2,259,451)	(2,206,664)	52,787	-2%
Interests expenses	1,159,858	953,055	1,286,399	333,344	35%
Profit tax	238,297	889,087	912,071	22,984	3%
EBITDA	10,207,661	8,112,816	61,072,655	52,959,839	653%
Profi/loss from selling the assets	350,498	(432,513)	(2,106,927)	(1,674,414)	387%
Profit/loss from re-valuating the investment properties	278,663	(1,377,918)	1,199,108	2,577,026	n/a
Other non-current items(Provisions, donations, s.o)	618,688	715,608	2,244,793	1,529,184	214%
FOREX gain/loss	948,390	654,633	(274,153)	(928,785)	n/a
Other financial gains/losses	(29,147)	6,314,423	(47,110,176)	(53,424,600)	-846%
EBITDA OPERATIONAL	12,374,754	13,987,049	15,025,300	1,038,251	7%



Indicator	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 : 2022 vs 2021	Q2 : 2022 vs 2021	Q3 : 2022 vs 2021	Q4 : 2022 vs 2021
Revenues (Net sales)	68,291,731	66,360,336	66,616,772	61,532,215	7,066,974	4,292,091	(11,498,709)	(1,796,948)
Other Income	1,116,613	1,138,214	1,114,239	1,085,183	7,643	23,755	71	(36,626)
Increase (decrease) in inventories of finished goods and work in progress	3,326,017	545,180	364,199	3,212,257	2,277,561	(539,135)	1,199,897	3,637,112
Raw materials, consumables, commodities and utilities used	(54,965,256)	(46,892,247)	(48,489,194)	(48,719,087)	(8,917,055)	(3,237,554)	11,218,445	(184,339)
Employee benefits expenses and social charges	(10,055,518)	(10,894,571)	(10,667,004)	(10,695,767)	(126,089)	(335,195)	(420,588)	(862,593)
Depreciation and amortisation expenses	(2,459,525)	(2,445,222)	(2,366,876)	(2,337,535)	63,939	30,483	130,754	143,249
Other expenses	(3,815,220)	(4,046,798)	(3,986,169)	(7,015,597)	61,986	(36,214)	46,059	(3,034,921)
Other gains and losses	64,602	24,472	103,285	1,577,499	(21,925)	(85,975)	925	(6,282)
Profit (loss) from operating activities	1,503,444	3,789,364	2,689,252	(1,360,832)	413,034	112,256	676,854	(2,141,348)
Finance Income	75,258	113,099	97,041	47,051,185	27,299	87,735	69,306	47,023,524
Finance Cost	(338,272)	(365,122)	(418,234)	(452,422)	413,431	(70,700)	24,211	(171,102)
Gain/loss from the impairment of financial investment	-	-	-	-	-	-	-	6,477,632
Profit (loss) before tax	1,240,430	3,537,341	2,368,059	45,237,931	853,764	129,291	770,371	51,188,706
Income Tax	(189,811)	(529,285)	(367,291)	174,316	(99,393)	(95,964)	(168,193)	340,566
Profit (loss) of the year	1,050,619	3,008,056	2,000,768	45,412,247	754,371	33,327	602,178	51,529,272
Gain/loss from revaluation of the tangible assets	0	0	0	745,264	-	-	-	745,264
Deferred tax adjustment for non-deductible tax revaluation reserves	0	0	0	273,332	-	-	-	252,315
Total comprehensive income	1,050,619	3,008,056	2,000,768	46,430,843	754,371	33,327	602,178	52,526,851
EBITDA OPERATIONAL	3,425,842	5,692,009	4,461,103	1,446,347	352,510	114,375	574,301	(2,934)



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	PLASTIC PROCESSING SECTOR : POLYETHYLENE					
	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
	PLASTIC PROCESSING SECTOR : POLYSTYRENE					
	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%
	PLASTIC PROCESSING SECTOR : POLYPROPYLENE					
	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%
	RECYCLED POLYMERS & COMPOUNDS					
	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%
	OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS					
	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%	

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.



5.3 REVENUES (SALES)

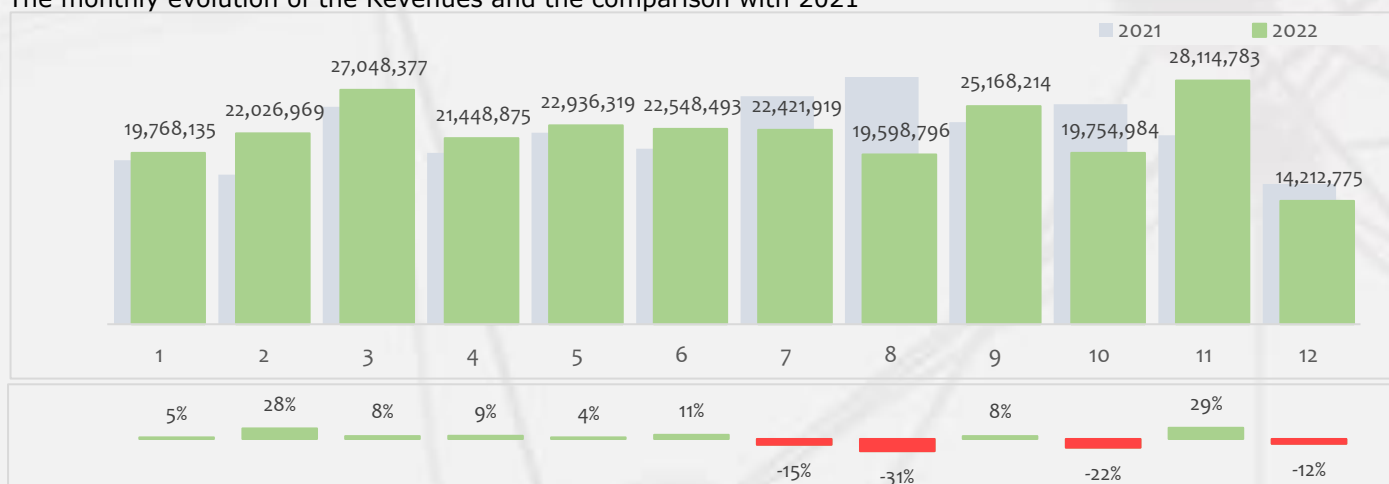
The item "Revenues(Net sales)" had the following evolution:

	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs. 2021	
- Sales of finished goods, total, out of which:	129,838,505	169,491,035	183,306,275	▲	13,815,240	8%
CP1~ Auto and industrial filters	2,409,202	2,703,153	3,395,181	▲	692,028	26%
CP2~ Respiratory protective equipment and Active Carbon	2,423,505	2,247,391	5,396,649	▲	3,149,259	140%
CP3~ Polyethylene products	27,570,557	36,010,670	36,123,918	▲	113,249	0%
CP4~ PVC products	679,304	881,364	697,669	▼	(183,695)	-21%
CP5~ Polystyrene products	39,839,387	47,497,169	51,082,952	▲	3,585,783	8%
CP6~ Polypropylene products	33,761,931	41,879,984	40,107,774	▼	(1,772,211)	-4%
CP7~Compounds	23,154,619	38,271,305	46,502,132	▲	8,230,827	22%
- Sales of intermediary goods	17,409	40,938	68,499	▲	27,562	67%
- Services rendered	320,971	488,677	721,836	▲	233,159	48%
- Sale of commodities	45,457,832	89,734,867	71,556,260	▼	(18,178,607)	-20%
- Revenues from sundry services	5,511,755	4,982,129	7,148,183	▲	2,166,054	43%
Total net sales	181,146,472	264,737,646	262,801,053	▼	(1,936,593)	-1%

Grouped by segments of activities, the Revenues are presented in the below table

	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs. 2021	
Plastic processing sector: polyethylene+polystyrene+polypropylene Recycled polymers & Compounds	101,171,875	125,387,823	127,314,644	▲	1,926,821	2%
Other production sectors (industrial and automotive filters, active carbon, respiratory protective equipment, PVC traffic base)	5,512,011	5,831,907	9,489,499	▲	3,657,592	63%
Other activities	51,307,968	95,246,611	79,494,778	▼	(15,751,833)	-17%
Total	181,146,472	264,737,646	262,801,053	▼	(1,936,593)	-1%

The monthly evolution of the Revenues and the comparison with 2021



	12 Months of 2020	12 Months of 2021	12 Months of 2022		2022 vs. 2021	
Net sales	181,146,472	264,737,646	262,801,053	▼	(1,936,593)	-1%
Rental and royalty income	1,705,120	2,199,955	2,247,585	▲	47,630	2%
Turnover, out of which:	182,851,592	266,937,601	265,048,638	▼	(1,888,963)	-1%
~domestic market	143,931,914	216,788,923	211,389,472	▼	(5,399,450)	-2%
~exports	38,919,678	50,148,679	53,659,166	▲	3,510,487	7%

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



5.4 FINANCIAL RATIOS

Indicator	Formula	31.12.2020	31.12.2021	31.12.2022
EBIT	Gross profit + Income tax + Expenses with interest	2,267,259	394,684	53,670,160
EBITDA	EBIT + Depreciation-Subsidies for investment Revenue + Rental and	10,207,661	8,112,816	61,072,654
Sales	royalty income	182,851,591	266,937,601	265,048,639
EBITDA to sales ratio	EBITDA/Sales	5.58%	3.04%	23.04%
EBITDA to Equity ratio	EBITDA/Equity	7.45%	5.87%	38.12%
Gross profit margin	Gross profit/Sales	0.61%	-0.21%	19.76%
Current ratio	Current assets/Current liabilities	1.16	1.19	1.47
Quick ratio	(Current assets - Inventories)/Current liabilities	0.83	0.88	1.17
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	18%	16%	13%
Total liabilities to Assets ratio	Total liabilities/Total Assets	40%	45%	43%
Long term capital to Equity	Borrowed capital/Equity	5%	3%	3%
Long term capital to engaged capital	Borrowed capital/Engaged capital	4%	3%	2%
Interest coverage ratio	EBIT/Interest expenses	1.95	0.41	41.72
Account receivable turnover ratio (days)	Average receivables/Sales	81	64	83
Account payable turnover ratio (days)	Average payables/Sales	49	43	58
Non-current assets rotation	Non-current liabilities/Sales	1.20	1.93	1.99
Return on assets (ROA)	Net profit/Assets	0.35%	-0.63%	18.38%
Return on equity (ROE)	Net profit/Equity	0.63%	-1.05%	32.13%
Return on sales (ROS)	Net profit/Sales	0.48%	-0.54%	19.42%

5.5 CASH-FLOW

	31/12/2020	31/12/2021	31/12/2022
Profit (loss)	869,104	(1,447,458)	51,471,690
Income tax expense / (income)	238,297	889,087	912,071
Deferred income tax expense / (income)	10,202,833	9,977,583	9,609,158
Non-current asset depreciation/(impairment)	200,000	200,000	600,000
Provisions for untaken leaves	72,556	(21,280)	(915,621)
(Gain) / Loss on sale of fixed assets	278,663	(1,377,918)	(170,996)
(Gain) / Loss on changes in fair value of investment property	69,662	(411,233)	(1,191,307)
(Gain) / Loss on revaluation of tangible assets	-	-	1,370,104
(Gain) / Loss on disposal of assets held for sales	234,171	-	-
Gains on internal set-up of fixed assets	-	(327,189)	(9,793)
Expenses / (Revenues) regarding value adjustments for clients and inventories	282,705	13,642	(54,640)
Loss on receivables and sundry debtors	22,272	45,827	54,270
Loss on cancelation of the investment in subsidiaries	110,538	-	-
Expenses / (Revenues) regarding allowances for financial assets	(110,138)	6,477,632	-
Interest expense	1,159,858	1,149,747	1,574,050
Interest income	(105,139)	(128,719)	(316,730)
Income from dividends	-	-	(46,745,700)
Income from subsidies	(2,262,431)	(2,259,451)	(2,206,664)
Unrealised foreign exchange gain / (loss)	445,797	654,632	(274,153)

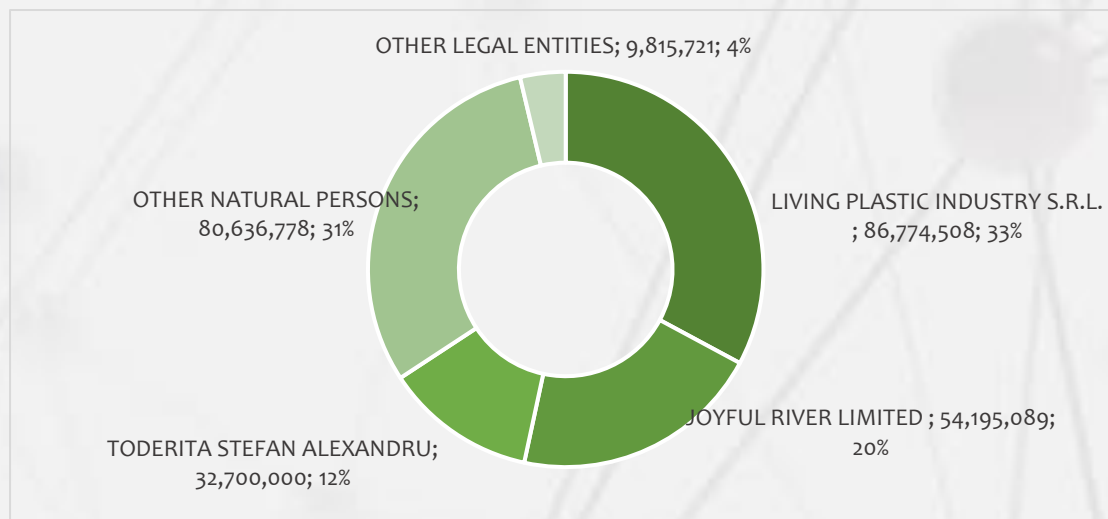


	31/12/2020	31/12/2021	31/12/2022
<i>Movements in working capital:</i>			
(Increase) / Decrease in trade and other receivables	9,486,747	(20,576,748)	(6,316,831)
(Increase) / Decrease in inventories	2,774,909	(5,375,385)	(2,261,553)
(Increase) / Decrease in other assets	64,467	(1,106,915)	(3,571,403)
Increase / (Decrease) in trade payables	1,787,618	11,032,378	(4,846,357)
Increase / (Decrease) in other liabilities	431,252	(129,356)	1,751,137
Cash used in operating activities	26,253,741	(2,721,124)	(2,450,968)
Income tax paid	(830,406)	(712,964)	(1,015,734)
Interest and bank charges paid	(1,159,858)	(1,149,747)	(1,574,050)
Net cash used in operating activities	24,263,477	(4,583,835)	(5,040,752)
<i>Cash flows from investing activities:</i>			
Interest received	105,139	128,719	316,730
Payments for tangible assets	(1,148,664)	(3,657,008)	(5,756,882)
Proceeds from sale of investment property	1,191,675	2,862,617	2,373,151
Proceeds from sale of tangible and intangible assets	2,436	517,739	915,614
Proceeds from sale of held-for-sale assets	4,062,150	-	-
Proceeds from government grants	-	-	912,179
Payments for assets held for sale	-	(3,164,051)	-
Related party loans granted	(258,311)	(694,543)	-
Proceeds from loans granted	47,768	-	-
Payments for intangible assets	(215,514)	8,254	(153,219)
Payments for financial assets	-	-	(1,000)
Dividends received	-	-	7,166,500
Net cash generated by/used in investing activities	3,786,679	(3,998,272)	5,773,074
<i>Cash flows from financing activities:</i>			
Proceeds/Repayments from bank loans	(16,011,003)	6,433,107	(1,002,827)
Dividends paid	-	(2,641,221)	(10,666,862)
Net cash generated by/used in financing activities	(16,011,003)	3,791,886	(10,757,989)
Net increase/(decrease) in cash and cash equivalents	12,039,153	(4,790,221)	(10,025,668)
Cash and cash equivalents at the beginning of the year	5,549,445	17,588,598	12,798,377
Cash and cash equivalents at the end of the year	17,588,598	12,798,377	2,772,709

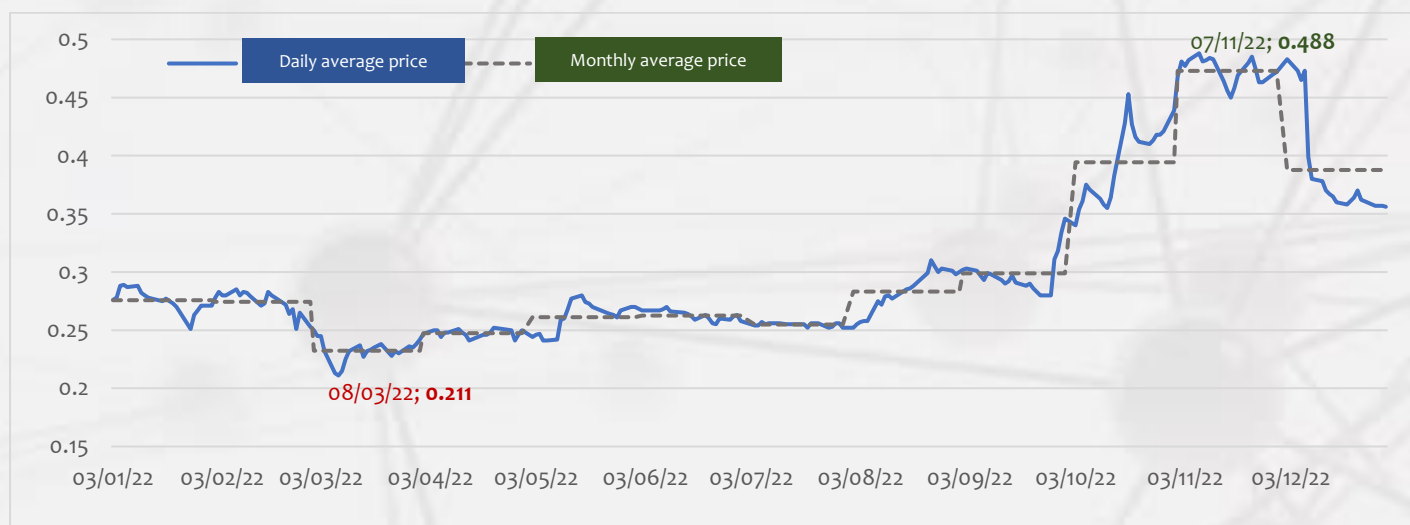


5.6 SHAREHOLDER 'S STRUCTURE

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



6. CORPORATE GOVERNANCE

I. PREAMBLE

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

"ROMCARBON" S.A. is a Romanian legal entity, which functions as a joint stock company, according to the normative acts in force. It carries out its activity in accordance with the Romanian laws and the incorporation act.

The company was founded in 1952, initially under the name "Fabrica Chimica nr.12". The company is headquartered in Romania, Buzau, Strada Transilvaniei, no. 132, is organized as a joint stock company and is subject to Romanian legislation.

The main field of activity of the company is: 222 - Manufacture of plastic articles and as main activity, according to the coding - 2221 Manufacture of plastic plates, foils, tubes and profiles.

In 2005, the company implemented a modern ERP system for enterprise resource planning (ERP), in order to optimize the decision process.

The investments made by the company aimed at expanding production activities through the acquisition of land, modernization and acquisition of equipment, expansion and introduction of new products in line with current legal regulations (including alignment with European Union rules).

During the meeting of 11.03.2008, the National Securities Commission decided, by decision no. 469/11.03.2008, the approval of the Prospectus drawn up in order to be admitted to trading on the regulated market administered by S.C. BUCHAREST STOCK EXCHANGE S.A. the shares issued by S.C. ROMCARBON S.A.

Thus, **starting with 30.05.2008 and until 05.01.2015**, the shares of S.C. ROMCARBON S.A. were traded on the regulated market administered by the Bucharest Stock Exchange, the Securities Sector, Category II Shares.

Starting with 05.01.2015, the shares of S.C. ROMCARBON S.A. are traded on the regulated market administered by the Bucharest Stock Exchange, the Securities Sector, Standard Category according to the new market segment introduced by the Bucharest Stock Exchange.

Prior to trading on the Bucharest Stock Exchange, the company was listed in Category II of the RASDAQ market.

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

- number of shares - 264,122,096

a) nominal value - 0.1 lei

b) ISIN code: ROROCEACNOR1

c) symbol: ROCE

Entered in 2008 on BVB regulated main market, ROMCARBON S.A. proposed itself the implementation of both a profit-oriented policy for shareholders and one of assuming a role oriented towards social, corporate, ethical and environmental responsibility, with a notable impact on the environment and implicitly on the community.

In this regard, the leadership of S.C. ROMCARBON S.A. declares that it voluntarily and self-imposed adopts the provisions of the Corporate Governance Code of the Bucharest Stock Exchange, as adopted by the Board of the Bucharest Stock Exchange in December 2007, with subsequent amendments, with the sole purpose of implementing it at the company level, by assuming its own corporate governance policy.

A first step in the implementation of a corporate governance policy was the adoption and implementation by the company of the Corporate Governance Code of the Bucharest Stock Exchange, code available in Romanian and English on Bucharest Stock Exchange website - www.bvb.ro

Implementation of the Code at the level of S.C. ROMCARBON S.A. consisted, first of all, in the adoption by the Board of Directors of the company of the Corporate Governance Regulation, a regulation that can be accessed on the company's website - <https://www.romcarbon.com/about-romcarbon/#Corporate-governance>

The provisions to which we comply in the elaboration of the present chapter of corporate governance: **Law no. 31/1990** of the commercial companies, republished in 2004, with the subsequent modifications and completions, **Law no. 297/2004** regarding the capital market, **Law no. 24/2017** regarding the issuers of financial instruments and market operations, with the subsequent amendments and completions, the normative acts issued by the A.S.F. for the regulation of the capital market (**Regulation no. 5 of 21/06/2018** regarding the issuers of financial instruments and market operations, Regulation no. 10/2016 regarding the organization and functioning of the Financial Supervisory Authority, etc.) accounting regulations, regulations regarding the activity audit, **Law no. 82/1991** on accounting, republished with subsequent amendments and completions, the Corporate Governance



Code of the Bucharest Stock Exchange adopted by the Board of the Bucharest Stock Exchange in December 2007, the Articles of Association of S.C. ROMCARBON S.A., the Collective Labor Agreement together with the Internal Regulations concluded at the level of the Company and the Code of Ethics hereinafter referred to, generically, as "Legal Provisions".

II. STRUCTURES AND ASPECTS OF CORPORATE GOVERNANCE

2.1. General Meeting of Shareholders

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

Convening, organizing and carrying out the works of the A.G.A. is made in strict accordance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions adopted.

2.2. Board of Directors

Currently, the management system of the Company is unitary.

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

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

The election of the administrators is made from the persons appointed by the shareholders.

At the appointment of the BoD members, the general meeting followed a balanced composition of the Board of Directors in accordance with the structure and activity of the S.C. ROMCARBON S.A. as well as the personal experience and qualifications of the BoD members.

The Board of Directors meets at the company's headquarters or in other places, monthly and whenever necessary, at the convocation of the President, at the motivated request of at least 2 of its members or at the General Manager request, the President being obliged to follow such request. The Board of Directors is chaired by the President, and in his absence, by the Vice President.

The notices for the meetings of the Board of Directors will be sent, at least 5 days before the date of the meeting, by any means of distance communication (mail, e-mail, fax) to ensure confirmation of receipt, in writing, by the recipient/convened member of the Board of Directors. These convocations will include the date, respectively the location where the meeting of the Board of Directors will be held as well as the agenda, and no decision can be taken on other issues, except in case of emergency and subject to ratification at the next meeting by absent members. In exceptional cases, justified by the urgency of the situation and the interest of the company, the decisions of the board of directors may be taken by unanimous written vote of the members, including by e-mail, without the need for a meeting of that body.

For the validity of the decisions taken, the presence of at least half of the members of the Board of Directors is necessary and the decisions are taken with a simple majority of the members present. In case of parity of votes, the Chairman of the Board of Directors (who is not at the same time the director of the company) will have the decisive vote. If the Chairman of the Board of Directors is unable or disqualified from voting, the other members of the Board of Directors may elect a Chairman of the meeting, having the same rights as the Chairman of the Board. In case of a tie and if the Chairman of the Board does not benefit from a casting vote, the proposal put to the vote shall be deemed rejected.

The meetings of the Board of Directors take place in the presence of the administrators or by correspondence (mail, e-mail, etc.). The meetings can also take place by any means of telecommunications such as videoconferencing or teleconferencing.

The members of the Board of Directors will express their vote on the issues on the agenda during the meeting, as well as by any means of distance communication (mail, e-mail, fax) to ensure confirmation of receipt by the secretary of the vote expressed in writing by the Board of Directors, at the latest until the end of the meeting for which they were convened.

The decision-making process remains a collective responsibility of the members of the C.A. they are held jointly and severally liable for all decisions taken in the exercise of their powers.

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

The Chairman, the members of the Board of Directors, the directors of the company, the executive directors, are individually or jointly and severally liable, as the case may be, to the company, for damages resulting from crimes or deviations from legal provisions, for deviations from the articles of association as well as for mistakes in the management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders, respectively BoD.

At the date of this annual report, the Board of Directors of S.C. ROMCARBON S.A. is composed of the following directors elected at the Ordinary General Meeting of 23.01.2020, for a term of 4 years, which expires on 04.02.2024.

► **Chairman of the Board – HUANG, LIANG – NENG**

***Professional experience**

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

► **Deputy Chairman – WEY JIANN SHYANG**

***Professional experience:**

- Deputy CEO Living Water in Spring International Co., Ltd - 2006- present
- Investment Banking Department Manager for Financial Investment Company Sinopac and Jihsun and MasterLink, - 1996 - 2005
- Auditor Coordinator in the Audit Department of Deloitte Touche Tohmatsu (DTT) - 1992-1995
- Director of Eco Pack Management SA – 12.08.2021 - present

Mr. Wey Jiann Shyang was appointed a member of the Board of Directors by the Resolution of the Ordinary General Meeting no. 1 of 25.11.2021, for a mandate equal to the remaining period of the mandate of his predecessor, Mr. Wang Yi-Hao, respectively for a mandate valid between 29.11.2021-04.02.2024, based on the same Resolution being terminated the mandate as a member of the Board of Directors of Mr. Wang Yi-Hao.

► **Member – TODERITA STEFAN ALEXANDRU**

***Professional experience**

- Consultant, Mastercard Europe 2018 - present
- Associate, Business Consulting at Boston Consulting Group, February 2018 - April 2018
- Consulting the A.T. Kearney, July 2016 - November 2017
- Swiss Capital, broker, October 2012 - March 2015

Thus, starting with 29.11.2021, the composition of the Board of Directors of Romcarbon SA is the following:

► **Chairman of the Board – HUANG, LIANG – NENG**

► **Vice-president – WEY JIANN SHYANG**

► **Member – TODERITA STEFAN ALEXANDRU**

The attributions of the Board of Directors are those provided in the Incorporation Act of S.C. ROMCARBON S.A. being in strict accordance with the legal provisions, ensuring the presentation of the materials, the recording of the debates and the decisions adopted.

Nomination and remuneration of administrators

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

In 2022, the Board of Directors met in 20 meetings, the decisions being taken either by a majority of the votes of those present, or unanimously and with the fulfillment of the legal provisions regarding the convening and quorum for holding, respectively for legally adopting the decisions. The main decisions taken by the board of directors concerned:

- Approval of conclusion by ROMCARBON S.A. of the financing contract, as well as any other documents, regarding the project "Implementation of an intelligent energy consumption monitoring system within ROMCARBON SA. (Decision no. 1/12.01.2022).
- Approval of the sale to OFFICE & LOGISTIC S.R.L. (company with headquarters in Iasi, J22/13/2018, CIF RO 38653333) as the owner of the right of preemption registered in the land register, of the real estate property of the company located in Iasi, Calea Chisinului no. 29, Iasi county, in the total area of 504 m.p. at the price of 50,400 Euro, without VAT, in lei equivalent (Decision no. 2/23.02.2022).
- Approval for convening the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders of S.C. ROMCARBON S.A. on 28.04.2022, at 12.00, respectively 12.30, at the company headquarters in Buzau, Transilvaniei street no. 132. (Decision no. 3/22.03.2022)



- Approval of the company's income and expenditure budget project for the year 2022. (Decision no. 3/22.03.2022)
- Approval of the Board of Directors proposal to the O.G.M.S regarding the coverage of the net loss obtained in the financial year 2021 in the amount of 1,447,458.33 lei from the 2014 carried forward result (undistributed net profit obtained in 2014). (Decision no. 3/22.03.2022)
- Approval of the Board of Directors proposal to the E.G.M.S regarding the bank exposure of the company for the financial year 2022-2023. (Decision no. 3/22.03.2022)
- Approval of the Board of Directors proposal to E.G.M.S. regarding the company's investment plan for the financial year 2022-2023. (Decision no. 3/22.03.2022)
- Approval of the issuance by Romcarbon S.A. of a letter of financial support for Livingjumbo Industry SA, for the financial year 2022, assuming all obligations associated/arising from issuance of this document, as well as authorizing the CEO, Mr. Huang Liang Neng, to sign this letter as well as to submit all the necessary due diligence resulting from the issuance by Romcarbon S.A. of this document. (Decision no. 3/22.03.2022)
- Approval for Romcarbon S.A. as a promissory seller to sign with Office & Logistic S.R.L. as a promissory buyer, Additional Act no. 5 to the buying selling pre-contract authenticated under no. 1878/23.03.2018 by BIN Daniela Badarau, for the extension of the duration of the buying selling pre-contract regarding the sale of land with an area of 192 sq.m., located in Iasi Calea Chisinauului no. 29. (Decision no. 3/22.03.2022)
- Approval of the modification, starting from 01.04.2022, of the provisions of art.33 paragraph 5 of the Internal Regulation of Romcarbon S.A. regarding the work schedule. (Decision no. 4/04.04.2022)
- Approval for the completion of the Company's activity object by introducing the secondary activity "Electricity production" - CAEN 3511, including the authorization to carry out this activity at the company's headquarters, as well as the consequent updating of the company's Articles of Incorporation. (Decision no. 4/04.04.2022)
- Approval of the items on the agenda of the Extraordinary General Meeting of Livingjumbo Industry S.A. Shareholders. (Decision no. 5/18.04.2022)
- Approval of the 12-month extension of the surety bond constituted by the company in favor of EximBank România SA and the movable mortgage guarantee constituted by the company in favor of EximBank România S.A. having as its object the Sutco brand equipment owned by Romcarbon S.A., both established to guarantee the credit facility in the amount of 2,000,000 Euro contracted by Livingjumbo Industry S.A. from EximBank Romania S.A. (Decision no. 5/18.04.2022)
- Approval for convening the Ordinary General Shareholders' Meeting of ROMCARBON S.A. on 08.06.2022, at 12.00, at the company's headquarters in Buzau, Transilvaniei street no. 132, for the approval of distribution as dividends of the amount of 2,641,220.96 lei, representing a part of the net profit recorded in the financial year 2014, remaining undistributed. (Decision no. 6/28.04.2022)
- Approval of reorganization of the recycling - production Sector (compounds - PC 7) within ROMCARBON S.A. organized under the coordination of the Deputy General Director for Development, by reducing the personnel structure of this sector with a number of 3 positions, respectively 1 production engineer position, 1 chemical engineer position and 1 machinery and equipment technician position, positions that will be canceled, in order to make the economic activity more efficient within the recycling Sector (compounds - CP 7) and reducing the economic/financial impact of the very high price increases in energy and raw materials derived from oil on, the production costs of the recycling - production Sector (compounds - CP 7). (Decision no. 6/28.04.2022)
- Approval of the Directors' Report on the Individual and Consolidated Financial Situations of ROMCARBON S.A. on 31.03.2022, drawn up in accordance with the provisions of Law 24/2017, which includes the Quarterly Report on the individual interim financial statements, the unaudited condensed individual interim financial statements for the period ended on March 31, 2022, the Quarterly Report on the consolidated financial statements and the Financial Statements interim consolidated unaudited condensed accounts for the period ending on March 31, 2022. (Decision no. 7/13.05.2022)
- Approval for Romcarbon S.A. to conclude, as a lender with RC ENERGO INSTAL SRL, as a borrower, an addendum to the loan agreement no. of 1,231,700 lei (one million two hundred and thirty-one and seven hundred lei), respectively the equivalent of 250,000 EURO (two hundred and fifty euros), at the Leu/Euro exchange rate of 4.9268 lei/euro, applicable by the BNR for 24.05.2021. (Decision no. 7/13.05.2022)
- Approval of the items on the agenda of the Ordinary General Meeting of LIVINGJUMBO INDUSTRY S.A. Shareholders. for the approval of the 2021 financial statements. (Decision no. 7/13.05.2022)
- Approval of the items on the agenda of the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders of ECO PACK MANAGEMENT S.A. for the approval of the 2021 financial statements (Decision no. 7/13.05.2022)
- Approval of the items on the agenda of the General Meeting of INFOTECH SOLUTIONS S.R.L. Associates. for the approval of the 2021 financial statements. (Decision no. 7/13.05.2022)
- Approval of the items on the agenda of the General Meeting of RC ENERGO INSTALL S.R.L. Associates. for the approval of the 2021 financial statements. (Decision no. 7/13.05.2022)
- Approval of the items on the agenda of the General Meeting of YENKI S.R.L. Associates, for the approval of the 2021 financial statements. (Decision no. 7/13.05.2022)
- Approval for Romcarbon SA to apply to the financing programs within the NRRP - Component C6. Energy, Investment measure I.1. New electrical production capacities from renewable sources, as follows: National Recovery and Resilience Plan - Pillar I. Green transition - Component C6. Energy Investment measure - Investment I.1 – New electricity production capacities from renewable sources. (Decision no. 8/24.05.2022)



- Approval for Romcarbon S.A. to contract from Unicredit Bank S.A. a short-term credit facility in the amount of 3,000,000 Euro with Romcarbon SA & LivingJumbo Industry SA (co-debtors) as debtors, in order to purchase stocks. (Decision no. 8/24.05.2022)
- Approval of the Audit Committee Report for the financial year 2021, drawn up in accordance with the provisions of Law no.162 of 07.06.2017, regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and amending some normative acts. (Decision no. 9/28.06.2022)
- Approval of Romcarbon S.A. Sustainability Report for the year 2021, including the Sustainability Strategy of Romcarbon S.A. for the period 2022-2030, part of the Sustainability Report having the content of the attached material, as well as the adoption and implementation by Romcarbon S.A. of the Global Reporting Initiative (GRI) Standards, the "CORE" option used to prepare the Sustainability Report of Romcarbon S.A. for the year 2021. (Decision no. 9/28.06.2022)
- Approval for Romcarbon S.A., as lender, to grant to RC ENERGO INSTALL, as borrower, an increase by 1,768,300 lei in the associated loan granted according to contract no.J/4365/03.12.2019, and approval as from July 1, 2022, the interest rate for the entire loan in the maximum total value of 3,000,000 Lei, to be 8% per year. (Decision no. 9/28.06.2022)
- Approval for ROMCARBON S.A. to grant, starting July 1, 2022, for all the company's employees, individual food allowance for each working day of the month, in the form of an electronic voucher, for a complete monthly work schedule and, as a consequence, the approval for ROMCARBON SA to sign an Addendum to the Collective Labor Agreement for the period 2021 – 2023 to update the number of meal vouchers. (Decision no. 10/04.07.2022)
- Approval that starting from July 1, 2022, the value of the meal vouchers granted by ROMCARBON S.A. to its employees to be 12 lei/ticket. (Decision no. 10/04.07.2022)
- Approval, in consideration of the Resolution of the Ordinary General Meeting of Romcarbon SA Shareholders no. 1 of 28.04.2022, for ROMCARBON S.A. to conclude with DELOITTE AUDIT S.R.L. the contract for the statutory audit 2022. (Decision no. 11/18.07.2022)
- Approval of the Directors' Report on the Individual and Consolidated Financial Situations of ROMCARBON S.A. on 30.06.2022, drawn up in accordance with the provisions of Law 24/2017, which includes the half-yearly report on the individual interim financial statements, the unaudited condensed individual interim financial statements for the period ended on June 30, 2022, the half-yearly report on the consolidated financial statements and the financial statements unaudited condensed interim consolidated accounts for the period ending on June 30, 2022. (Decision no. 12/12.08.2022)
- Approval for Romcarbon S.A. to conclude, as a promissory seller, with LIDL România S.A., as a promissory buyer, Additional Act no. 3 to the buying selling pre-contract concluded by the parties, authenticated under no. 3006 of 11.12.2019, to update the initial terms and conditions agreed in the above-mentioned preliminary contract, as it was modified by Additional Acts no. 1 and no. 2. (Decision no. 13/24.08.2022)
- Approval of the Procedure for the distribution of dividends related to the financial year 2021, due to ROMCARBON S.A. shareholders (ROCE), according to those approved by the Resolution of the Ordinary General Meeting of ROMCARBON S.A. Shareholders. no. 1 of 08.06.2022. (Decision no. 14/23.09.2022)
- Approval of the sale either to OFFICE & LOGISTIC S.R.L. (company based in Iasi, J22/13/2018, CIF RO 38653333) as the holder of the right of preemption registered in the land register, either to ACCORD BUILDING ESTATE S.R.L. (company with headquarters in Iasi, J22/3153/2022, CIF RO 46684209) as the bidder, the real estate property of the company located in Iasi, Calea Chisinului no. 29, Iasi county, with a total area of 2732 m.p. land at the price of 432,257 euros (158.22 euro/sqm), without VAT, in lei equivalent. (Decision no. 15/11.10.2022)
- Approval for convening the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders of S.C. ROMCARBON S.A. on 22.11.2022, at 12.00, respectively 12.30, at the company headquarters in Buzau, Transilvaniei street no. 132. (Decision no. 16/17.10.2022)
- Approval of the Directors' Report on the Individual and Consolidated Financial Situations of ROMCARBON S.A. on 30.09.2022, prepared in accordance with the provisions of Law 24/2017, which includes the Quarterly Report (Q3) on individual interim financial statements, the unaudited condensed individual interim financial statements for the period ended on September 30, 2022, the Quarterly Report (Q3) on the consolidated financial statements and the unaudited condensed interim consolidated financial statements for the period ending on September 30, 2022. (Decision no. 18/14.11.2022)
- Approval the items on the Agenda of Eco Pack Management SA OGMS, regarding the approval of the extension of external financial auditor Stefanoiu C. Vasile-Cabinet Financial Auditor mandate for a new period of 3 years, respectively from 10.12.2022 to 10.12 .2025. (Decision no. 19/22.11.2022)
- Approval, taking into account those approved by the Resolution of the Extraordinary General Meeting of Shareholders no. 1 of 22.11.2022, 12.30 p.m., as Romcarbon S.A. to contract from Unicredit Bank SA the increase by EUR 2,550,000 of the ceiling of the credit line granted by UniCredit Bank SA, from EUR 5,450,000 to EUR 8,000,000. (Decision no. 20/13.12.2022)



Convocation of the General Meetings of Shareholders:

OGMS of 28.04.2022 , by Board Decision no.3/22.03.2022, regarding:

- Presentation, discussion and approval of the annual report of the Board of Directors for the fiscal year 2021.
- Presentation and approval of the individual financial statements for the financial year 2021 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2021.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - on the consolidated financial statements for the financial year 2021.
- Presentation and approval of the consolidated financial statements, for the financial year 2021 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2021.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - changing situations on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the fiscal year 2021.
- Approval to cover the net loss obtained in the financial year 2021 in the amount of 1,447,458.33 lei from the Result carried forward from 2014 (net undistributed profit obtained in 2014).
- *Note: Regarding dividends, the Board of Director in its meeting scheduled for April 2022, will analyze, and decide upon the possibility of distributing as dividends a part of undistributed profit of previous years, depending on the evolution of Ukraine conflict, its impact on the financial situation of the company and under condition to obtain agreement from company financing banks.
- Presentation and approval of the Annual Report for 2021, prepared in accordance with ASF Regulation No.5/2018 on issuers and operations with securities and the Corporate Governance Code of the Bucharest Stock Exchange.
- Approval to discharge the members of the Board of Directors for the work in fiscal year 2021.
- Approval to contract services for the statutory audit of the company for the financial year 2022.
- Approval of the income and expenses budget for the financial year 2022.
- Approval of the Remuneration Report for the financial year 2021.
- Approval of 25.05.2022 as "registration date", according to Law 24/2017.
- Approval of 24.05.2022 as "ex-date", according to Law 24/2017.

EGMS of 28.04.2022, by Board Decision no. 3/22.03.2022 regarding:

- Approval for the banking exposure of Romcarbon SA for the financial years 2022-2023, consisting of: credits in amount of 12,303,222 Euro and 1,293,458 Lei; Bank guarantee letters with a ceiling of RON 500,000 lei contracted with UniCredit Bank SA and a letter of bank guarantee issued by Eximbank SA in the amount of 16,040 lei; Guarantees granted to Livingjumbo Industry SA for the credit facilities contracted with UniCredit Bank (1,057,200 euro), with Eximbank SA (2,000,000 euro) and CEC Bank SA (5,000,000 lei); Guarantees granted to RC Energo Install SRL for the credit facilities contracted with Eximbank SA in the amount of 5,500,000 lei, as detailed in the material no. 1816/18.03.2022.
- Approval for:
 - - the possibility to contract a factoring ceiling in amount of 500,000 euro for a period of 36 months.
 - - the extension at maturity or, if necessary, before the maturity, of the bank letter ceiling contracted with UniCredit Bank SA in the amount of 500,000 lei with a period of 36 months and/or the modification of the guarantees with the establishment of a real movable mortgage on 4 machines having a market value according to the valuation from 06.01.2022 of 270,900 euro and a net book value on 28.02.2022 of 732,054 lei;
 - - the extension by a period of 12 months of the validity of the credit lines contracted with Exim Bank SA (in the amount of 2,550,000 euro) and with UniCredit Bank SA (in the amount of 5,450,000 euro) with the maintenance of the afferent existing guarantees.
 - - contracting a multicurrency loan to finance the investment plan for 2022 for the amount of 2,965,000 euro, for a period of 60 months.
- Empowering the Board of Directors to negotiate and decide, as appropriate, on:
 - - modification of the credit conditions of the credits in progress and/or the extension with up to maximum 12 months of the short-term facilities - credit lines;
 - - modification and / or setting up new guarantees for existing loans and approving guarantees for new loans that will be contracted within the limits of the approved banking exposure;
 - - contracting new loans within the limits of bank exposure and under the conditions of the law, as well as, as the case may be, restructuring existing credits / guarantees / bank exposure, changing the currency or refinancing the existing credits.
- Empowering the General Director and Financial Director, to sign credit agreements and all additional documents to them, related warranties and all additional acts, leasing and factoring contracts and all additional documents, as well as any other documents required in to view the fulfillment of the AGEA decision to sign credit agreements, addendums thereto related, mortgage deeds and other guarantees, and any other documents necessary for the carrying out of the EGMS' s decision.



- Approval for Romcarbon SA 2022 Investment Plan.
- Ratification, confirmation, and approval of the Board of Directors Decisions no.17/11.12.2019, no.5/3/10.05.2021 and no.12/14.12.2021 regarding approval for Romcarbon to sign as promissory seller with LIDL Romania SCS as promissory buyer a buying-selling pre-contract to sell the plot company property in area of 7407 sqm. cad.no.73138, and consequently approval for Romcarbon SA to conclude with LIDL Romania SCS the sale contract and to sell aforementioned plot in the conditions agreed in the pre-contract as amended by Addendums no.1 and no.2. The empowerment of Romcarbon SA General Manager to sign either in person or by delegating via a power of attorney to a third party, the sale contract with LIDL Romania SCS and any/all documents regarding this operation as well any other contracts/agreements deriving from the buying selling pre-contract.
- Approval of 25.05.2022 as "registration date", according to Law 24/2017.
- Approval of 24.05.2022 as "ex-date", according to Law 24/2017.

OGMS of 08.06.2022 , by Board Decision no.6/28.04.2022 regarding:

- Approval for the distribution as dividends of the amount of 2,641,220.96 lei, representing a part of the net profit registered in the financial year 2014, which remained undistributed (according to the Decision of the Ordinary General Meeting of Shareholders of 29.04.2015, point 6 letter d).
- Approval, as effect of point 1, for the distribution, from the amount of 2,641,220.96 lei, mentioned in point 1, of a gross dividend/share in the amount of 0.010 lei/share, related to the financial year 2021, for the number total shares of 264,122,096, the distribution of dividends will be made in compliance with legal provisions, depending on the financial situation of the company and subject to obtaining agreement in this regard from the creditor banks of the company.
- Approval of the date of 04.10.2022 as "registration date", according to the provisions of law no. 24/2017 and of art. 2 paragraph 2 letter f of the A.S.F. nr.5 / 2018.
- Approval of the date of 03.10.2022 as "ex-date", according to art.2 paragraph 2 letter l of the A.S.F. nr.5 / 2018.
- Approval of the date of 24.10.2022 as "payment date", according to art.2 paragraph 2 letter h and art.178 paragraph 1 of the A.S.F. nr.5 / 2018.

OGMS of 22.11.2022 , by Board Decision no.16/17.10.2022 regarding:

- Approval for the distribution as dividends of the amount of 2,641,220.96 lei, representing a part of the net profit registered in the financial year 2014, which remained undistributed (according to the Decision of the Ordinary General Meeting of Shareholders of 29.04.2015, point 6 letter d).
- Approval, in addition to the amount of 2,641,220.96 lei, indicated in point 1 above, for the distribution as dividends of the amount of 21,129,767.68 lei, representing part of the net profit recorded in the 2014 financial year, which remained undistributed (according Resolutions of the Ordinary General Meeting of Shareholders of 29.04.2015, point 6 letter d).
- Approval, as effect of point 1, for the distribution, from the amount of 2,641,220.96 lei, mentioned in point 1, of a gross dividend/share in the amount of 0.010 lei/share, related to the financial year 2021, for the number total shares of 264,122,096, the distribution of dividends will be made in compliance with legal provisions, depending on the financial situation of the company and subject to obtaining agreement in this regard from the creditor banks of the company.
- Approval, as an effect of the approval of point 1.1., of the distribution, from the amount of 21,129,767.68 lei, mentioned in point 1.1., of a gross dividend/share in the amount of 0.080 lei/share, related to the financial year 2021, for the number total of 264,122,096 shares, the distribution of dividends following to be made in compliance with the legal provisions in force, depending on the financial situation of the company and under the condition of obtaining the agreement in this sense from the creditor banks of the company.
- The total gross dividend related to the 2021 financial year that will be distributed, as a result of the approval of points 1 and 1.1. from the agenda, from the total amount of 23,770,988.64 lei is 0.090 lei/share for the total number of shares of 264,122,096, with the maintenance of the payment date, on 21.12.2022, as it was submitted approval of O.G.M.S.
- Approval of the date of 09.12.2022 as "registration date", according to the provisions of law no. 24/2017 and of art. 2 paragraph 2 letter f of the A.S.F. nr.5 / 2018.
- Approval of the date of 08.12.2022 as "ex-date", according to art.2 paragraph 2 letter l of the A.S.F. nr.5 / 2018.
- Approval of the date of 21.12.2022 as "payment date", according to art.2 paragraph 2 letter h and art.178 paragraph 1 of the A.S.F. nr.5 / 2018.

EGMS of 22.11.2022, by Board Decision no.16/17.10.2022 regarding:

- Approval of the share sale operation and operations connexed with it, whereby Recyplat Limited (a company in which Romcarbon SA owns 100% of the share capital) sells its participation in the share capital of Romgreen Universal Limited, representing 17.58794% of the share capital of this company, for the price of 14,200,000 Euro.



- Approval of the items to be included on the agenda of the General Meeting of Shareholders of Recyplat Limited, regarding the approval of the share sale operation and any other operations connexed with it, detailed in point 1 and the authorization of the President of the Board of Directors of Romcarbon SA, Mr. Huang Liang Neng, to represent Romcarbon S.A. in G.M.S. of Recyplat Limited, to vote "for" on all items on the agenda and to sign all/any documents/contracts/requests/etc. in order to fulfill the decisions.
- Empowering the Board of Directors of Romcarbon SA to, after the completion of the share sale operation, detailed in point 1, decide on the operations, of any value, regarding the distribution of dividends, the reduction of the capital of Recyplat Limited, the dissolution and liquidation of the company or the granting of any loans to Romcarbon SA, and the empowerment of the Chairman of the Board of Directors of Romcarbon SA, Mr. Huang Liang Neng, to sign all/any documents/contracts/requests/etc necessary in this regard.
- Empowering of the Chairman of the Board of Directors of Romcarbon SA, Mr. Huang Liang Neng, to represent Romcarbon SA for carrying out the operation from point 1 and any other operations connexed with it, to negotiate and sign on behalf of and for Romcarbon SA any/all documents/contracts /cereri/etc., for the completion of the sale of shares and the operations connexed with it.
- Approval for the increase by 2,550,000 Euro of the ceiling of the credit line granted by UniCredit Bank SA to Romcarbon SA, based on contract no. BUZA/014/2012, from 5,450,000 Euro to 8,000,000 Euro and the approval of the increase, as a consequence, of the guarantee ceiling established by Romcarbon SA in favor of UniCredit Bank SA, as well as the approval of the guarantee for the credit line that will be contracted by Livingjumbo Industry SA from UniCredit Bank SA for a ceiling of 2,000,000 Euro, according to what is mentioned in material no. 6419/13.10.2022.
- Empowering the Board of Directors to negotiate and decide on the conditions for contracting the increase in the credit line granted by UniCredit Bank SA to Romcarbon SA, as well as on the conditions for the additional guarantees related to this increase, as well as on the conditions for granting guarantees in favor of UniCredit Bank SA for guaranteeing the credit line that will be contracted by Livingjumbo Industry SA from UniCredit Bank SA for a ceiling of 2,000,000 Euro.
- Empowering the General Director, Mr. Huang Liang Neng or, in his absence, regardless of the reason, of the General Deputy Administrative Director, Mrs. Manaila Carmen, and of the Financial Director, Mrs. Zainescu Viorica Ioana, to sign the credit contracts and all the addendums to them, the related guarantee contracts and all the addendums to them, as well as any other necessary documents in order to carry out what will be decided by the E.G.M.S.
- 6.Approval of the date of 09.12.2022 as "registration date", according to the provisions of law no. 24/2017 and of art. 2 paragraph 2 letter f of the A.S.F. nr.5 / 2018.
- Approval of the date of 08.12.2022 as "ex-date", according to art.2 paragraph 2 letter l of the A.S.F. nr.5/2018.

Regarding the observance of the provisions of art. 138² of Law 31/1990 respectively of Principle VI (CGC) respectively of recommendation no. 16 of the Guide for the Implementation of the Corporate Governance Code. We mention that among the directors of the company the condition of independence is met only by Mr. WEY JIANN SHYANG, who is an independent, non-executive director.

Near the Board of Directors of the Company, an Audit Committee was set up, as amended by the decision of the Board of Directors no. 11 of 07.12.2021, consisting of the following directors: WEY JIANN SHYANG and TODERITA STEFAN ALEXANDRU.

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

Currently, directors' remuneration is made in accordance with the Articles of Incorporation and the Decision of the Ordinary General Meeting of Shareholders of 23.01.2020.

2.3. Executive Management

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

- Huang Liang Neng – General Director, starting 17.02.2020
- Manaila Carmen – Deputy General Director for Administration, starting 17.02.2020
- Dobrota Cristinel – Deputy General Director for Development, starting 17.02.2020
- Cretu Victor- Manager Polypropylene Profit Center, starting 17.02.2020
- Constantinescu Gabriel – Manager Filters, IPE and Activated Carbon Profit Center, starting 17.02.2020
- Ungureanu Ion – Manager Extruded polystyrene Profit Center, starting 17.02.2020
- Titi Mihai – Technical Deputy General Director starting 01.06.2010
- Zainescu Viorica Ioana – Financial Director starting 15.01.2010

The management of the company is delegated by the Board of Directors to the General Director, acting independently and being responsible for all measures appropriate to the Company's management, within the scope of the Company's object of activity and respecting the exclusive competencies reserved by the Law or the Incorporation Act, to the Board of Directors or the General Meeting of Shareholders.



In this respect in the relations with third parties, the Company is represented by the Company's General Director under the provisions of art. 143 para. 4 in conjunction with art. 143² paragraph 4 of Law 31/1990 on commercial companies, acting independently within the limits of the mandate received.

The Company's General Director is appointed or revoked by the Board of Directors, which determines his/her attributions, responsibilities and powers, the attributions of representation may be delegated by the Company's General Director to a third party only with the prior written consent of the Board of Directors.

The remuneration policy of the company

Starting with 2021, the company has adopted a remuneration policy that can be consulted at the following link: https://www.romcarbon.com/wp-content/uploads/2021/04/ROCE_Remuneration-policy_EN.pdf

For the year 2022, the company issues, according to the legal provisions, the Remuneration Report of administrators and directors is available at the following link: <https://www.romcarbon.com/remuneration-reports/>

III. CORPORATE RIGHTS OF SHAREHOLDERS

The shareholders of the company are the natural or legal persons who have acquired or will acquire the quality of owner of one or more shares issued by the company and who have registered the acquired right in the Register of shareholders kept by the company designated by contract, under the law S.C. DEPOZITARUL CENTRAL S.A.

The acquisition, in any form, of the company's shares, requires on the part of the shareholders the unreserved adherence to all the provisions of the incorporation act in force at the date of acquisition.

SC ROMCARBON S.A. respects the rights of holders of securities and ensures equal treatment for all holders of securities of the same type and class, providing them with all relevant information so that they can exercise all their rights. The holders of the securities must exercise their rights conferred by them in good faith, respecting the rights and legitimate interests of the other holders and the priority interest of the company, otherwise they will be liable for the damages caused.

Each share subscribed and paid for by the shareholders gives them the right to vote in the general meeting of shareholders, the right to vote and to be elected in the company's governing bodies, the right to participate in profit distribution, according to the company's articles of association and of the social asset at the dissolution of the company, as well as other rights provided by the legislation in force.

The rights and obligations related to each share follow it in case of its transfer to the property of another person.

The obligations of the company are guaranteed with its patrimony.

The patrimony of the company cannot be encumbered by any debt or personal obligation of the shareholders.

A creditor of a shareholder may make claims on the part of the company's benefit due to him, only after the general meeting of shareholders will approve the balance sheet and the benefit, as well as the share thereof, which belongs to each shareholder.

Each of shareholders participates in profits and losses in proportion to the share capital owned.

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

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

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

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

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

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

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

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



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

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

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

The General Meeting is convoked by the Board whenever necessary.

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

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

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

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

When a shareholder is represented by a credit institution providing custody services, it may vote in the general meeting of shareholders on the basis of voting instructions received by electronic means of communication, without the need for a special mandate or general by the shareholder. Custodians vote in the general meeting of



shareholders exclusively in accordance with and within the limits of the instructions received from its clients as shareholders at the reference date.

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

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

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

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

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

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



Information materials, power of attorney forms and draft resolutions relating to the items on the agenda can be found at the company headquarters, every working day, or on the company website:

<https://www.romcarbon.com/general-shareholders-meetings-2023/>

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

In order to provide shareholders with relevant information in real time, S.C. ROMCARBON S.A. has created a special section on its website, called Investors, <https://www.romcarbon.com/investor/> accessible and constantly updated.

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

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders at company level being active an Investors Relations Department.

Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

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

Above mentioned reports are transmitted to the Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at <https://www.romcarbon.com/reports-and-information/>.

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

Currently, external financial auditor ROMCARBON S.A. is ***DELOITTE AUDIT SRL*** and was based on OGMS Decision from 28.04.2022 respectively for a period of 1 year.

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

IV. SOCIAL RESPONSIBILITY

The company's strategy regarding environmental protection, corporate governance and social responsibility is based on a set of principles that define its relationship with its partners - employees, creditors, suppliers, customers, investors, local authorities and community members (stakeholders).

In accordance with this strategy ROMCARBON S.A. developed in 2022 its first Sustainability Report corresponding to the year 2021, out of the belief that the inclusion of sustainability principles in the strategies of the Romcarbon Group, in communication and even in the business model, can contribute to improving its reputation among its customers, suppliers and investors and can play an important role in increasing employee involvement and reducing staff fluctuation. In developing the content of this report, the principles established in the GRI Standards regarding Materiality, Inclusiveness, Sustainability Context and Exhaustiveness were taken into account. The quality of the content of the report was ensured by observing the principles of the GRI Standards regarding Balance, Comparability, Accuracy, Regularity, Clarity and Reliability.

Romcarbon was awarded III – place in a top of the best sustainability reports by a specialized jury comprising of representatives of capital market in a competition organized by ARIR (Association for Investor Relations from Romania). The 5 judges analyzed all competing reports based on 8 criteria and appreciated the concrete data presented by Romcarbon in his 2021 Sustainability Report and also inclusion of clear indicators and targets for Romcarbon ESG activity.

More details can be found in our Sustainability Report available on the Romcarbon SA website, <https://www.romcarbon.com/sustainability-reports/>

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

The company aims, through an active policy ***of CSR:***

* ***to support and respect the human rights of its employees in particular.*** In this respect the employees benefit from various specialized programs/professional training and a constant awareness of the evolution of the company (presentation to the representatives of the employees, ie periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the



implementation of labor protection and means of organizing it. (Eg. periodic training, granting production personal protective equipment, workwear, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, do not engage in trafficking and do not in any way encourage these ideas. There are not tolerated under any circumstances corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment .

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

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

* **to combat any form of corruption.**

* **to support educational activities.**

***to support various social categories** (deserving young people, sick or disabled people) through humanitarian actions that include sponsorship / mecenation, but also assistance in extreme cases and to help disadvantaged or underprivileged people. Under this active CSR policy, ROMCARBON SA granted material aid in the financial year 2021 amounting to 133.114 lei to its own employees affected by various events with a strong social and human impact (childbirth, deaths of family members , fires, floods, etc.).

* **to support sports activities in Buzau with financial aid;**

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

* **to address environmental issues in advance and to promote environmental responsibility..**

SC ROMCARBON S.A. cherishes and protects life. Starting with 2018, the company constantly organizes together with Buzau Transfusion Center blood donation campaigns at the company's headquarters. To date, ROMCARBON SA employees have donated over 1,600 units of blood. These campaigns will continue.

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

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

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

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

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

For a better quality of life, S.C. ROMCARBON S.A. has carried out in recent years a series of actions of social responsibility and occasional sponsorships that have been directed to various fields: education, health, social issues, environmental protection, such as: participation in various events / campaigns / contests organized on the occasion of **International Day of the Environment celebrated on June 5 of each year**, under the title: "For a cleaner world!"/"We have one Earth. Let's give it priority!", etc.

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

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

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



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

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

Regarding the social involvement actions aimed at contributing to the development of the local community, we mention the participation of ROMCARBON SA, in 2022, as a partner of the Buzau City Hall and sole sponsor of the inter-school project competition entitled **"My school in Circular Buzau"**, competition intended to encourage actions or innovative projects that encourage and facilitate the selective collection and recycling of waste and serve to raise awareness of the importance of selective collection in the local community, the involvement of students in the development of a circularity project through :

o Avoiding the creation of waste - by reusing recycled or composted materials;

a (Re)valuation of the unexploited space in the Schools where he studies

o The production of renewable energy, at an experimental level (School)

o Keeping products/materials/services in use and maintaining their value through the 3 R's - reuse, repair, reconditioning.

From the same sphere of social involvement, we must mention the participation of ROMCARBON SA, in 2022, as a partner of the Buzau City Hall in the initiation of the Consortium for dual education "Centre of excellence for dual-technical pre-university and university education Buzau", a project through which ROMCARBON will actively participate in ensuring initial vocational education and training in the dual system, in order to adapt vocational education and training to the requirements of the labor market.

Last but not least, we should mention the sponsorship actions carried out by ROMCARBON SA in 2022, actions through which we financially supported the activity of NGOs such as the SFANTA ELENA CHILDREN'S ASSOCIATION, SFANTUL SAVA CHILDREN'S FOUNDATION, "DARUIESTE VIATA" ASSOCIATION, BOOKLAND ASSOCIATION , but also of institutions of local interest such as the Buzau County Emergency Hospital and the Buzau City Hall.

*As a **socially responsible company**, S.C. ROMCARBON S.A. therefore aims not only to increase the satisfaction of employees, commercial partners and its own shareholders, but also to increase involvement in the community, to increase the quality of life at the local level, but also to stimulate the labor market by raising the level of professional competence of human resources.*

7. ANNEX : It is not the case

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

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

**Deputy General Manager for Administrative Operations,
Manaila Carmen**

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

DECLARATION OF COMPLIANCE WITH BSE CODE

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

DECLARATION OF COMPLIANCE WITH BSE CODE

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

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
Section C1 - Just reward and motivation				
C.1.	<p>The company shall publish on its website the remuneration policy and include a statement in the annual report on the implementation of remuneration policy during the annual period under consideration. Remuneration policy should be formulated so as to allow shareholders understand the principles and arguments underlying remuneration of Board members and the CEO, and the Executive Board in the dual system. It should describe the driving process and making decisions regarding remuneration, detailing components of the remuneration of the executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the duration of the contract Executive Director and the period of notice stipulated in the contract and any compensation for unjust dismissal. Report on remuneration must submit implementation of the remuneration policy for persons identified in the remuneration policy during the annual period under consideration. Any fundamental change in remuneration policy interventions must be published in due course on the website of the company.</p>	YES		
Section D - adding value to the investor relations				
D.1.	<p>The company must hold an Investor Relations Service -made widely known by the person / persons responsible or organizational unit. In addition to the information required by the law, the company must include on its website a section dedicated to investor relations in Romanian and English, with all relevant information of interest to investors, including.</p>	YES		
D.1.1.	<p>The main corporate regulations: articles of association, the procedures for general meetings of shareholders;</p>	YES		
D.1.2.	<p>Professional CV's of the management members of the Company, other professional commitments of Board members, including non-executive and executive positions on boards of companies or nonprofit institutions;</p>	YES		
D.1.3.	<p>Current reports and periodic reports (quarterly and annual) - at least those provided for in section D.8 - including current reports with detailed information on non-compliance with this Code;</p>	YES		

DECLARATION OF COMPLIANCE WITH BSE CODE

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

DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
D.6.	Council will present the annual general meeting of shareholders a brief assessment of the internal control systems and management of significant risks and opinions on issues subject to the decision of the General Assembly.	YES		
D.7.	Any specialist, consultant, expert or financial analyst may participate in the shareholders meeting under a prior invitation from the Council. Accredited journalists can also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise requires.	YES		
D.8.	Financial reports quarterly and half will include information both in Romanian and in English on the key factors influencing changes in the level of sales, operating profit, net profit and other financial indicators relevant from both qoq and from year to year.	YES		
D.9.	A company will hold at least two meetings / teleconferences with analysts and investors every year. Information presented on these occasions will be published in the Investor Relations section of the company website on meetings / teleconferences.	YES		On the company's website and through reports that society makes, ensure transparently inform all those interested in its work. The company also responded and respond positively requests from representatives from the specialized press and analysts on the provision of financial information and / or information regarding future development projects designed communication media channels. The Company will inform investors about oragnizarea advance of any meetings / teleconferences with analysts and investors.
D.10.	If a company supports various forms of artistic expression and cultural, sports, educational activities or scientific and considers their impact on the innovative nature and competitiveness of the company are part of the mission and its development strategy, will publish policy on activity in this area.	YES		

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

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

**Deputy General Manager for Administrative Operations,
Manaila Carmen**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Romcarbon SA

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Romcarbon SA ("the Company"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the statement of financial position as at December 31, 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. The financial statements as at December 31, 2022 are identified as follows:
 - Net assets/Total equity lei 160,222,957
 - Net profit for the financial year lei 51,471,690
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended 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.

Basis for Opinion

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

Key Audit Matters

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



Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Company. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the clients' businesses, there is a risk that sale is not properly and accurately recognised. That is, revenue may not be recognised in the correct accounting year, taking into account the transfer of main risks and rewards associated with the product, or may represent fictitious sales for which the delivery has not taken place, or sales towards bad debtors, that are insolvent or bankrupt.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>The Company's revenue disclosures are presented in Note 3 of the separate financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in "Key audit matters" regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period; - checking the completeness and accuracy of disclosures regarding revenues in the financial statements.
<p>Recognitin of financial revenues from dividends</p> <p>The financial revenues from dividends are generated by transactions carried out outside the core scope of the Company's business. Given the specifics of transactions and the materiality of the amounts registered in this line, there is a risk that the amounts are recognised incorrectly and inaccurately, or that they represent financial revenues for which the Company has not yet received the right to collect dividends.</p> <p>In our opinion, the recognition of financial revenues from dividends is material for the audit, as per the above.</p> <p>The Company's disclosures regarding the financial revenues from dividends are included in Note 10 to the separate financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for recognition of financial revenues from dividends included:</p> <ul style="list-style-type: none"> - performing tests of details on the financial revenues from dividends by checking the supporting documents; the decisions of the General Meetings of Shareholders and bank excerpts regarding subsequent collections. - Checking the completeness and accuracy of the disclosures of financial revenues from dividends in the financial statements.

Other information – Administrators' Report

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

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



In connection with our audit of the financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

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

- a) the information included in the Administrators' report and the Remuneration Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these financial statements;
- b) the Administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;
- c) the Remuneration Report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrators' report and the Remuneration Report. We have nothing to report in this regard.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

15. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the financial statements included in the annual financial report of Romcarbon SA ("the Company") as presented in the digital files which contain the unique LEI code 315700RJSU856JMMHO64 ("Digital Files")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.



Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files with the audited financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;
- evaluating if the financial statements contained in the annual report have been prepared in a valid XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the financial statements for the year ended December 31, 2022 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our audit opinion relating to the financial statements of the Company for the year ended December 31, 2022 is set out in the "*Report on the audit of the financial statements*" section above.

Report on Other Legal and Regulatory Requirements

16. We were appointed by the General Meeting of Shareholders on April 28, 2022 to audit the financial statements of Romcarbon SA for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 15 years, covering the financial year ended December 31, 2008 until the financial year ended December 31, 2022.



We confirm that:

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

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

Ana-Corina Dimitriu, Audit Partner

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

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

On behalf of:

DELOITTE AUDIT SRL

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

The Mark Building, 84-98 and 100-102 Calea Grivitei,
8th Floor and 9th Floor, District 1
Bucharest, Romania
March 28, 2023



ROMCARBON SA

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

**Prepared in accordance with Ministry of Public Finance Order no. 2844/2016
approving the Accounting regulations compliant with International Financial
Reporting Standards as adopted by the European Union, as amended**



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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Note	Year ended:	
		December 31, 2022	December 31, 2021
Revenues	3	262,801,054	264,737,646
Other income	4	4,454,249	4,459,406
Changes in inventories		7,447,653	872,218
Raw materials and consumables used	5	(199,065,784)	(197,945,281)
Employee salaries and benefits	6	(42,312,860)	(40,568,395)
Depreciation and amortization expenses	7	(9,609,158)	(9,977,583)
Operational expenses	8	(18,863,784)	(15,900,694)
Other gains or losses	9	1,769,858	1,883,115
Profit from operating activities		6,621,228	7,560,432
Finance income	10	47,336,583	128,719
Finance cost	11	(1,574,050)	(1,769,890)
Gains/(Loss) on impairment of financial assets	12	-	(6,477,632)
Profit/(Loss) before tax		52,383,761	(558,371)
Income tax	13	(912,071)	(889,087)
Net profit/(loss) of the year		51,471,690	(1,447,458)
Comprehensive income:			
Other comprehensive income		-	-
Net gains/losses on the revaluation of property, plant and equipment		745,264	
Net loss on revaluation of tangible assets		-	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves		273,332	21,017
Total comprehensive income		52,490,286	(1,426,441)
Earnings per share		0.1987	(0.0054)
Number of shares		264,122,096	264,122,096

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

This is a free translation from the original Romanian version.



STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	102,490,667	106,567,874
Investment property	15	9,883,738	10,894,586
Intangible assets	16	330,920	294,483
Financial assets	17	<u>20,608,559</u>	<u>20,607,559</u>
Total non-current assets		<u>133,313,884</u>	<u>138,364,502</u>
Current assets			
Inventories	18	29,963,708	27,647,515
Trade and other receivables	19	63,653,763	57,999,726
Taxes recoverable		-	-
Other current financial assets	20	42,738,851	1,265,317
Other current non-financial assets	21	3,864,347	2,187,278
Cash and cash equivalents	22	<u>2,772,709</u>	<u>12,798,377</u>
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		<u>142,993,378</u>	<u>101,898,213</u>
Non-current assets held for sale	23	<u>3,760,155</u>	<u>3,760,155</u>
Total current assets		<u>146,753,533</u>	<u>105,658,368</u>
Total assets		<u>280,067,417</u>	<u>244,022,870</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	26,412,210	26,412,210
Retained earnings	25	70,732,989	47,008,179
Share premiums		2,182,283	2,182,283
Other reserves	26	<u>60,895,475</u>	<u>58,542,209</u>
Total equity		<u>160,222,957</u>	<u>134,144,881</u>
Non-current liabilities			
Other provisions		<u>1,000,000</u>	<u>400,000</u>
Total non-current provisions		<u>1,000,000</u>	<u>400,000</u>
Deferred tax liabilities	13	7,780,659	8,012,574
Other non-current financial liabilities	27	4,044,764	4,017,590
Deferred income	28	<u>7,475,188</u>	<u>8,619,928</u>
Total non-current liabilities		<u>19,300,611</u>	<u>20,650,092</u>

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

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STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)

	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current liabilities			
Trade and other payables	29	48,060,899	37,161,910
Other current financial liabilities	27	45,859,692	46,860,194
Other current non-financial liabilities	28	5,623,258	4,805,793
Total current liabilities		<u>99,543,849</u>	<u>88,827,897</u>
Total liabilities		<u>119,844,460</u>	<u>109,877,989</u>
Total equity and liabilities		<u>280,067,417</u>	<u>244,022,870</u>

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

For signatures, please refer to the original Romanian version.

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FINANCIAL MANAGER
VIORICA ZAINESCU

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CARMEN MANAILA



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2022

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

	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
January 1, 2022	26,412,210	2,182,283	38,708,540	4,176,971	15,656,697	47,008,179	134,144,881
Increases from revaluation of property, plant and equipment	-	-	1,893,966	-	-	-	1,893,966
Decreases from revaluation of property, plant and equipment	-	-	(1,148,702)	-	-	-	(1,148,702)
Dividends declared	-	-	-	-	-	(26,412,210)	26,412,210
Net profit of the period	-	-	-	-	-	51,471,690	51,471,690
Transfer to reserves	-	-	-	1,105,471	862,410	(1,967,881)	-
Transfer of revaluation reserves to retained earnings	-	-	(633,211)	-	-	633,211	-
Adjusted deferred tax related to fiscally non-deductible revaluation reserves	-	-	273,332	-	-	-	273,332
December 31, 2022	26,412,210	2,182,283	39,093,925	5,282,442	16,519,107	70,732,989	160,222,957

In 2022, the Company distributed dividends in amount of lei 26,412,210.

The Resolution of the General Meeting of Shareholders of 08.06.2022 approved the allocation of dividends in amount of lei 2,641,221. The amount was transferred entirely to Depozitarul Central SA in order to pay the dividends owed to shareholders.

The Resolution of the General Meeting of Shareholders of 22.11.2022 approved the allocation of dividends in amount of lei 23,770,989. In December 2022, lei 7,775,757 was transferred to Depozitarul Central SA to pay part of the dividends. The difference was transferred to Depozitarul Central SA at the beginning of January 2023.

The total amount of lei 16,519,107 of such reserves is not subject to distributions to other purposes.

Further to the sale of investment property, the Company adjusted the deferred tax related to fiscally non-deductible revaluation reserves by lei 273,332.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

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The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2022

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

	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
January 1, 2021	26,412,210	2,182,283	39,632,928	4,176,971	15,656,697	50,151,453	138,212,543
Increases from revaluation of property, plant and equipment	-	-	-	-	-	-	-
Decreases from revaluation of property, plant and equipment	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	(2,641,221)	(2,641,221)
Net profit of the period	-	-	-	-	-	(1,447,458)	(1,447,458)
Transfer to reserves	-	-	-	-	-	-	-
Transfer of reserves to retained earnings	-	-	(945,405)	-	-	945,405	-
Adjusted deferred tax related to fiscally non-deductible revaluation reserves	-	-	21,017	-	-	-	21,017
December 31, 2021	26,412,210	2,182,283	38,708,540	4,176,971	15,656,697	47,008,179	134,144,881

As at December 31, 2021, the Company distributed dividends in amount of lei 2,641,221.

The total amount of lei 15,656,697 of such reserves is not subject to allocations to other destinations.

Further to the sale of investment property, the Company adjusted the deferred tax related to fiscally non-deductible revaluation reserves by lei 21,017.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**FOR THE PERIOD ENDED DECEMBER 31, 2022****(all amounts are expressed in lei, unless specified otherwise)**

At December 31, 2022, the legal reserve was established, according to article 183 of Law 31/1990, revised, which provides: "From the company's profit, at least 5% shall be subtracted each year for the establishment of the reserve fund, until it reaches at least one fifth of the share capital", in amount of lei 1,105,471.

At December 31, 2022, the total legal reserve set up in amount of lei 5,282,442 represents a fifth part of the share capital.

Also at the end of 2022, the amount of lei 862,410 (representing profit tax exempt profit, less the portion related to the legal reserve) was distributed to "Other reserves" (According to article 22: Tax Exemption for Reinvested Profit, as per Law 227/2015 in conjunction with GD 1/2016 on the Fiscal Code with the Application Rules).

In 2022, the Company allocated to dividends from retained earnings the amount of lei 26,412,210.

The adjustment of deferred tax on fiscally non-deductible revaluation reserves is explained in Note 12.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

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**FINANCIAL MANAGER
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CARMEN MANAILA**

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

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**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)**

	<u>2022</u>	<u>2021</u>
Net profit/(loss) for the year	51,471,690	(1,447,458)
Income tax expense / (income)	870,654	712,964
Deferred income tax expense / (income)	41,417	176,123
Non-current asset depreciation/(impairment)	9,609,158	9,977,583
Provisions for untaken leaves	600,000	200,000
(Gain) / Loss on sale of fixed assets	(915,621)	(21,280)
(Gain) / Loss on changes in fair value of investment property	(170,996)	(1,377,918)
(Gain) / Loss on disposal of investment property	(1,191,307)	(411,233)
(Gain) / Loss on changes in fair value of assets held for sale	1,370,104	-
Gains on internal set-up of fixed assets	(9,793)	(327,189)
Expenses / (Revenues) regarding value adjustments for clients and inventories	(54,640)	13,642
Loss on receivables and sundry debtors	54,270	45,827
Expenses / (Revenues) regarding allowances for financial assets	-	6,477,632
Interest expense	1,574,050	1,149,747
Interest income	(316,730)	(128,719)
Income from dividends	(46,745,700)	-
Income from subsidiaries	(2,206,664)	(2,259,451)
Unrealised foreign exchange gain / (loss)	(274,153)	654,632
Movements in working capital:		
(Increase) / Decrease in trade and other receivables	(6,316,831)	(20,576,748)
(Increase) / Decrease in inventories	(2,261,553)	(5,375,385)
(Increase) / Decrease in other assets	(3,571,403)	(1,106,915)
Increase / (Decrease) in trade payables	(4,846,357)	11,032,378
Increase / (Decrease) in other liabilities	1,751,137	(129,356)
Cash used in operating activities	(1,539,268)	(2,721,124)
Income tax paid	(1,015,734)	(712,964)
Interest and bank charges paid	(1,574,050)	(1,149,747)
Net cash used in operating activities	(4,129,052)	(4,583,835)
Cash flows from investing activities:		
Interest received	316,730	128,719
Payments for tangible assets	(5,756,882)	(3,657,008)
Proceeds from sale of investment property	2,373,151	2,862,617
Proceeds from sale of tangible and intangible assets	915,615	517,739
Proceeds from sale of subsidiaries	912,179	-
Payments for assets held for sale	-	(3,164,051)
Related party loans granted	-	(694,543)
Payments for financial assets	(1,000)	-
Payments for intangible assets	(153,219)	8,254
Dividends received	7,166,500	-
Net cash generated by/(used in) investing activities	5,773,074	(3,998,272)

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

This is a free translation from the original Romanian version.



STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)

	<u>2022</u>	<u>2021</u>
Cash flows from financing activities:		
Proceeds from loans to affiliates	(1,002,827)	(6,240,840)
Repayments of related party borrowings		12,673,948
Dividends paid	(10,666,862)	(2,641,221)
Proceeds from subsidies		-
Net cash generated by/(used in) financing activities	<u>(11,669,689)</u>	<u>3,791,886</u>
Net increase/(decrease) in cash and cash equivalents	<u>(10,025,667)</u>	<u>(4,790,221)</u>
Cash and cash equivalents at the beginning of the year	<u>12,798,377</u>	<u>17,588,598</u>
Cash and cash equivalents at the end of the year	<u>2,772,710</u>	<u>12,798,377</u>

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

For signatures, please refer to the original Romanian version.

ADMINISTRATOR
HUANG LIANG NENG

FINANCIAL MANAGER
VIORICA ZAINESCU

DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA



NOTES TO THE SEPARATE FINANCIAL STATEMENTS**FOR THE PERIOD ENDED DECEMBER 31, 2022****(all amounts are expressed in lei, unless specified otherwise)****1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Company") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. The Company's shares are traded on the BSE, and its main shareholders as at December 31, 2021 are Living Plastic Industry S.A., Joyful River Limited Loc. Nicosia – Cyprus.

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

2. MAIN ACCOUNTING POLICIES**Statement of compliance**

The separate financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis of preparation

These separate financial statements of the Company 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.

The accounting regulations in accordance with the Fourth EEC Directive, approved by NSC Order 13/2011 are applied together with Accounting Law no. 82/1991 (republished).

The separate financial statements were prepared at historical cost adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves. NSC Order 13/2011 on the approval of accounting regulations in accordance with the Fourth Directive of the European Economic Community applicable to entities authorised, regulated and supervised by the National Securities Commission provides the preparation of financial statements at historical cost.

Given Commission Delegated Regulation (EU) 2018/815 (hereinafter referred to as ESEF RTS) which provides for a single electronic reporting format (ESEF) where all financial reporting is done, the Company deemed necessary to align the presentation of comprehensive income and financial position to the ESEF taxonomy.

The Company has the obligation to prepare separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Romcarbon group, which includes Romcarbon S.A. and its subsidiaries, will prepare a set of consolidated financial statements in accordance with IFRS as adopted by EU, for the financial year ended December 31, 2022, which will be published in accordance with the legislation in force.

The separate financial statements were prepared on the going concern basis. The separate financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for the transition to IFRS as adopted by EU.

The main accounting policies are described hereinafter.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2022

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

2. MAIN ACCOUNTING POLICIES (continued)**Basis of preparation of the separate financial statements**

These financial statements are Separate financial statements prepared in accordance with IAS 27. According to this standard, separate financial statements are the statements disclosed by a parent, by an investor in an associate or by an associate in a jointly controlled entity, where investment is accounted for based on the direct participation in equity rather than the reported results and net assets of investees.

The financial statements of an entity that does not have a subsidiary, associate or interest in a jointly controlled entity are not separate financial statements.

When an entity prepares separate financial statements, investments in subsidiaries, jointly controlled entities and associates must be accounted for either:

- a. at cost, or
- b. in accordance with IFRS 9.

The Company presents investments in associates at cost. Given the transition to IFRS 9, while, prior to the initial application of IFRS 9, the Company accounted for such investments as per IAS 27.10a or IAS 27.10c (cost or equity method), the same accounting treatment is applied after the transition to IFRS 9. Thus, they continue to be accounted for at cost.

An entity must recognize in its separate financial statements dividends from a subsidiary, jointly controlled entity or associate when the entity's right to receive such dividend is established.

The Company's direct holdings as at December 31, 2022 and December 31, 2021 in subsidiaries or associates, which were not consolidated in these separate financial statements, are presented in Note 29. Investments in such subsidiaries or associates were disclosed in these separate financial statements at cost.

The Company will issue for 2022 consolidated financial statements in accordance with IFRS as adopted by the European Union.

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

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

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022**
(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)

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

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

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023),

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

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

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).



2. MAIN ACCOUNTING POLICIES (continued)

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

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

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

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

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 issued by IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- **Amendments to IFRS 4 "Insurance Contracts"** - Extension of the Temporary Exemption from Applying IFRS 9 issued by IASB on 25 June 2020. Amendments change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** - Interest Rate Benchmark Reform — Phase 2 issued by IASB on 27 August 2020. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting:
 - a) **Modification of financial assets, financial liabilities and lease liabilities** - the IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.



2. MAIN ACCOUNTING POLICIES (continued)**More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)**

- b) **Hedge accounting requirements** - under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
- c) **Disclosures** - in order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about:
- how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
 - quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
 - to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.
- d) The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.
 - **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions issued by IASB on 28 May 2020. The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.
 - **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 issued by IASB on 31 March 2021. Amendments extend by one year the application period of the practical expedient in IFRS 16. The relief was extended by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022.
 - **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time
 - **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.



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2. MAIN ACCOUNTING POLICIES (continued)

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

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use issued by IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts — Cost of Fulfilling a Contract** issued by IASB on 14 May 2020. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** issued by IASB on 14 May 2020. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments: (a) clarify that subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9); (c) removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

Income recognition

IFRS 15 Revenues from contracts with customers

The Company has applied IFRS 15 for the first time effective from January 1, 2018.

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.



2. MAIN ACCOUNTING POLICIES (continued)

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:

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

Rental income is recognized on an accrual basis, in accordance with the economic substance of the related contracts.

Dividend and interest income

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

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

Income from services provided

Income from the provision of services is recognized if it can be reliably measured.

The income 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 income can be reliably assessed;
- b. it is likely that the economic benefits associated with the transaction will flow to 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 provision of services cannot be reliably estimated, the income should be recognized only within the limit of the recognized recoverable expenses.



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(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Foreign currency transactions**

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

When preparing the financial statements of individual entities and the Company, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the date 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 at historical cost in a foreign currency are not translated again.

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

The official translation rates to convert the balance sheet lines expressed in foreign currency at the end of reporting periods were as follows:

- December 31, 2019: lei 4.2608/ USD 1 and lei 4.7793 / EUR 1
- December 31, 2020: lei 3.9660/ USD 1 and lei 4.8694 / EUR 1
- December 31, 2021: lei 4.3707/ USD 1 and lei 4.9481/ EUR 1
- December 31, 2022: lei 4.6346/ USD 1 and lei 4.9474/ EUR 1

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. Income from temporary investments from borrowings, until such borrowings are spent on assets, is deducted from the costs related to long-term borrowings eligible for capitalization.

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

Government subsidies

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

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

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

Employee contributions

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

The Company pays its employees retirement benefits. Such benefits are defined in the Company's collective labour agreement.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Provisions for taxes and levies

As at December 31, 2022 the Company's separate 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 Company's winding up.

The Company'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 Company must register an income tax liability in connection with such reserves. These financial statements do not include such provision for deferred income related to 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 temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except if the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary deductible differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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



2. MAIN ACCOUNTING POLICIES (continued)**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 accumulated impairment losses.

The Company conducted a valuation of land and buildings based on a valuation report issued by a professional valuator, in order to determine the fair value thereof as at the balance sheet date. The revaluations are made with sufficient regularity so that the book value should not differ substantially from that determined using the fair value at the end of the reporting period. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity. The last revaluation of tangible assets in the form of land and buildings was registered as at December 31, 2022. Revaluation reserves are fiscally deductible as of 2004.

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 less the subsequently accumulated depreciation and accumulated 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.

The expenses incurred with significant improvements are capitalized, if such extend the service life of the fixed asset or lead to a significant increase in its capacity to generate income. The costs incurred with maintenance, repairs and minor improvements are charged against expenses as incurred.

Subsequent expenses

Expenses incurred with replacing a component of a plant, property and equipment item, which is accounted separately, is capitalized, and the carrying amount of the initial component is written off. Other subsequent expenses are capitalized only when they generate future economic benefits by virtue of the use of such non-current asset. All other expenses are accounted for in the income statement as expenses as they are incurred.

Assets held under finance lease are depreciated over their useful life, similarly to assets held or, if the lease is shorter, throughout such lease term.

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.



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

2. MAIN ACCOUNTING POLICIES (continued)

Subsequent expenses (continued)

The following useful lives are used in the depreciation calculation:

- Buildings	5 – 45 years
- Plant and equipment	3 – 20 years
- Other installations, office equipment	3 – 30 years
- Vehicles in finance lease	5 – 6 years

Intangible assets

Intangible assets acquired separately

Intangible assets with definite useful life which are acquired separately are accounted at cost less accumulated amortization and impairment. 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. Intangible assets with indefinite useful lives, which are acquired separately, are accounted at cost less cumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company 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 Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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.



2. MAIN ACCOUNTING POLICIES (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 each year. 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.

The Company classifies a property (land or building and land) as investment property when:

- a. it is held for future capital appreciation;
- b. at least 50% of its total useful surface area is rented; or
- c. it is not used in the Company's administrative or productive activity and less than 50% of its total useful surface area is/is not rented.

Since the Company discloses at the balance sheet date the investment property using the fair value model, buildings in this category are not depreciated.

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 separate 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 separate financial statements. Resulting gains and losses are included in profit or loss as they arise.

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. Upon write-off, inventories are valued using the average weighted cost method.

Provisions

Provisions are recognized when the Company 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 according to IFRS 13

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

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The definition of fair value underlines that fair value is a market-based evaluation, not a company-specific value.



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

2. MAIN ACCOUNTING POLICIES (continued)**Fair value measurement according to IFRS 13 (continued)**

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

- a) share-based payment transactions within the scope of IFRS 2
- b) leasing transactions within the scope of IFRS 16
- c) measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2
- d) plan assets measured at fair value in accordance with IAS 19
- e) retirement benefit plan investments measured at fair value in accordance with IAS 26
- f) assets for which recoverable amount is fair value less costs of disposal in accordance with 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

Warranties

Provisions for warranties are recognized on the selling date of the products, according to the managements' best estimate regarding the expenditure required to settle the Company's obligation.

Financial assets and liabilities

The Company applies IFRS 9 - Financial Instruments that came into effect starting January 1, 2018 and uses for the classification of financial assets, the business model of the entity and the cash flow characteristics of the financial asset under the contract.

Classification of financial assets

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

1. *financial asset measured at depreciation cost if both conditions below are met:*
 - the financial asset is held in a business model whose objective is to hold the financial assets to collect the contractual cash flows, and
 - the contractual terms of the financial asset generate at certain dates cash flows that are exclusively payments of principal and interest related to the principal owed.
2. *financial asset measured at fair value through other comprehensive income if both conditions below are met:*
 - the financial asset is held in a business model whose objective is met both through the collection of contractual cash flows and sale of financial assets, and
 - the contractual terms of the financial asset generate at certain dates cash flows that are exclusively payments of principal and interest related to the principal owed
3. *a financial asset measured at fair value through profit or loss, unless measured at depreciation cost in accordance with point or at fair value through other comprehensive income in accordance with item*



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2. MAIN ACCOUNTING POLICIES (continued)**Classification of financial assets (continued)**

Except for trade receivables that fall under IFRS 15, a financial asset or a financial liability is initially measured at fair value and, in the case of a financial asset or financial liability that is not stated at fair value through profit or loss, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the subsequent valuation of financial assets is performed at:

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

Financial assets comprise shares held in subsidiaries, associates and jointly controlled entities, loans to these entities, other investments held as property, plant and equipment and other loans.

The Company presents investments in associates at cost. Given the transition to IFRS 9, while, prior to the initial application of IFRS 9, the Company accounted for such investments as per IAS 27.10a or IAS 27.10c (cost or equity method), the same accounting treatment is applied after the transition to IFRS 9. Thus, they continue to be accounted for at cost.

The Company's financial assets include cash and cash equivalent, trade receivables and long-term investments. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts, trade liabilities and other liabilities. For each element, the accounting policies on recognition and measurement are presented in this note. The management considers that the estimated fair values of such instruments approximate their carrying values.

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

Financial instruments 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 Company 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 Company'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.



2. MAIN ACCOUNTING POLICIES (continued)***Impairment of financial assets (continued)***

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

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impairable, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Company'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 the expected credit loss.

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

Derecognition of assets and liabilities

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

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 position, it must disclose such information on earnings per share only in the statement of comprehensive income.

The Company has chosen to disclose earnings per share in these 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 periods.

Comparatives

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous year ended.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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3. REVENUES

An analysis of the Company's income for December 31, 2022 is presented below:

Revenues:	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Income from sale of finished products	184,817,209	170,394,502
Income from sale of commodities	69,489,961	88,872,338
Income from services delivered	721,836	488,677
Income from other activities	7,772,048	4,982,129
Total	262,801,054	264,737,646

Segment reporting:

Income by geographical areas:	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Sales on domestic market (Romania)	209,141,888	214,588,968
Sales on foreign market (Europe)	53,511,315	48,530,451
Other (China, Israel, Taiwan, Panama)	147,851	1,618,228
Total	262,801,054	264,737,646

Segment income and profit	Segment income Financial year ended		Segment profit Financial year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Polyethylene + polystyrene + polypropylene plastics	131,264,950	129,868,434	17,621,911	19,224,968
Compound recycled products	51,224,339	40,009,626	5,925,723	4,687,147
Other productive sectors	9,569,410	5,876,115	3,039,222	819,008
Income from sale of commodities and other activities	70,742,355	88,983,471	2,678,408	2,184,238
Total operating income	262,801,054	264,737,646	29,265,264	26,915,361
Income from investments	-	-	46,745,700	-
Administrative and salary expenses	-	-	(22,053,153)	(25,703,842)
Finance expenses	-	-	(1,574,050)	(1,769,890)
Profit/(Loss) before tax	-	-	52,383,761	(558,371)



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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4. OTHER INCOME

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Income from lease of investment property	2,247,585	2,199,955
Income from subsidies	2,206,664	2,259,451
Total	4,454,249	4,459,406

5. RAW MATERIALS AND CONSUMABLES USED

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Raw materials	98,571,000	87,476,764
Commodities sold	68,877,852	88,098,859
Energy expenses	24,906,555	15,730,307
Consumables	6,710,377	6,639,351
Total	199,065,784	197,945,281

The increase of expenses with raw materials is the result of increase of prices of acquisition prices for plastic compounds and is correlated to the increase of income from sales of finished products.

6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Salaries	39,228,096	38,212,569
Social contributions	932,665	933,260
Meal tickets	2,152,099	1,422,566
Total	42,312,860	40,568,395

The increase of expenses with salaries is mainly due to the increase of the minimum salary at national level of 10.87% in 2022 (lei 2,550) compared to 2021 (lei 2,300). In 2022, 731 employees benefitted from salary growths, further to the increase of the minimum salary.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES (continued)

Indemnities granted to top management

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

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Management salaries	2,634,715	2,573,406
Benefits for Board of Directors	19,731	18,699
Total	2,654,446	2,592,105

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

As of March 2020, the Board of Administration of Romcarbon is not remunerated.

7. DEPRECIATION/AMORTIZATION AND IMPAIRMENT EXPENSES

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Total amortization expenses, of which:	9,609,158	9,977,583
Depreciation of property plant and equipment	9,492,376	3,367,773
Amortization of intangible assets	116,782	132,178
Financial assets impairment	-	6,477,632
Total	9,609,158	9,977,583



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022**
(all amounts are expressed in lei, unless specified otherwise)

8. OPERATING EXPENSES

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Expenses with transport and logistics	5,645,391	6,125,144
Other expenses with third party services*	7,475,559	5,546,229
Protocol and marketing	158,704	141,637
Expenses with repairs	1,638,592	1,267,259
Taxes and levies	1,194,286	1,475,829
Losses on receivables	54,270	44,361
Expenses with insurances	383,444	432,442
Expenses with postal charges and telecommunications	113,427	118,951
Expenses with travels	120,009	57,880
Expenses with rentals	228,948	249,336
Expenses with commissions and fees	45,206	-
Expenses with fines and penalties	41,394	16,403
Other expenses	1,764,554	425,223
Total	18,863,784	15,900,694

(*) Operating expenses with third party services include legal advisory services, financial audit, security, occupational medicine, technical consultancy, IT services, maintenance services, etc.

9. OTHER GAINS AND LOSSES

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Income from penalties charged	7,009	8,202
Gain / (Loss) on sale of non-current assets	915,621	21,280
Gain / (Loss) on adjustment of investment property at fair value**	42,412	1,377,918
Gain / (Loss) on disposal of investment property	1,191,307	411,233
Gain / (Loss) on changes in inventory	(545,360)	(213,642)
Other gains*	158,869	278,124
Total	1,769,858	1,883,115

(*) In 2021, the Company registered income from subsidies for the payment of the technical unemployment in amount of lei 180,077.

(**) At December 31, 2022, the Company carried out the revaluation of its investment property held at the end of the year, which resulted in an increase of net value of lei 170,996, which was registered in the result for the year – see note 15.



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10. FINANCE INCOME

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Interest income on bank deposits	316,730	128,719
Dividends from equity investments	46,745,700	-
Gains from FX differences	274,153	-
Total	47,336,583	128,719

On 16.12.2022, the Company received interim dividends in amount of RON 46,745,700 (EUR 9,500,000) in accordance with the GMS decision of RECYPLAT Ltd., further to Company's investment therein. EUR 1,500,000 was received in December 2022, and the remaining EUR 8,000,000 was received in January 2023.

11. FINANCE COST

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Bank interest and leases expenses	1,286,399	918,565
Gains / (Losses) on foreign exchange differences	-	(654,633)
Bank commissions and assimilated charges	287,651	196,692
Total	1,574,050	1,769,890

12. EXPENSES WITH IMPAIRMENT OF FINANCIAL ASSETS

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Gains/(Loss) on impairment of financial assets	-	(6,477,632)
Total	-	(6,477,632)

At December 31, 2021, further to the analysis of the investment in Living Jumbo Industry SA, of the financial results registered in the past years, the Company considered it necessary to register an impairment allowance for the cost of investment in its subsidiary (lei 6,477,632). If the results of Living Jumbo Industry improve or it presents a budget forecast for the following 5 years revealing reasonably estimated performances, such allowance will be reversed to income.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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13. INCOME TAX

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Income tax expenses		
Current income tax expense	870,654	712,964
Deferred income tax expense / (income)	41,417	176,123
	912,071	889,087

The tax rate applied for the reconciliation above related to 2022 and 2021 is 16% and is due by all Romanian legal persons.

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

Reconciliation of actual income tax rate	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Gross income before taxation	52,383,761	(558,371)
Tax calculated according to the 16% rate	8,381,402	-
Effect of non-taxable income	(8,160,016)	(308,793)
Effect of non-deductible expenses	330,354	772,670
Effect of temporarily non-deductible expenses / deferred tax	41,417	176,123
Deductions related to reinvested profit	318,914	249,960
Total	912,071	889,960

Components of deferred tax liabilities	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Trade and other receivables	(131,947)	(138,067)
Inventories	(274,549)	(274,549)
Investment property	872,342	837,046
Property, plant and equipment	7,314,812	7,588,144
Recognised income tax liabilities	7,780,659	8,012,574
of which deferred tax on revaluation reserves from comprehensive income	7,958,758	8,232,090

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Opening balance as at January 1	8,012,574	7,857,468
Movement from revaluation reserves	(273,332)	(21,017)
Recognised in income statement	41,417	176,123
Closing balance as at December 31	7,780,659	8,012,574



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022

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

14. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
COST						
Balance as at January 1, 2022	44,725,838	20,892,549	120,314,075	760,217	2,017,738	188,710,417
Additions, of which	-	3,214,546	2,238,321	114,419	6,142,196	11,709,483
Transfers	-	1,320,580	2,238,321	114,419	-	3,673,321
Revaluation increases	-	1,893,966	-	-	-	1,893,966
Disposals, of which	(1,158,326)	(5,270,973)	(3,967,438)	(7,081)	(3,673,444)	(14,077,262)
Transfers	-	-	-	-	(3,673,321)	(3,673,321)
Revaluation decreases	(1,158,326)	(5,217,502)	-	-	-	(6,375,828)
Balance as at December 31, 2022	43,567,512	18,836,122	118,584,958	867,555	4,486,490	186,342,638
Balance as at January 1, 2021	45,747,556	20,303,602	119,271,504	774,084	413,404	186,510,150
Additions, of which	232,013	931,219	1,451,373	86,295	5,983,128	8,684,028
Transfers	232,013	931,219	1,451,373	86,295	-	2,700,899
Revaluation increases	-	-	-	-	-	-
Disposals, of which	(1,253,732)	(342,271)	(408,802)	(100,161)	(4,378,798)	(6,483,761)
Transfers	-	-	-	-	(2,700,899)	(2,700,899)
Balance as at December 31, 2021	44,725,838	20,892,549	120,314,075	760,217	2,017,738	188,710,417

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
CUMULATED DEPRECIATION						
Balance as at January 1, 2022	<u>-</u>	<u>2,603,514</u>	<u>79,089,008</u>	<u>450,021</u>	<u>-</u>	<u>82,142,543</u>
Expenses with depreciation	-	1,279,351	8,162,588	50,438	-	9,492,376
Decrease from sale of assets	-	-	(3,895,852)	(4,230)	-	(3,900,082)
Revaluation decreases	-	(3,882,865)	-	-	-	(3,882,865)
Balance as at December 31, 2022	<u>-</u>	<u>-</u>	<u>83,355,744</u>	<u>496,228</u>	<u>-</u>	<u>83,851,971</u>
Balance as at January 1, 2021	<u>-</u>	<u>1,310,415</u>	<u>71,047,830</u>	<u>507,238</u>	<u>-</u>	<u>72,865,484</u>
Expenses with depreciation	-	1,354,627	8,447,836	42,943	-	9,845,406
Decrease from sale of assets	-	(61,528)	(406,658)	(100,161)	-	(568,347)
Revaluation decreases	-	-	-	-	-	-
Balance as at December 31, 2021	<u>-</u>	<u>2,603,514</u>	<u>79,089,008</u>	<u>450,021</u>	<u>-</u>	<u>82,142,542</u>
NET BOOK VALUE						
As at December 31, 2022	<u>43,567,512</u>	<u>18,836,122</u>	<u>35,229,215</u>	<u>371,327</u>	<u>4,486,490</u>	<u>102,490,667</u>
As at December 31, 2021	<u>44,725,838</u>	<u>18,289,035</u>	<u>41,225,067</u>	<u>310,197</u>	<u>2,017,738</u>	<u>106,567,874</u>

Additions of fixed assets in 2022 in amount of lei 3,673,321 were mainly intended for working tools and installations for the production activity.



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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2022 the Company revalued tangible assets from the land and buildings category using the services of an independent valuer, which resulted in an increase of lei 176,315 of the net amount. The amount was registered in the result for the year.

Pledged and restricted tangible assets

Tangible assets with a net book value of lei 68,314,018 (December 31, 2021: lei 80,298,674) represent security for loans and credit lines contracted from: UniCredit Bank SA and Eximbank SA.

In 2015, the Company purchased production equipment totalling lei 29,988,347 based on a grant under Sectoral Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007 – 2013 - co-funded from the European Regional Development Fund, Priority Axis 1, generically called – "Development of S.C. ROMCARBON S.A. through the purchase of new equipment".

The net book value of the equipment purchased under this project is lei 14,004,560 at December 31, 2022 and lei 16,670,477 at December 31, 2021.

In 2022, the Company purchased and commissioned a system for monitoring the consumption of power on Romcarbon's industrial site. The project entitled „Implementation of a new smart power consumption monitoring system at Romcarbon SA", SMIS 148419 was 100% funded by non-reimbursable funds under Large Infrastructure Operational Program (POIM) 6.2 – Reduction of the power consumption of industrial consumers.

The general objective of the project is to implement a system for monitoring the power consumption in the Buzau industrial site for industrial consumer Romcarbon SA, with a view to identifying and implementing energy efficient measures in order to save power consumption and avoid the Company's emissions of greenhouse gas effects.

The net carrying amount of the equipment purchased in this project is lei 892,979 at December 31, 2022.

15. INVESTMENT PROPERTY

	December 31, 2022	December 31, 2021
Balance as at January 1	10,894,586	11,885,346
Total additions, out of which:	707,837	1,471,880
Revaluation increases	702,518	1,389,174
Total disposals, of which:	(1,718,685)	(2,462,640)
Revaluation decreases	(531,522)	(11,256)
Balance as at December 31	9,883,738	10,894,586

As at December 31, 2022, the Company owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

In July 2022, the Company sold a freehold land of 504 sq m, located in Iasi, Calea Chisinaului no. 29, for which it received lei 249,299 (equivalent of euro 50,400).

In November 2022, the Company sold a freehold land of 2,732 sq m, located in Iasi, Calea Chisinaului no. 29, for which it received lei 2,123,852 (equivalent of euro 432,257).

At December 31, 2022, the Company performed the revaluation of the investment property held at year-end and resulted a decrease of net value of lei 170,996, which was registered in the result for the year.

If the Company had valued investment along with the assets held for sale at cost, then their value at December 31, 2022 would be lei 9,930,142.



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

16. INTANGIBLE ASSETS (other than goodwill)

	<u>Licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
COST				
Balance as at January 1, 2022	1,309,929	713,307	-	2,023,236
Additions	12,575	-	140,646	153,220
Transfers	-	-	-	-
Disposals	(269,817)	-	-	(269,817)
Balance as at December 31, 2022	1,052,687	713,307	140,646	1,906,640
Balance as at January 1, 2021	1,237,971	661,342	-	1,899,313
Additions	71,958	51,965	-	123,923
Transfers	-	-	-	-
Disposals	-	-	-	-
Balance as at December 31, 2021	1,309,929	713,307	-	2,023,236
ACCUMULATED AMORTIZATION				
Balance as at January 1, 2022	1,115,624	613,129	-	1,728,754
Expenses with amortization	85,687	31,095	-	116,782
Write-offs on disposal of assets	(269,816)	-	-	(269,816)
Balance as at December 31, 2022	931,496	644,224	-	1,575,720
Balance as at January 1, 2021	997,222	599,354	-	1,596,576
Expenses with amortization	118,402	13,775	-	132,178
Write-offs on disposal of assets	-	-	-	-
Balance as at December 31, 2021	1,115,624	613,129	-	1,728,754
NET BOOK VALUE				
As at December 31, 2022	121,192	69,083	140,646	330,920
As at December 31, 2021	194,305	100,178	-	294,483



NOTES TO THE FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

17. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details on the Company's investments in subsidiaries and associates are as follows:

Name of investment	Core activity	Place of establishment and operations	%	December 31, 2022 <i>lei</i>	December 31, 2021 <i>lei</i>
RECYPLAT LTD CYPRUS	Business and other management consultancy activities	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	1,990
LIVING JUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99.86%	6,477,632	6,477,632
GRINFILD LTD	Retail trade	Odessa	62.62%	2,687,755	2,687,755
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucharest	25.36%	586,625	586,625
YENKI SRL	Activities of sports facilities (NACE code 9311)	Buzau	33.34%	100,000	100,000
KANG YANG BIOTECHNOLOGY CO. LTD	Manufacture of products beneficial for the 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
VIITORUL INCEPE AZI (VIA)	NGO	Buzău		1,000	-
		TOTAL		30,340,197	30,339,197
Financial assets impairment					
GRINFILD LTD				(2,687,755)	(2,687,755)
LIVING JUMBO INDUSTRY SA				(6,477,632)	(6,477,632)
ECO PACK MANAGEMENT SA				(554,263)	(554,263)
YENKI SRL				(11,988)	(11,988)
				(9,731,638)	(9,731,638)
Net book value				20,608,559	20,607,559

At December 31, 2021, further to the analysis of the investment in Living Jumbo Industry SA, of the financial results registered in the past years, the Company considered it necessary to register an impairment allowance for the cost of investment in its subsidiary (lei 6,477,632). If the results of Living Jumbo Industry improve or it presents a budget forecast for the following 5 years revealing reasonably estimated performances, such allowance will be reversed to income.



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

17. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

The mission of the "VIITORUL INCEPE AZI (VIA)" association founded in 2022 according to Government Ordinance no. 26/2000, a non-governmental, not-for-profit and apolitical association is to improve the quality of technical professional training in the Buzau area (Romania), to support and promote the interests and needs of its members before the authorities and/or various bodies and third parties.

18. INVENTORIES

	December 31, 2022	December 31, 2021
Raw materials	12,085,436	16,589,873
Consumables	4,136,062	3,336,223
Items of inventory	91,163	127,527
Packaging	338,888	281,504
Finished products	10,659,376	5,162,842
Unfinished products	2,545,108	1,953,919
Semi-finished products	1,154,260	881,607
Residual products	6,738	33,564
Commodities	634,233	594,784
Advances for purchases of inventory	28,374	401,601
Allowance for obsolete inventories	(1,715,929)	(1,715,929)
Total	29,963,708	27,647,515

The increase of stocks at December 31, 2022 is due to the stock of finished products, which doubled compared to last year further to the increase both in volume and in value, the largest triggering factor being the purchase price of raw materials in 2022. The Company conducted an impairment test for existing stocks and did not find any impairment indications. The value of the stocks is recoverable.

19. TRADE AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Trade receivables	64,392,234	58,097,359
Allowances for doubtful clients	(1,178,100)	(1,232,740)
Taxes to recovered	425,361	1,040,217
Other receivables	9,518	94,411
Subsidies receivable	4,750	479
Total	63,653,763	57,999,726

The increase of trade receivables is due to the increase in fixed term payment sales for recycled polymers and compounds, but also due to the increase of prices of pre-manufactured plastic products further to the rise of costs of raw materials. The Company conducted an impairment test for receivables and did not find any impairment indications apart from those mentioned above.

When determining the recoverability of a receivable, the Company 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 clients are not related to each other.

The Company records debt adjustment values in accordance with IFRS 9, as well as specific provisions for the clients in dispute.

At the end of 2021, an impairment allowance for estimated receivables was recognised, in amount of lei 63,405.

Out of the total receivables older than 60 days (depending on the maturity date) at December 31, 2022, 94% are held by the Romcarbon Group companies. All related party transactions are detailed in note 31.



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

19. TRADE AND OTHER RECEIVABLES (continued)

31/12/2022	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.00%	0.00%	.	0.01%	0.02%	0.02%	
Total estimated default gross carrying amount	29,468,660	10,073,009	6,185,788	5,197,341	4,770,617	3,844,831	59,540,245

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 estimated default gross carrying amount	25,434,644	5,738,067	9,286,974	5,294,156	4,722,269	3,757,563	54,233,673

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20. OTHER CURRENT FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Loans granted to related parties	3,000,000	1,231,700
Interest related to loans granted to related parties	159,651	33,617
Dividends receivable from related parties	39,579,200	-
Total	42,738,851	1,265,317

In June 2022, the loan granted in 2019 to subsidiary RC Energo Install SRL with a maximum ceiling of lei 1,231,700 was extended by 12 months.

In July 2022, an addendum was signed whereby the ceiling rose to lei 3,000,000. Related party transactions are presented in note 31.

On 16.12.2022, the Company received interim dividends in amount of RON 46,745,700 (EUR 9,500,000) in accordance with the GMS decision of RECYPLAT Ltd., further to Company's investment therein. EUR 1,500,000 was received in December 2022, and the remaining EUR 8,000,000 was received in January 2023.

21. OTHER CURRENT NON-FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Prepaid expenses	3,443,102	1,755,931
Advances to services suppliers	421,245	431,347
Total	3,864,347	2,187,278

22. CASH AND CASH EQUIVALENTS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts.

Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	December 31, 2022	December 31, 2021
Cash at banks	2,288,028	12,489,119
Cash on hand	22,152	25,117
Cash equivalents	462,530	284,142
Total	2,772,709	12,798,377



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23. NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR AS HELD FOR DISTRIBUTION TO OWNERS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Balance as at January 1	3,760,155	70,845
Total additions, out of which:	-	3,689,310
Transfers from investment property and tangible assets	-	757,273
Revaluation increases	-	-
Total disposals, of which:	-	-
Revaluation decreases	-	-
Balance as at December 31	3,760,155	3,760,155

In December 2021, the Company purchased the property located near Romcarbon SA in total surface area of 3,723 sqm, land and the three buildings thereon, for a total amount of lei 3,164,050, the equivalent of EUR 639,370. The surface area of 3,450 sqm (acquisition value lei 2,932,037) of the property, along with a land in surface area of 3,957 sqm of the company's patrimony will be subject to a sale transaction with LIDL Romania, which will be completed in 2023. Such property is classified as Non-current assets held for sale.

24. ISSUED CAPITAL

	<u>Share capital</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
264,122,096 fully paid ordinary shares (2013: 264,122,096). The value of one share is lei 0.1	26,412,210	26,412,210
Total	26,412,210	26,412,210

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Number of shares</u>	<u>% ownership</u>	<u>Number of shares</u>	<u>% ownership</u>
Living Plastic Industry SA Joyful River Limited Loc.	86,774,508	32.85%	86,774,508	32.85%
Nicosia CYP	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 persons	9,815,721	3.72%	11,613,182	4.40%
Other natural persons	80,636,778	30.53%	80,939,317	30.64%
Total	264,122,096	100%	264,122,096	100%

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



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25. RETAINED EARNINGS

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	47,008,179	50,151,453
Net profit/(Net loss)	(51,471,690)	(1,447,458)
Transfer to legal reserves	(1,105,471)	-
Transfer to other reserves*	(862,410)	-
Transfers from revaluation reserves	633,211	945,404
Dividend allocation	(26,412,210)	(2,641,221)
Balance at the end of the year	70,732,989	47,008,179

* Transfer of reinvested profit to Other reserves according to the Fiscal Code.

26. RESERVES

	December 31, 2022	December 31, 2021
Legal reserves	5,282,442	4,176,971
Other reserves	16,519,108	15,656,698
Revaluation reserves	39,093,925	38,708,540
Total	60,895,475	58,542,209

"Other reserves" include the allocations from the reinvested gross profit, corporate tax-free in accordance with the Tax Code, as well as transfers from gross profit related to other tax facilities in accordance with applicable tax legislation.

REVALUATION RESERVES

	December 31, 2022	December 31, 2021
Opening balance	38,708,541	39,632,928
Transfer of reserves to retained earnings	(633,211)	(945,404)
Setup of reserves from revaluation of fixed assets	745,263	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	273,332	21,017
Closing balance	39,093,925	38,708,541

The legal reserve is used to transfer profits from retained earnings. According to Romanian legislation, it is necessary a transfer of the net profit of the Company. The transfer can be of up to 5% of the profit before tax, until the reserve reaches 20% of the share capital. The value as per the IFRS of reserves includes statutory legal reserves in amount of lei 5,282,442.

The reserve cannot be distributed to shareholders, but it can be used to cover operating losses.



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27. OTHER CURRENT FINANCIAL LIABILITIES

	December 31, 2022	December 31, 2021
Borrowings – short-term		
Credit line in Euro - Eximbank SA	12,333,191	12,290,542
Investment loan in Euro II - BRD	-	515,237
Investment loan in Euro III - BRD	-	65,055
Credit line UniCredit Bank SA	25,973,635	23,347,205
UniCredit Bank SA – Investment loan CCE 2015	2,757,779	2,152,424
Investment loan I S1 - Eximbank SA	-	208,966
Investment loan I S2- Eximbank SA	-	211,120
Investment loan II - Eximbank SA	-	596,833
Investment loan IV - UniCredit Bank	686,604	341,069
Investment loan VII - UniCredit Bank	308,881	-
Loan for purchase of stock - UniCredit Bank	3,799,602	7,131,743
Total	45,859,692	46,860,194
	December 31, 2022	December 31, 2021
Borrowings – long-term		
UniCredit Bank SA – Investment loan CCE 2015	-	2,758,169
Investment loan VI - UniCredit Bank	1,882,603	-
Investment loan VII - UniCredit Bank	2,162,161	-
Loan for purchase of stock - UniCredit Bank	-	1,259,421
Total	4,044,764	4,017,590

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

According to the loan contracts, the Company met the financial covenants to a certain level, separately and/or jointly with LivingJumbo Industry SA.

As at December 31, 2022 according to its own estimates, the Company met covenants “total net financial liabilities/equity” and “Total net financial liabilities/EBITDA” and “Current liquidity” either separately, or jointly with LivingJumbo Industry SA.

Thus, the covenants are reviewed based on the financial statements submitted. The Company communicated with the bank until the end of the financial year on the estimated situation, which review the bank confirmed based on the financial statements.



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27. OTHER CURRENT FINANCIAL LIABILITIES (continued)

As at December 31, 2022, Romcarbon SA has contracts for the followings loans:

Such loans bear Euribor (1M) or Euribor (3M) and Robor (1M) + bank margin ranging from 1.50 to 3.50%.

Bank	Type of facility	Initial value	Balance as at 31.12.2021		Balance at 31.12.2022		Due on	less than 1 year	more than 1 year
			in euro	in lei	in euro	in lei			
UniCredit Bank	Credit line ¹	8,000,000 €	4,718,418 €	23,347,205 lei	5,249,957 €	25,973,635 lei	19/12/23	25,973,635 lei	- lei
Eximbank SA	Credit line	2,550,000 €	2,483,891 €	12,290,542 lei	2,492,863 €	12,333,191 lei	26/05/23	12,333,191 lei	- lei
UniCredit Bank	Investment loan VI	1,000,000 €	37,530 €	185,702 lei	290,500 €	1,437,221 lei	08/06/26	363,180 lei	1,074,041 lei
UniCredit Bank	Investment loan VII	2,950,000 €	- €	- lei	499,463 €	2,471,042 lei	08/06/27	308,880 lei	2,162,161 lei
BRD GSG	Investment loan II	1,000,000 €	104,128 €	515,237 lei	- €	- lei	03/09/22	- lei	- lei
BRD GSG	Investment loan III	3,153,160 €	13,148 €	65,055 lei	- €	- lei	03/02/22	- lei	- lei
UniCredit Bank	Investment loan - CCE 2015	3,042,240 €	992,420 €	4,910,592 lei	557,420 €	2,757,779 lei	04/12/23	2,757,779 lei	- lei
UniCredit Bank	Loan for purchase of stocks	2,000,000 €	1,058,395 €	5,237,047 lei	- €	- lei	18/11/22	- lei	- lei
UniCredit Bank	Loan for purchase of stocks ²	3,000,000 €	- €	- lei	768,000 €	3,799,602 lei	07/06/23	3,799,602 lei	- lei
TOTAL loans in euro			9,407,930 €	46,551,380 lei	9,858,202 €	48,772,470 lei		45,536,268 lei	3,236,202 lei
Eximbank SA	Investment loan I	6,142,500		420,086 lei		- lei	20/06/22		
Eximbank SA	Investment loan II	2,432,500		596,833 lei		- lei	16/12/22		
UniCredit Bank	Investment loan VI			1,414,789 lei		1,131,986 lei	08/06/26	323,424 lei	808,562 lei
UniCredit Bank	Investment loan VII			- lei		- lei	08/06/27	- lei	- lei
UniCredit Bank	Loan for purchase of stocks			1,894,696 lei		- lei	08/12/22		
Total loans in lei				4,326,404 lei		1,131,986 lei		323,424 lei	808,562 lei
Total exposure				50,877,784 lei		49,904,456 lei		45,859,692 lei	4,044,764 lei

¹ The debtors of the credit line contracted from UniCredit Bank SA with a ceiling of euro 8,000,000 are Romcarbon SA and Livingjumbo Industry SA. Euro 2,550,000 will be used by Livingjumbo Industry SA out of this loan.

² The debtors of the loan for the purchase of stocks with a ceiling of euro 3,000,000 are Romcarbon SA and Livingjumbo Industry SA. The loans were drawn as follows: Romcarbon SA: euro 768,000 and Livingjumbo Industry SA: euro 2,232,000.



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28. OTHER CURRENT NON-FINANCIAL LIABILITIES

Subsidies	December 31, 2022	December 31, 2021
Grants – project co-funded by European funds for 2011	2,392,946	3,375,688
Grants – project co-funded by European funds for 2015	6,305,217	7,503,691
Grants – project co-funded by European funds for 2022	891,003	-
Subtotal Subsidies	9,589,166	10,879,379

As at December 31, 2022, the Company registered investment subsidies and other amounts in the form of investment subsidies, not transferred to income, totalling lei 9,589,166. They are recognized as income on a monthly basis, in line with the depreciation of property, plant and equipment purchased throughout the useful life.

Other Liabilities	December 31, 2022	December 31, 2021
Liabilities to employees	1,206,400	1,096,338
Liabilities related to social contributions	1,222,304	1,120,328
Other tax liabilities	1,080,576	329,676
Advance income	-	-
Subtotal other liabilities	3,509,280	2,546,342
Total Other non-current non-financial liabilities	13,098,446	13,425,721

29. TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
Trade liabilities	28,599,321	33,458,585
Other liabilities	15,855,291	109,519
Suppliers invoices not received	688,421	556,958
Advances from clients	2,917,867	3,036,848
Total	48,060,899	37,161,910

The increase of trade payables at December 31, 2022 is mainly due to the increase of the purchase price of raw materials. The Company conducted an analysis of trade payables, and they are current and represent primarily payables to suppliers of raw materials. Payables to related parties are detailed in Note 31.



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30. FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The Company's capital consists of liabilities, which include the borrowings presented in note 26, 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 Company'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 Company 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 Company'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 Company'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 Company'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 Company's exposure to market risks or in the manner the Company manages and measures risks.

(e) Currency risk management

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

(f) Interest rate risk management

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

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



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30. FINANCIAL INSTRUMENTS (continued)
(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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 Company'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 Company does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Company 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 Directors, which has built a proper liquidity risk management framework regarding the Company funds' short, medium and long term insurance and the liquidity management requirements. The Company 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 26 includes a list of additional facilities not drawn, available to the Company in order to further mitigate liquidity risk.

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities including within the next financial year, however without identifying concrete elements at the date of preparation of these financial statements. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

(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 Company's maximum exposure to credit risks related to existing receivables.



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30. FINANCIAL INSTRUMENTS (continued)

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

2022	EUR 1EUR = lei 4.9474	USD 1USD = lei 4.6346	lei 1 lei	December 31, 2022 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
Assets				
Cash and cash equivalents	76,844	240,728	2,455,138	2,772,710
Receivables and other current assets	4,626,449	-	59,027,314	63,653,763
Other current financial assets	39,579,200	-	3,159,651	42,738,851
Other assets	-		3,864,347	3,864,347
Liabilities				
Trade and other liabilities	9,813,918	2,056	38,244,926	48,060,900
Short and long-term borrowings	48,772,470	-	1,131,986	49,904,456
Short and long-term finance lease liabilities	-	-	5,623,258	5,623,258
Other liabilities	-			
2021				
	EUR 1EUR = lei 4.9481	USD 1USD = lei 4.3707	lei 1 lei	December 31, 2021 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
Assets				
Cash and cash equivalents	143,001	1,413,972	11,241,404	12,798,376
Receivables and other current assets	3,981,878	-	53,481,275	57,463,153
Other current financial assets	-	-	1,265,317	1,265,317
Other assets	-		2,187,278	2,187,278
Liabilities				
Trade and other liabilities	9,417,085	15,882	27,728,944	37,161,911
Short and long-term borrowings	46,551,381	-	4,326,404	50,877,784
Short and long-term finance lease liabilities	-	-	-	-
Other liabilities	-	-	4,269,220	4,269,220

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NOTES TO THE FINANCIAL STATEMENTS
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30. FINANCIAL INSTRUMENTS (continued)

The Company is mainly exposed to EUR and USD exchange rates. The following table details the Company's sensitivity to a 10% increase and decrease in the Leu against the EUR/USD.

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 Leu against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Loss	(1,406,522)	(5,044,550)

Tables regarding liquidity and interest rate risks

The following tables present the maturity terms of the Company'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 Company is likely to be claimed payment. The table includes both interest and cash flows related to principal.

2022	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
Non-interest bearing				
Trade liabilities	48,060,900	-	-	48,060,900
Other current liabilities	5,623,258	-	-	5,623,258
Interest bearing instruments				
Short and long-term leases	-	-	-	-
Borrowings from financial institutions	45,859,692	2,741,605	1,303,158	49,904,456
Non-interest bearing				
Cash and cash equivalents	2,772,710	-	-	2,772,710
Receivables and other current assets	63,653,763	-	-	63,653,763
Interest bearing				
Loans to Group companies	42,738,851	-	-	42,738,851



NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS (continued)*Tables regarding liquidity and interest rate risks (continued)*

2021	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
<i>Non-interest bearing</i>				
Trade liabilities	37,161,911	-	-	37,161,911
Other current liabilities	4,269,220	-	-	4,269,220
<i>Interest bearing instruments</i>				
Short and long-term leases	-	-	-	-
Borrowings from financial institutions	46,860,194	3,477,838	539,753	50,877,784
<i>Non-interest bearing</i>				
Cash and cash equivalents	12,798,376	-	-	12,798,376
Receivables and other current assets	57,463,153	-	-	57,463,153
<i>Interest bearing</i>				
Loans to Group companies	1,265,317	-	-	1,265,317



NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS

The transactions among the Company and its subsidiaries – Company’s related parties - are 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. In 2021 and 2020, the Company did not receive dividends from related parties.

	Sales of goods and services		Purchases of goods and services	
	2022	2021	2022	2021
Eco Pack Management SA	-	5,094	-	24,742
Info Tech Solution SRL	28,582	24,886	669,093	664,947
LivingJumbo Industry SA	58,149,628	65,925,395	1,572,332	1,553,380
RC Energo Install SRL	112,854	92,494	3,055,612	4,255,337
Yenki SRL Buzau	-	2,309	-	-
Total	58,291,064	66,050,178	5,297,037	6,498,406

	Receivables from related parties		Payables to related entities	
	2022	2021	2022	2021
Eco Pack Management SA	-	-	29,442	29,442
Info Tech Solution SRL	-	-	138,276	97,566
LivingJumbo Industry SA	35,300,097	34,158,900	247,770	618,119
RC Energo Install SRL	-	-	41,163	296,645
Yenki SRL Buzau	-	-	-	-
Total	35,300,097	34,158,900	456,651	1,042,772

At 31 December 2022, the Company has outstanding receivables in amount of lei 3,159,651 from RC Energo Install SRL representing a loan granted and interred due in June 2023.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022

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

31. RELATED PARTY TRANSACTIONS (continued)

Transactions with companies where Romcarbon SA indirectly holds less than 25% of the shares:

	Sales of goods and services		Purchases of goods and services	
	2022	2021	2022	2021
Greenfiber International SA	-	3,437,250	-	33,207
Greentech SA	2,402,274	81,832	71,842	117,257
Greenweee International SA	31,045	41,703	1,530,631	1,270,053
Green Resources Management SA	-	5,713	16,290	452,327
Total	2,433,319	3,566,498	1,618,763	1,872,844

	Receivables from related parties		Payables to related entities	
	2022	2021	2022	2021
Greenfiber International SA	-	-	-	2,381
Greentech SA	168,621	19,676	8,444	875
Greenweee International SA	1,373	6,614	259,813	215,704
Green Resources Management SA	-	-	-	22,540
Total	169,994	26,290	268,257	241,500

On 01.12.2022 the merger between GREENFIBER INTERNATIONAL SA, absorbing company and GREENTECH SA, absorbed company was completed. The new entity is called GREENTECH SA.

The table presents the transactions that took place in 2022 with GREENFIBER INTERNATIONAL SA and GREENTECH SA aggregated to GREENTECH SA.



**NOTES TO THE FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)**

31. COMMITMENTS AND CONTINGENCIES

Credit facilities not used at December 31, 2022

The Company has credit facilities not used in amount of euro 257,181 (December 31, 2021: euro 797,691) and investment loans not used in amount of euro 2,857,496 (December 31, 2021: euro 672,667).

Guarantees for bank loans

At December 31, 2022, property, plant and equipment (land, technical buildings and cars) and investment property with a net carrying amount of lei 68,314,018 (December 31, 2021: lei 80,298,674) are brought as guarantees for the loans and credit lines contracted by the Company from UniCredit Bank SA and EximBank SA. For bank loans, the Company also pledged future and present cash in the accounts opened with lending banks, stocks of raw materials, materials and merchandise worth of minimum euro 4,600,000 and assigned future and present claims and accessories arising from present and future agreements with its customers, which act as assigned debtors.

The Company has also assigned rights under insurance policies issued for the real estate and movable goods brought as guarantee.

Guarantees for bank 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 in amount of lei 2.000.000 euro (due on December 13, 2023), ctr. BUZA/152021/CSC, secured by movable mortgage on 15 machinery with a net carrying amount of lei 3,068,353 lei 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 26, 2022), Contract 9 - ABZ/28.05.2020, secured by a movable property mortgage over the Sutco pre-sorting equipment, having a net carrying amount of EUR 506,984, and by a fidejussio contract concluded between the bank and Romcarbon SA.

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

- Credit line in amount of lei 1,000,000 for financing the current activity (due on 26/05/2023), 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 carrying amount of euro 1,256,266 at December 31, 2022;
- Credit line in amount of lei 4,500,000 for financing the current activity (due on 19.05.2023), guaranteed by immovable mortgage over 8 pieces of equipment property of Romcarbon SA, having a net carrying amount of lei 2,381,098 at December 31, 2022.

Potential tax liabilities

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



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022**
(all amounts are expressed in lei, unless specified otherwise)

31. COMMITMENTS AND CONTINGENCIES (continued)

Potential tax liabilities (continued)

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

Transfer pricing

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices. Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification.

Environmental matters

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

32. SUBSEQUENT EVENTS

On January 4, 2023 the Company received lei 39,418,400 the equivalent of EUR 8,000,000 as dividends from subsidiary Recyplat LTD. In December 2022, the GMS of Recyplat LTD decided to allocate EUR 9,500,000 as interim dividends, of which EUR 1,500,000 were cashed in the same month.

On February 16, 2023 the Company signed the sale agreement with LIDL ROMANIA S.C.S. for the sale of a land of 7,407 sq m, for a total price of lei 7,659,971. Such land was accounted for at a cost of lei 3,689,310, in the "Non-current assets held for sale" line.

Initially, in December 2019 a sale-purchase agreement was signed with Lidl Romania according to which a down payment of lei 2,419,280 (EUR 488,862) was collected in December 2021, however, the transaction was finalised on February 16, 2023 when the remaining lei 5,240,691 were received.

The Resolution of the General Meeting of Shareholders of 22.11.2022 approved the allocation of dividends in amount of lei 23,770,989. In December 2022, RON 7,775,757 was transferred to Depozitarul Central SA to pay part of the dividends. The difference was transferred to Depozitarul Central SA at the beginning of January 2023.

At the date of this report, we have not identified any risks affecting significantly the revenues from the core activity. However, the geopolitical tensions that emerged further to the military intervention of the Russian Federation in Ukraine have generated and are generating economic uncertainties on the energy and capital markets, and global energy prices are expected to be extremely volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot rule out the adverse consequences on the business, operations and financial standing. Management considers that it is taking all the necessary measures to support the sustainability and growth of the Company's business given the current circumstances and that the professional judgment used in these financial statements is adequate.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 27, 2023.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**



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BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED DECEMBER 31, 2022

ROMCARBON S.A., a legal entity with headquarters in Buzau, str. Transilvaniei nr. 132, registered at the Buzau Trade Registry under no. J10/83/1991, recorded in the financial statements for the year ended December 31, 2021, the amount of 26,412,209.60 lei as subscribed and paid in share capital representing a number of 264,122,096 shares of 0.10 lei each share.

The regulated market for trading securities issued is the Bucharest Stock Exchange, Standard category, the main characteristics of which being: 264,122,096 ordinary shares, dematerialized, having a nominal value of lei 0.1.

Data and information from the following sources have been used for the present Report:

- the internal audit reports drawn up in 2022 in various audit missions made according to the Internal Audit Plan;
- the separate financial statements drawn for the year ended December 31, 2022 in accordance with applicable accounting regulations for the companies whose securities are admitted to trading on a regular market, i.e. International Financial Reporting Standards (IFRS) which comprise:
 - a) Statement of financial position
 - b) Statement of profit or loss
 - c) Statement of comprehensive income
 - d) Statement of changes in shareholders' equity
 - e) Statement of cash flows
 - f) Policies and explanatory notes to the annual financial statements.

Also, it had been used information resulting from internal controls implemented by the management of the company through specific procedures performed in order to draw up financial statements covering the occurrence of any error or fraud.

In preparing the separate financial statements at 2022, the Company complied with Accounting Law no. 82/1991, republished, Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, MoPFO no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided in art. 6 para. (2) of Regulation (EC) no. 1606 /2002 of the European Parliament and of the Council of 19 July 2002 on the application of international standards of accounting.

The Company will also issue for 2022 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Annual financial statements prepared in accordance with Financial Reporting Standards present fairly the assets, liabilities, equity, financial position, income and expenses and cash flows of the company.

In the process of drawing the 2022 financial statements of Romcarbon SA Buzau it had been fully applied the principles and accounting policies, the evaluation methods, and the provisions of accounting regulations.



ASSESSMENT OF THE COMPANY'S ACTIVITY

• The assessment of the technical level of the company

The activity profile of Romcarbon SA Buzau is manufacturing of polymer products, filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

The company has the following working points:

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

In 2022, the production activity was carried out in 7 profit centers as follows:

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



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

Group of products	2021	2022
Total revenues from sales of finished products, of which:	63.49%	69.16%
CP1~ Car and industrial filters	1.01%	1.28%
CP2~ Respiratory protective equipment and Active Carbon	0.84%	2.04%
CP3~ Polyethylene products	13.49%	13.63%
CP4~ PVC products	0.33%	0.26%
CP5~ Polystyrene products	17.79%	19.27%
CP6~ Polypropylene products	15.69%	15.13%
CP7~Compounds	14.34%	17.54%

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

New products developed in 2022

In 2022 the range of industrial filters was enlarged with 4 new items (3 automotive and 1 industrial), and with 21 redesigned items of which 17 automotive filters, 4 industrial filters.

153 new compounds from recycled plastic were developed, which also included optimisation in order to cut costs and streamline the use of raw materials. The products were sent to beneficiaries for testing, validation and utilisation (2,140 tons).

XPS rolls were put into production for installation underneath the parquet, intended for floor heating. The Company started preparations for use of XPS lamination boards with aluminium boPET film, intended for floor insulation both thermally and in terms of humidity and compliance with the requirements of EN 1635 standard.

In accordance with the circular European economy, which provides the increased introduction of recyclable plastic products, the polyethylene sector continued to manufacture and seek new products with recyclable components, which reached approximately 65% of products.

The types and sizes of polypropylene-woven packaging was extended by 180 new products.

- **Assessment of procurement activity (domestic and import)**

The supply of raw materials, consumables and services is carried out according to the specific internal procedures. Further to the assessment of at least 3 commercial offers, the best alternative is selected, which then turns into an acquisition. The collaboration with these suppliers is based on the contracts signed with them or on confirmed spot orders. The portfolio of suppliers of raw materials for most of the production sectors includes 43% (44% in 2021) Romanian companies, and 57% (56% in 2021) companies in the foreign market. For the Compounds sector, the raw material supplied comes 92% from Romania, while the difference is ensured by the quantities offered by foreign collaborators.

The most important share (64%) in the total value of acquisitions of raw materials is represented by polymer granules (polypropylene, polyethylene, polystyrene) and regranulated materials, which represents the basic raw materials. They are provided by various companies with which Romcarbon SA has developed strong partnerships over the years.

In order to ensure the best price-to value products to its clients, Romcarbon is permanently involved in developing new projects and is open to new collaborations.



• **Assessment of sales**

The evolution of sales of finished products between 2021 and 2022 is presented in the following table:

Group of products	2021	2022	2022 vs. 2021		
CP1~ Auto and industrial filters	2,703,153	3,395,182	▲	692,029	26%
CP2~ Respiratory protective equipment and active carbon	2,247,391	5,396,649	▲	3,149,258	140%
CP3~ Polyethylene products	36,010,670	36,123,918	▲	113,248	0%
CP4~ PVC products	881,364	697,669	▼	(183,695)	-21%
CP5~ Polystyrene products	47,497,169	51,082,952	▲	3,585,783	8%
CP6~ Polypropylene products	41,879,984	40,107,774	▼	(1,772,210)	-4%
CP7~Compounds	38,271,305	46,502,132	▲	8,230,827	22%
Total	169,491,035	183,306,276	▲	13,815,241	8%

The following table present the turnover from the sale of finished products, depending on its allocation to the domestic/foreign market:

Sales of finished products	2021		2022	
	Value	%	Value	%
Domestic	122,114,658	72.05%	135,277,778	26.20%
Foreign	47,376,377	27.95%	48,028,498	73.80%
Total	169,491,035	100.00%	183,306,276	100.00%

• **Assessment of aspects related to the personnel of the company**

The number of Romcarbon SA employees as at 31.12.2022 was 778, grouped according to the level of education as follows:

Total number of employees, of which:	778	%
• higher education*	90	12%
• post-high school education	10	1%
• technological foremen school	10	1%
• high school education	293	38%
• vocational education	203	26%
• 9 – 11 grades/apprenticeship	98	13%
• on-the-job qualification	4	1%
• secondary education	70	9%

*Out of the total higher education staff, 67 fill positions that require higher education.

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

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

There were no conflicts in the relations between managers and employees.

Employees are not organized in a trade union.



- **Assessment of the R&D activity**

The technical and investment activity carried out by the Technical and Investment Department in collaboration with internal departments involved and with agreed service providers, included:

- Product certification and recertification according to the national and European regulations:
In 2022, the following certifications were extended
 - The certifications of the Filter and Individual Protection Equipment Workshop for: air filters, oil filters, locomotive filters, motorailers (8 certifications), gas mask (1 certification) and filter cartridges (9 certifications);
 - In the PS sector: extension of the technical approval and technical permit for XPS films to mount the parquet, in which the XPS rolls for floor heating were included;
 - in the recycling sectors: extensions of EuCertPlast certification, whose aim is to acknowledge the Company as a recycler that complies with the standards in the field;
- obtaining annual health certificate required for extruded polystyrene packaging for export to non-EU countries;
- contracting of the new equipment in order to increase the company productivity and the products quality (plastic recycling line for LDPE and PP waste, XPS lamination boards production line and boards packaging equipment, sack conversion line);
- updating the technical documentation of the polystyrene, polyethylene, recycled plastic and protection equipment.

The cost of research and development activity in 2022 was 651,086 lei, while for 2023 the estimated cost is lei 866,640.

- **The assessment of the impact of the company's activity on the environment**

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

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

ROMCARBON S.A. has implemented and certified, in collaboration with a third party, namely SRAC ROMANIA, an integrated quality - environment management system as per ISO 9001 :2015 and ISO 14001 : 2015 standards applicable for: design, manufacturing and sale of polyethylene products (*film, packaging*), polypropylene products (*raffia, fabric and sacks*), products made of extruded polystyrene (*trays, casseroles*), polyvinyl chloride profiles, construction materials (*boards made of extruded polystyrene*), filters for automotive industry, railways and industrial field, composite plastic materials and regenerated polymers as well as an integrated quality - environment - occupational health and safety management system as per ISO 9001: 2015; ISO 14001: 2005 and ISO 45001 :2018 standards, applicable to the design, manufacture and sale of airway individual protective equipment.

The evaluation/re-evaluation of environmental aspects is documented in the internal procedure entitled PS-03-Environment. This procedure documents the process whereby the organization establishes the environmental implications of its activities and products, which it can control and influence, as well as the related environmental impact on their life cycle.

The Company takes into account the following when it assesses environmental aspects: air emissions, leaks into the water, soil, use of raw materials or natural resources, use of energy, the energy discharged (heat, radiations, vibrations (noise), light), waste generations, use of space.

The Company takes into account the life stages that may be controlled or influenced by the organization.



The list of significant environmental aspects is updated annually or any time changes occur in the organization, the applicable legislation or other requirements to which the organization subscribes.

Depending on the significant environmental aspects, top management and the responsible with the environment and MCM (Quality and Environmental Management) Department lay down the strategic objectives (Level 1) and the tactic operational objectives (Level 2) documented in the *Annual Management Program*.

The objectives are set in accordance with the Quality, Environment and Occupational Health and Security Policy, with the commitments to prevent pollution and the compliance and improvement obligations.

Change and the development of new activities or products may invalidate aspects previously identified or require the introduction of new aspects in the list, in which cases the Company reassesses and revises the environmental aspects. Examples of such changes include:

- change of scope of SMI;
- development of new products/services;
- changes in processes/technology/introduction of new processes;
- significant extension or reduction of capacity;
- extension or relocation of an activity;
- changes in environmental compliance obligations;
- emergency situations.

At the beginning of 2023, the Company reassessed the environmental aspects and made the List of significant environmental aspects in normal conditions or in emergency situations.

Aware of the importance of protecting the environment and mitigating the adverse impact thereon, the entire staff of the organisation carries out their activity according to the following principles:

- caution, prevention and remedy of source pollution and "polluter pays", based on the European Union's sustainable development strategy;
- control and accountability in the entire organisation, from top management to employees.

In order to ensure that the needs of the organisation and the stakeholders are permanently adapted as regards the environment, we have designed and implemented an Environmental Policy, which is regularly updated and is available on the organisation's website.

- **Assessment of the management system**

SC ROMCARBON Buzau holds certifies for integrated management system assessment according to the following standards:

- Quality management system as per the requirements of SR EN ISO 9001:2015, whereby the entire organisation is engaged in a process of continuous improvement of organizational quality and implicitly the quality of the products and services offered;
- Environmental management system as per the requirements SR EN ISO 14001: 2015, whereby the entire organisation is engaged in a process of continuous improvement of environmental conditions and pollution prevention;
- The management of the organization's occupational health and safety ISO 45001:2018, the company is engaged in a process of continuous improvement in the workplace health and safety conditions and prevention of accidents and occupational diseases throughout the organization.

The Quality, Environment, Health and Occupational Safety Integrated Management System is certified by a RENAR accredited body, namely SRAC ROMANIA. The Quality Management System of ROMCARBON SA has been certified since 1994 and we maintain our certification as at present. The latest recertification audit was conducted in March 2021 and in April 2023 and supervisory audit for the Integrated Management System is to take place.



No certification/recertification audits or supervision visits from the qualified company, which take place annually, or audits from our clients have registered non-conformities with the standards no observations; during these visits, only suggestions were made for improving the company's activity.

We are permanently conducting internal audits, according to the plannings, our objectives being:

- Assessment of how the obligations arising from the Integrated Management System are met in terms of compliance and efficacy thereof with the requirements of the reference standards transposed in the documented procedures put in place;
- Assessment of the capacity of the Integrated Management System to further meet the legal, regulatory and contractual requirements in force;
- Assessment of continued operational control;
- Identification of potential improvement areas in the Integrated Management System.

The top-level management aims to develop the Integrated Management System in line with the requirements of the reference standards: ISO 9001: 2015, ISO 14001-2015 and ISO 45001:2018 and to continuously improve its effectiveness and guarantee the satisfaction of customers and all stakeholders.

- **Assessment of the company's activity related to risk management**

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes 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.

Given the global financial and economic crisis, SC Romcarbon SA had to adapt to new conditions and constraints coming from the market facing with these risks:

Market risk

In 2022, the company recorded a decrease of total turnover by 0.71%, reaching a total of lei 265,048,638 (2021: lei 266,937,601). Sales of finished products increased by 8% (2021: lei 169,491,035).

Romcarbon's main selling market is the domestic one, with a share in turnover resulting from the core activity (Income from sale of finished products) of 71% in 2022 (70% in 2021). The client portfolio for the company's production activity is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods, Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2022 had a turnover represented 6% and 16% of total turnover. The sales to Livingjumbo Industry SA in 2022 included the sales of finished products, rents and income from other activities, which accounted for 6% of turnover.

One of the risks that affected the Company's activity in 2022 related to the supply chain. The main difficulty that the Company faced was the unprecedented global crisis on the market of raw materials (plastic compounds), which translated into a significant drop of existing stocks and swift and sharp increase of prices.

Exchange rate risk

Currency exposure of Romcarbon SA is generated mainly by the loans denominated in euro. As at 31.12.2022 the balance of this loan was EUR 9,858,202 (EUR 9,407,930 at December 31, 2021).

In 2022, the financial result generated by the fluctuation of foreign currencies rate was lei +229,121 (2021: lei -651,119).



Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as the ratio between current assets and current debts) registered an increase in 2022, reaching 1.47 compared to 1.19 in 2021.

Cash flow risk

Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during 2023.

9) Internal control of the company - aims at ensuring a rigorous and effective management of the entity's activity through the management's adoption 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, applicable to products, the Civil Code.

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

The Board of Directors is independent of management at the organization and its members are involved in management activities, which they supervise carefully. The Board of Directors delegates to the managers the responsibilities regarding internal control and makes systematic and independent assessments of the internal control system established by management.

Internal audit has an assistance function that must ensure management that internal procedures are implemented and adhered to by all departments involved.

Regular or permanent check and assessment according to the Program approved by the Company's 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.

The organization's 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 organization *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 company's 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 the organization, there are three different functions, whose separation (their aggregation is not admitted) represents the grounds for mutual control between departments and performers, namely:

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

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

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

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

The internal accounting and financial control focuses on providing:

- d) compliance of the accounting and financial information with the applicable rules;
- e) application of the management instructions according to this information;
- f) protection of the assets;
- g) prevention and detection of accounting and financial frauds and irregularities;
- h) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- i) reliability of the annual published financial statements and other information communicated to the market.

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



REVIEWING THE ECONOMIC AND FINANCIAL SITUATION OF THE COMPANY

1) Statement of financial position

The statement of financial position for the years 2021 and 2022 is shown in the following table.

Items	2021	2022	2022 vs. 2021		
Property, plant and equipment	106,567,874	102,490,667	-4,077,207	▼	-3.83%
Investment property	10,894,586	9,883,738	-1,010,848	▼	-9.28%
Intangible assets	294,483	330,920	36,437	▲	12.37%
Financial assets	20,607,559	20,608,559	1,000	▲	0.00%
Total non-current assets	138,364,502	133,313,884	-5,050,618	▼	-3.65%
Inventories	27,647,514	29,963,708	2,316,194	▲	8.38%
Trade and other receivables	57,999,727	63,653,763	5,654,036	▲	9.75%
Other current financial assets	1,265,317	42,738,851	41,473,534	▲	3277.72%
Other current non-financial assets	2,187,278	3,864,347	1,677,069	▲	76.67%
Cash and bank balances	12,798,377	2,772,709	-10,025,668	▼	-78.34%
Non-current assets held for sale	3,760,155	3,760,155	0	—	0.00%
Total current assets	105,658,368	146,753,533	41,095,165	▲	38.89%
Total assets	244,022,870	280,067,417	36,044,547	▲	14.77%
Issued capital	26,412,210	26,412,210	0	—	0.00%
Share premium	2,182,283	2,182,283	0	—	0.00%
Reserves	58,542,209	60,895,475	2,353,266	▲	4.02%
Retained earnings	47,008,179	70,732,989	23,724,810	▲	50.47%
Total equity	134,144,882	160,222,957	26,078,075	▲	19.44%
Other provisions	400,000	1,000,000	600,000	▲	150.00%
Deferred tax liabilities	8,012,574	7,780,659	-231,915	▼	-2.89%
Other non-current financial liabilities	4,017,590	4,044,764	27,174	▲	0.68%
Other non-current non-financial liabilities	8,619,928	7,475,188	-1,144,740	▼	-13.28%
Total non-current liabilities	21,050,091	20,300,611	-749,480	▼	-3.56%
Trade and other payables	37,161,910	48,060,900	10,898,990	▲	29.33%
Other current financial liabilities	46,860,194	45,859,692	-1,000,502	▼	-2.14%
Other current non-financial liabilities	4,805,793	5,623,258	817,465	▲	17.01%
Total current liabilities	88,827,897	99,543,849	10,715,952	▲	12.06%
Total liabilities	109,877,988	119,844,460	9,966,472	▲	9.07%
Total equity and liabilities	244,022,870	280,067,417	36,044,547	▲	14.77%

At December 31, 2022, non-current assets hold 47.60% of the company's assets, decreasing by lei 5,050,618, namely 3.65% compared to the beginning of the year.



The structure of non-current assets is presented in the below table:

Non-current assets (NCA)	2022	% in total NCA	% in total asset	2022 vs. 2021
Property, plant and equipment	102,490,667	76.88%	36.59%	-3.83%
Investment property	9,883,738	7.41%	3.53%	-9.28%
Intangible assets	330,920	0.25%	0.12%	12.37%
Financial assets	20,608,559	15.46%	7.36%	0.00%
Total non-current assets	133,313,884	100.00%	47.60%	-3.65%

Additions of "Property, plant and equipment" (except advances and non-current assets in progress) during the reporting period had the following structure:

· Constructions (including developments and upgrades)	1,320,580 lei
· Equipment and machinery	2,352,741 lei

Additions of fixed assets in 2022 had the following destinations: processed plastics: lei 1,062,707; Administrative and other sectors: lei 2,610,613.

The disposals of property, plant and equipment in 2022 were in amount of lei 4,067,575, of which lei 498,518 scraps and lei 3,569,057 sales.

As at December 31, 2022, the Company performed the revaluation of the investment property and it resulted an increase of the revaluation reserves of lei 745,265 and a net loss of lei 1,370,104 registered in the result for the year.

As at December 31, 2022, the Company performed the revaluation of the investment property and it resulted an increase of net carrying amount of lei 176,315, which was charged to the 2022 profit or loss.

Disposals of investment property

In July 2022, the Company sold a freehold land in surface area of 504 sqm located in Iași, Calea Chișinăului no. 29, for which it received lei 249,299 (equivalent of EUR 50,400).

In November 2022, the Company sold a land of 2,732 sqm, located in Iasi, Calea Chisinaului nr. 29, for which it received lei 2,123,852 (equivalent of EUR 432,257).



Financial assets account for 7.36% out of total assets, and 15.46% out of total non-current assets.

As at December 31, 2022, Romcarbon SA held direct ownership in other companies worth lei 30,340,197, as follows:

Company	Total shares	Nominal value (lei)	Share capital (lei)	Share capital held (lei)	No. of shares held	Acquisition / investment value	Holdings (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	199	1,990	99.50%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993	-	-	-	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
VIITORUL INCEPE AZI (NGO)	7,000					1,000	14.29%
TOTAL						30,340,197	

In December 2020, ROMCARBON DEUTSCHLAND GmbH, in voluntary liquidation, was deregistered from the German business registers. In the same month, the loss from financial investments was registered, in amount of lei 110,138, and the value adjustment of lei 110,138 was derecognized.

In December 2021, the Company recognised an impairment allowance for its investment in subsidiary Livingjumbo Industry SA for the investment cost (lei 6,477,632).

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

Company	Interest quota	Adjustment
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
LIVINGJUMBO INDUSTRY SA	99.86%	6,477,632
Total		9,731,638

At December 31, 2022, the **current assets** account for 52.40% of total assets recording an increase of lei 41,095,165, i.e. 38.89% as compared with the beginning of the year.

Current assets	31.12.2022	% out of total current assets	% out of total assets	31.12.2022 vs. 31.12.2021
Inventories	29,963,708	20.42%	10.70%	8.38%
Trade and other receivables	63,653,763	43.37%	22.73%	9.75%
Other current financial assets ¹	42,738,851	29.12%	15.26%	3277.72%
Other current non-financial assets	3,864,347	2.63%	1.38%	76.67%
Cash and cash equivalents	2,772,709	1.89%	0.99%	-78.34%
Non-current assets held for sale ²	3,760,155	2.56%	1.34%	0.00%
Total current assets	146,753,533	100.00%	52.40%	38.89%

¹ This caption registers dividends receivable from Recyplat LTD in amount of lei 39,579,200 (equivalent of EUR 8,000,000) and the loans granted to affiliates.

Loans from Group companies	Contract value	Loan balance at December 31, 2022	Interest	Total	Due on
RC Energo Install SRL	3,000,000 lei	3,000,000 lei	159,651 lei	3,159,651 lei	03/06/23
Total	3,000,000 lei	3,000,000 lei	159,651 lei	3,159,651 lei	

In June 2022, the loan granted in 2019 to subsidiary RC Energo Install SRL with a maximum ceiling of lei 1,231,700 was extended by 12 months and in July 2022, an addendum was signed, whereby the ceiling increased to lei 3,000,000..

2 Non-current assets held for sale

In December 2021, the Company purchased the property located near Romcarbon SA in total surface area of 3,723 sqm, land and the three buildings thereon, for which it paid lei 3,164,050, the equivalent of EUR 639,370. The surface area of 3,450 sqm (acquisition value lei 2,932,037) of the property, along with a land in surface area of 3,957 sqm of the company's patrimony will be subject to a sale transaction with LIDL Romania, which will be completed in 2023. Such property is classified as Non-current assets held for sale.

Subsequent events

On February 16, 2023 the Company signed the sale agreement with LIDL ROMANIA S.C.S. for the sale of a land of 7,407 sq m, for a total price of lei 7,659,971. Such land was accounted for at a cost of lei 3,689,310, in the "Non-current assets held for sale" line.

Initially, in December 2019 a sale-purchase agreement was signed with Lidl Romania according to which a down payment of lei 2,419,280 (EUR 488,862) was collected in December 2021, however, the transaction was finalised on February 16, 2023.

Total liabilities hold 42,79% of the company's total Equity and liabilities recording an increase of lei 9,966,472 compared to the beginning of the year of 9.07%.

Borrowings

At December 31, 2022 the bank loans committed by ROMCARBON SA are as follows:

Type of facility	Balance at 31.12.2022		< 1 year	>1 year
	in euro	in lei		
Credit lines	€ 7,742,820	38,306,826 lei	38,306,826 lei	- lei
Short-term loan in euro	€ 290,500	3,799,602 lei	3,799,602 lei	- lei
Investment loans in euro	€ 1,824,882	6,666,041 lei	3,429,839 lei	3,236,202 lei
Total loans in euro	€ 9,858,202	48,772,470 lei	45,536,268 lei	3,236,202 lei
Investment loan in lei		1,131,986 lei	323,424 lei	808,561 lei
Total loans in lei		1,131,986 lei	323,424 lei	808,561 lei
Total exposure		49,904,456 lei	45,859,692 lei	4,044,763 lei

In June 2022, Romcarbon SA and Livingjumbo Industry SA signed a credit agreement with UniCredit Bank SA for the financing of the acquisition of stocks with a maximum value of EUR 3,000,000, due on 07.06.2023. The credit facility was 26% used by Romcarbon and 74% by Livingjumbo Industry SA.

In June 2022, Romcarbon SA signed a long-term credit agreement with UniCredit Bank SA worth EUR 2,950,000 for the financing of the investment plan for 2022, due on 08.06.2027.



In December 2022, the ceiling of the credit line contracted from UniCredit Bank SA was increased from EUR 5,450,000 to EUR 8,000,000. The credit line may be used both by Romcarbon SA and by Livingjumbo Industry SA.

The Company's current liabilities, accounting for 83.06% of Total Liabilities and 35.54% of Total Equity and Liabilities, registered an increase of lei 10,715,952, i.e. 12.06%, compared to December 31, 2021.

Current liabilities	31.12.2022	% in total liabilities	% in Total current liabilities	% in Total equity and liabilities	31.12.2022 vs. 31.12.2021
Trade liabilities	48,060,900	40.10%	48.28%	17.16%	29.33%
Other current financial liabilities	45,859,692	38.27%	46.07%	16.37%	-2.14%
Other current non-financial liabilities	5,623,258	4.69%	5.65%	2.01%	17.01%
Total current liabilities	99,543,850	83.06%	100.00%	35.54%	12.06%

Non-current liabilities of the Company, representing 7.25% of Total equity and liabilities, have decreased by lei -749,480 as compared with 31.12.2021, i.e. -3.56%.

Non-current liabilities	31.12.2022	% in total liabilities	% in Total non-current liabilities	% in Total equity and liabilities	31.12.2022 vs. 31.12.2021
Other provisions	1,000,000	0.83%	4.93%	0.36%	150.00%
Deferred tax liabilities	7,780,659	6.49%	38.33%	2.78%	-2.89%
Other long-term financial liabilities	4,044,764	3.38%	19.92%	1.44%	0.68%
Other non-current non-financial liabilities	7,475,188	6.24%	36.82%	2.67%	-13.28%
Total non-current liabilities	20,300,611	16.94%	100.00%	7.25%	-3.56%

Total Equity holds 57.21% out of Total Equity and Liabilities and registered an increase of lei 26,078,075, compared with the beginning of the year.

Equity	31.12.2022	% of Total equity and liabilities
Subscribed and paid in share capital (representing the counter value of 264,122,096 shares at a nominal value of lei 0.1/share)	26,412,210	9.43%
Share premium	2,182,283	0.78%
Reserves	60,895,475	21.74%
Retained earnings	70,732,989	25.26%
Total equity	160,222,957	57.21%

The subscribed and paid in capital of the company amounting to lei 26,412,209.60 in 2022 is divided into 264,122,096 registered shares, dematerialized, with a nominal value of 0.10 lei per share.



As at 31.12.2022 the structure of the company shareholding according to Depozitarul Central SA is the following:

Shareholder	No. of shares	% ownership
Living Plastic Industry S.R.L., Buzau county	86,774,508	32.85%
Joyful River Limited, Nicosia, Cyprus	54,195,089	20.52%
TODERITA STEFAN ALEXANDRU	32,700,000	12.38%
Other individuals	80,636,778	30.53%
Other legal entities	9,815,721	3.72%
Total	264,122,096	100.00%

2) **Statement of profit and loss and comprehensive income statement' items**

Income statement	12-month 2021	12-month 2022	2022 vs. 2021	
Revenue	264,737,646	262,801,054	▼	(1,936,592) -1%
Other income ⁵	4,459,406	4,454,249	▼	(5,157) 0%
Changes in inventories of finished goods and work in progress	872,218	7,447,653	▲	6,575,435 754%
Raw materials and consumables used	(197,945,281)	(199,065,784)	▲	(1,120,503) 1%
Salaries and employee benefits	(40,568,395)	(42,312,860)	▲	(1,744,465) 4%
Depreciation and amortisation expenses	(9,977,583)	(9,609,158)	▼	368,425 -4%
Operating expenses	(15,900,694)	(18,863,784)	▲	(2,963,090) 19%
Other gains or losses ⁷	1,883,115	1,769,858	▼	(113,257) -6%
Profit (loss) on operations	7,560,432	6,621,228	▼	(939,204) -12%
Financial income*	128,719	47,336,583	▲	47,207,864 36675%
Financial expenses	(1,769,890)	(1,574,050)	▼	195,840 -11%
Gain (loss) on impairment of financial assets	(6,477,632)	-	▼	6,477,632 -100%
Profit/(Loss) before tax	(558,371)	52,383,761	▲	52,942,132 9482%
Income tax	(889,087)	(912,071)	▲	22,984 3%
Net profit (loss)	(1,447,458)	51,471,690	▲	52,919,148 3656%
Deferred tax adjustment related to the re-evaluation reserves fiscal unallowable	21,017	273,332	▲	252,315 1201%
Total comprehensive income	(1,426,441)	51,745,022	▲	53,171,463 3728%
Operational EBITDA	13,987,048	15,025,300	▲	1,038,253 7%

Note: operating EBITDA only takes into account the operating activity, excluding expenses with amortization/depreciation, sales of assets, non-recurrent elements or the financial activity.

In accordance with MoPFO no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to commercial companies whose securities are admitted to trading on a regulated market, the available funds, the assets and liabilities in foreign currency are evaluated monthly at the exchange rate of the market communicated by the NBR on the last banking day of the month. From the revaluation of available funds, the assets and liabilities in foreign currency in 2022, the Company registered favorable differences of lei 2,019,619 lei (financial income from exchange rate differences) and unfavorable differences of lei 1,790,498 (financial expenses from exchange rate differences), thus resulting a gain of lei 229,121.

In 2021, a loss of lei -651,119 was recorded from the evaluation of available funds, assets and liabilities in foreign currency at the exchange rate of the market communicated by the NBR on the last banking day of the month.

³ The item "Other income" has the following structure:

Indicator	12-month 2021	12-month 2022	2022 v 2021		
Rental income	2,199,955	2,247,585	▲	47.630	2%
Income for investment subsidies	2,259,451	2,206,664	▼	(52.787)	-2%
Total	4,459,406	4,454,249	▼	(5.157)	0%

⁴ The item "Other gains or losses" has the following structure:

Caption	12-month 2021	12-month 2022	2022 vs. 2021	
Gains/loss on disposal of assets held for sale	-	-	—	-
Gains/loss on fair value measurement of investment property	1,377,918	170,996	▼	(1,206,922)
Gains/loss on disposal of investment property	411,233	1,191,307	▲	780,074
income from compensations, fines and penalties	8,202	7,009	▼	(1,193)
Gains/loss on sale of assets and other capital operations	21,280	915,621	▲	894,341
Other operating revenues	98,047	111,123	▲	13,076
Loss on receivables with investments	-	-	—	-
Income from discounts obtained	-	47,746	▲	47,746
Gains/loss on impairment of current assets	(13,642)	54,640	▲	68,282
Income from operating subsidies for staff pay	180,077	-	▼	(180,077)
Expenses with revaluation of property, plant and equipment	-	(128,583)	▲	(128,583)
Operating expenses with provisions for risks and charges	(200,000)	(600,000)	▲	(400,000)
Total	1,883,115	1,769,859	▼	(113,256)

⁵ "Financial income" includes the following:

Caption	12-month	12-month	12-month	2022 vs 2021	
	2020	2021	2022		
Interest income	105,139	128,719	316,730	▲	188,011
Dividend income - Recyclat LTD	0	0	46,745,700*	▲	46,745,700
Net gains from FX differences	0	0	274,153	▲	274,153
Total	105,139	128,719	47,336,583	▲	47,207,864

*Equivalent of EUR 9,500,000.



"Net sales" had the following trend in the reporting period:

	12-month 2021	12-month 2022	2022 vs. 2021		
Total sales of finished goods, of which	169,491,035	183,306,275	▲	13,815,240	8%
<i>CP1~ Auto and industrial filters,</i>	2,703,153	3,395,181	▲	692,028	26%
<i>CP2~ Respiratory protective equipment and Active Carbon</i>	2,247,391	5,396,649	▲	3,149,259	140%
<i>CP3~ Polyethylene products</i>	36,010,670	36,123,918	▲	113,249	0%
<i>CP4~ PVC products</i>	881,364	697,669	▼	(183,695)	-21%
<i>CP5~ Polystyrene products</i>	47,497,169	51,082,952	▲	3,585,783	8%
<i>CP6~ Polypropylene products</i>	41,879,984	40,107,774	▼	(1,772,211)	-4%
<i>CP7~Compounds</i>	38,271,305	46,502,132	▲	8,230,827	22%
- Sales of intermediary goods	40,938	68,499	▲	27,562	67%
- Services rendered	488,677	721,836	▲	233,159	48%
- Sale of goods purchased for resale	89,734,867	71,556,260	▼	(18,178,607)	-20%
- Revenues from sundry services	4,982,129	7,148,183	▲	2,166,054	43%
Total, of which:	264,737,646	262,801,053	▼	(1,936,593)	-1%

Caption	31.12.2021	31.12.2022	31.12.2022 vs.31.12.2021		
Net sales	264,737,646	262,801,053	▼	(1,936,593)	-1%
Rental income	2,199,955	2,247,585	▲	47,630	2%
Total turnover, of which:	266,937,601	265,048,638	▼	(1,888,963)	-1%
- Domestic market	216,788,923	211,389,472	▼	(5,399,450)	-2%
- Foreign market	50,148,679	53,659,166	▲	3,510,487	7%

Note: Turnover includes "Net sales" in the Statement of comprehensive income, plus "Rental income" generated by investment property.

3) Statement of cash flows

Cash and cash equivalents at the end of 2022 have decreased to lei 2,772,709 lei (December 31, 2021: 12,798,377).



4) **Financial ratios**

In the reporting period the main financial indicators and ratios had the following evolution:

Ratio	Formula	2021	2022
EBIT	Gross profit + interest expenses	394,684	53,670,160
EBITDA	EBIT + amortization – income from subsidies	8,112,816	61,072,654
Turnover	Net sales + Rental income	266,937,601	265,048,639
EBITDA in total sales	EBITDA/Turnover	3.04%	23.04%
EBITDA in equity	EBITDA/Equity	5.87%	38.12%
Gross profit	Gross profit /turnover	-0.21%	19.76%
Current liquidity ratio	Current assets/current liabilities	1.19	1.47
Immediate liquidity ratio (acid test)	(Current assets -Inventories)/Current liabilities	0.88	1.17
Gearing ratio (1)	Long-term liabilities/Equity	16%	13%
Gearing ratio (2)	Total liabilities/Total assets	45%	43%
Gearing ratio (3)	Capital borrowed on the long-term/Total equity	3%	3%
Gearing ratio (4)	Capital borrowed on the long-term/Capital employed	3%	2%
Interest coverage ratio	EBIT/Interest expenses	0.41	41.72
Turnover of trade receivables	Average balance of trade receivables /Turnover	64	83
Turnover of trade liabilities	Average balance of trade liabilities /Turnover	43	58
Turnover of trade liabilities	Turnover/Non-current assets	1.93	1.99
Return on assets (ROA)	Net result /Total assets	-0.63%	18.38%
Return on equity (ROE)	Net result/Equity	-1.05%	32.13%
Return on sales (ROS)	Net result/Turnover	-0.54%	19.42%

SECURITIES MARKET ISSUED BY THE COMPANY

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

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

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

CORPORATE GOVERNANCE CONSIDERATIONS

This chapter summarizes the Company's Corporate Governance main rules, structures, procedures and decision-making practices within the company, governance standards that ensure the general principles of management and effective control of the activities of the company according to the object of activity, for the benefit of shareholders and for increase investor confidence. The entire set of standards of corporate governance provides the structure through which the company objectives are set, the means of achieving them and to monitor the performance and aims to promote fairness, transparency and accountability in the society.

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



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

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

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

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

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

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

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

Prior to the trading on the Bucharest Stock Exchange, the company was listed on Second category of the RASDAQ market.

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

- Number of shares – 264,122,096
- a) nominal value – lei 0,1
- b) ISIN code: ROROCEACNOR1
- symbol: ROCE

Although new on the Bucharest Stock Exchange regulated market, ROMCARBON S.A. has planned to implement both a policy oriented towards profit for shareholders and one of corporate social responsibility, ethics and the environment, with significant impact on the environment and consequently the community.

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

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - www.bvb.ro. Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website www.romcarbon.com.

The regulations which we comply with in the preparation of this chapter of Corporate Governance: **Law no. 31/1990 on companies**, republished in 2004, as amended and supplemented, **Law no. 297/2004 on the capital market** and Law no. 24/2017 on issuers of financial instruments and market operations, as amended and supplemented, the regulations issued by FSA to regulate the capital market (Regulation no. 5 of 21/06/2018 on issuers of financial instruments and market operations, Regulation no. 10/2016 on the organization and operation of the Financial Supervisory Authority, etc.), accounting regulations, regulations on Audit, Law no. 82/1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2007, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".



II. STRUCTURE AND CORPORATE GOVERNANCE

1. The General Meeting of Shareholders

The General Meeting of Shareholders (GMS) includes all shareholders and meets in ordinary meetings (OGMS) and extraordinary meetings (EGM), each with competencies established by law.

The call, organization and conduct of works for GMS are in strict accordance with the law, ensuring materials presentation, recording the works and decisions taken.

2. Board of Directors

Currently, the Company's management system is **one-tier**. ROMCARBON S.A. is administered by the Board of Directors consisting of 3 members, elected or appointed by the General Meeting of Shareholders in accordance with the law, by secret vote, for a term of four years, with the possibility of re-election.

Members of the Board of Directors ensure an effective capacity to monitor, analyze and evaluate the work of directors and fair treatment of shareholders. The election of members of the Board of Directors is done between the persons appointed by the shareholders. In appointing members of the Board of Directors, the General Meeting has sought a balanced structure according to the structure and activity of ROMCARBON S.A. as well as the personal experience and qualifications of board members.

The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, convoked by the Chairman at the grounded request of at least 2 of its members or the CEO. The Chairman must honor such request. The Board of Directors is chaired by the Chairman and in his absence, by the Deputy Chairman.

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

Decision-making process remains a collective responsibility of board members they are held jointly responsible for all decisions adopted in exercise of the powers.

The Board of Directors' duties are stipulated in the Article of incorporation of ROMCARBON S.A., being in strict accordance with the law, ensuring the presentation of materials, recording of the works and the decisions taken. Chairman of the Board, Board members, general manager, directors, respond individually or jointly, as appropriate, to the company for damages resulting from criminal offenses or violations of legal provisions for deviations from the article of association, as well as mistakes in administrating and management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders respectively the decision of the Board of Directors.

Nomination of the directors of ROMCARBON S.A. is made by the shareholders, the nominations being subject to the approval of the general meeting of shareholders. Candidates for the position of member of the company's board of directors must meet, in addition to the general conditions provided by Law no. 31/1990, the special ones established by Law no. 24/2017.

The Ordinary General Meeting of Shareholders dated 23.01.2020 approved the new structure of the Board of Directors of Romcarbon SA for a term of 4 years, starting February 4, 2020, with the consequent maintenance of the one-tier management system of the company.

At the date of this report, the Board of Directors of Romcarbon SA consists of the following directors elected in the ordinary General Meeting of January 23, 2020 for a 4-year mandate that expires on February 4, 2024:

- **Huang Liang - Chairman**, appointed based on the Resolution of the Ordinary General Meeting of ROMCARBON S.A. from 23.01.2020 for a 4-year term, which expires on 04.02.2024;



- **Wang Yi Hao - Vice Chairman**, appointed member of the Board of Directors by Resolution of the Ordinary General Meeting from 25.11.2021 for a term equalling the remainder of the term of his predecessor, Mr. Wang Yi -Hao, namely for a term valid during 29.11.2021-04.02.2024; based on the same Resolution, the mandate of member of the Board of Directors of Mr. Wang Yi - Hao also expires;
- **Toderita Stefan Alexandru** - Member of the BoD appointed on the basis of the Decision of the Ordinary General Meeting of ROMCARBON SA from 23.01.2020 for a 4-year term, which expires on 04.02.2024, aged 25;

Currently, the remuneration of the administrators is made in accordance with the provisions of the constitutive act and of the Decision of the Ordinary General Meeting no. 1 of 23.01.2020.

The exercise of the mandate entrusted to the new members of the Board of Directors will be done free of charge, in accordance with the vote expressed by shareholders within the Ordinary General Meeting of Shareholders of 23.01.2020.

Compliance with the provisions of art. 138² of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide Corporate Governance Code, we mention that, among the administrators of the company, only Mr. WEY JIANN SHYANG meets the condition of independence, him being independent non-executive administrator.

Within the Company's Board of Directors, an Audit Committee has been established, as modified based on Resolution no. 11 of the BoD of 07.12.2021, composed of the following directors: WEY JIANN SHYANG si TODERITA STEFAN ALEXANDRU.

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

Currently, the directors are remunerated in accordance with the provisions of the articles of incorporation and Resolution no.1 dated 23.01.2020 of the Ordinary General Meeting.

In 2022, the Board of Directors met in 20 meetings, decisions being taken either with the vote of the majority of those present, or by unanimity and in accordance with the legal provisions regarding the convocation and quorum for conducting the meetings and legally adopt decisions.

3. Executive management

The executive management of ROMCARBON S.A. is provided by the following persons, whom have been delegated the powers for the management of the company:

- Huang Liang Neng - Chief Executive Officer starting on 17.02.2020
- Manaila Carmen – Administrative Deputy General Manager starting 17.02.2020
- Dobrota Cristinel – Development Deputy General Manager, starting 17.02.2020
- Cretu Victor - Polypropylene Profit Center Manager, starting 17.02.2020
- Constantinescu Gabriel – Filters, EIP and Active Charcoal Profit Center Manager, starting 17.02.2020
- Ungureanu Ion – Extruded Polystyrene Profit Center Manager, starting 17.02.2020
- Titi Mihai - Technical Deputy General Manager starting on 30.06.2018
- Zainescu Viorica Ioana - Chief Financial Officer starting on 15.01.2010

The Board of Directors delegates the company's management to the General Manager, who acts independently and is liable to take all the adequate measures for the Company's management, within the limits of the Company's scope and in compliance with the exclusive duties provided by law or the Constitutive Act, to the Board of Directors or the General Meeting of Shareholders.



In this regard, in its relations with third parties, the company is represented by the General Manager under the provisions of art. 143 para. 4 in conjunction with Art. 143² para. 4 of Law 31/1990, who act independently within the limit of the mandate entrusted to them.

The General Manager of the Company is appointed or removed from office by the Board of Directors, which establishes its attributions, responsibilities and powers, the attributions of representing the Company may be delegated by the General Manager of the Company to a third party only with the prior written consent of the Board of Directors. The company's officers are appointed or revoked by the Board of Directors, which sets their duties, responsibilities and powers, the company's officers being able to delegate the powers to represent the Company to a third party only with the written consent of the Board of Directors.

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

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2022:

- a) Directors – lei 0
- b) CEO – lei 180,000
- c) Executive management – lei 2,454,715.

Starting 2021, the Remuneration Policy was adopted at Romcarbon SA, approved by Resolution no.1 of 28.04.2021 of the Ordinary General Meeting of Shareholders.

4. Internal auditor

The company organizes its internal audit in accordance with the legal provisions, which are also included in the company's constitutive act. Internal audit is provided to the company by "Stefanoiu Vasile - Financial Auditor Practice".

The internal auditor attends meetings of the Board and General Meetings of Shareholders and notifies management irregularities, and if applicable, breaches of the legal provisions and of the provisions of the constitutive act.

The mission, powers and responsibilities of the internal audit are defined in an Internal Audit Charter approved by the Board of Directors of the Company; the Internal Audit Charter sets out the internal audit position in the company, determines how to access the company documents for the proper performance of audits, defines the scope of internal audit.

5. Risk management

Risk factors include general matters (emerging markets present a higher risk than countries with developed economies and mature political and legal systems), a potential political instability, risks arising from a temporary instability of the legislative, fluctuation of interest rate and inflation rate, and risks related to capital market and its liquidity.

SC ROMCARBON S.A. approaches risk prudently, in accordance with its long-term strategy. Prudent risk management becomes more important in the context of an extension of the economic and financial uncertainties and obvious market volatility. Strategic vision on risk management is determined by the Board of Directors and is applied through actions taken by the executive management of the company.

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes 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.

Given the world economic and financial crisis, Romcarbon SA had to adapt to the new conditions and constraints of the market.



Control and risk management are ensured through a number of specific structures governed by the provisions of the capital market, the company's constitutive act, the collective labour contract and organizational structure of the company, as follows:

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

The financial statements of the company are, by law, audited by an external auditor (legal entity), member of the Chamber of Financial Auditors of Romania, appointed by the Ordinary General Meeting of Shareholders, which operates under a services supply contract approved by the Board of Directors of the company.

Currently, the external financial auditor of ROMCARBON SA is DELOITTE AUDIT SRL and was appointed for a period of 1 year based on the OGMS Decision of 28.04.2022.

CORPORATE RIGHTS OF SHAREHOLDERS

The company' shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired right in the shareholder register kept by the company named in the contract, according to the law S.C. DEPOZITARUL CENTRAL S.A. The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of association in force at the date of acquisition.

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

Each share subscribed and paid by shareholders gives them the right to one vote at the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of association of the Company and social asset to dissolve the company and other rights provided by law.

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

SC ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (AGA), the full realization of their rights, the dialogue between shareholders and members of the Board and / or management. At the General Meeting of Shareholders are entitled to attend and vote shareholders registered in the Register of Shareholders (issued by the Central Depository) at the reference date established/ approved by the Board of Directors.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on www.romcarbon.com a special section called Shareholders, Investor Relations, accessible and constantly updated. This section is structured to contain all information necessary to securities holders: Board of directors' meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders. Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the ***relationship with shareholders and investors***, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management.

For purposes of capital adequacy to corporate governance rules and discipline, the Company set up the Investor Relations Department, which ensures compliance with corporate rules according to the Corporate Governance Code of the Bucharest Stock Exchange.

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



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

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

SOCIAL RESPONSIBILITY

The company's strategy in terms of environment, corporate governance and social responsibility is based on a set of principles that define its relationship with its partners - employees, creditors, suppliers, customers, investors, local authorities and members of the community (stakeholders).

In accordance with this strategy, ROMCARBON S.A. developed in 2022 its first Sustainability Report for 2021, out of the belief that the inclusion of sustainability principles in the strategies of the Romcarbon Group, in communication and even in the business model, can contribute to improving its reputation among its customers, suppliers and investors and can play an important role in increasing employee involvement and reducing staff turnover. In drawing up this report, the principles established in the GRI Standards regarding Materiality, Inclusiveness, Sustainability Context and Exhaustiveness were taken into account. The quality of the report was ensured by observing the principles of the GRI Standards regarding Balance, Comparability, Accuracy, Regularity, Clarity and Reliability. More details can be found in our Sustainability Report available on Romcarbon SA's website: www.romcarbon.com/rapoarte-de-sustenabilitate.

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

The company aims, through an active policy of **CSR**:

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

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

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

* **to combat any form of corruption**

* **to support educational activities**

* **to support different social groups** (young deserving, sick or disabled people) through humanitarian actions that include sponsorships /charity work, assistance in extreme cases, and aid to vulnerable persons or in distress. Under this active CSR policy, in 2021, ROMCARBON SA granted financial aid in amount of lei 133,114 to its employees affected by various events with strong social and human impact (child birth, death of family members, fire, floods, etc.).

* **to support sport activities in the city of Buzau, by financial aids**



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

*** *proactively address environmental issues and promote responsibility towards the environment***

ROMCARBON SA values and protects life. As of 2018, the Company has been constantly organising blood donation campaigns together with the Buzau Transfusion Center at the company's premises. ROMCARBON SA employees have donated more than 1,900 blood units so far. These campaigns will continue.

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

ROMCARBON S.A. complies with environmental protection legislation. The company is not involved in litigation regarding the infringement of the environmental legislation. It periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality management system - environment-occupational health and safety standards ISO 9001 :2015, ISO 14001 : 2015 and ISO 45001 :2018 applicable for the design and production of individual protective breathing equipment – SRAC certified.

ROMCARBON S.A. identifies all actual and potential environmental issues, including positive and negative aspects arising from indirect and companies that operate at the company and may affect environmental performance. Identification of environmental issues is based on systematic analysis of each process / sub-process (including their inputs and outputs) according to the procedure of system "PS 03 Environmental aspects" in situations of normal operation, abnormal (including starting and stopping) and emergency, accident.

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

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorship were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the **Environmental International Day** celebrated on the 5th of June under the title "for a cleaner world!" / "We have only one Earth. Let's give it priority!"

Partners of these events are constantly the Environmental Protection Agency in Buzau, Buzau Prefect's Office and Municipality of Buzau.

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

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

Starting September 4, 2014, Romcarbon SA became a member of the Romanian Association of Sanitation, which became in the meantime the Romanian Association for Waste Management – A.R.M.D.; as final waste recycling body, Romcarbon supports the actions of this entity:

- a) Sustained promotion of its members' interests;
- b) Permanent involvement in the process of preparing the legislation in the waste management field in Romania;
- c) Dynamic involvement of the Association in the waste management in Romania, by studies and market researches;
- d) Initiation of contracts with the organizations in order to attract funds and grants, both for members and for sustainable development of the association's activities;



Regarding the social involvement actions aimed at contributing to the development of the local community, it is worth mentioning the participation of ROMCARBON SA, in 2022, as a partner of the Buzau City Hall and sole sponsor of the inter-school project competition entitled "**My school in Circular Buzau**", a competition intended to encourage actions or innovative projects that encourage and facilitate the selective collection and recycling of waste and serves to raise awareness of the importance of selective collection in the local community, the involvement of students in the development of a circularity project by

- avoiding the creation of waste - by reusing recycled or composted materials;
- (re)utilisation of the unused space in the schools;
- the production of renewable energy, at an experimental level (school)
- keeping products/materials/services in use and maintaining their value through the 3 R's - reuse, repair, reconditioning.

In the same area of social involvement, we refer to the participation of ROMCARBON SA, in 2022, as a partner of the Buzau City Hall in the initiation of the Consortium for dual education "Centre of excellence for dual education - technical pre-university and university education - in Buzau", a project through which ROMCARBON will actively participate in ensuring initial vocational education and training in the dual system, in order to adapt vocational education and training to the requirements of the labor market.

Last but not least, we refer to the fundraising actions carried out by ROMCARBON SA in 2022, actions through which we financially supported the activity of NGOs such as the SAINT HELEN CHILDREN'S ASSOCIATION, SAINT SAVA CHILDREN'S FOUNDATION, "DARUIESTE VIATA" ASSOCIATION, BOOKLAND ASSOCIATION, but also of institutions of local interest such as the Buzau County Emergency Hospital and the Buzau City Hall.

As a **socially responsible company**, ROMCARBON SA aims not only at increasing the satisfaction of employees, commercial partners and own shareholders, but also at increasing the involvement in the community, with a view to raising the quality of life at local level and also to incentivizing the labor market by enhancing the level of professional competence of the human resources.

THE ACTIVITY OF THE COMPANY IN THE FUTURE

In 2023, the management will continue to take all measures to ensure the development of the company's activity in safe conditions for all stakeholders, in the current context of the raw materials and consumables market, where the availability and price of raw materials has represented a continuous challenge, the cost of plastic granules remained at high, the utility market with high prices at a level hard to imagine a few years ago, in the context of the geopolitical climate created by the war in Ukraine, and last but not least the labor market, which shows a continuously growing volatility.

The company completed at the end of December 2022 the sale transaction of the shares indirectly owned in Green-Group, thus generating important cash flows of around EUR 14 million, amount intended for investments and remuneration of shareholders in the form of dividends in 2022 and 2023.

For 2023, the Company aims at consolidating its position on the markets where it operates, streamlining the investments implemented in previous years, and at making new investments in the field of circular economy and recycling meant to ensure a range of products as diverse as possible and at the highest standards.

The main objectives in 2023 are the manufacturing of products and implementing technologies that will ensure the growth of the company both on domestic and foreign markets in the next years.

For 2023, the company budgeted the following financial indicators:

- a total turnover of lei 326,059,963 (up by 23% as compared with 2022) of which the turnover related to the sales of finished products is budgeted at the level of lei 212,787,742 (15% higher as compared with 2022);
- a gross operating profit in amount of lei 8,480,090.

The activity of the company is not affected by the restrictions on external financing, it has the ability to control its cash flows and mitigate risks of non-collection. We have not identified any premises for the exposure to major risks in terms of cash flows. There will be pressure on the RON / EUR exchange rate, but we cannot estimate the extent.



At the date of this report, we have not identified any risks affecting significantly the revenues from the core activity. Starting February 2022, the geopolitical tensions have escalated significantly further to the military intervention of the Russian Federation in Ukraine. Further to such escalations, the economic uncertainties on the energy and capital markets have grown, and global energy prices are expected to be extremely volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot rule out the adverse consequences on the business, operations and financial standing. Management considers that it is taking all the necessary measures to support the sustainability and growth of the Company's business given the current circumstances and that the professional judgment used in these financial statements is adequate.

As at the date of preparation of this report, the Company's management is not aware of other events, economic changes or other uncertainties that might affect significantly the company's income or liquidities.

Date: March 27, 2023

For signatures, please refer to the original Romanian version.





DECLARATION OF THE MANAGEMENT REGARDING THE SEPARATE FINANCIAL STATEMENTS

Undersigners, **HUANG LIANG NENG**- the Chairman of the Board and General Manager, **MANAILA CARMEN**- the Deputy general manager for administrative operations and **ZĂINESCU VIORICA-IOANA**, the Chief Financial Officer of ROMCARBON S.A. Buzau, a company located in Buzau, 132 Transilvaniei street, registered with Buzau Trade Register under the number J10/83/91, having the sole registration code RO 1158050, we take responsibility for the fair presentation of the Financial Statements for the year ended 31.12.2022 and we confirm the followings:

- a) The accounting policies used in preparation of the Financial Statements for the year ended 31.12.2022 are in accordance with International Financial Reporting Standards (IFRS) as it were adopted by European Union;
- b) The Separate Financial Statements prepared for the year ended 31.12.2022 provide a fair and accurate view of the assets, liabilities, financial position, income statement and statement of comprehensive income;
- c) The report of the Board of Directors prepared in accordance with Regulation no. 5/2018 of FSA provides a correct analysis of the development and performance of S.C. ROMCARBON S.A., as well as a description of the main risks and uncertainties specific to the company's activity;
- d) ROMCARBON S.A. operates in terms of continuity.

HUANG LIANG NENG

MĂNĂILĂ CARMEN

ZĂINESCU VIORICA IOANA

For signatures, please refer to the original Romanian version.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Romcarbon SA

Report on the Audit of the Consolidated Financial Statements

Opinion

17. We have audited the consolidated financial statements of Romcarbon SA and its subsidiaries ("the Group"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
18. The consolidated financial statements as at December 31, 2022 are identified as follows:
 - Net assets/Total equity lei 169,680,251
 - Net profit/loss for the financial year lei 56,124,755
19. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended 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.

Basis for Opinion

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

Key Audit Matters

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



Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Group. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the clients' businesses, there is a risk that sale is not properly and accurately recognised. That is, revenue may not be recognised in the correct accounting year, taking into account the transfer of main risks and rewards associated with the product, or may represent fictitious sales for which the delivery has not taken place, or sales towards bad debtors, that are insolvent or bankrupt.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>The Group's revenue disclosures are presented in Note 3 of the consolidated financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in "Key audit matters" regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period; - checking the completeness and accuracy of disclosures regarding revenues in the consolidated financial statements.
<p>Recognitin of net gains from disposal of financial investments</p> <p>The net gains from the disposal of financial investments are generated by transactions carried out outside the core scope of the Group's business. Given the specifics of transactions and the materiality of the amounts registered in this line, there is a risk that the amounts are recognised incorrectly and inaccurately, or that they represent revenues for which the disposal of financial investments did not take place.</p> <p>In our opinion, the recognition of net gains from the disposal of financial investments is material for the audit, as per the above.</p> <p>The Group's disclosures regarding the net gains from the disposal of financial investments are included in Note 17 to the consolidated financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for recognition of net gains from the disposal of financial investments included:</p> <ul style="list-style-type: none"> - performing tests of details on the gains obtained from the disposal of financial investments by checking the supporting documents; sale-purchase agreement, the decisions of the General Meetings of Shareholders and bank excerpts regarding subsequent collections. - Checking the completeness and accuracy of the disclosures of net gains from disposal of financial investments in the consolidated financial statements.

Other information – Administrators' Consolidated Report

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

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



In connection with our audit of the consolidated financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

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

- d) the information included in the Administrators' consolidated report and the Remuneration Report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- e) the Administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;
- f) the Remuneration Report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrators' consolidated report and the Remuneration Report. We have nothing to report in this regard.

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

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

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

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



27. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient and adequate audit evidence regarding the financial information of the Group entities or business lines in order to express an opinion on the consolidated financial statements. We are responsible for the coordination, supervision and performance of the group audit. We are solely responsible for our audit opinion.
28. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
29. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
30. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

31. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the consolidated financial statements included in the annual financial report of Romcarbon SA ("the Group") as presented in the digital files which contain the unique LEI code 315700RJSU856JMMHO64 ("Digital Files")

(III) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:



- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(IV) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Group's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Group to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the consolidated financial statements for the year ended December 31, 2022 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Group for the year ended December 31, 2022 is set out in the *"Report on the audit of the consolidated financial statements"* section above.

Report on Other Legal and Regulatory Requirements

32. We were appointed by the General Meeting of Shareholders on April 28, 2022 to audit the consolidated financial statements of Romcarbon SA for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 15 years, covering the financial year ended December 31, 2008 until the financial year ended December 31, 2022.



We confirm that:

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

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

Ana-Corina Dimitriu, Audit Partner

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

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

On behalf of:

DELOITTE AUDIT SRL

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

The Mark Building, 84-98 and 100-102 Calea Grivitei,
8th Floor and 9th Floor, District 1
Bucharest, Romania
March 28, 2023





DECLARATION OF THE MANAGEMENT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Undersigners

Huang Liang Neng, Chairman of the Board and General Manager
Manaila Carmen, Deputy General Manager for Administrative Operations,
Zainescu Viorica Ioana, Financial Manager

Declare that the Consolidated Financial Statements for the year ended December 31, 2022 prepared in accordance with IFRS, as far as we know, give a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with ASF requirements, gives a true and fair view of the performance of the business together with a description of the principals risks associated with the company's activity.

HUANG LIANG NENG

MĂNĂILĂ CARMEN

ZĂINESCU VIORICA IOANA

For signatures, please refer to the original Romanian version.



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
Profit (loss) from operating activities		12,867,795	6,833,936
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)
Profit (loss) before tax		57,191,597	2,719,264
Tax income (expense)	12	(1,066,842)	(928,652)
Profit (loss) from continuing operations		56,124,755	1,790,612
Profit (loss) from discontinued operations		0	0
Profit (loss) for the year		56,124,755	1,790,612
Attributable to:			
Equity holders of the parent		56,119,419	1,793,730
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
Profit (loss)		56,124,755	1,790,612
<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
Total OCI that will not be reclassified to profit or loss, before tax		745,264	0
<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
Total OCI that will be reclassified to profit or loss, before tax		0	115
Total other comprehensive income, before tax		745,264	115
Income tax relating to changes in revaluation surplus included in other comprehensive income	12	273,332	21,017
Total other comprehensive income		1,018,596	21,132
Total comprehensive income		57,143,351	1,811,744
Comprehensive income attributable to			
Comprehensive income, attributable to owners of parent		57,138,015	1,814,862
Comprehensive income, attributable to non-controlling interests		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 <u>RON</u>	December 31, 2021 <u>RON</u>
ASSETS			
Non-current assets			
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
Total non-current assets		134,542,936	167,356,018
Current assets			
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
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		205,808,439	130,694,239
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
Total current assets		209,568,594	134,454,394
TOTAL ASSETS		344,111,530	301,810,412
EQUITY AND LIABILITIES			
Capital and reserves			
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
Total equity attributable to owners of parent		168,759,335	138,004,585
Non-controlling interests	27	920,916	915,581
Total equity		169,680,251	138,920,166
Non-current liabilities			
Other non-current provisions		1,429,017	659,623
Total non-current provisions		1,429,017	659,623
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
Total non-current liabilities		26,639,034	32,311,319
Current liabilities			
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
Total current liabilities other than liabilities included in disposal groups classified as held for sale		147,792,245	130,578,927
Liabilities included in disposal groups classified as held for sale		0	0
Total current liabilities		147,792,245	130,578,927
Total liabilities		174,431,279	162,890,246
Total equity and liabilities		344,111,530	301,810,412

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)

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**

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)

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
Equity at beginning of period	26,412,210	2,182,283	38,652,619	22,636,604	(1,061,863)	49,182,732	138,004,585	915,581	138,920,166
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
Total comprehensive income	0	0	1,018,596	0	0	56,119,419	57,138,015	5,336	57,143,351
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
Equity at end of period	26,412,210	2,182,283	39,201,199	24,778,341	(1,061,863)	77,247,165	168,759,335	920,916	169,680,251

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 Depozitarul Central SA 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 Depozitarul Central SA to partial pay dividends owed to shareholders. The remaining amount was transferred to Depozitarul Central SA 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).

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

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)

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
Equity at beginning of period	26,412,210	2,182,283	39,577,007	22,454,150	(1,062,080)	49,238,098	138,801,668	909,941	139,711,609
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
Total comprehensive income	0	0	21,017	0	115	1,793,730	1,814,862	(3,118)	1,811,744
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
Equity at end of period	26,412,210	2,182,283	38,652,619	22,636,604	(1,061,863)	49,182,732	138,004,585	915,581	138,920,166

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 Depozitarul Central SA to pay dividends owed to shareholders.

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

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)

	31-dec-22	31-dec-21
Cash flows from (used in) operating activities		
Profit (loss)	56,124,755	1,790,612
Adjustments to reconcile profit (loss)		
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)
Movement in working capital		
(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
Total adjustments to reconcile profit (loss)	(59,007,847)	(786,725)
Interest paid	(2,364,092)	(1,657,222)
Income taxes refund (paid)	(1,044,691)	(773,611)
Bank commissions paid	(446,587)	(351,839)
Net cash flows from (used in) operating activities	(6,738,462)	(1,778,785)
Cash flows from (used in) investing activities		
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 subsidiaries	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
Net cash flows from (used in) investing activities	70,172,388	(2,175,749)
Cash flows from (used in) financing activities		
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)
Net cash flows from (used in) financing activities	(7,161,758)	846,795
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	56,272,168	(3,107,739)
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	56,272,168	(3,107,739)
Cash and cash equivalents at beginning of period	17,596,893	20,704,632
Cash and cash equivalents at end of period	73,869,061	17,596,893

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)

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**

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)

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, 3rd floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.



(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 incepe azi"		Buzau	14.29%	1,000	



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

1. GENERAL INFORMATION (continued)

Indirect holdings through Recyplat LTD

Name	Field of business	Place of business	Interest held
ROMGREEN UNIVERSAL LTD ¹⁾	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	17.59%
GREENTECH SA ²⁾	Recovery of sorted materials (NACE code 3832)	Buzau	17.59%
GREENFIBER INTERNATIONAL SA ²⁾	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%

¹⁾ 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.

²⁾ 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 RON	Fiscal year ended December 31, 2021 RON
Revenues from sale of finished products ¹	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
Total	381,985,677	341,319,435

¹ 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 RON	Fiscal year ended December 31, 2021 RON
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
Total	381,985,677	341,319,435



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

3. REVENUES (continued)

	SEGMENT : REVENUES		SEGMENT : PROFIT	
	Fiscal year ended December 31, 2022 RON	Fiscal year ended December 31, 2021 RON	Fiscal year ended December 31, 2022 RON	Fiscal year ended December 31, 2021 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
Total from operations	381,985,677	341,319,435	38,810,782	31,072,875
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
Profit inainte de impozitare	-	-	57,191,597	2,719,264

“**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)

		SEGMENT : ASSETS		SEGMENT : LIABILITIES	
		31-dec 2022	31-dec 2021	31-dec 2022	31-dec 2021
		RON	RON	RON	RON
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
Total Assets / Liabilities		344,111,530	301,810,412	174,431,279	162,890,246
		SEGMENT : DEPRECIATION		Segment of non-current assets additions *	
		31-dec 2022	31-dec 2021	31-dec 2022	31-dec 2021
		RON	RON	RON	RON
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
Total		14,538,409	14,897,799	4,893,758	4,439,132

* 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
	RON	RON
Income from lease of investment property	594,236	545,350
Income from subsidies	3,692,905	3,745,692
	4,287,141	4,291,042

5. RAW MATERIALS AND CONSUMABLES USED

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
	RON	RON
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
Total	263,732,961	235,396,370

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
	RON	RON
Salaries expenses	72,543,133	69,160,782
Social contributions	1,747,394	1,666,198
Meal tickets	3,970,536	2,919,349
	78,261,063	73,746,329

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>
Amortization/depreciation , out of which:	14,538,409	14,897,799
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 ¹	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 ²	2,625,646	730,707
Total	30,646,145	21,382,633

¹ 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.

² 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
Total	2,276,748	1,936,380

(*) 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)	-
Total	<u>(290,047)</u>	<u>(85,170)</u>

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
Total	<u>2,894,705</u>	<u>3,054,857</u>

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
Total expense (income) with income tax	<u>1,066,842</u>	<u>928,652</u>

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>
Gross profit	57,191,597	2,719,264
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)
Expense with income tax recognized in income statement	(1,066,842)	(928,652)
Components of deferred tax liabilities		
	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)
	-	-
Recognized deferred income tax liabilities	7,780,659	8,012,574
of which: deferred tax on revaluation reserves from comprehensive income	7,780,659	8,012,574
	Year ended December 31, 2022	Year ended December 31, 2021
	<i>RON</i>	<i>RON</i>
Opening balance as at January 1	8,012,574	7,857,468
(Expense) / Income during the year		
- movement from revaluation reserves	(273,332)	(21,017)
- recognized in income statement	41,417	176,123
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	7,780,659	8,012,574



(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
COST						
Balance as at January 1, 2022	44,784,188	23,511,706	183,827,727	907,477	2,800,045	255,831,143
Additions, of which:	-	3,376,956	3,274,441	136,327	5,187,258	11,974,982
- Transfers	-	1,482,990	3,274,441	114,419	-	4,871,851
- Revaluation	-	1,893,966	-	-	-	1,893,966
Disposals, of which:	1,158,326	5,270,976	4,149,172	7,080	3,592,572	14,178,126
- Transfers	-	-	-	-	4,871,851	4,871,851
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	1,158,326	5,217,502	-	-	-	6,375,828
Balance as at December 31, 2022	43,625,862	21,617,686	182,952,996	1,036,724	4,394,731	253,627,999

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
COST						
Balance as at January 1, 2021	45,780,054	22,940,657	181,277,855	921,344	3,191,939	254,111,849
Additions, of which:	257,863	913,322	3,181,652	86,295	3,616,491	8,055,623
- Transfers	-	931,219	2,990,871	86,295	-	4,008,385
- Revaluation	-	-	-	-	-	-
Disposals, of which:	1,253,731	342,273	631,777	100,161	4,008,384	6,336,327
- Transfers	-	-	-	-	4,008,385	4,008,385
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
Balance as at December 31, 2021	44,784,188	23,511,706	183,827,727	907,477	2,800,045	255,831,143



(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
ACUMULATED DEPRECIATION						
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	-	-	-	-	-	-
Balance as at December 31, 2022	36,537	1,984,951	125,920,582	613,338		128,555,408
IMPAIRMENT						
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
ACUMULATED DEPRECIATION						
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	-	-	-	-	-	-
Balance as at December 31, 2021	33,306	4,351,455	117,204,666	557,976	-	122,147,404
IMPAIRMENT						
Balance as at January 1, 2021	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2021	-	-	-	-	1,185,825	1,185,825
NET BOOK VALUE						
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

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

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 RON	December 31, 2021 RON
Balance at the beginning of the year	143,461	143,461
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143,461	143,461

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

16. OTHER INTANGIBLE ASSETS

	Licenses	Other intangible assets	Intangible assets in progress	Total
COST	RON	RON	RON	RON
Balance as at January 1, 2022	1,484,912	1,030,967	-	2,515,879
Additions	36,093	19,619	140,646	196,358
Disposals	269,816	-	-	269,816
Correction	205,131	(205,131)	-	-
Balance as at December 31, 2022	1,456,321	845,455	140,646	2,442,421
	Licenses	Other intangible assets	Intangible assets in progress	Total
COST	RON	RON	RON	RON
Balance as at January 1, 2021	1,437,062	976,205	-	2,413,267
Additions	69,517	54,762	-	124,279
Disposals	21,667	-	-	21,667
Balance as at December 31, 2021	1,484,912	1,030,967	-	2,515,879
	Licenses	Other intangible assets	Intangible assets in progress	Total
CUMULATED AMORTIZATION				
Balance as at January 1, 2022	1,475,043	742,370	-	2,217,413
Additions	118,779	46,945	-	165,724
Disposals	269,816	0	-	269,816
Correction	5,242	(5,242)	-	-
Balance as at December 31, 2022	1,329,248	784,073	-	2,113,321
BOOK NET VALUES				
Balance as at January 1, 2022	9,869	288,597	-	298,466
Balance as at December 31, 2022	127,072	61,382	140,646	329,100



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

17. OTHER FINANCIAL INVESTMENTS

Changes of investment regarding associates and financial assets

	December 31, 2022	December 31, 2021
	RON	RON
As at January 01	23,324,617	24,469,503
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
As at December 31	-	23,324,617

* 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

	December 31, 2022	December 31, 2021
	RON	RON
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)
Total	65,899,751	54,803,659

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

	December 31, 2022	December 31, 2021
	RON	RON
Trade receivables ¹	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
Total	60,979,526	53,054,234

¹ 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.

Changes of allowance for doubtful clients	Year ended December 31, 2022	Year ended December 31, 2021
	RON	RON
Balance at the beginning of the year	2,100,964	2,087,323
Receivables transferred to expenses during the year	-	-
Decrease of allowance recognized in profit and loss	(54,640)	13,642
Balance at the end of the year	2,046,324	2,100,964



(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	52,670,675

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	47,633,902



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

20. OTHER CURRENT FINANCIAL ASSETS

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

21. OTHER CURRENT NON - FINANCIAL ASSETS

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

22. CASH ON HAND AND AT BANKS

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

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



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

23. ASSETS HELD FOR SALE

The assets held for sale have the following geographical distribution:

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

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

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

	December31, 2022		December31, 2021	
	No. of shares	% Holding	No. of shares	% Holding
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%
Total	264,122,096	100%	264,122,096	100%

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

	December 31, 2022	December 31, 2021
	RON	RON
Balance at the beginning of the year	49,182,732	49,238,098
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
Balance at the end of the year	77,247,165	49,182,732

26. OTHER RESERVES

	December 31, 2022	December 31, 2021
	RON	RON
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)
Total	62,917,677	60,227,360

27. NON-CONTROLLING INTERESTS

	December 31, 2022	December 31, 2021
	RON	RON
Balance at the beginning of the year	915,581	909,941
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
Balance at the end of the year	920,916	915,581



(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	-	-	-	-
Total	74,737,029	67,635,179	4,044,764	7,623,547

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
Total		74,737,029	67,635,179

*The credit line contracted with UniCredit Bank SA has a ceiling of EUR 8,000,000, the borrowers are Romcarbon SA and Livingjumbo Industry SA. The limit that can be used by Livingjumbo Industry SA is EUR 2,550,000.



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

28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	31-dec-22	31-dec-21
		RON	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
Total		4,044,764	7,623,547

29. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2022	December 31, 2021
	RON	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) ¹	17,239,540	1,619,388
Miscellaneous payable	-	-
Total	63,161,506	55,224,665

¹ 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	December 31, 2021	December 31, 2022	December 31, 2021
	RON	RON	RON	RON
Subsidies	3,600,219	3,745,692	13,384,594	16,015,575
Other liabilities	6,293,491	3,973,391	-	-
Total	9,893,710	7,719,083	13,384,594	16,015,575



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

30. OTHER NON-FINANCIAL LIABILITIES (continued) DEFERRED INCOME

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

(b) 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
2022	RON	RON	RON	RON
ASSETS				
Cash and cash equivalents	66,005,701	256,117	7,607,243	73,869,061
Receivables and other current assets	13,285,565	-	47,693,961	60,979,526
Other current financial assets	-	-	263,414	263,414
Other current non-financial assets	130,362	-	4,666,325	4,796,687
LIABILITIES				
Trade and other liabilities	17,627,848	2,056	45,531,601	63,161,505
Short and long-term borrowings	74,097,100	-	4,684,692	78,781,793
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	9,893,501	9,893,710
	EUR 1 EUR = 4,9481 lei	USD 1 USD = 4,3707 lei	Leu 1 lei	31 Decembrie 2021 Total
2021	RON	RON	RON	RON
ASSETS				
Cash and cash equivalents	2,728,892	1,421,134	13,446,868	17,596,893
Receivables and other current assets	14,005,125	-	39,049,109	53,054,234
Other current financial assets	-	-	617,902	617,902
Other current non-financial assets	130,362	-	4,491,190	4,621,551
LIABILITIES				
Trade and other liabilities	16,091,168	15,882	39,117,615	55,224,664
Short and long-term borrowings	62,205,375	-	13,053,351	75,258,726
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	7,718,875	7,719,083



(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
LOSS	(1,204,947)	(6,002,712)

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

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

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

Shareholder borrowings	Year ended December 31, 2022	Year ended December 31, 2021
	RON	RON
WU HUI TZU (Livingjumbo Industry SA)	18,417	18,417
WINPACK INDUSTRY (Eco Pack Management SA)	255,647	242,287
Total	274,064	260,704



(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
TOTAL	6,129,131	7,513,006	1,842,153	2,123,608	269,229	6,692	292,723	263,731

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 202: 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 antecontract 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
ROMGREEN UNIVERSAL LTD CIPRU	17.5879%	17.5879%
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, 3rd floor, Nicosia, Cyprus.

The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

RC ENERGO INSTALL S.R.L. is a company established in 2005, with a share capital of lei 2,000, fully owned by 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
Profit from Green-Group share transactions after adjustment	-	45,784,358	45,784,358
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
Total	1,790,612	56,124,755	54,334,143



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	
EBITDA Operational	12,374,754	13,987,049	15,025,300	1,038,251	7%
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%
Net Profit/Loss	869,104	(1,447,458)	51,471,690	52,919,148	n/a

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	
EBITDA Operational	5,055,294	2,349,885	8,164,661	▲	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)
Net Profit/Loss	538,251	(2,319,221)	3,477,122	▲	5,796,343



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	PLASTIC PROCESSING SECTOR : POLYETHYLENE						
	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	
	PLASTIC PROCESSING SECTOR : POLYSTYRENE						
	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%	
	PLASTIC PROCESSING SECTOR : POLYPROPYLENE						
	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%	
	RECYCLED POLYMERS & COMPOUNDS						
	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%	
	OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS						
	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	PLASTIC PROCESSING SECTOR : POLYPROPYLENE						
	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%	
	PLASTIC PROCESSING SECTOR : PET						
	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.



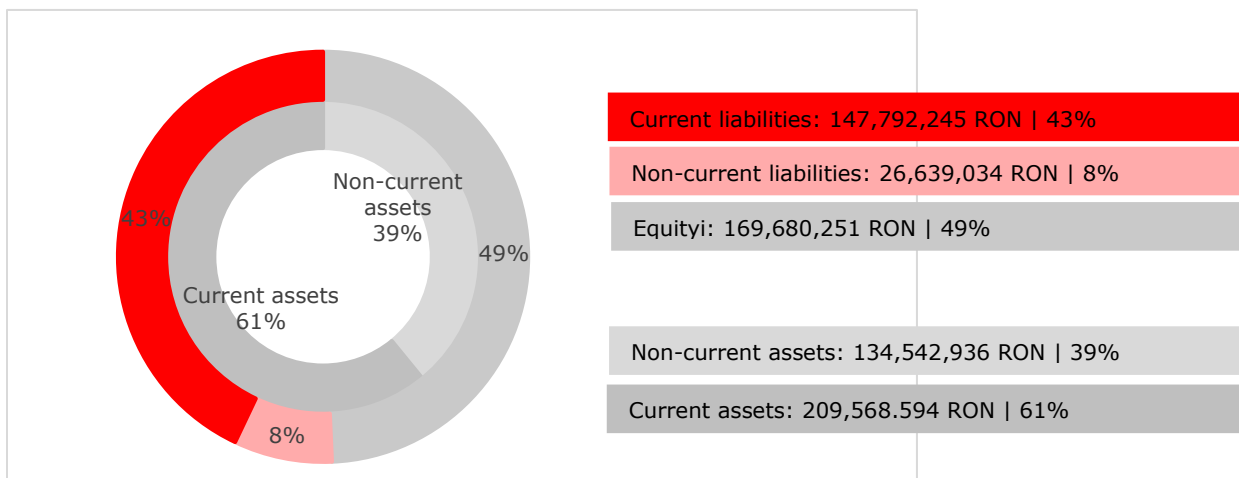
FINANCIAL STATEMENTS

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!
Total non-current assets	181,875,186	167,356,018	134,542,936	32,813,082	▼ -19.61%
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%
Total current assets	97,641,045	134,454,393	209,568,594	75,114,201	▲ 55.87%
ASSETS	279,516,232	301,810,411	344,111,530	42,301,119	▲ 14.02%
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%
Total equity	139,711,610	138,920,166	169,680,251	30,760,085	▲ 22.14%
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%
Total non-current liabilities	45,916,875	32,311,319	26,639,034	-5,672,285	▼ -17.56%
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%
Total current liabilities	93,887,747	130,578,927	147,792,245	17,213,318	▲ 13.18%
Total liabilities	139,804,622	162,890,245	174,431,279	11,541,034	▲ 7.09%
TOTAL EQUITY AND LIABILITIES	279,516,232	301,810,411	344,111,530	42,301,119	▲ 14.02%



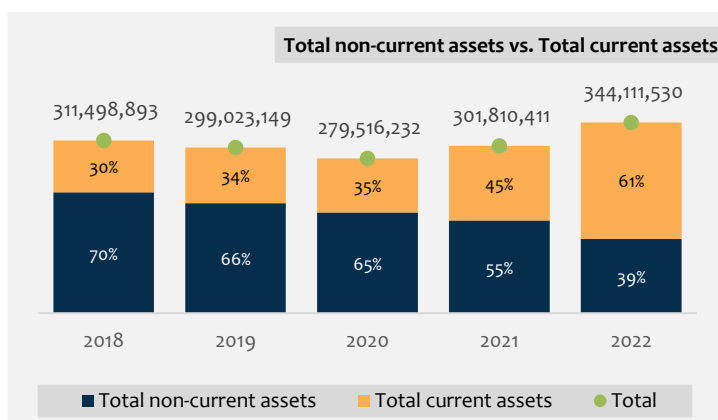
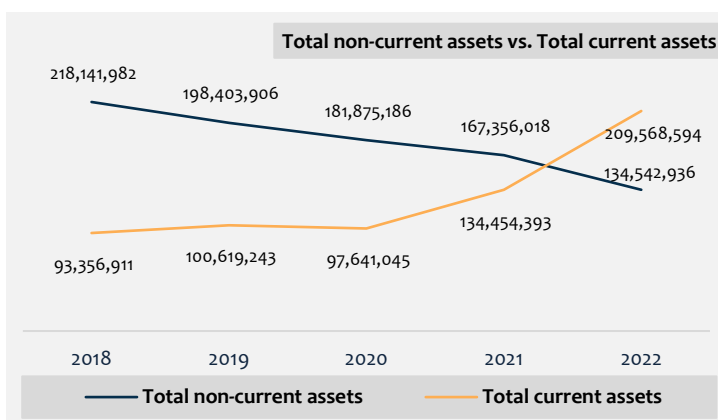
STRUCTURE OF THE FINANCIAL POSITION AS AT 31.12.2022



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
Grinfild 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)
Total	134,542,936	209,568,594	26,639,034	147,792,245

ASSETS

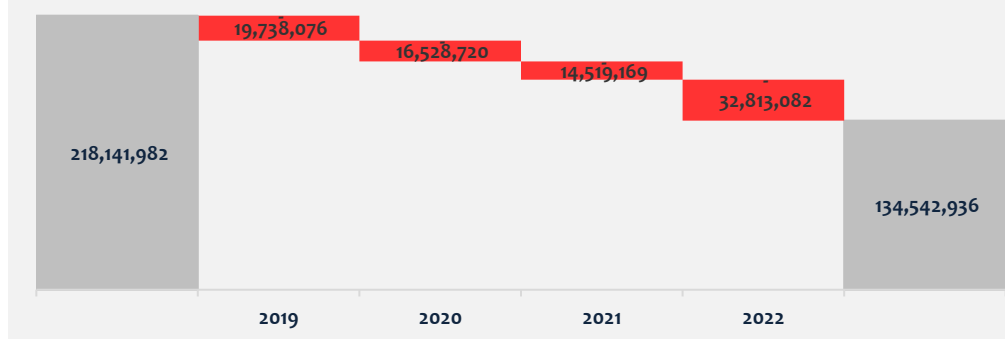




NON-CURRENT ASSETS

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.

Evolution of the item Total non-current assets in the period 2018-2022

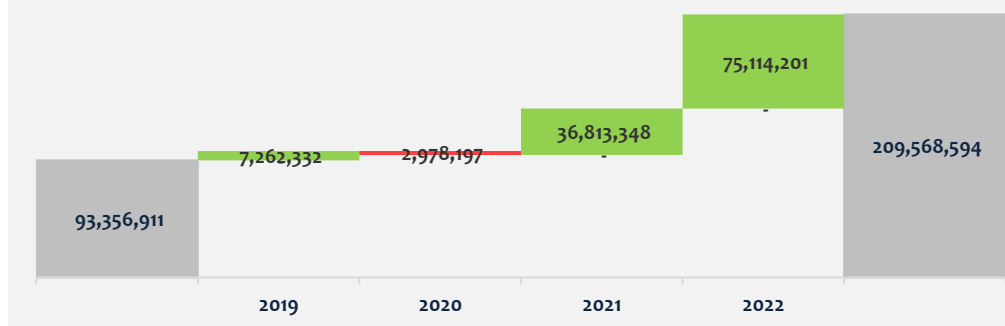


Non-current assets (lei)	31/12/2022	% in total NCA	% in total Assets	2022 vs. 2021
Property, plant and equipment	123,886,765	92.08%	36.00%	-6.50%
Investment property	9,883,738	7.35%	2.87%	-9.28%
Goodwill	143,461	0.11%	0.04%	0.00%
Intangible assets other than goodwill	329,100	0.24%	0.10%	10.26%
Investments 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
Total non-current assets	134,542,936	100.00%	39.10%	-19.61%

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.

Evolution of the item Total current assets in the period 2018-2022

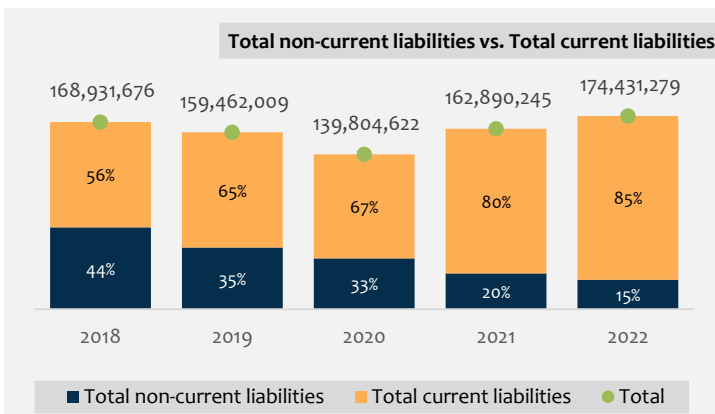
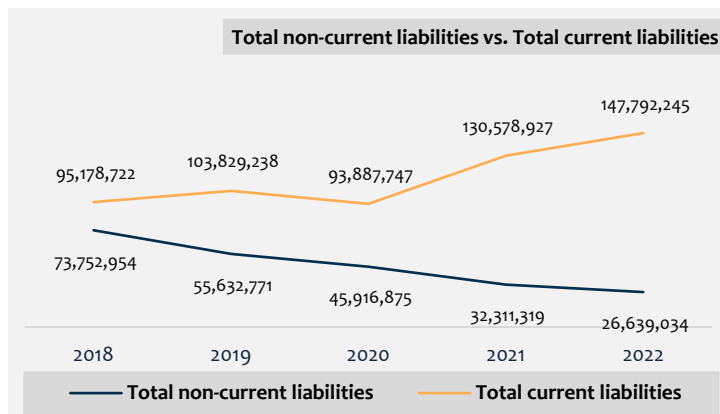


Current assets (lei)	31/12/2022	% in total CA	% in Total Assets	2022 vs. 2021
Current inventories	65,899,751	31.45%	19.15%	20.25%
Trade and other current receivables	60,979,526	29.10%	17.72%	14.94%
Other current financial assets	263,414	0.13%	0.08%	-57.37%
Other current non-financial assets	4,796,687	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%
Total current assets	209,568,594	100.00%	60.90%	55.87%

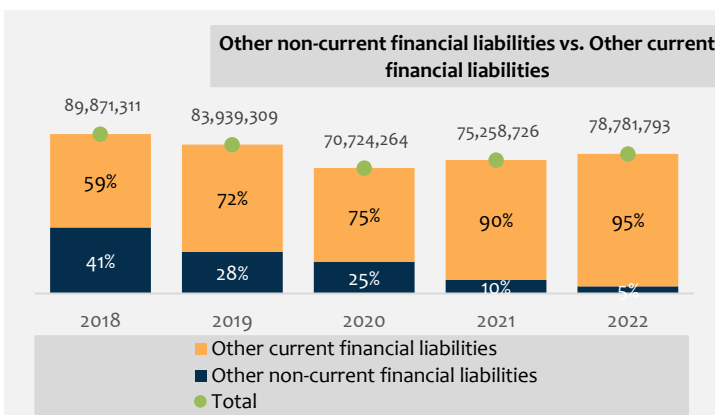
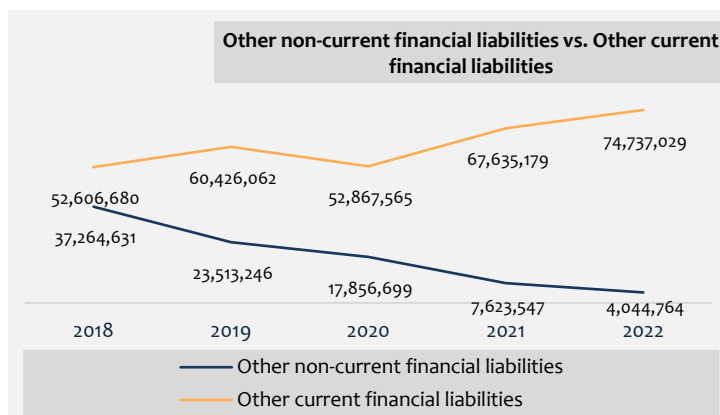


LIABILITIES

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

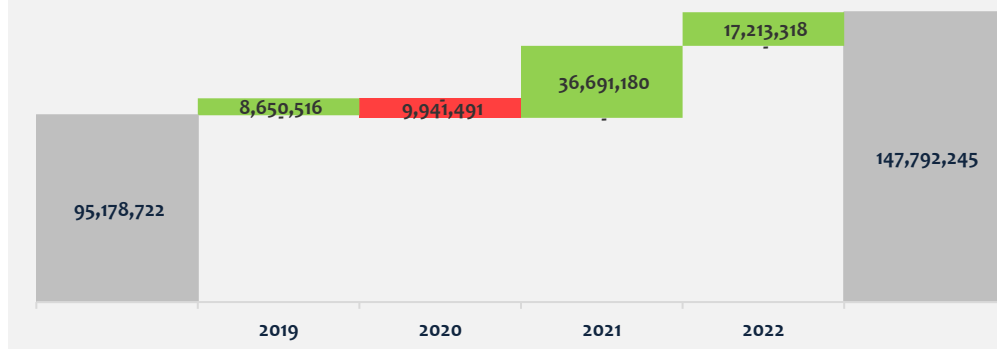
Company	2021	2022	2022 vs 2021
Romcarbon, total, out of which:	50,877,784	49,904,456	(973,329)
< 12 months	46,860,194	45,859,692	(1,000,502)
> 12 months	4,017,591	4,044,764	27,173
LivingJumbo Industry, total, out of which:	20,111,839	28,189,837	8,077,998
< 12 months	17,193,383	28,189,837	10,996,454
>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

Evolution of the item Total current liabilities in the period 2018-2022

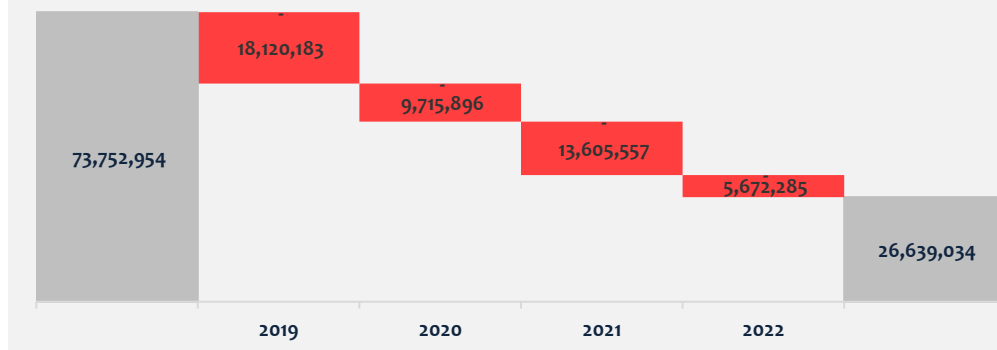


Current liabilities (lei)	31/12/2022	% in total liabilities	% in Total Current liabilities	% in Total Equity and liabilities	2022 vs 2021
Trade and other current payables	63,161,506	36.21%	42.74%	18.35%	14.37%
Other current financial liabilities	74,737,029	42.85%	50.57%	21.72%	10.50%
Other current non-financial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

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.

Evolution of the item Total non-current liabilities in the period 2018-2022



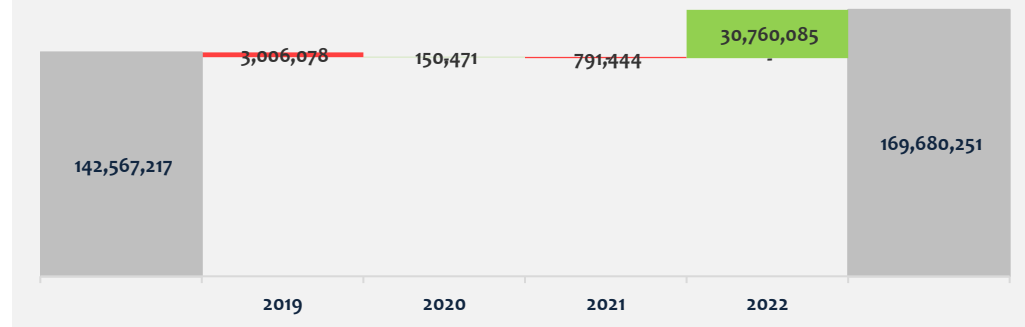
Non-current liabilities (lei)	31/12/2022	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	2022 vs 2021
Other non-current provisions	1,429,017	0.82%	5.36%	0.42%	116.64%
Deferred tax liabilities	7,780,659	4.46%	29.21%	2.26%	-2.89%
Other non-current financial liabilities	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%
Total non-current liabilities	26,639,034	15.27%	100.00%	7.74%	-17.56%



**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.

Evolution of the item Total equity in the period 2018-2022



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%
Equity attributable to equity holders of the parent	168,759,335	22.29%
Non-controlling interests	920,916	0.58%
Total equity	169,680,251	22.14%



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%
Profit (loss) from operating activities	6,084,741	6,833,937	12,867,795	▲	6,033,858	88%
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%
Profit / (loss) before tax	183,684	2,719,265	57,191,597	▲	54,472,332	2003%
Tax income (expense)	(267,650)	(928,652)	(1,066,842)	▲	(138,190)	15%
Profit (loss) of the year, attributable to	(83,966)	1,790,612	56,124,755	▲	54,334,143	3034%
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%
Profit (loss) from continuing operations	(83,966)	1,790,612	56,124,755	▲	54,334,143	3034%
Differences from foreign operations	12,170	115	-	▼	(115)	-100%
Loss/gain from revaluation of fixed assets	-	-	745,264	▲	745,264	n/a
Deferred profit tax allocated to the comprehensive income	289,186	21,017	273,332	▲	252,315	1201%
Comprehensive income of the year, attributable to:	217,390	1,811,744	56,398,087	▲	54,586,343	3013%
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	
EBITDA OPERATIONAL	17,752,992	16,824,568	24,700,499	▲	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%
NET PROFIT	(83,966)	1,790,611	56,124,755	▲	54,334,144	3034%

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
Profit (loss) from operating activities	3,794,535	5,760,395	3,378,683	(65,818)	2,715,015	2,533,312	1,809,917	(1,024,386)
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
Profit / (loss) before tax	4,848,934	6,387,265	3,444,781	42,510,617	4,115,503	2,068,861	2,065,871	46,222,098
Tax income (expense)	(377,230)	(529,285)	(367,291)	206,964	(245,969)	(112,068)	(161,206)	381,053
Profit (loss) of the year, attributable to	4,471,704	5,857,980	3,077,490	42,717,581	3,869,534	1,956,793	1,904,665	46,603,151
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
Profit (loss) from continuing operations	4,471,704	5,857,980	3,077,490	42,717,581	3,869,534	1,956,793	1,904,665	46,603,151
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
Comprehensive income of the year, attributable to:	4,471,702	5,857,978	3,077,494	42,990,913	3,869,450	1,956,788	1,904,640	46,855,465
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
EBITDA OPERATIONAL	6,572,211	8,368,149	5,897,359	3,862,780	2,670,226	2,444,140	1,620,241	1,141,324



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%
Total, out of which:	300,396,032	100%	410,935,625	100%	444,995,067	100%	8.29%
Within the Group	43,567,674	15%	69,616,189	17%	63,009,389	14%	-9.49%
Outside of the Group	256,828,358	85%	341,319,436	83%	381,985,677	86%	11.91%

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%
Total	256,828,358	100%	341,319,436	100%	381,985,677	100%	11.91%

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)
Net increase in cash and cash equivalents	10,855,461	(3,107,739)	56,272,168
Cash and cash equivalents at the beginning of the year	9,849,170	20,704,632	17,596,893
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
Cash and cash equivalents at the end of the period	20,704,631	17,596,893	73,869,061



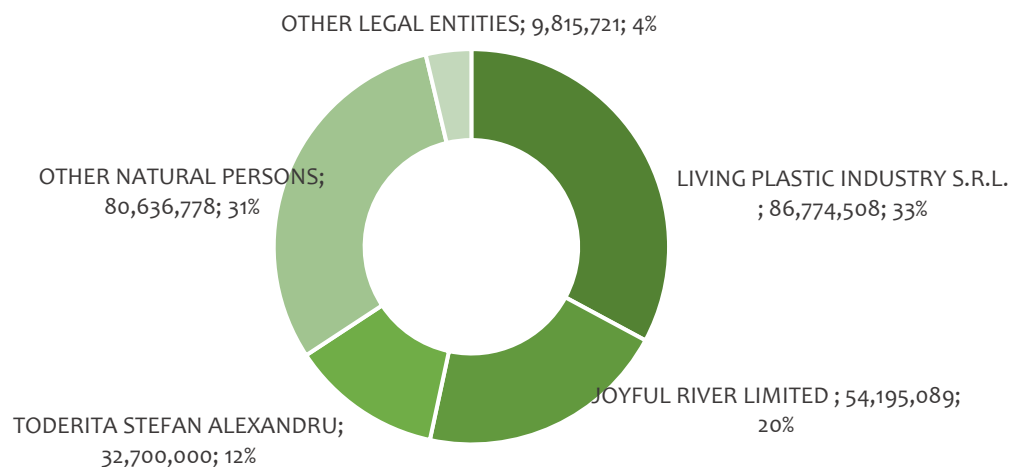


E.) FINANCIAL RATIOS

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



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