

ROMCARBON S.A. AND SUBSIDIARIES

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**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, 2023 RON	Year ended December 31, 2022 RON
Revenue from Contracts with Customers	3	304,683,985	381,985,677
Other income	4	4,103,607	4,287,141
Increase (decrease) in inventories of finished goods and work in progress		2,516,172	11,496,807
Raw materials and consumables used	5	(191,297,563)	(263,732,961)
Employee benefits expense	6	(84,574,383)	(78,261,063)
Depreciation and amortisation expenses	7	(14,320,887)	(14,538,409)
Other expenses	8	(27,713,730)	(30,646,145)
Other gains (losses)	9	5,068,419	2,276,748
Profit (loss) from operating activities		(1,534,380)	12,867,795
Finance income	10	944,878	290,047
Finance costs	11	(4,303,354)	(2,894,705)
Net gain/(loss) on disposal of financial investments		0	44,525,895
Share of profit (loss) of associates and joint ventures accounted for using equity method		0	2,402,565
Profit (loss) before tax		(4,892,856)	57,191,597
Tax income (expense)	12	(242,991)	(1,066,842)
Profit (loss) from continuing operations		(5,135,847)	56,124,755
Profit (loss) from discontinued operations		0	0
Profit (loss) for the year		(5,135,847)	56,124,755
Attributable to:			
Equity holders of the parent		(5,128,782)	56,119,419
Non controlling interests		(7,065)	5,336

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, 2023 RON	Year ended December 31, 2022 RON
	(5,135,847)	56,124,755
Profit (loss)		
Components of other comprehensive income that will not be reclassified to profit or loss, before tax		
Other comprehensive income, before tax, gains (losses) on revaluation	0	745,264
Total OCI that will not be reclassified to profit or loss, before tax	0	745,264
Components of other comprehensive income that will be reclassified to profit or loss, before tax		
Gains (losses) on exchange differences on translation, before tax	64,719	0
Total OCI that will be reclassified to profit or loss, before tax	64,719	0
Total other comprehensive income, before tax	64,719	745,264
Income tax relating to changes in revaluation surplus included in other comprehensive income	12 485,482	273,332
Total other comprehensive income	550,201	1,018,596
Total comprehensive income	(4,585,646)	57,143,351
Comprehensive income attributable to		
Comprehensive income, attributable to owners of parent	(4,578,581)	57,138,015
Comprehensive income, attributable to non-controlling interests	(7,065)	5,336

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 26, 2024.

PREPARED BY,

For signatures, please refer to the original Romanian version.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ROMCARBON SA

	Not e	December 31, 2023	December 31, 2022
		RON	RON
ASSETS			
Non-current assets			
Property, plant and equipment	13	122,672,069	123,886,765
Investment property	14	10,857,912	9,883,738
Goodwill	15	143,461	143,461
Intangible assets other than goodwill	16	802,899	329,100
Investments accounted for using equity method	17	0	0
Investments in subsidiaries, joint ventures and associates		297,974	297,974
Other financial non-current assets		0	1,898
Total non-current assets		134,774,315	134,542,936
Current assets			
Current inventories	18	59,716,567	65,899,751
Trade and other current receivables	19	60,437,183	60,979,526
Other current financial assets	20	2,833,298	263,414
Other current non-financial assets	21	1,093,312	4,796,687
Cash and cash equivalents	22	33,716,158	73,869,061
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		157,796,518	205,808,439
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	23	0	3,760,155
Total current assets		157,796,518	209,568,594
TOTAL ASSETS		292,570,833	344,111,530
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	52,824,419	26,412,210
Retained earnings	25	30,821,626	77,247,165
Share premium		2,182,283	2,182,283
Other reserves	26	65,302,625	62,917,677
Total equity attributable to owners of parent		151,130,953	168,759,335
Non-controlling interests	27	913,851	920,916
Total equity		152,044,804	169,680,251
Non-current liabilities			
Other non-current provisions		1,803,188	1,429,017
Total non-current provisions		1,803,188	1,429,017
Deferred tax liabilities		7,477,700	7,780,659
Other non-current financial liabilities	28	7,409,934	4,044,764
Other non-current non-financial liabilities	30	9,784,375	13,384,594
Total non-current liabilities		26,475,197	26,639,034
Current liabilities			
Trade and other current payables	29	39,045,876	63,161,506
Other current financial liabilities	28	65,128,044	74,737,029
Other current non-financial liabilities	30	9,876,912	9,893,710
Total current liabilities other than liabilities included in disposal groups classified as held for sale		114,050,832	147,792,245
Liabilities included in disposal groups classified as held for sale		0	0
Total current liabilities		114,050,832	147,792,245
Total liabilities		140,526,029	174,431,279
Total equity and liabilities		292,570,833	344,111,530

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

ROMCARBON SA

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

2023	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	39,201,199	24,778,341	(1,061,863)	77,247,165	168,759,335	920,916	169,680,251
Profit (loss)	0	0	0	0	0	(5,128,782)	(5,128,782)	(7,065)	(5,135,847)
Other comprehensive income	0	0	485,482	0	64,719	0	550,201	0	550,201
Total comprehensive income	0	0	485,482	0	64,719	(5,128,782)	(4,578,581)	(7,065)	(4,585,646)
Issue of equity	26,412,209	0	0	0	0	(26,412,209)	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	(13,206,105)	(13,206,105)	0	(13,206,105)
Increase (decrease) through other changes, equity	0	0	(1,476,884)	3,313,809	(2,178)	(1,678,443)	156,304	0	156,304
Equity at end of period	52,824,419	2,182,283	38,209,797	28,092,150	(999,322)	30,821,626	151,130,953	913,851	152,044,804

The resolution of the General Meeting of Shareholders of 27.04.2023 approved the dividend allocation in amount of Lei 13,206,104.80. The amount, less the dividend tax, was transferred to the Central Depository in order to pay the dividends owed to the shareholders.

On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.

In 2023 the dividend per share was in amount of 0.05 lei/share (2022: 0.10 lei /share).

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

ROMCARBON SA

(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 amount, less the dividend tax, was transferred to the Central Depository in order to pay the dividends owed to the 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 7,471,865 was transferred to the Central Depository to partial pay dividends owed to shareholders. The remaining amount was transferred to the Central Depository at the beginning of January 2023.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ROMCARBON SA

	31-dec-23	31-dec-22
Cash flows from (used in) operating activities		
Profit (loss)	(5,135,847)	56,124,755
Adjustments to reconcile profit (loss)		
Adjustments for income tax expense	242,991	1,066,842
Interest expenses and bank fees	3,620,436	2,810,679
(Gain) / Loss on sale or disposal of fixed assets	(9,603)	(915,742)
(Gain) / Loss on sale or disposal of investment property	0	(1,191,307)
(Gain) / Loss on sale or disposal of assets held for sale	(3,992,451)	0
(Gain) / Loss on sale or disposal of financial investments	0	(44,525,895)
Production of the immobilization	(873,355)	(1,880,995)
Interest income	(886,996)	(218,712)
Loss on impairment of stocks	451,898	151,615
Loss on impairment of trade receivables	(404,004)	(54,640)
Loss on time-barred receivables	790,821	54,270
Amortization / Depreciation of non-current assets	14,320,887	14,538,409
Net (gain) / loss on foreign exchange	633,143	(71,335)
(Gain) / Loss on revaluation of fixed assets	0	1,370,104
(Gain) / Loss on revaluation of investment property	(974,174)	(170,996)
(Gain) / Loss on share of profit of associates	0	(2,402,565)
Increase / Decrease in provisions	374,171	769,394
Increases /(decreases) in subsidies	(3,600,219)	(3,692,905)
Movement in working capital		
(Increase) / Decrease in trade and other receivables	(573,073)	(8,802,444)
(Increase) / Decrease in inventories	5,731,286	(11,193,067)
(Increase) / Decrease in other assets	3,664,955	177,455
Increase / (Decrease) in trade and other payables	(8,370,281)	7,936,850
Increase / (Decrease) in other payables	(521,956)	(12,762,862)
Total adjustments to reconcile profit (loss)	9,624,476	(59,007,847)
Interest paid	(3,121,846)	(2,364,092)
Income taxes refund (paid)	(40,792)	(1,044,691)
Bank commissions paid	(498,589)	(446,587)
Net cash flows from (used in) operating activities	827,402	(6,738,462)
Cash flows from (used in) investing activities		
Payments for property, plant and equipment	(11,406,931)	(4,346,068)
Payments for intangible assets	(597,591)	(154,390)
Proceeds from disposal of property, plant and equipment	14,000	915,736
Payments for short-term financial investment	(2,529,566)	0
Proceeds from disposal of assets held for sale	7,752,606	0
Proceeds from subsidiaries	0	912,179
Proceeds from selling the financial investments	0	70,253,078
Proceeds from sale of investment property	0	2,373,151
Interest received	886,988	218,702
Net cash flows from (used in) investing activities	(5,880,494)	70,172,388
Cash flows from (used in) financing activities		
Proceeds from borrowing	11,400,105	14,609,909
Repayment of borrowing	(17,548,464)	(11,104,805)
Dividends paid	(28,951,452)	(10,666,862)
Net cash flows from (used in) financing activities	(35,099,811)	(7,161,758)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(40,152,903)	56,272,168
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(40,152,903)	56,272,168
Cash and cash equivalents at beginning of period	73,869,061	17,596,893
Cash and cash equivalents at end of period	33,716,158	73,869,061

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1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Romania and the address in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. Country of incorporation is Romania. As at December 31, 2023 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 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, 2023 the parent company was holding directly or through other subsidiaries, participating interest in the following entities, forming ROMCARBON GROUP („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-23	31-dec-22
				RON	RON
RECYPLAT LTD CYPRUS ¹⁾	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	100.00%	113,154	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
LIVINGJUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222)	Buzau	99.86%	6,477,632	6,477,632
GRINFILD LTD ²⁾	Activity is wholesale	Odessa	62.62%	2,687,755	2,687,755
GRINRUH LTD ²⁾	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)	Bucuresti	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 ³⁾	Manufacture of products beneficial to human health	Taiwan	4.81%	203,963	203,963
Registrul Miorita SA ³⁾	Other financial service activities, except insurance and pension funding n.e.c.(NACE code 6499)	Cluj	3.79%	5,000	5,000
NGO "Viitorul in cepe azi" ³⁾		Buzau	14.29%	1,000	1,000

¹⁾ On 07.06.2023, the amount of EUR 4,648,100 was collected from Recyplat LTD, resulting from the operation of reducing the share capital with a number of 10,000 ordinary shares with a value of EUR 1.00 per share, issued with a premium of issue, thus the issue premium account of Recyplat Limited, being reduced from EUR 4,648,100 to EUR 0.00.

²⁾ The company ceased its activity in 2012.

³⁾ Entity associated with the group.

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

1. GENERAL INFORMATION (continued)

Indirect holdings through Recyplat LTD until December 30, 2022

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 POLICIES

Statement of compliance

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. December 31, 2023 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, 2023, the Group's current assets exceed current liabilities by 43,745,686 RON. In 2023, the Group recorded a loss of - 5,135,847 RON (2022: 56,124,755 RON) and a cash flows of - 40,152,903 RON, out of which from Operating activities 827,402 RON, from investing activities (5.880.494) RON, and from financing activities (35.099.811) RON (2022: 56.272.168 RON, out of which from Operating activities (6.738.461) RON, from investing activities 70.172.387 RON, and from financing activities (7.161.758) RON).

Based on the budgets of the companies in the Group proposed for the year 2024 and the positive growth trend recorded in the last months of 2023, 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)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IFRS 17	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

* exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024

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

2. MAIN ACCOUNTING POLICY (continued)

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at 31 December 2023:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 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 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS

- **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 16 "Leases" - Lease Liability in a Sale and Leaseback** issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

2. MAIN ACCOUNTING POLICY (continued)

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS (continued)

- **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” - 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 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.
- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **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 12 “Income Taxes” - International Tax Reform – Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **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.
- **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.

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

2. MAIN ACCOUNTING POLICY (continued)

Revenue recognition

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

IFRS 15 "Revenue from contracts with customers"

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

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

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

Sale of goods

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

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

Dividend and interest income

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

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.

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

2. MAIN ACCOUNTING POLICY (continued)

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, 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
-	December 31, 2023:	4.4958 LEI/USD	and	4.9746 LEI/EUR

Costs related to long-term borrowings

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

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

Government subsidies

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

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

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.

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

2. MAIN ACCOUNTING POLICY (continued)

Taxation (continued)

Provisions for taxes

As at December 31, 2023 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 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.

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

2. MAIN ACCOUNTING POLICY (continued)

Property, plant and equipment

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

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

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

The buildings' depreciation is charged to the income statement.

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

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

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

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

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

The following useful lives are used in the depreciation calculation:

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

(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 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 previously 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.

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

2. MAIN ACCOUNTING POLICY (continued)

Impairment of financial assets (continued)

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.

Derecognition of financial assets and liabilities

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

The Group derecognizes financial 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 (extruded polystyrene trays - standard, 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.

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

2. MAIN ACCOUNTING POLICY (continued)

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 FROM CONTRACTS WITH CUSTOMERS

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

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Revenues from sale of finished products ¹	249,100,439	313,728,863
Revenues from sale of commodities	32,316,563	37,641,933
Revenues from services delivered	4,167,180	3,141,708
Other revenues (revenues from sale of semi-finished goods, residual goods, other income)	19,099,803	27,473,173
Total	304,683,985	381,985,677
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
Segment reporting	RON	RON
Sales on domestic market (Romania)	220,329,430	267,602,809
Sales on foreign market (Europe)	84,026,942	114,235,017
Others (China, Israel, Turkey)	327,612	147,851
Total	304,683,985	381,985,677

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

3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

	SEGMENT : REVENUES		SEGMENT : PROFIT	
	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Plastics processing	221,742,967	288,065,682	21,059,225	28,189,525
Regenerated polymers & Compounds	39,128,957	51,224,339	(2,544,318)	5,925,723
Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC. etc)	6,388,942	9,569,410	1,000,677	3,039,222
Revenues from sale of goods, sale of utilities, provision of services, other revenues	37,423,119	33,126,246	1,871,156	1,656,312
Total from operations	304,683,985	381,985,677	21,386,740	38,810,782
Other income			4,103,607	4,287,141
Other gains and losses, salaries and administrative expenses			(27,024,727)	(27,827,563)
Finance expenses			(6,706,016)	(2,894,705)
Net gain/(loss) on disposal of financial investments			-	44,525,895
Finance income			3,347,540	290,047
Profit before taxation			(4,892,856)	57,191,597

“**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 (extruded polystyrene trays, extruded 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 FROM CONTRACTS WITH CUSTOMERS (continued)

		SEGMENT : ASSETS		SEGMENT : LIABILITIES	
		31-dec 2023	31-dec 2022	31-dec 2023	31-dec 2022
		RON	RON	RON	RON
	Segment Assets and Liabilities				
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	130,656,168	115,217,017	86,328,534	92,928,865
Romcarbon	Regenerated polymers & Compounds	62,507,285	48,745,757	15,486,466	18,647,978
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	6,507,893	5,307,606	1,856,108	2,699,423
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	92,899,487	174,841,151	36,854,921	60,155,014
	Total Assets / Liabilities	292,570,833	344,111,530	140,526,029	174,431,279
		SEGMENT : DEPRECIATION		Segment of non-current assets additions *	
		31-dec 2023	31-dec 2022	31-dec 2023	31-dec 2022
		RON	RON	RON	RON
	Segment Depreciation and Non-current assets additions				
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	7,697,800	7,556,484	5,952,736	2,293,951
Romcarbon	Regenerated polymers & Compounds	5,128,315	5,615,091	1,947,399	22,554
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	325,239	312,537	-	73,102
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	1,169,533	1,054,298	1,368,055	2,504,151
	Total	14,320,887	14,538,409	9,268,190	4,893,758

* 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 6% (4% in 2022) of the Group's sale.

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

4. OTHER INCOME

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Income from lease of investment property	503,388	594,236
Income from subsidies	3,600,219	3,692,905
Total	<u>4,103,607</u>	<u>4,287,141</u>

5. RAW MATERIALS AND CONSUMABLES USED

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Raw materials	124,614,636	189,658,392
Commodities sold	13,928,036	12,796,779
Energy expenses	29,555,451	33,683,638
Goods sold	21,197,025	25,098,983
Packaging cost	2,002,415	2,495,169
Total	<u>191,297,563</u>	<u>263,732,961</u>

6. EMPLOYEE BENEFITS EXPENSES

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Salaries expenses	78,086,785	72,543,133
Social contributions	1,844,704	1,747,394
Meal tickets	4,642,894	3,970,536
Total	<u>84,574,383</u>	<u>78,261,063</u>

The increase in salary expenses is mainly due to the increase of the minimum wage in the economy in 2023 compared with 2022 and the value of the meal tickets offered to the employees.

7. DEPRECIATION AND AMORTIZATION EXPENSES

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Amortization/depreciation , out of which:	<u>14,320,887</u>	<u>14,538,409</u>
Depreciation of property, plant and equipment (Note 13)	14,152,270	14,372,685
Amortization of intangible assets (Note 16)	168,616	165,724

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

8. OTHER EXPENSES

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Expenses with repairs	1,177,926	1,218,415
Expenses with rents	857,033	4,721,072
Expenses with insurance premiums	650,417	622,788
Research expenses	-	1,000
Other expenses with commissions	137,542	265,387
Protocol, advertising and publicity expenses	206,229	193,268
Transport	7,108,545	8,016,868
Expenses with travels	299,466	178,340
Expenses with postal charges and telecommunications	168,914	172,006
Expenses with third party services ¹	13,690,918	10,895,191
Other taxes and levies	1,825,611	1,640,436
Losses on receivables and sundry debtors	790,821	54,270
Expenses with indemnifications, fines and penalties	62,379	41,459
Other expenses ²	737,929	2,625,646
Total	27,713,730	30,646,145

¹ The indicator "Expenses with third party services" includes the cost of financial audit services performed by Deloitte Audit SRL. For the year 2023, the cost of financial audit services, according to the contract, was 83,600 Euros (2022: 79,700 Euros).

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, 2023	Fiscal year ended December 31, 2022
	RON	RON
Compensations, fines and penalties income	12,750	51,586
Gain/(loss) on disposal of property, plant and equipment	4,002,054	915,742
Gains / Losses on fair value adjustments related to investment property *	974,174	170,996
Gains / (Losses) from disposal of investment property	-	1,191,307
Net income / (expense) from provisions	(47,894)	(96,975)
Other losses	-	(128,583)
Other gains	127,335	172,675
Total	5,068,419	2,276,748

(**)On December 31, 2023, the Group revalued the investment properties held at the end of the financial year, resulting in an increase in the net value of Lei 974,174 (2021 : Lei 170,996), an amount that was recorded in the Profit of the year - see note 14.

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

10. FINANCE INCOME

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Interests	(886,996)	(218,712)
Income from short-term financial investments	(57,882)	-
Net foreign exchange gain	-	(71,335)
Total	<u>(944,878)</u>	<u>(290,047)</u>

11. FINANCE COST

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Interest expense*	3,121,845	2,364,092
Net foreign exchange losses	633,143	-
Bank commissions and assimilated charges	498,590	446,587
Discounts allowed	49,775	84,027
Total	<u>4,303,354</u>	<u>2,894,705</u>

* The interest expense increased in 2023 as a result of the increase in the reference rates, Euribor and Robor, and withdrawals from investment loans.

12. INCOME TAX (EXPENSES)

Income tax expenses

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<u>RON</u>	<u>RON</u>
Current income tax expense	60,468	1,025,425
Deferred tax income expense / (income)	182,523	41,417
Total expense (income) with income tax	<u>242,991</u>	<u>1,066,842</u>

The tax rate applied for the reconciliation above related to 2023 and 2022 is 16% and is due by all Romanian legal entities.

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

12. INCOME TAX (EXPENSES) (continued)

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

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<i>RON</i>	<i>RON</i>
Gross profit	(4,892,856)	57,191,597
Tax calculated according to the 16% rate	(631,571)	9,150,656
Effect of non-taxable income	158,725	(9,667,766)
Sponsorship deductions	-	
Exemption of reinvested profit	571,261	318,914
Tax loss from previous years	-	
Effect of deferred tax	(182,523)	41,417
Effect of non-deductible expenses	(158,883)	(910,062)
Expense with income tax recognized in income statement	(242,991)	(1,066,842)
Components of deferred tax liabilities		
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<i>RON</i>	<i>RON</i>
Property, plant and equipment	7,473,276	7,314,812
Investment property	426,586	872,343
Inventories	(295,725)	(274,549)
Trade and other receivables	(126,436)	(131,947)
	-	-
Recognized deferred income tax liabilities	7,477,700	7,780,659
of which: deferred tax on revaluation reserves from comprehensive income	7,477,700	7,780,659
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	<i>RON</i>	<i>RON</i>
Opening balance as at January 1	7,780,659	8,012,574
(Expense) / Income during the year		
- movement from revaluation reserves	(485,482)	(273,332)
- recognized in income statement	182,523	41,417
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	7,477,700	7,780,659

(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, 2023	43,625,862	21,617,686	182,952,996	1,036,724	4,394,731	253,627,999
Additions, of which:	-	1,896,208	7,291,559	80,423	13,988,059	23,256,249
- Transfers	-	1,898,259	6,943,021	43,426	-	8,884,706
- Revaluation	-	-	-	-	-	-
Disposals, of which:	-	-	666,410	17,138	10,265,450	10,948,998
- Transfers	-	-	-	-	8,884,706	8,884,706
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
Balance as at December 31, 2023	43,625,862	23,513,896	189,578,142	1,100,009	8,117,339	265,935,248

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

(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, 2023	36,537	1,984,951	125,920,582	613,338	-	128,555,408
Depreciation charge	3,231	1,611,153	12,466,854	71,032	-	14,152,270
Disposals from sale of assets	-	-	613,186	17,138	-	630,324
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2023	39,769	3,596,104	137,774,249	667,232		142,077,354
IMPAIRMENT						
Balance as at January 1, 2023	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2023	-	-	-	-	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, 2023	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, 2023	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
NET BOOK VALUE						
Balance as at January 1, 2023	43,589,325	19,632,735	57,032,414	423,387	3,208,905	123,886,765
Balance as at December 31, 2023	43,586,093	19,917,792	51,803,893	432,777	6,931,514	122,672,069

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

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged and restricted tangible assets

ROMCARBON S.A.

Tangible fixed assets having a net book value at 31.12.2023 of LEI 58,854,629 (31.12.2022 : LEI 65,223,703) and investment properties with a book value at 31.12.2023 of LEI 3,585,933 (31.12.2022 : LEI 3,090,315) are established as a guarantee for loans and credit lines contracted from the following banks: UniCredit Bank SA and EXIMBANK SA.

LIVINGJUMBO INDUSTRY S.A.

Tangible assets with a net book value of Lei 17,682,321 as of December 31, 2022 (December 31, 2022: Lei 21,880,693) 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 0 at December 31, 2023 (31.12.2022: Lei 10,122) consisting of technical installations and equipment represent security for loans and credit lines contracted from Eximbank SA.

14. INVESTMENT PROPERTIES

	December 31, 2023	December 31, 2022
Balance as at 1st of January	9,883,738	10,894,586
Total additions, out of which:	974,174	707,837
Increases from revaluation at fair value according to accounting policy	974,174	702,518
Total disposal, out of which:	-	(1,718,685)
Decreases from revaluation at fair value according to accounting policy	-	(531,522)
Balance as at 31st of December	10,857,912	9,883,738

As at December 31, 2023, 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, 2023, the Company revaluated the investment property held at the end of the financial year, resulting in an increase in the net value of LEI 974,174, the amount was recorded in the Profit of the year

The income related to Investment properties obtained in 2023 amounts to 503,388 lei and covers the expenses incurred by the property (the value of the income recorded during 2022 was 594,236 lei).

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

15. GOODWILL

COST	December 31, 2023	December 31, 2022
	RON	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, 2023	1,456,321	845,455	140,646	2,442,421
Additions	54,082	20,259	568,075	642,416
Disposals	-	-	-	-
<i>Correction</i>	<i>(1,604)</i>	<i>1,605</i>	<i>(1)</i>	-
Balance as at December 31, 2023	1,508,798	867,319	708,720	3,084,836
	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
<i>Correction</i>	<i>205,131</i>	<i>(205,131)</i>	-	-
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
CUMULATED AMORTIZATION				
Balance as at January 1, 2023	1,329,248	784,073	-	2,113,321
Additions	117,128	51,488	-	168,616
Disposals	-	-	-	-
<i>Correction</i>	<i>5,242</i>	<i>(5,242)</i>	-	-
Balance as at December 31, 2023	1,441,135	840,802	-	2,281,937
BOOK NET VALUE				
Balance as at January 1, 2023	127,072	61,382	140,646	329,100
Balance as at December 31, 2023	67,663	26,516	708,720	802,899

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

17. OTHER FINANCIAL INVESTMENTS

Changes of investment regarding associates and financial assets

	December 31, 2023	December 31, 2022
	RON	RON
As at January 01	-	23,324,617
Share of profit / loss of associates (Romgreen)	-	2,402,566
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	-	-
As at December 31	-	-

* 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, 2023	December 31, 2022
	RON	RON
Raw materials	22,143,281	27,725,603
Consumables	7,671,723	5,784,577
Items of inventory	288,556	116,525
Packaging	608,715	639,801
Finished products	13,847,741	15,599,417
Production in progress	3,963,651	3,173,535
Semi-finished products	9,606,038	8,153,700
Residual products	119,346	43,463
Commodities	4,008,035	6,894,254
Advances for inventories	252,281	109,775
Impairment allowances for inventories	(2,792,800)	(2,340,901)
Total	59,716,567	65,899,751

In 2023, the Group's average rotation of the inventrie was **74 days**, as compared to **57 days** in 2022.

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

19. TRADE AND OTHER CURRENT RECEIVABLES

	December 31, 2023	December 31, 2022
	RON	RON
Trade receivables	57,727,195	59,556,063
Allowances for doubtful clients	(1,642,321)	(2,046,324)
Taxes recoverable	2,016,081	2,131,900
Other receivables	1,247,405	889,066
Other non-trade receivables	1,088,824	448,821
Total	60,437,183	60,979,526

	Year ended December 31, 2023	Year ended December 31, 2022
	RON	RON
Changes of allowance for doubtful clients		
Balance at the beginning of the year	2,046,324	2,100,964
Receivables transferred to expenses during the year		-
Decrease of allowance recognized in profit and loss	(404,003)	(54,640)
Balance at the end of the year	1,642,321	2,046,324

(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.

31/12/2023	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.01%	0.02%	0.08%	0.08%	0.08%	0.08%	
Total gross carrying amount of specific un-provisioned receivables	42,816,688	3,829,879	681,962	157,494	41,063	1,007,172	48,534,259

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

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

20. OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
	RON	RON
Short-term financial investments*	2,833,298	263,414
Total	2,833,298	263,414

*On 31.12.2023, this indicator also includes a number of 25,000 Hidroelectrica (H2O) shares worth 2,529,566 lei.

21. OTHER CURRENT NON - FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
	RON	RON
Suppliers-debtors for services	388,785	560,044
Pre-paid amounts	704,526	4,236,642
Total	1,093,312	4,796,687

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, 2023	December 31, 2022
	RON	RON
Cash at banks	33,506,459	73,370,121
Cash on hand	31,818	36,410
Cash equivalents	177,881	462,530
Total	33,716,158	73,869,061

(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, 2023	December 31, 2022
	RON	RON
Iasi	-	70,845
Buzau	-	3,689,310
Total	-	3,760,155

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.

24. ISSUED CAPITAL

	Issued capital	
	December 31, 2023	December 31, 2022
	RON	RON
528,244,192 fully paid ordinary shares (2022: 264,122,096). The value of one share is LEI 0.1 Inflation effect according to IAS 29	52,824,419	26,412,210
	-	-
Total	52,824,419	26,412,210

	December31, 2023*		December31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Living Plastic Industry SRL	173,549,016	32.85%	86,774,508	32.85%
Joyful River Limited Loc, Nicosia	108,390,178	20.52%	54,195,089	20.52%
Toderita Stefan Alexandru	71,000,000	13.44%	32,700,000	12.38%
Alte persoane juridice	7,342,627	1.39%	9,815,721	3.72%
Alte persoane fizice	167,962,371	31.80%	80,636,778	30.53%
Total	528,244,192	100%	264,122,096	100%

The main characteristics of the securities issued by the parent company: 528,244,192 nominal shares, dematerialized, at nominal value of LEI 0.1.

*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.

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

25. RETAINED EARNINGS

	December 31, 2023	December 31, 2022
	RON	RON
Balance at the beginning of the year	<u>77,247,165</u>	<u>49,182,732</u>
Net profit / (net loss) attributable to parent	(5,128,782)	56,119,419
Reclassification of revaluation reserve to retained earnings	1,479,062	470,016
Transfers to reserves	(3,313,809)	(2,141,737)
Transfers to capital	(26,412,210)	-
Distributed dividends	(13,206,105)	(26,412,210)
Other	<u>156,304</u>	<u>28,945</u>
Balance at the end of the year	<u>30,821,626</u>	<u>77,247,165</u>

26. OTHER RESERVES

	December 31, 2023	December 31, 2022
	RON	RON
Revaluation reserves	38,100,345	39,093,925
Legal reserves	5,454,218	5,288,528
Other reserves	22,637,933	19,489,813
Translation differences	<u>(889,870)</u>	<u>(954,589)</u>
Total	<u>65,302,625</u>	<u>62,917,677</u>

27. NON-CONTROLLING INTERESTS

	December 31, 2023	December 31, 2022
	RON	RON
Balance at the beginning of the year	<u>920,916</u>	<u>915,581</u>
Share of profit / (loss) for the year	(7,065)	5,335
Distribution of other capital items	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Corrections at dissolution of subsidiaries	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>913,851</u>	<u>920,916</u>

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

28. OTHER FINANCIAL LIABILITIES

	OTHER CURRENT FINANCIAL LIABILITIES		OTHER NON - CURRENT FINANCIAL LIABILITIES	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	RON	RON	RON	RON
Secured loans - at amortized cost				
Borrowings (Overdraft and Investment loans)	65,055,832	74,737,029	7,283,273	4,044,764
Lease liabilities	72,213	-	126,661	-
Total	65,128,044	74,737,029	7,409,934	4,044,764

Short-term bank loans	Entity	31-dec-23 RON	31-dec-22 RON
Credit line in Euro – EximBank SA	Romcarbon	11,951,136	12,333,191
Credit line in Euro – UniCredit Bank SA*	Romcarbon	23,008,050	25,973,635
Credit facility for acquisitions of inventory - UniCredit Bank SA - RCB&LJI	Romcarbon	-	3,799,602
Investment loan VI in euro - UniCredit Bank	Romcarbon	765,249	686,604
Investment loan VII in euro - UniCredit Bank	Romcarbon	2,454,160	308,880
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	-	2,757,779
Credit line in Euro – UniCredit Bank SA	LivingJumbo Industry	17,129,187	5,027,641
Facilitate Euro - achizitii stocuri - UniCredit Bank SA - RCB&LJI	LivingJumbo Industry	-	11,042,597
Credit line in Euro – EximBank SA	LivingJumbo Industry	7,825,043	6,336,349
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	-	2,918,043
Multiproduct credit facility (factoring) in lei - Eximbank SA	LivingJumbo Industry	-	2,865,207
Credit for current activity in lei - Eximbank SA	EnergoInstall	1,923,006	687,500
Total		65,055,831	74,737,029

The credit line contracted with UniCredit Bank SA has a ceiling of 8,000,000 Euro, the borrowers are Romcarbon SA and Livingjumbo Industry SA. The limit that can be used by Livingjumbo Industry SA is 2,550,000 Euros.

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

28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	31-dec-23 RON	31-dec-22 RON
Investment loan VI in euro- UniCredit Bank	Romcarbon	1,147,871	1,882,602
Investment loan VII in euro- UniCredit Bank	Romcarbon	6,135,402	2,162,161
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	-	-
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	-	-
Credit for current activity in lei - Eximbank SA	Energoinstall	-	-
Total		7,283,273	4,044,764

29. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2023 RON	December 31, 2022 RON
Trade liabilities	31,500,565	42,006,642
Suppliers invoices not received	5,152,844	1,821,294
Advances to clients	899,052	2,094,029
Sundry creditors (a) ¹	1,493,415	17,239,540
Miscellaneous payable	-	-
Total	39,045,876	63,161,506

¹ Sundry creditors (a), as of december 31, 2022 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	
	31 decembrie 2023 RON	31 decembrie 2022 RON	31 decembrie 2023 RON	31 decembrie 2022 RON
Subvenții	3,600,219	3,600,219	9,784,375	13,384,594
Alte datorii curente	6,276,693	6,293,491	-	-
Total	9,876,912	9,893,710	9,784,375	13,384,594

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

30. OTHER NON-FINANCIAL LIABILITIES (continued) SUBSIDIES

As at December 31, 2023 the value of investment subsidies received from the Group amounts to 13,384,594 lei, as follows:

Romcarbon SA:	7,475,188 lei
Livingjumbo Industry SA:	5,909,406 lei

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

31. FINANCIAL INSTRUMENTS

(a) Capital risk management

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

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

The management of the Group's risk also consists of a regular review of the capital structure. As part of this review, the management considers 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.

Transmission ratio

	December 31, 2023	December 31, 2022
	RON	RON
Borrowings	72.537.978	78.781.793
Cash and cash equivalents	33.716.158	73.869.061
Net debt	38.821.820	4.912.732
Equity at the end of the period	152.044.804	169.680.251
Net debt to equity	26%	3%

(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, analyzing 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.

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

31. FINANCIAL INSTRUMENTS (continued)

(e) Currency risk management

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

(f) Interest rate risk management

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

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

(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. Credit is 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.

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

(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.

(toate sumele sunt exprimate în "RON", dacă nu este specificat altfel)

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 = 4.9746	USD 1 USD = 4.4958	Leu 1	31 Decembrie 2023
2023	lei	lei	lei	Total
ASSETS	RON	RON	RON	RON
Cash and cash equivalents	10,338,945	135,659	23,241,553	33,716,158
Receivables and other current assets	9,467,543	-	50,969,641	60,437,183
Other current financial assets	-	-	2,833,298	2,833,298
Other current non-financial assets	130,362	-	962,950	1,093,312
LIABILITIES				
Trade and other liabilities	10,839,833	935	28,205,108	39,045,876
Short and long-term borrowings	68,592,693	-	3,746,411	72,339,104
Short and long-term finance lease liabilities	198,874	-	-	198,874
Other current non-financial liabilities	208	-	9,876,703	9,876,912
	EUR 1 EUR = 4.9474	USD 1 USD = 4.6346	Leu 1	31 Decembrie 2022
2022	lei	lei	lei	Total
ASSETS	RON	RON	RON	RON
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
	-	-	-	-

(toate sumele sunt exprimate în "RON", dacă nu este specificat altfel)

31. FINANCIAL INSTRUMENTS (continued)**The situation of changes in liabilities from financing activities**

	1 ian-23	Cash from financing activities	Acquisitions of subsidiaries	Entries from leasing	Other changes	Unrealised (gain) / loss on foreign exchange	31-Dec-23
Borrowings (Note 28)	78.781.793	(6.148.358)	0	0	0	(95.456)	72.537.979
Total liabilities from financing activities	78.781.793	(6.148.358)	0	0	0	(95.456)	72.537.979

(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, 2023	December 31, 2022
	RON	RON
LOSS	(5,956,003)	(1,204,947)

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

2023	Less than 1 year RON	1-2 years RON	2-5 years RON	Total RON
Non-interest bearing				
Trade liabilities	39,045,876	-	-	39,045,876
Other current liabilities	9,876,912	-	-	9,876,912
Interest bearing instruments				
Short and long-term borrowings	64,935,459	5,815,448	1,588,196	72,339,104
Short and long-term leases	72,213	126,661	-	198,874
Non-interest bearing				
Cash and cash equivalents	33,716,158	-	-	33,716,158
Receivables and other current assets	60,437,183	-	-	60,437,183
Interest bearing				
Other current financial assets	2,833,298	-	-	2,833,298
2022				
2022	Less than 1 year RON	1-2 years RON	2-5 years RON	Total 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

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

31. FINANCIAL INSTRUMENTS (continued)

Interest sensitivity analysis

The sensitivity analysis below was determined based on the exposure to interest rates for loans received from financial institutions at the reporting date.

For floating rate bank debt, the analysis was performed assuming that the amount of the debt at the reporting date was similar for the entire year.

If interest rates had been 5 percent higher/lower and all other variables held constant:

- The profit for the year ended December 31, 2023 would decrease/increase by 156,092 RON (2022: decrease/increase by 118,205 RON).

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, 2023	Year ended December 31, 2022
	RON	RON
Executive management salaries	4,653,575	4,927,345
Benefits for Board of Administration	45,138	43,731
Total	4,698,713	4,971,076

The remuneration of the General Director is established by the Board of Directors, based on the mandate contract, and that of the staff with executive functions is determined by the General Director, based on the individual employment contract, in compliance with the remuneration policy approved by the SGM, depending on the performance of individuals and market conditions.

Shareholder borrowings	December 31, 2023	December 31, 2022
	RON	RON
WU HUI TZU (Livingjumbo Industry SA)	18,417	18,417
WINPACK INDUSTRY (Eco Pack Management SA)	255,647	255,647
Total	274,064	274,064

(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)		Receivables from related parties		Payables from related parties	
	12 Months 2023	12 Months 2022	12 Months 2023	12 Months 2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
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	0	5,439,816	0	95,148	0	267,856	0	8,444
TOTAL WASTE MANAGEMENT	0	0	0	0	0	0	0	0
GREENWEEE INTERNATIONAL SA	0	684,985	0	1,530,631	0	1,373	0	259,813
GREEN RESOURCES MANAGEMENT S.A.	0	0	0	216,374	0	0	0	24,466
ELTEX RECYCLING SRL	0	4,330	0	0	0	0	0	0
TOTAL	0	6,129,131	0	1,842,153	0	269,229	0	292,723

On 30.12.2022 the Group disposed its holding in Green-Group, consequently for the year 2023 the above mentioned companies are no longer related parties of the Group and the transactions with them are no longer presented.

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

33. ACQUISITION OF SUBSIDIARIES

In 2023 the Group did not purchase new subsidiaries.

34. DISPOSAL OF SUBSIDIARIES

In 2023 the Group did not dispose any subsidiaries

35. COMMITMENTS AND CONTINGENCIES

ROMCARBON SA

Unused credit facilities as at December 31, 2023

The company has unused credit lines in amount of Eur 972,463 (31 December 2022: Eur 257,181) and investment loans in amount of Eur 988,772 (31 December 2022: Eur 2,857,496)

Guarantees for bank loans

Tangible fixed assets having a net book value at 31.12.2023 of LEI 58,854,629 (31.12.2022 : LEI 65,223,703) and investment properties with a book value at 31.12.2023 of LEI 3,585,933 (31.12.2022 : LEI 3,090,315) are established as a guarantee for loans and credit lines contracted from the following banks: 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 08.06.2027), contract BUZA/044/2016 secured by mortgage on inventories, having a value of Eur 4,600,000;
- Credit line having a ceiling of Eur 2,000,000 (due in 12.12.2024), contract no. BUZA/152021/CSC, secured by mortgage on 15 equipment having a book net value of Lei 1,994,809 as at December 31, 2023

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 24, 2024), Contract 9 - ABZ/28.05.2020, secured by a fidejussio contract concluded between the bank and Romcarbon SA.

Garanții acordate către RC Energo Install SRL pentru următoarele credite contractate cu EXIMBANK SA:

- Credit line in amount of Lei 2,000,000 for financing the current activity (due on May 24, 2024), 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 587,078 as at December 31, 2023;

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

35. COMMITMENTS AND CONTINGENCIES (continued) **LIVINGJUMBO INDUSTRY SA**

Unused credit facilities as at December 31, 2023

The company has unused credit facilities in amount of Eur 1,533,671 (31 December 2022: Eur 4,253,038 and Lei 2,134,793).

Guarantees for bank loans

At 31 December 2023, tangible assets consist in equipment and machineries having a net book value of Lei 17,682,321 (31 December 2022: Lei 21,880,693) 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 mortgage over inventories, with 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, 2023

The company has unused credit facilities in amount of Lei 76,994 (31 December 2021: Lei 1,000,000).

Guarantees for bank loans

At 31 December 2023, tangible assets consist in equipment and machineries having a net book value of Lei 0 (31 December 2022: Lei 10,122) constitute collateral for the credit line contracted by the company with EximBank SA. For the loans from the banks, the Company also guaranteed with a promisory note, 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.

36. SUBSEQUENT EVENTS

ROMCARBON SA

In January 2024, the Company completed the procedure for signing the Contract with the Ministry of Energy, for the financing of the project "Implementation of an electricity production capacity from renewable solar energy sources within ROMCARBON SA", with a total value of 5,583,012.33 lei, a project that will be partly financed from the National Recovery and Resilience Plan, Component 6 Energy - Investment Measure I1, for the amount of 2,315,700 lei (non-refundable funds), the rest of the funding in the amount of 3,267,312.33 lei following be provided by Romcarbon S.A., both from its own resources and from loans.

According to the decision of the Ordinary General Meeting of Shareholders dated 25.01.2024, the directors mandates of Messrs. Huang Liang Neang, Wey Jiann-Shyang and Toderiță Ștefan Alexandru were extended for a period of 4 years, respectively 02.04.2024 – 02.04.2028.

In January 2024, a number of 20,000 Hidroelectrica (H2O) shares were sold at an average price of 119.31 lei/share.

In January 2024, a number of 2,062,500 Aquila Part Prod Com S.A. ("AQUILA") shares were purchased at a unit value of 0.96 lei/share. In the same month, a number of 1,062,500 shares were sold at an average price of 1.0188 lei/share.

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

36. SUBSEQUENT EVENTS (continued)

In the meeting of 09.02.2024, Romcarbon's Board of Directors approved the extension for 4 years of the mandate contract concluded by the Company with Mr. Huang Liang Neng, for the exercise of the position of General Director, he will exercise the mandate of General Director during 17.02. .2024 – 17.02.2028.

RECYPLAT LTD

In March 2024, Romcarbon, which owns 100% of the company's share capital, decided to initiate the voluntary dissolution and liquidation procedure of the Recyplat Limited subsidiary.

The group did not identify other significant subsequent events.

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 26, 2024.

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, 2023 ROMCARBON SA holds participations directly and/or indirectly in 11 entities:

Entity	31.12.2023		Consolidation method
	Interest held	Control held	
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
ONG VIITORUL INCEPE AZI (VIA)	14.29%	14.29%	Outside the consolidation area

PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2023**PRESENTATION OF THE GROUP'S MEMBER COMPANIES**

As at December 31, 2023 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 SRL 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 SRL 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 other Romanian legal person. 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 UCRAINA 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 SRL 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).

Organization '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, BENCAMP 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.

ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2023:

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

ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 2023 is presented in the table below:

Company	Result 12M 2022 (in lei)	Result 12M 2023 (in lei)	2023 vs 2022
Romcarbon SA	51,471,690	3,313,809	(48,157,881)
Living Jumbo Industry SA	3,477,122	(6,045,845)	(9,522,967)
RC Energo Install SRL	1,162,130	289,398	(872,732)
Infotech Solutions SRL	116,305	283,646	167,341
Recyplat Ltd Cipru	47,338,730	(2,856,302)	(50,195,033)
Eco Pack Management SA	(14,914)	(2,540)	12,374
<i>Consolidation adjustments *</i>	<i>(47,426,309)</i>	<i>(118,012)</i>	<i>47,308,296</i>
Total	56,124,755	(5,135,847)	(61,260,602)

Consolidation adjustments	Result 12M 2022 (in lei)	Result 12M 2023 (in lei)	2023 vs 2022
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(115,397)	(85,444)	29,953
Share of the profit of the associates (Romgreen Universal LTD)*	2,402,565	-	(2,402,565)
Elimination of the dividends from Recyplat LTD	(46,745,700)	-	46,745,700
Elimination of the share of the profit of the associates registered until 2022	(5,119,676)	-	5,119,676
Elimination of the FOREX related to the dividends to be received from Recyplat	(254,600)	-	254,600
Elimination of the FOREX related to Recyplat investment in Romgreen	2,306,499	-	(2,306,499)
Adjustments related the capital premium cancellation in Recyplat	-	(32,377)	(32,377)
Corrections	100,000	(191)	(100,192)
Total Adjustments	(47,426,309)	(118,012)	47,308,296

* In December 2022, the Group sold its holding in Romgreen Universal LTD



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 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Turnover	266,937,602	265,048,639	216,420,862	(48,627,777)	-18%
Operational EBITDA	13,987,048	15,025,300	4,873,276	(10,152,024)	-68%
Profit	(1,447,458)	51,471,690	3,313,809	(48,157,881)	-94%

From Operational EBITDA to Net Profit

Indicator (12 months)	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Operational EBITDA	13,987,049	15,025,300	4,873,276	(10,152,024)	-68%
Fixed assets depreciation	(9,977,583)	(9,609,158)	(9,392,805)	216,353	-2%
Revenues from subsidy from Government for investments	2,259,451	2,206,664	2,113,978	(92,686)	-4%
Interest expenses	(953,055)	(1,286,399)	(1,807,462)	(521,062)	41%
Gain/loss from sales of assets	432,513	2,106,927	3,992,452	1,885,525	89%
Gain/loss from revaluation of fixed assets and investment properties	1,377,918	(1,199,108)	974,174	2,173,282	-181%
Other non-operational items(provisions, penalties, donations)	(715,608)	(2,244,793)	(713,062)	1,531,730	-68%
Forex gain/loss	(654,633)	274,153	2,402,662	2,128,509	776%
Other gain/loss from Financial	(6,314,423)	47,110,176	1,053,120	(46,057,056)	-98%
Tax on profit	(889,087)	(912,071)	(182,523)	729,548	-80%
Net profit/loss	(1,447,458)	51,471,690	3,313,809	(48,157,882)	-94%

LIVINGJUMBO INDUSTRY SA

Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Turnover	133,415,290	164,064,764	115,487,834	(48,576,931)	-30%
Operational EBITDA	2,349,885	8,164,661	(437,348)	(8,602,009)	n/a
Profit	(2,319,221)	3,477,122	(6,045,845)	(9,522,967)	n/a

From Operational EBITDA to Net Profit

Indicator	12 luni 2021	12 luni 2022	12 luni 2023	2023 vs 2022	
Operational EBITDA	2,349,885	8,164,661	(437,348)	▼	(8,602,009)
Fixed assets depreciation	(4,748,269)	(4,829,234)	(4,845,029)	▲	(15,795)
Revenues from subsidy from Government for investments	1,486,241	1,486,241	1,486,241	—	-
Interest expenses	(657,540)	(895,464)	(1,237,042)	▲	(341,578)
Gain/loss from sales of assets	-	-	5,000	▲	5,000
Other non-operational items(provisions, penalties, donations)	(355,245)	(345,627)	(910,338)	▲	(564,711)
Forex gain/loss	(353,372)	(46,915)	(100,652)	▲	(53,737)
Other gain/loss from Financial	(40,921)	(56,540)	(6,678)	▼	49,862
Net profit/loss	(2,319,221)	3,477,122	(6,045,845)	▲	(9,522,967)

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

	Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
ROMCARBON	PLASTIC PROCESSING SECTOR : POLYETHYLENE					
	Turnover	36,047,057	36,512,692	30,894,710	(5,617,982)	-15%
	EBITDA before overhead	3,051	2,439,836	2,208,646	(231,190)	-9%
	Profit before overhead	(779,566)	1,697,246	1,461,071	(236,175)	-14%
	PLASTIC PROCESSING SECTOR : POLYSTYRENE					
	Turnover	51,040,479	54,425,638	47,592,623	(6,833,015)	-13%
	EBITDA before overhead	9,725,267	7,382,299	7,925,922	543,623	7%
	Profit before overhead	8,335,220	6,131,441	6,578,447	447,006	7%
	PLASTIC PROCESSING SECTOR : POLYPROPYLENE					
	Turnover	42,780,899	40,326,620	32,928,129	(7,398,491)	-18%
	EBITDA before overhead	4,719,369	3,454,650	3,964,026	509,376	15%
	Profit before overhead	4,394,850	3,129,217	3,616,936	487,718	16%
	RECYCLED POLYMERS & COMPOUNDS					
	Turnover	40,009,626	51,224,339	39,125,177	(12,099,163)	-24%
	EBITDA before overhead	5,811,810	6,952,632	(1,572,300)	(8,524,932)	-123%
Profit before overhead	1,930,489	3,094,107	(5,026,755)	(8,120,862)	-262%	
OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS						
Turnover	5,876,115	9,569,410	6,388,942	(3,180,468)	-33%	
EBITDA before overhead	743,723	2,933,897	704,507	(2,229,390)	-76%	
Profit before overhead	429,011	2,623,639	379,493	(2,244,146)	-86%	
LIVINGJUMBO INDUSTRY	PLASTIC PROCESSING SECTOR : POLYPROPYLENE					
	Turnover	70,185,696	87,305,549	60,872,037	(26,433,512)	-30%
	EBITDA before overhead	4,090,236	9,554,043	3,964,035	(5,590,008)	-59%
	Profit before overhead	3,356,297	8,842,685	3,315,726	(5,526,959)	-63%
	PLASTIC PROCESSING SECTOR : PET					
	Turnover	63,229,595	76,759,215	54,615,796	(22,143,419)	-29%
EBITDA before overhead	2,532,900	3,208,616	1,323,484	(1,885,132)	-59%	
Profit before overhead	4,811	576,980	(1,381,385)	(1,958,365)	-339%	

Note: In the item "Turnover", in addition to the revenues from sales of finished products, the revenues from the sale of goods, revenues from services and other sales made by the production sectors are included.



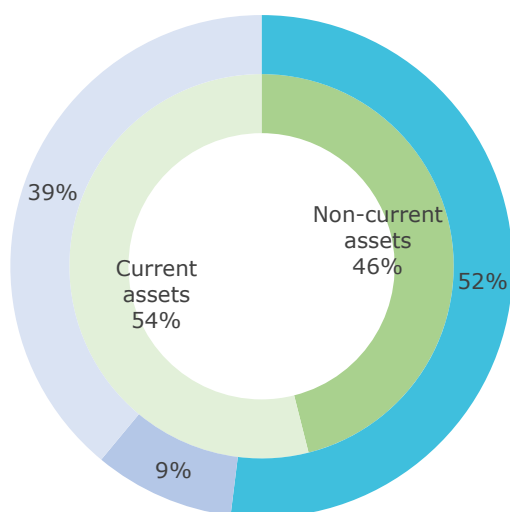
FINANCIAL STATEMENTS

A.) STATEMENT OF THE FINANCIAL POSITION

Indicator	31.12.2021	31.12.2022	31.12.2023	2023 vs. 2022	
Property, plant and equipment	132,497,914	123,886,765	122,672,069	-1,214,696	▼ -0.98%
Investment property	10,894,586	9,883,738	10,857,912	974,174	▲ 9.86%
Goodwill	143,461	143,461	143,461	0	— 0.00%
Intangible assets other than goodwill	298,466	329,100	802,899	473,799	▲ 143.97%
Investments accounted for using equity method	23,324,617	0	0	0	—
Investments in subsidiaries, joint ventures and associates	196,974	297,974	297,974	0	— 0.00%
Other non-current financial assets	0	1,898	0	-1,898	▼ 100.00%
Total non-current assets	167,356,018	134,542,936	134,774,315	231,379	▲ 0.17%
Current inventories	54,803,659	65,899,751	59,716,567	-6,183,184	▼ -9.38%
Trade and other current receivables	53,054,234	60,979,526	60,437,183	-542,343	▼ -0.89%
Other current financial assets	617,902	263,414	2,833,298	2,569,884	▲ 975.61%
Other current non-financial assets	4,621,551	4,796,687	1,093,312	-3,703,375	▼ -77.21%
Cash and cash equivalents	17,596,893	73,869,061	33,716,158	-40,152,903	▼ -54.36%
Non-current assets classified as held for sale	3,760,155	3,760,155	0	-3,760,155	▼ 100.00%
Total current assets	134,454,393	209,568,594	157,796,518	-51,772,076	▼ -24.70%
ASSETS	301,810,411	344,111,530	292,570,833	-51,540,697	▼ -14.98%
Issued capital	26,412,210	26,412,210	52,824,419	26,412,209	▲ 100.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	60,227,360	62,917,677	65,302,625	2,384,948	▲ 3.79%
Retained earnings	49,182,732	77,247,165	30,821,626	-46,425,539	▼ -60.10%
Equity attributable to equity holders of the parent	138,004,585	168,759,335	151,130,953	-17,628,382	▼ -10.45%
Non-controlling interests	915,581	920,916	913,851	-7,065	▼ -0.77%
Total equity	138,920,166	169,680,251	152,044,804	-17,635,447	▼ -10.39%
Other non-current provisions	659,623	1,429,017	1,803,188	374,171	▲ 26.18%
Deferred tax liabilities	8,012,574	7,780,659	7,477,700	-302,959	▼ -3.89%
Other non-current financial liabilities	7,623,547	4,044,764	7,409,934	3,365,170	▲ 83.20%
Other non-current non-financial liabilities	16,015,575	13,384,594	9,784,375	-3,600,219	▼ -26.90%
Total non-current liabilities	32,311,319	26,639,034	26,475,197	-163,837	▼ -0.62%
Trade and other current payables	55,224,664	63,161,506	39,045,876	-24,115,630	▼ -38.18%
Other current financial liabilities	67,635,179	74,737,029	65,128,044	-9,608,985	▼ -12.86%
Other current non-financial liabilities	7,719,083	9,893,710	9,876,912	-16,798	▼ -0.17%
Total current liabilities	130,578,927	147,792,245	114,050,832	-33,741,413	▼ -22.83%
Total liabilities	162,890,245	174,431,279	140,526,029	-33,905,250	▼ -19.44%
TOTAL EQUITY AND LIABILITIES	301,810,411	344,111,530	292,570,833	-51,540,697	▼ -14.98%



STRUCTURE OF THE FINANCIAL POSITION AS AT 31.12.2023



Current liabilities: 114,050,832 RON | 39%

Non-current liabilities: 26,475,197 RON | 9%

Equity: 152,044,804 RON | 52%

Non-current assets: 134,774,315 RON | 46%

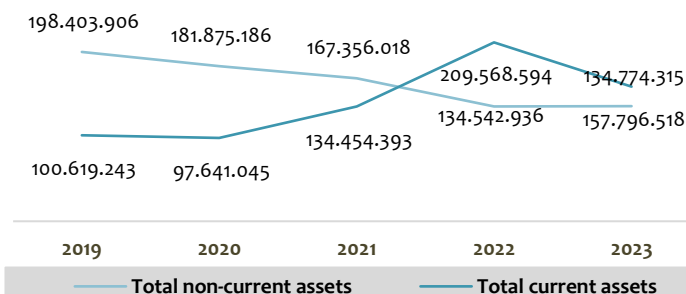
Current assets: 157,796,518 RON | 54%

The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2023 is presented in the table below

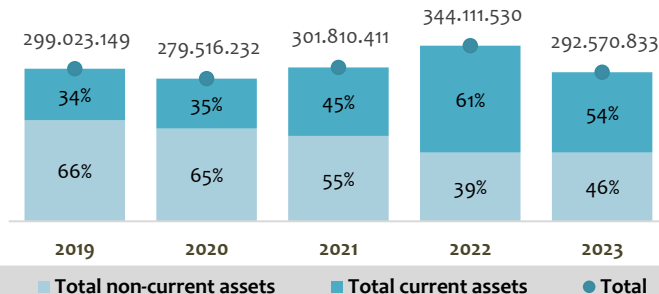
Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	118,936,705	122,197,547	21,239,183	69,078,926
Livingjumbo Industry SA	18,563,585	47,160,212	5,009,352	64,943,632
RC Energo Install SRL	76,366	20,223,211	100,000	14,397,341
InfoTech Solutions SRL	305,028	850,378	126,661	376,349
Grinfeld Ucraina	4,426,809	8,614	0	879,485
Grinruh Ucraina	1,186,187	1,007,788	0	6,728
Recyplat LTD	0	294,007	0	6,512
Eco Pack Management SA	28,751	162,688	0	883,523
Consolidation adjustments	(8,749,115)	(34,107,927)	0	(36,521,664)
Total	134,774,315	157,796,518	26,475,197	114,050,832

ASSETS

Total non-current assets vs. Total current assets



Total non-current assets vs. Total current assets

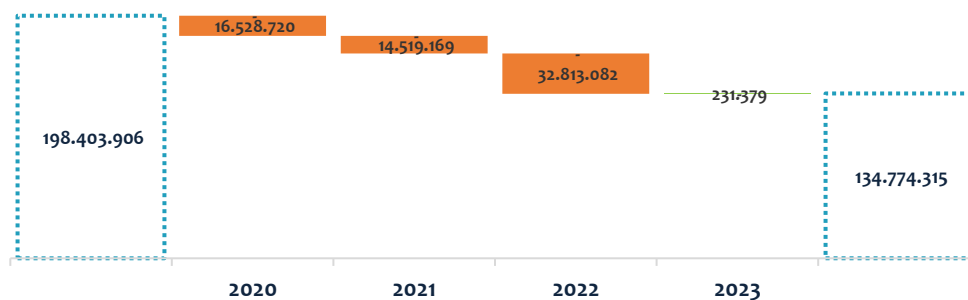




Evolution of non-current assets in the period 2019 - 2023

NON-CURRENT ASSETS

Non-current assets have a weight in Total Assets of 46.07% recording an increase of LEI 231,379, i.e. 0.17% as compared to the beginning of the year.

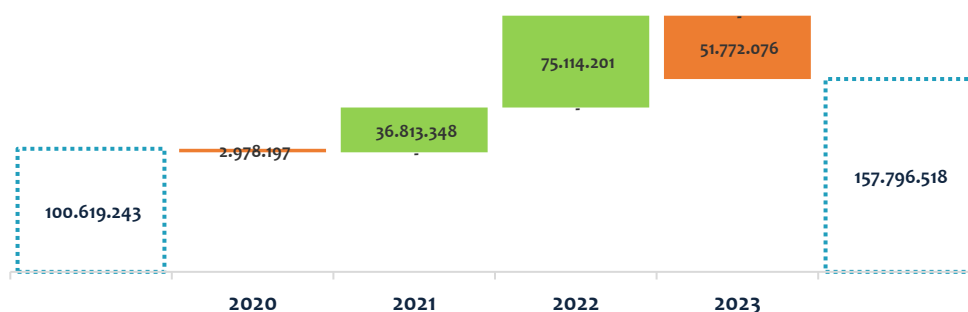


Non-current assets (lei)	31/12/2023	% in total NCA	% in total Assets	31/12/23 vs. 31.12.22
Property, plant and equipment	122,672,069	91.02%	41.93%	-0.98%
Investment property	10,857,912	8.06%	3.71%	9.86%
Goodwill	143,461	0.11%	0.05%	0.00%
Intangible assets other than goodwill	802,899	0.60%	0.27%	143.97%
Investments accounted for using equity method	297,974	0.22%	0.10%	0.00%
Investments in subsidiaries, joint ventures and associates	0	0.00%	0.00%	-100.00%
Total non-current assets	134,774,315	100.00%	46.07%	0.17%

CURRENT ASSETS

Current assets have a weight in Total Assets of 53.93% recording a decrease of - LEI 51,772,076, i.e. -24.70%, as compared to the beginning of the year.

Evolution of current assets in the period 2019 - 2023



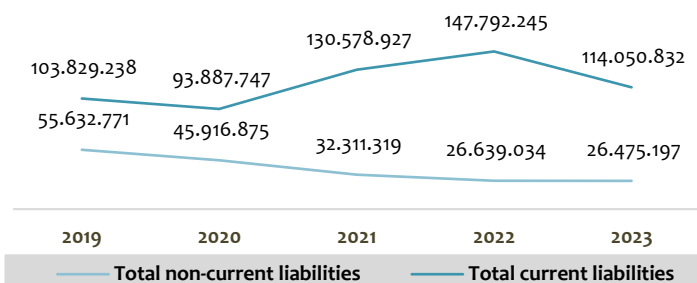
Current assets (lei)	31/12/2023	% in total CA	% in Total Assets	31.12.23 vs. 31.12.22
Current inventories	59,716,567	37.84%	20.41%	-9.38%
Trade and other current receivables	60,437,183	38.30%	20.66%	-0.89%
Other current financial assets	2,833,298	1.80%	0.97%	975.61%
Other current non-financial assets	1,093,312	0.69%	0.37%	-77.21%
Cash and cash equivalents	33,716,158	21.37%	11.52%	-54.36%
Non-current assets classified as held for sale	0	0.00%	0.00%	-100.00%
Total current assets	157,796,518	100.00%	53.93%	-24.70%



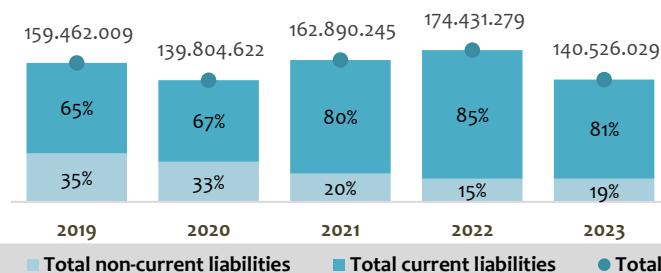
LIABILITIES

Total Liabilities hold 48.03% of the Group 's Equity&Liabilities recording a decrease of - Lei 33,905,250, i.e. -19.44%, as compared to the beginning of the year.

Total non-current liabilities vs. Total current liabilities

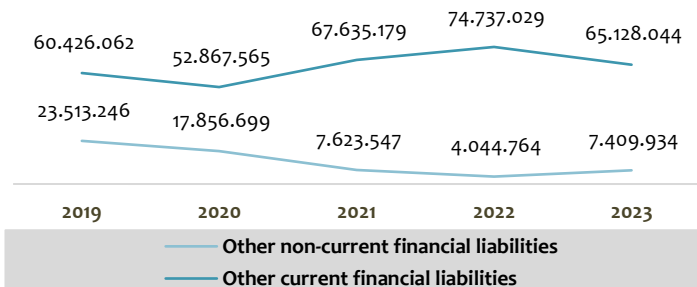


Total non-current liabilities vs. Total current liabilities

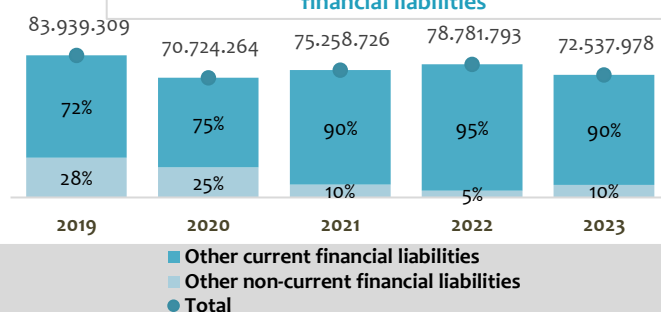


BORROWINGS

Other non-current financial liabilities vs. Other current financial liabilities



Other non-current financial liabilities vs. Other current financial liabilities



STRUCTURE OF BORROWINGS

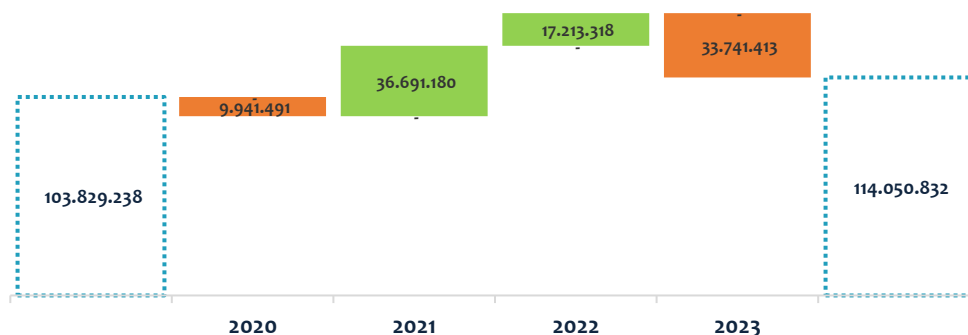
Company	31.12.2022	31.12.2023	2023 vs 2022
Romcarbon, total, out of which:	49,904,456	45,461,868	(4,442,588)
< 12 months	45,859,692	38,178,595	(7,681,097)
> 12 months	4,044,764	7,283,273	3,238,509
LivingJumbo Industry, total, out of which:	28,189,837	24,954,230	(3,235,607)
< 12 months	28,189,837	24,954,230	(3,235,607)
> 12 months	-	-	-
Energoinstall, total, out of which:	687,500	1,923,006	1,235,506
< 12 months	687,500	1,923,006	1,235,506
> 12 months	-	-	-
Total borrowings, out of which:	78,781,793	72,339,104	(6,442,689)
< 12 months	74,737,029	65,055,831	(9,681,198)
> 12 months	4,044,764	7,283,273	3,238,509
Total leasing, out of which:	-	198,874	198,874
< 12 months	-	72,213	72,213
> 12 months	-	126,661	126,661



CURRENT LIABILITIES

Current liabilities of the Group have a weight in Total Liabilities of 81,16% and in Total Equity and Liabilities of 38.98% recording a decrease of - LEI 33,741,413, i.e. -22.83%, as compared with the beginning of the year.

Evolution of current liabilities in the period 2019 - 2023

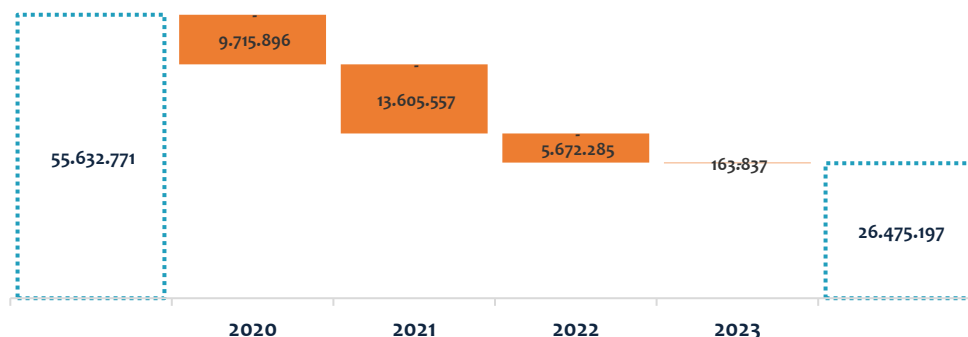


Current liabilities (lei)	31.12.2023	% in total liabilities	% in Total Current liabilities	% in Total Equity and liabilities	31.12.23 vs. 31.12.22
Trade and other current payables	39,045,876	27.79%	34.24%	13.35%	-38.18%
Other current financial liabilities	65,128,044	46.35%	57.10%	22.26%	-12.86%
Other current non-financial liabilities	9,876,912	7.03%	8.66%	3.38%	-0.17%
Total current liabilities	114,050,832	81.16%	100.00%	38.98%	-22.83%

NON-CURRENT LIABILITIES

Non-current liabilities have a weight in Total Equity and Liabilities of 9.05% recording a decrease of - LEI 163,837, i.e. -0.62%, as compared to the beginning of the year.

Evolution of non-current liabilities in the period 2019 - 2023



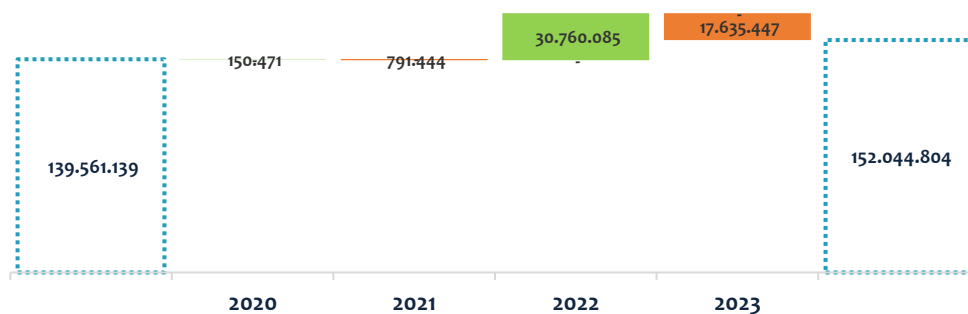
Non-current liabilities (lei)	31.12.2023	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	31.12.23 vs. 31.12.22
Other non-current provisions	1,803,188	1.28%	6.81%	0.62%	26.18%
Deferred tax liabilities	7,477,700	5.32%	28.24%	2.56%	-3.89%
Other non-current financial liabilities	7,409,934	5.27%	27.99%	2.53%	83.20%
Other non-current non-financial liabilities	9,784,375	6.96%	36.96%	3.34%	-26.90%
Total non-current liabilities	26,475,197	18.84%	100.00%	9.05%	-0.62%



EQUITY

The Equity have a weight in Total Equity and Liabilities of 51.97% recording a decrease of - LEI 17,635,447, i.e. - 10.39%, as compared to the beginning of the year.

Evolution of Equity in the period 2019 - 2023



Equity (lei)	31/12/2023	2023 vs 2022
Issued capital	52,824,419	100.00%
Share premium	2,182,283	0.00%
Reserves	65,302,625	3.79%
Retained earnings	30,821,626	-60.10%
Equity attributable to equity holders of the parent	151,130,953	-10.45%
Non-controlling interests	913,851	-0.77%
Total Equity	152,044,804	-10.39%


B.) STATEMENT OF THE COMPREHENSIVE INCOME

Indicator (lei)	12M 2021	12M 2022	12M 2023	2023 vs.2022	
Revenue	341,319,436	381,985,677	304,683,985	▼	(77,301,692) -20%
Other Income	4,291,042	4,287,141	4,103,607	▼	(183,534) -4%
Increase (decrease) in inventories of finished goods and work in progress	4,710,209	11,496,807	2,516,172	▼	(8,980,635) -78%
Raw materials, consumables, commodities and utilities used	(235,396,370)	(263,732,961)	(191,297,563)	▼	72,435,398 -27%
Employee benefits expense	(73,746,328)	(78,261,063)	(84,574,383)	▲	(6,313,320) 8%
Depreciation and amortisation expenses	(14,897,799)	(14,538,409)	(14,320,887)	▼	217,522 -1%
Other expenses	(21,382,633)	(30,646,145)	(27,713,730)	▼	2,932,415 -10%
Other gains (losses)	1,936,380	2,276,748	5,068,419	▲	2,791,671 123%
Profit (loss) from operating activities	6,833,937	12,867,795	(1,534,380)	▼	(14,402,175) -112%
Finance Income	85,170	290,047	944,878	▲	654,831 226%
Finance costs	(3,054,857)	(2,894,705)	(4,303,354)	▲	(1,408,649) 49%
Net gain/(loss) on disposal of financial investments	-	44,525,895	-		
Share of profit of associates*	(1,144,985)	2,402,565	-	▼	(2,402,565) -100%
Profit / (loss) before tax	2,719,265	57,191,597	(4,892,856)	▼	(62,084,453) -109%
Tax income (expense)	(928,652)	(1,066,842)	(242,991)	▼	823,851 -77%
Profit (loss) of the year, attributable to	1,790,613	56,124,755	(5,135,847)	▼	(61,260,602) -109%
Equity holders of the parent	1,793,731	56,119,419	(5,128,782)	▼	(61,248,201) -109%
Minority interest	(3,118)	5,336	(7,065)	▲	(12,401) -232%
Profit (loss) from continuing operations	1,790,613	56,124,755	(5,135,847)	▼	(61,260,602) -109%
Differences from foreign operations	115	-	191	▲	191 n/a
Net losses from revaluation of tangible assets		745,264		▼	(745,264) -100%
Deferred profit tax allocated to the comprehensive income	21,017	273,332	485,482	▲	212,150 78%
Comprehensive income of the year, attributable to:	1,811,745	57,143,351	(4,650,174)	▼	(61,793,525) -108%
Equity holders of the parent	1,814,863	57,138,015	(4,643,109)	▼	(61,781,124) -108%
Minority interest	(3,118)	5,336	(7,065)	▲	(12,401) -232%

* In December 2022, the Group sold its holding in Romgreen Universal LTD

Indicator	12M 2021	12M 2022	12M 2023	2023 vs.2022	
EBITDA OPERATIONAL	16,824,568	24,700,499	5,210,408	▼	(19,490,091) -79%

Indicator	2021	2022	2023
Average no. of employees	1,440	1,338	1,245



From Operational EBITDA to NET PROFIT

Indicator	12M 2021	12M 2022	12M 2023	2023 vs 2022	
OPERATIONAL EBITDA	16,824,568	24,700,499	5,210,408	▼	(19,490,091) -79%
Fixed assets depreciation	(14,897,799)	(14,538,409)	(14,320,887)	▼	217,523 -1%
Revenues from subsidy from Government for investments	3,745,692	3,692,905	3,600,219	▼	(92,686) -3%
Interest expenses	(1,657,222)	(2,364,092)	(3,121,845)	▲	(757,754) 32%
Gain/loss from sales of assets	(85,226)	1,191,313	3,988,054	▲	2,796,741 235%
Net gain/loss from revaluating the investment properties and fixed assets	1,377,918	170,996	974,174	▲	803,178 470%
Other non-operational items(provisions,penalties, donations)	(483,113)	(1,856,193)	(1,496,286)	▼	359,907 -19%
Forex gain/loss	(1,037,861)	71,335	(633,143)	▲	(704,478) -988%
Share of profit / loss of associates	(1,144,985)	2,402,565	-	▼	(2,402,565) -100%
Net gain/(loss) on disposal of financial investments	-	44,525,895	-	▼	(44,525,895) -100%
Other gain/loss from Financial	77,293	(805,217)	906,450	▲	1,711,667 -213%
Tax on profit	(928,652)	(1,066,842)	(242,991)	▼	823,851 -77%
NET PROFIT/LOSS	1,790,613	56,124,755	(5,135,847)	▼	(61,260,602) -109%



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

Indicators	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2023 vs. Q1 2022	Q2 2023 vs. Q2 2022	Q3 2023 vs. Q3 2022	Q4 2023 vs. Q4 2022
Revenue	89,872,751	69,000,116	71,108,339	74,702,779	(41,791)	(28,606,521)	(30,197,593)	(18,455,788)
Other Income	1,031,513	1,012,144	1,030,601	1,029,349	(5,492,749)	(162,928)	5,486,543	(14,400)
Increase (decrease) in inventories of finished goods and work in progress	1,953,154	(14,261)	220,723	356,557	(4,450,621)	(916,718)	1,406,097	(5,019,392)
Raw materials, consumables, commodities and utilities used	(61,899,368)	(43,102,080)	(44,202,457)	(42,093,658)	5,481,903	22,355,661	20,268,046	24,329,789
Employee benefits expense	(20,425,518)	(19,971,181)	(20,792,384)	(23,385,300)	(1,454,106)	(174,562)	(1,197,668)	(3,486,984)
Depreciation and amortisation expenses	(3,620,792)	(3,612,974)	(3,648,155)	(3,438,966)	70,935	53,907	(45,830)	138,510
Other expenses	(6,723,651)	(4,884,316)	(4,502,349)	(11,603,414)	2,321,172	144,300	287,569	179,374
Other gains (losses)	4,022,420	21,619	19,938	1,004,442	3,981,231	(4,467)	(151,591)	(1,033,502)
Profit (loss) from operating activities	4,210,508	(1,550,933)	(765,744)	(3,428,211)	415,973	(7,311,328)	(4,144,427)	(3,362,393)
Finance Income	247,396	85,324	184,440	427,718	194,541	83,290	111,497	265,503
Finance costs	(1,077,151)	(1,100,446)	(1,013,007)	(1,112,751)	(495,218)	(351,035)	(138,571)	(423,824)
Net gain/(loss) on disposal of financial investments	-	-	-	-	-	-	-	(44,525,895)
Share of profit of associates*	-	-	-	-	(1,583,476)	(1,374,247)	(867,591)	1,422,749
Profit / (loss) before tax	3,380,753	(2,566,055)	(1,594,310)	(4,113,244)	(1,468,180)	(8,953,320)	(5,039,091)	(46,623,862)
Tax income (expense)	(543,338)	(305,503)	722,423	(116,573)	(166,108)	223,782	1,089,714	(323,537)
Profit (loss) of the year, attributable to	2,837,415	(2,871,558)	(871,887)	(4,229,817)	(1,634,288)	(8,729,538)	(3,949,377)	(46,947,399)
Equity holders of the parent	2,838,338	(2,869,402)	(871,167)	(4,226,551)	(1,632,030)	(8,725,033)	(3,947,990)	(46,943,148)
Minority interest	(923)	(2,156)	(720)	(3,266)	(2,258)	(4,505)	(1,387)	(4,251)
Profit (loss) from continuing operations	2,837,415	(2,871,558)	(871,887)	(4,229,817)	(1,634,288)	(8,729,538)	(3,949,377)	(46,947,399)
Differences from foreign operations	156	87	47	(99)	158	89	43	(99)
Net losses from revaluation of tangible assets	-	-	-	-	-	-	-	(745,264)
Deffered profit tax allocated to the comprehensive income	-	-	-	485,482	-	-	-	212,150
Comprehensive income of the year, attributable to:	2,837,571	(2,871,471)	(871,840)	(3,744,434)	(1,634,130)	(8,729,449)	(3,949,334)	(47,480,612)
Equity holders of the parent	2,838,495	(2,869,316)	(871,120)	(3,741,168)	(1,631,871)	(8,724,945)	(3,947,947)	(47,476,361)
Minority interest	(923)	(2,156)	(720)	(3,266)	(2,258)	(4,505)	(1,387)	(4,251)
OPERATIONAL EBITDA	2,824,875	1,164,730	2,003,162	(782,359)	(3,747,336)	(7,203,419)	(3,894,197)	(4,645,139)


C.) REVENUES (NET SALES)

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

Company	12 Months of 2021	% in total	12 Months of 2022	% in total	12 Months of 2023	% in total	2023 vs.2022
Romcarbon SA	264,737,647	64%	262,801,054	59%	214,230,854	61%	-18.48%
LivingJumbo Industry SA	133,415,290	32%	164,064,764	37%	115,487,834	33%	-29.61%
RC Energo Install SRL	11,711,050	3%	17,005,204	4%	20,393,926	6%	19.93%
Info Tech Solutions SRL	1,071,637	0%	1,124,044	0%	2,029,034	1%	80.51%
Total, out of which:	410,935,625	100%	444,995,067	100%	352,141,648	100%	-20.87%
Within the Group	69,616,189	17%	63,009,389	14%	47,457,663	13%	-24.68%
Outside of the Group	341,319,436	83%	381,985,677	86%	304,683,985	87%	-20.24%

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

Structure of Revenues (Net sales)	12 Months of 2021	% in total	12 Months of 2022	% in total	12 Months of 2023	% in total	2023 vs.2022
Sales of finished goods (701+709)	276,755,901	81%	313,728,863	82%	249,100,439	82%	-20.60%
Sales of intermediary goods	14,703,881	4%	17,584,021	5%	9,958,085	3%	-43.37%
Sales of residual products	643,853	0%	479,172	0%	293,095	0%	-38.83%
Services rendered	3,514,731	1%	3,141,708	1%	4,167,180	1%	32.64%
Sales of goods purchased for resale	43,132,592	13%	37,641,933	10%	32,316,563	11%	-14.15%
Revenues from sundry activities	2,568,478	1%	9,409,981	2%	8,848,623	3%	-5.97%
Total	341,319,436	100%	381,985,677	100%	304,683,985	100%	-20.24%

D.) STATEMENT OF CASH-FLOW

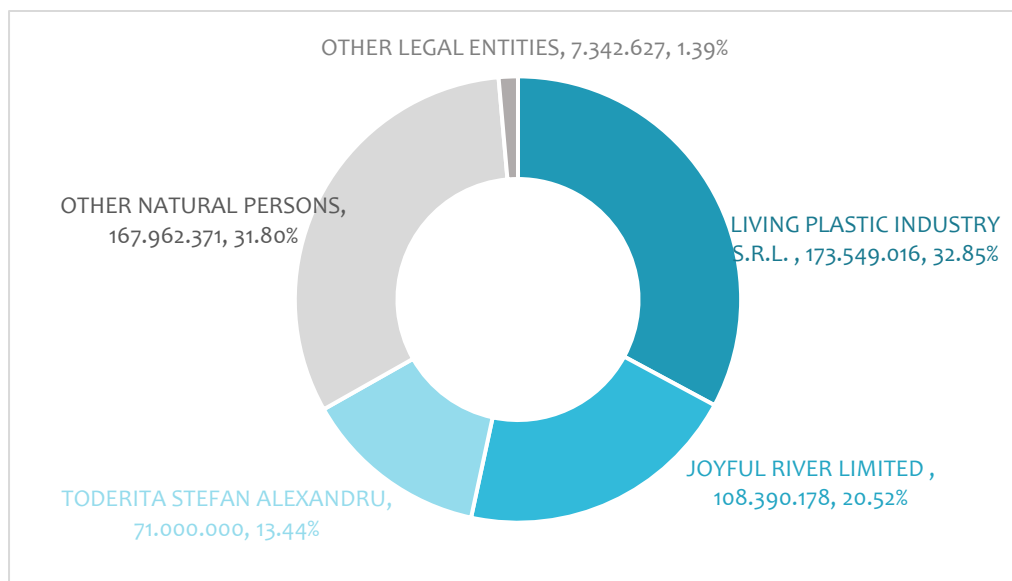
	12 Months of 2021	12 Months of 2022	12 Months of 2023
Net cash generated by /(used in) operating activities	(1,778,786)	(6,738,464)	827,402
Net cash generated by /(used in) investing activities	(2,175,748)	70,172,389	(5,880,494)
Net cash generated by /(used in) financing activities	846,795	(7,161,758)	(35,099,811)
Net increase in cash and cash equivalents	(3,107,739)	56,272,168	(40,152,903)
Cash and cash equivalents at the beginning of the year	20,704,632	17,596,893	73,869,061
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	17,596,893	73,869,061	33,716,158



E.) FINANCIAL RATIOS

Indicator	Formula	12 Months of 2021	12 Months of 2022	12 Months of 2023
EBIT	Gross profit + Income tax + Expenses with interest	4,376,487	59,555,689	(1,771,011)
EBITDA	EBIT + Depreciation-Subsidies for investment	15,528,594	70,401,193	8,949,657
Sales	Revenue + Rental and royalty income	341,864,786	382,579,913	305,187,373
EBITDA to sales ratio	EBITDA/Sales	4.54%	18.40%	2.93%
EBITDA to Equity ratio	EBITDA/Equity	11.18%	41.49%	5.89%
Gross profit margin	Gross profit/Sales	0.80%	14.95%	-1.60%
Current ratio	Current assets/Current liabilities (Current assets-Inventories)/Current liabilities	1.03	1.42	1.38
Quick ratio		0.61	0.97	0.86
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	23%	16%	17%
Total liabilities to Assets ratio	Total liabilities/Total Assets	54%	51%	48%
Interest coverage ratio	EBIT/Interest expenses	2.64	25.19	(0.57)
Account receivable turnover ratio	Average receivables/Sales (days)	47	54	72
Account payable turnover ratio	Average payables/Sales (days)	47	56	60
Return on assets (ROA)	Net profit/Assets	0.5933%	16.3100%	-1.7554%
Return on equity (ROE)	Net profit/Equity	1.2890%	33.0768%	-3.3779%
Return on sales (ROS)	Net profit/Sales	0.5238%	14.6701%	-1.6829%

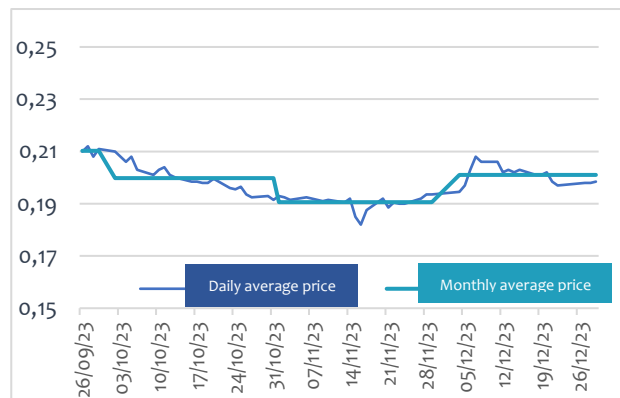
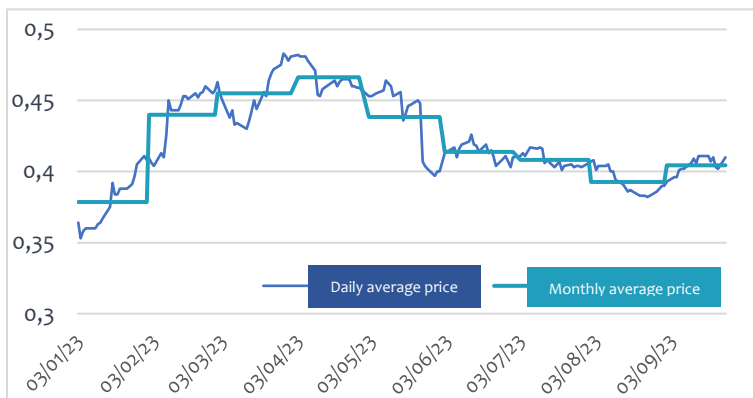
F.) STRUCTURE OF SHAREHOLDERS



*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.



Romcarbon share price evolution in 2023



Starting from 26.09.2023, a share price correction factor was applied with a value of 2. Details [HERE](#).

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INTERNAL CONTROL

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

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

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

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

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

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

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

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

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



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

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

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

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

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

- d) achievement of the objectives of the organization
- e) preservation of the assets of the organization
- f) the accounting function;

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

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

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

The internal accounting and financial control focuses on providing:

- g) compliance of the accounting and financial information with the applicable rules;
- h) application of the management instructions according to this information;
- i) protection of the assets;
- j) prevention and detection of accounting and financial frauds and irregularities;
- k) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- l) reliability of the annual published financial statements and other information communicated to the market.

All 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.

ELEMENTS OF PERSPECTIVE

In the year 2024, the management will continue to take all measures to ensure the development of the Group's activity in safe conditions for all interested parties, in the current context of the raw materials and materials market, where the availability and price of raw materials has represented a continuous challenge, the cost of plastic granules returning to an increased level since the first months of the year, the utility market with prices that remain at a high level, in the context of the geopolitical climate created by the war in Ukraine, and last but not least the labor market, which shows continuous volatility growth.

For the year 2024, the Group aims to strengthen its position on the markets in which it operates, making the investments made in previous years more efficient as well as new investments in the circular economy and recycling by accessing non-refundable funds within the investment programs coordinated by the Ministry of Energy, as coordinator of reforms and/or investments for the National Recovery and Resilience Plan (PNRR).

The priority objectives are also in 2024 the realization of a range of products as diversified as possible and at the highest quality standards and the investment of important resources in technologies intended to ensure the economic growth of the company in the following financial exercises.

The activity of the companies within the Group is not affected by the restrictions on external financing, it has the ability to control the flow of collections and minimizes the risks of non-collection. We have not identified the prerequisites for exposure to major risks in terms of cash flows. There will be pressure on the RON/EUR exchange rate, but we cannot estimate its level.

NON-FINANCIAL DECLARATION

At the date of these financial statements, the Group has not prepared the non-financial declaration. The group will issue the sustainability report for 2023 by 30.06.2024.

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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