

# **ROMCARBON SA**

## **AUDITED SEPARATE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(all amounts are expressed in lei, unless specified otherwise)**

|                                                                                      |      | Year ended:                                  |                                              |
|--------------------------------------------------------------------------------------|------|----------------------------------------------|----------------------------------------------|
|                                                                                      |      | Financial year<br>ended December<br>31, 2024 | Financial year<br>ended December<br>31, 2023 |
|                                                                                      | Note |                                              |                                              |
| Revenues from contracts with customers                                               | 3    | 225,633,834                                  | 214,230,854                                  |
| Other income                                                                         | 4    | 3,994,432                                    | 4,303,986                                    |
| Changes in inventories                                                               |      | 2,705,618                                    | 485,526                                      |
| Raw materials and consumables used                                                   | 5    | (159,392,433)                                | (148,776,840)                                |
| Employee salaries and benefits                                                       | 6    | (53,544,515)                                 | (47,111,543)                                 |
| Depreciation and amortization expenses                                               | 7    | (9,829,769)                                  | (9,392,805)                                  |
| Operational expenses                                                                 | 8    | (17,149,321)                                 | (16,469,733)                                 |
| Other gains or losses                                                                | 9    | 380,896                                      | 4,921,634                                    |
| <b>Profit from operating activities</b>                                              |      | <b>(7,201,258)</b>                           | <b>2,191,079</b>                             |
| Finance income                                                                       | 10   | 2,038,951                                    | 3,386,552                                    |
| Finance cost                                                                         | 11   | (2,386,479)                                  | (2,081,299)                                  |
| Gains/(Loss) on impairment of financial assets                                       | 12   | (97,950)                                     | -                                            |
| <b>Profit before tax</b>                                                             |      | <b>(7,646,736)</b>                           | <b>3,496,332</b>                             |
| Income tax                                                                           | 13   | 1,653,756                                    | (182,523)                                    |
| <b>Net profit</b>                                                                    |      | <b>(5,992,980)</b>                           | <b>3,313,809</b>                             |
| <b>Other comprehensive income:</b>                                                   |      |                                              |                                              |
| of which:                                                                            |      |                                              |                                              |
| Other comprehensive income which cannot be reclassified to profit or loss, of which: |      |                                              |                                              |
| Net gains/loss on revaluation of tangible assets                                     |      | -                                            | -                                            |
| Adjustment of deferred tax on fiscally non-deductible revaluation reserves           |      | 186,674                                      | 485,482                                      |
| <b>Total comprehensive income</b>                                                    |      | <b>(5,806,306)</b>                           | <b>3,799,291</b>                             |
| Earnings per share                                                                   |      | (0,0110)                                     | 0,0072                                       |
| <b>Number of shares</b>                                                              |      | <b>528,244,192</b>                           | <b>528,244,192</b>                           |

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2025.

*For signatures, please refer to the original Romanian version.*

**ADMINISTRATOR**  
**HUANG LIANG NENG**

**FINANCIAL MANAGER**  
**VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE**  
**GENERAL MANAGER,**  
**CARMEN MANAILA**

**STATEMENT OF FINANCIAL POSITION**
**AT DECEMBER 31, 2024**

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

|                                                                                                                                                        | <b>Note</b> | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                                                                                                                          |             |                              |                              |
| <b>Non-current assets</b>                                                                                                                              |             |                              |                              |
| Property, plant and equipment                                                                                                                          | <b>14</b>   | 113,487,855                  | 106,808,714                  |
| Investment property                                                                                                                                    | <b>15</b>   | 11,909,857                   | 10,857,912                   |
| Intangible assets                                                                                                                                      | <b>16</b>   | 573,640                      | 809,486                      |
| Financial assets                                                                                                                                       | <b>17</b>   | 417,181                      | 460,593                      |
| <b>Total non-current assets</b>                                                                                                                        |             | <b>126,388,533</b>           | <b>118,936,705</b>           |
| <b>Current assets</b>                                                                                                                                  |             |                              |                              |
| Inventories                                                                                                                                            | <b>18</b>   | 38,329,846                   | 30,951,095                   |
| Trade and other receivables                                                                                                                            | <b>19</b>   | 57,139,837                   | 55,388,563                   |
| Taxes recoverable                                                                                                                                      |             | -                            | -                            |
| Other current financial assets                                                                                                                         | <b>20</b>   | 5,479,249                    | 5,929,217                    |
| Other current non-financial assets                                                                                                                     | <b>21</b>   | 1,079,739                    | 546,177                      |
| Cash and cash equivalents                                                                                                                              | <b>22</b>   | 8,566,957                    | 29,382,496                   |
| <b>Total current assets other than non-current assets or<br/>disposal groups classified as held for sale or as held for<br/>distribution to owners</b> |             | <b>110,595,628</b>           | <b>122,197,548</b>           |
| Non-current assets held for sale                                                                                                                       | <b>23</b>   | -                            | -                            |
| <b>Total current assets</b>                                                                                                                            |             | <b>110,595,628</b>           | <b>122,197,548</b>           |
| <b>Total assets</b>                                                                                                                                    |             | <b>236,984,161</b>           | <b>241,134,253</b>           |
| <b>EQUITY AND LIABILITIES</b>                                                                                                                          |             |                              |                              |
| <b>Capital and reserves</b>                                                                                                                            |             |                              |                              |
| Issued capital                                                                                                                                         | <b>24</b>   | 52,824,419                   | 52,824,419                   |
| Retained earnings                                                                                                                                      | <b>25</b>   | 24,677,854                   | 32,593,737                   |
| Share premiums                                                                                                                                         |             | 2,182,283                    | 2,182,283                    |
| Other reserves                                                                                                                                         | <b>26</b>   | 62,684,059                   | 63,215,703                   |
| <b>Total equity</b>                                                                                                                                    |             | <b>142,368,615</b>           | <b>150,816,142</b>           |
| <b>Non-current liabilities</b>                                                                                                                         |             |                              |                              |
| Other provisions                                                                                                                                       |             | 1,117,000                    | 1,117,000                    |
| <b>Total non-current provisions</b>                                                                                                                    |             | <b>1,117,000</b>             | <b>1,117,000</b>             |
| Deferred tax liabilities                                                                                                                               | <b>13</b>   | 5,637,270                    | 7,477,700                    |
| Other non-current financial liabilities                                                                                                                | <b>27</b>   | -                            | 7,283,273                    |
| Deferred income                                                                                                                                        | <b>28</b>   | 6,416,391                    | 5,361,210                    |
| <b>Total non-current liabilities</b>                                                                                                                   |             | <b>12,053,661</b>            | <b>20,122,183</b>            |

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

This is a free translation from the original Romanian version.

**STATEMENT OF FINANCIAL POSITION**
**AT DECEMBER 31, 2024**

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

|                                         | <b>Note</b> | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-----------------------------------------|-------------|------------------------------|------------------------------|
| <b>Current liabilities</b>              |             |                              |                              |
| Trade and other payables                | <b>29</b>   | 34,178,761                   | 24,772,724                   |
| Other current financial liabilities     | <b>27</b>   | 42,395,909                   | 38,178,595                   |
| Other current non-financial liabilities | <b>28</b>   | 4,870,215                    | 6,127,609                    |
| <b>Total current liabilities</b>        |             | <b>81,444,885</b>            | <b>69,078,928</b>            |
| <b>Total liabilities</b>                |             | <b>94,615,546</b>            | <b>90,318,111</b>            |
| <b>Total equity and liabilities</b>     |             | <b>236,984,161</b>           | <b>241,134,253</b>           |

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

|                                                       | Share<br>capital  | Share<br>premiums | Revaluation<br>reserves | Legal<br>reserves | Other<br>reserves | Retained<br>earnings | Total              |
|-------------------------------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|----------------------|--------------------|
| <b>January 1, 2023</b>                                | <b>26,412,210</b> | <b>2,182,283</b>  | <b>39,093,925</b>       | <b>5,282,442</b>  | <b>16,519,107</b> | <b>70,732,989</b>    | <b>160,222,957</b> |
| Net profit of the period                              | -                 | -                 | -                       | -                 | -                 | 3,313,809            | 3,313,809          |
| Statement of comprehensive income                     | -                 | -                 | 485,482                 | -                 | -                 | -                    | 485,482            |
| <b>Total comprehensive income</b>                     | <b>-</b>          | <b>-</b>          | <b>485,482</b>          | <b>-</b>          | <b>-</b>          | <b>3,313,809</b>     | <b>3,799,291</b>   |
| Dividends declared                                    | -                 | -                 | -                       | -                 | -                 | (13,206,105)         | (13,206,105)       |
| Transfer to reserves                                  | -                 | -                 | -                       | 165,690           | 3,148,119         | (3,313,809)          | -                  |
| Transfer of revaluation reserves to retained earnings | -                 | -                 | (1,479,062)             | -                 | -                 | 1,479,062            | -                  |
| Increase of share capital                             | 26,412,209        | -                 | -                       | -                 | -                 | (26,412,209)         | -                  |
| <b>December 31, 2023</b>                              | <b>52,824,419</b> | <b>2,182,283</b>  | <b>38,100,345</b>       | <b>5,448,132</b>  | <b>19,667,226</b> | <b>32,593,737</b>    | <b>150,816,142</b> |

At the Ordinary General Meeting of Shareholders of Romcarbon SA of 27.04.2023, the Company approved the allotment of dividends worth lei 13,206,104.80. The amount was fully transferred to the Central Depository for paying the dividends due to shareholders.

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022.

In 2023, the Company distributed the amount of lei 13,206,105 to the income obtained in 2022, as per the OGMS of 27.04.2023.

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The accompanying notes are integral part of these separate financial statements in accordance with IFRS.  
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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

|                                                       | Share<br>capital  | Share<br>premiums | Revaluation<br>reserves | Legal<br>reserves | Other<br>reserves | Retained<br>earnings | Total              |
|-------------------------------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|----------------------|--------------------|
| <b>January 1, 2024</b>                                | <b>52,824,419</b> | <b>2,182,283</b>  | <b>38,100,345</b>       | <b>5,448,132</b>  | <b>19,667,226</b> | <b>32,593,737</b>    | <b>150,816,142</b> |
| Net profit of the period                              | -                 | -                 | -                       | -                 | -                 | (5,992,980)          | (5,992,980)        |
| Statement of comprehensive income                     | -                 | -                 | 186,674                 | -                 | -                 | -                    | 186,674            |
| <b>Total comprehensive income</b>                     | <b>-</b>          | <b>-</b>          | <b>-</b>                | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>           |
| Dividends declared                                    | -                 | -                 | -                       | -                 | -                 | (2,641,221)          | (2,641,221)        |
| Transfer to reserves                                  | -                 | -                 | -                       | -                 | -                 | -                    | -                  |
| Transfer of revaluation reserves to retained earnings | -                 | -                 | (718,318)               | -                 | -                 | 718,318              | -                  |
| Increase of share capital                             | -                 | -                 | -                       | -                 | -                 | -                    | -                  |
| <b>December 31, 2024</b>                              | <b>52,824,419</b> | <b>2,182,283</b>  | <b>37,568,701</b>       | <b>5,448,132</b>  | <b>19,667,226</b> | <b>24,677,854</b>    | <b>142,368,615</b> |

In 2024, the Company distributed the amount of lei 2.641.221 to the income obtained in 2023, as per the OGMS of 29.04.2024.

The adjustment of deferred tax on fiscally non-deductible revaluation reserves is explained in Note 13.

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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2024**  
(all amounts are expressed in lei, unless specified otherwise)

|                                                                               | <b>2024</b>        | <b>2023</b>      |
|-------------------------------------------------------------------------------|--------------------|------------------|
| <b>Net profit/(loss) for the year</b>                                         | <b>(5,992,980)</b> | <b>3,313,809</b> |
| Income tax expense / (income)                                                 | -                  | -                |
| Deferred income tax expense / (income)                                        | (1,653,756)        | 182,523          |
| Non-current asset depreciation/(impairment)                                   | 9,829,769          | 9,392,805        |
| Provisions for untaken leaves                                                 | -                  | 117,000          |
| (Gain) / Loss on sale of fixed assets                                         | (6,826)            | -                |
| (Gain) / Loss on changes in fair value of investment property                 | (435,954)          | (974,174)        |
| (Gain) / Loss on disposal of investment property                              | -                  | -                |
| (Gain) / Loss on disposal of short-term investments                           | (782,307)          | (57,882)         |
| (Gain) / Loss on revaluation of property, plant and equipment                 | -                  | -                |
| (Gain) / Loss on the disposal of assets held for sale                         | -                  | (3,992,451)      |
| Gains on internal set-up of fixed assets                                      | (839,740)          | (288,092)        |
| Expenses / (Revenues) regarding value adjustments for clients and inventories | 368,573            | 83,148           |
| Loss on receivables and sundry debtors                                        | 61,710             | 54,865           |
| Expenses / (Revenues) regarding allowances for financial assets               | 97,950             | -                |
| Interest expense and bank charges                                             | 2,386,479          | 2,081,299        |
| Interest income                                                               | (1,013,506)        | (983,890)        |
| Income from dividends                                                         | -                  | -                |
| Income from subsidies                                                         | (1,839,055)        | (2,113,978)      |
| Unrealised foreign exchange gain / (loss)                                     | (243,138)          | (2,402,662)      |
| <b>Movements in working capital:</b>                                          |                    |                  |
| (Increase) / Decrease in trade and other receivables                          | (3,886,580)        | 8,975,358        |
| (Increase) / Decrease in inventories                                          | (7,747,327)        | (1,119,740)      |
| (Increase) / Decrease in other assets                                         | (53,162)           | 3,136,052        |
| Increase / (Decrease) in trade payables                                       | 8,225,816          | (7,989,155)      |
| Increase / (Decrease) in other liabilities                                    | 1,636,842          | 504,351          |
| <b>Cash from/(used in) operating activities</b>                               | <b>1,887,191</b>   | <b>7,919,187</b> |
| Income tax paid                                                               | -                  | (619,612)        |
| Interest and bank charges paid                                                | (2,386,479)        | (2,081,299)      |
| <b>Net cash from/(used in) operating activities</b>                           | <b>(4,273,670)</b> | <b>5,218,276</b> |
| <b>Cash flows from investing activities:</b>                                  |                    |                  |
| Interest received                                                             | 1,013,506          | 983,890          |
| Payments for tangible assets                                                  | (15,806,)          | (13,307,466)     |
| Proceeds from sale of investment property                                     | -                  | -                |
| Proceeds from sale of tangible and intangible assets                          | (615,991)          | -                |
| Proceeds from sale of assets held for sale                                    | -                  | 7,752,606        |
| Proceeds from sale of subsidies                                               | 1,796,170          | -                |
| Payments for assets held for sale                                             | -                  | -                |
| Payments for short-term financial investments                                 | (128,384)          | (2,529,566)      |
| Proceeds on short-term investments                                            | 782,307            | 57,882           |
| Related party loans granted                                                   | -                  | -                |
| Payments for financial assets                                                 | -                  | -                |
| Payments for intangible assets                                                | (236,418)          | (593,862)        |
| Proceeds on financial investments                                             | 43,412             | 23,003,666       |
| Dividends received                                                            | -                  | 39,418,400       |

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.  
This is a free translation from the original Romanian version.



**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2024**  
(all amounts are expressed in lei, unless specified otherwise)

|                                                               |                     |                     |
|---------------------------------------------------------------|---------------------|---------------------|
| <b>Net cash generated by investing activities</b>             | <b>(13,151,426)</b> | <b>54,785,550</b>   |
|                                                               | <b>2024</b>         | <b>2023</b>         |
| <b>Cash flows from financing activities:</b>                  |                     |                     |
| <i>Repayments of banks loans</i>                              |                     |                     |
| Drawdowns of loans                                            | (3,064,925)         | (4,442,587)         |
| Proceeds from loans to affiliates                             | -                   | -                   |
| Dividends paid                                                | (2,641,220)         | (28,951,452)        |
| Proceeds from subsidies                                       | 2,315,700           | -                   |
| <b>Net cash generated by/(used in) financing activities</b>   | <b>(3,390,445)</b>  | <b>(33,394,039)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(20,815,541)</b> | <b>26,609,787</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>29,382,497</b>   | <b>2,772,709</b>    |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>8,566,956</b>    | <b>29,382,496</b>   |

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2025.

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**FINANCIAL MANAGER**  
**VIORICA ZAINESCU**

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**GENERAL MANAGER,**  
**CARMEN MANAILA**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Company") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. The Company's shares are traded on the BSE, and its main shareholders as at December 31, 2023 are Living Plastic Industry S.A., Joyful River Limited Loc. Nicosia – Cyprus, other natural persons.

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

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

The separate financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") in force on the reporting date 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, as subsequently amended and supplemented.

**Basis of preparation**

These separate financial statements of the Company were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. December 31, 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, as subsequently amended and supplemented. Such provisions are consistent with the requirements of the International Financial Reporting Standards adopted by the European Union.

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

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

The Company has the obligation to prepare separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Romcarbon group, which includes Romcarbon S.A. and its subsidiaries, will prepare a set of consolidated financial statements in accordance with IFRS as adopted by EU, for the financial year ended December 31, 2024, which will be published in accordance with the legislation in force.

The company details sustainability aspects and themes in its Group-level sustainability report. The Romcarbon Group's sustainability report for 2024 will be included in the Consolidated Financial Reporting.

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

The main accounting policies are described hereinafter.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

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

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

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

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

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

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

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

The Company's direct holdings as at December 31, 2024 and December 31, 2023 in subsidiaries or associates, which were not consolidated in these separate financial statements, are presented in Note 29. Investments in such subsidiaries or associates were disclosed in these separate financial statements at cost.

The Company will issue for 2024 consolidated financial statements in accordance with IFRS as adopted by the European Union.

**a) New Standards, Interpretations, and Amendments Adopted as of 1 January 2024**

The following amendments apply to periods beginning on or after January 1, 2024:

**Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)**

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**

On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (the Amendments). Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

**Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)**

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)**

- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

**b) Standards and Amendments Not Yet in Effect**

The following modifications will become applicable in future reporting periods:

**Lack of Exchangeability (Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates)**

This amendment to IAS 21 clarifies how entities should assess and account for transactions in currencies that are not freely exchangeable on foreign exchange markets. The standard introduces new requirements for identifying and measuring the applicable exchange rate when exchangeability is restricted. The objective of this amendment is to enhance consistency and comparability in financial reporting for economies with significant foreign exchange restrictions. Effective for the annual reporting period beginning 1 January 2025.

**Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

These amendments clarify and improve the rules for classifying and measuring financial instruments, ensuring more consistent application of IFRS 9 and IFRS 7 principles. The key changes include:

- Clarification of the criteria for classifying financial assets based on the business model and cash flow characteristics.
- Enhancements to the recognition and measurement of financial liabilities, including aspects related to contractual term modifications.
- New disclosure requirements for entities using complex financial instruments, aiming to increase transparency and comparability in financial reporting.

Effective for the annual reporting period beginning 1 January 2025

**Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)**

These amendments clarify the accounting treatment for electricity purchase agreements where supply is dependent on natural factors such as wind, solar, or hydroelectric power.

- Clarification of IFRS 9 applicability in determining whether electricity purchase agreements should be accounted for as financial instruments or executory contracts.
- Modifications to IFRS 7 disclosure requirements to improve transparency regarding risks associated with such contracts and their impact on financial statements.
- Impact on revenue recognition and financial risk assessment, particularly for entities entering long-term renewable energy contracts.

Effective for the annual reporting period beginning 1 January 2026

**IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)**

have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. Effective for the annual reporting period beginning 1 January 2027.

**IFRS 19 *Subsidiaries without Public Accountability: Disclosures***

Published by the IASB in May 2024, IFRS 19 introduces a simplified reporting framework for subsidiaries that do not have a public accountability obligation but apply IFRS in their financial reporting. This standard reduces disclosure requirements for such entities while maintaining transparency and comparability of financial information. The main benefit of IFRS 19 is the reduction of administrative and reporting costs without compromising the usefulness of financial statements for users. Effective for the annual reporting period beginning 1 January 2027.

**Sale of goods**

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

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

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

**Dividend and interest income**

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

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

**Income from services provided**

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

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

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

When the outcome of a transaction involving the provision of services cannot be reliably estimated, the income should be recognized only within the limit of the recognized recoverable expenses.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Foreign currency transactions**

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

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

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

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

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

- December 31, 2023: lei 4.4958/ USD 1 and lei 4.9746/ EUR 1
- December 31, 2024: lei 4.7768/ USD 1 and lei 4.9741/ EUR 1

**Costs related to long-term borrowings**

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale. Income from temporary investments from borrowings, until such borrowings are spent on assets, is deducted from the costs related to long-term borrowings eligible for capitalization.

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

**Government subsidies**

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

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

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

**Employee contributions**

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

The Company does not pay its employees retirement benefits, as per the Company's collective labour agreement.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024  
(all amounts are expressed in lei, unless specified otherwise)**

**2. MAIN ACCOUNTING POLICIES (continued)**

**Taxation**

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

***Current tax***

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

***Provisions for taxes and levies***

As at December 31, 2023 the Company's separate financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Company's winding up.

The Company's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Company must register an income tax liability in connection with such reserves. These financial statements do not include such provision for deferred income related to such reserves.

**Deferred tax**

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

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

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

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Current and deferred tax for the period**

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

**Property, plant and equipment**

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

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

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

The buildings' depreciation is charged to the income statement.

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

Plant and equipment are recorded in the balance sheet at historical cost less the subsequently accumulated depreciation and accumulated impairment losses.

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

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

**Subsequent expenses**

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

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

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



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2024

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

**2. MAIN ACCOUNTING POLICIES (continued)****Subsequent expenses (continued)**

The following useful lives are used in the depreciation calculation:

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

**Intangible assets*****Intangible assets acquired separately***

Intangible assets with definite useful life which are acquired separately are accounted at cost less accumulated amortization and impairment. Amortization is calculated on a straight-line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period. Intangible assets with indefinite useful lives, which are acquired separately, are accounted at cost less cumulated impairment losses.

***Derecognition of intangible assets***

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

**Impairment of tangible and intangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

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

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

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Investment property**

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

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

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

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

**Assets held for sale**

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

**Inventories**

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

**Provisions**

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

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

**Fair value measurement according to IFRS 13**

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**2. MAIN ACCOUNTING POLICIES (continued)**

**Fair value measurement according to IFRS 13 (continued)**

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

- a) share-based payment transactions within the scope of IFRS 2
- b) leasing transactions within the scope of IFRS 16
- c) measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2
- d) plan assets measured at fair value in accordance with IAS 19
- e) retirement benefit plan investments measured at fair value in accordance with IAS 26
- f) assets for which recoverable amount is fair value less costs of disposal in accordance with IAS 36

Fair value hierarchy – in order to improve the consistency and comparability of fair value measurements and related disclosures, this hierarchy is classified into 3 levels:

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

**Warranties**

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

**Financial assets and liabilities**

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

**Classification of financial assets**

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Classification of financial assets (continued)**

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

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

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

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

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

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

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

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

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

***Financial assets available for sale (AFS)***

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

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

***Impairment of financial assets***

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)*****Impairment of financial assets (continued)***

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

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

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

***Derecognition of assets and liabilities***

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

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

***Earnings per share***

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

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

***Use of estimates***

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

***Comparatives***

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**3. REVENUES FROM CONTRACTS WITH CUSTOMERS**

An analysis of the Company's income for December 31, 2024 is presented below:

| Revenues:                             | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|---------------------------------------|----------------------------------------------|----------------------------------------------|
| Income from sale of finished products | 160,704,997                                  | 154,582,594                                  |
| Income from sale of commodities       | 58,618,840                                   | 51,810,694                                   |
| Income from services delivered        | 403,437                                      | 425,122                                      |
| Income from other activities          | 5,906,560                                    | 7,412,444                                    |
| <b>Total</b>                          | <b>225,633,834</b>                           | <b>214,230,854</b>                           |

**Segment reporting:**

| Income by geographical areas:         | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|---------------------------------------|----------------------------------------------|----------------------------------------------|
| Sales on domestic market (Romania)    | 191,310,456                                  | 179,724,754                                  |
| Sales on foreign market (Europe)      | 33,710,545                                   | 34,391,223                                   |
| Other (China, Israel, Taiwan, Panama) | 612,832                                      | 114,877                                      |
| <b>Total</b>                          | <b>225,633,832</b>                           | <b>214,230,854</b>                           |

| Segment income and profit                            | Segment income<br>Financial year ended |                      | Segment profit<br>Financial year ended |                      |
|------------------------------------------------------|----------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                      | December 31,<br>2024                   | December 31,<br>2023 | December 31,<br>2024                   | December 31,<br>2023 |
| Polyethylene + polystyrene + polypropylene plastics  | 119,791,519                            | 111,413,523          | 17,559,696                             | 18,403,121           |
| Compound recycled products                           | 35,453,261                             | 39,128,957           | (4,854,786)                            | (2,544,318)          |
| Other productive sectors                             | 6,592,659                              | 6,388,942            | 813,146                                | 1,000,677            |
| Income from sale of commodities and other activities | 63,796,393                             | 57,299,430           | 1,028,153                              | 1,307,458            |
| <b>Total operating income</b>                        | <b>225,633,832</b>                     | <b>214,230,852</b>   | <b>14,546,209</b>                      | <b>18,166,938</b>    |
| Income from investments                              | -                                      | -                    | -                                      | 4,050,334            |
| Administrative and salary expenses                   | -                                      | -                    | (19,806,466)                           | (19,042,303)         |
| Finance expenses                                     | -                                      | -                    | (2,386,479)                            | 321,363              |
| <b>Profit/(Loss) before tax</b>                      | -                                      | -                    | <b>(7,646,736)</b>                     | <b>3,496,332</b>     |

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**3. REVENUES (continued)**

The decrease of income from sales of finished products and sale of merchandise is due to the significant decrease of demand on the markets we operate on, because the consumers' behaviour changed, but also because of the economic crisis nation-wide and at European level, as well as decreasing prices of raw materials. As regards recycled polymers and compounds, the reduction in revenues was also caused by production interruptions as a result of equipment defects.

**Plastics** include income obtained by the Company from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (expanded polystyrene trays - standard and catering, expanded polystyrene boards for floor insulation), etc.

**Other productive sectors** include income obtained by the Company from selling auto and industrial filters, respiratory protection equipment, activated charcoal, PVC pipes and tubes, recycled PVC bases for traffic signs.

**Compounds** include income obtained by the Company from selling plastic compounds made of virgin polymers and compounds and re-granulated materials made of recycled polymers.

**Other activities** include income obtained from other activities representing sales of commodities, rentals and other services delivered.

|                                                                           | <b>Asset segment</b>         |                              | <b>Liability segment</b>                        |                              |
|---------------------------------------------------------------------------|------------------------------|------------------------------|-------------------------------------------------|------------------------------|
|                                                                           | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2024</b>                    | <b>December 31,<br/>2023</b> |
| <b>Asset and liability segment</b>                                        |                              |                              |                                                 |                              |
| Polyethylene + polystyrene + polypropylene plastics                       | 78,032,758                   | 84,071,453                   | 45,869,195                                      | 38,811,688                   |
| Compound recycled products                                                | 64,666,042                   | 71,663,622                   | 17,585,817                                      | 19,511,282                   |
| Other productive sectors                                                  | 6,787,784                    | 7,461,197                    | 2,382,624                                       | 2,338,497                    |
| Commercial assets, real estate and financial investments and other assets | 87,497,577                   | 77,937,981                   | 28,777,910                                      | 29,656,643                   |
| <b>Total assets/liabilities</b>                                           | <b>236,984,161</b>           | <b>241,134,253</b>           | <b>94,615,546</b>                               | <b>90,318,111</b>            |
|                                                                           |                              |                              |                                                 |                              |
|                                                                           | <b>Depreciation segment</b>  |                              | <b>Segment of non-current assets additions*</b> |                              |
|                                                                           | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2024</b>                    | <b>December 31,<br/>2023</b> |
| <b>Depreciation and of non-current assets additions</b>                   |                              |                              |                                                 |                              |
| Polyethylene + polystyrene + polypropylene plastics                       | 2,652,753                    | 2,852,771                    | 1,583,896                                       | 5,694,647                    |
| Compound recycled products                                                | 3,561,568                    | 5,128,315                    | 8,413,538                                       | 1,947,399                    |
| Other productive sectors                                                  | 359,124                      | 325,239                      | -                                               | -                            |
| Other activities                                                          | 3,256,324                    | 1,086,480                    | 5,649,701                                       | 1,026,026                    |
| <b>Total</b>                                                              | <b>9,829,769</b>             | <b>9,392,805</b>             | <b>15,647,134</b>                               | <b>8,668,071</b>             |

\* Segment of non-current assets additions represents inflows of fixed assets during the year and does not include inflows from purchases of subsidiaries.

The client portfolio related to the company's production is diverse; it does not depend on certain clients. Nevertheless, as regards the sale of commodities, S.C Romcarbon SA has two clients (Kasakrom Chemicals SRL and LivingJumbo Industry SA). From the relation with such clients, the Company registered in 2024 a turnover of 11% and 14% of total turnover. Sales to LivingJumbo Industry SA in 2024 also contained sales of finished goods, rental of production spaces and income from other activities, which account for 5% of the turnover.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024**  
(all amounts are expressed in lei, unless specified otherwise)

**4. OTHER INCOME**

|                                          | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|------------------------------------------|----------------------------------------------|----------------------------------------------|
| Income from lease of investment property | 2,155,377                                    | 2,190,008                                    |
| Income from subsidies                    | 1,839,055                                    | 2,113,978                                    |
| <b>Total</b>                             | <b>3,994,432</b>                             | <b>4,303,986</b>                             |

**5. RAW MATERIALS AND CONSUMABLES USED**

|                  | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|------------------|----------------------------------------------|----------------------------------------------|
| Raw materials    | 70,264,442                                   | 67,797,533                                   |
| Commodities sold | 59,591,014                                   | 52,187,319                                   |
| Energy expenses  | 20,255,065                                   | 21,380,901                                   |
| Consumables      | 9,281,912                                    | 7,411,087                                    |
| <b>Total</b>     | <b>159,392,433</b>                           | <b>148,776,840</b>                           |

Increase in raw material costs is correlated with increase in revenue from sales of finished products.

**6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES**

|                      | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|----------------------|----------------------------------------------|----------------------------------------------|
| Salaries             | 48,868,751                                   | 43,421,287                                   |
| Social contributions | 1,139,502                                    | 1,017,846                                    |
| Meal tickets         | 3,536,262                                    | 2,672,410                                    |
| <b>Total</b>         | <b>53,544,515</b>                            | <b>47,111,543</b>                            |

The increase of expenses with salaries is mainly due to the increase of the minimum salary at national level of 8.82% in 2024 (lei 3,700) compared to 2023 (lei 3,300). In 2024, 654 employees benefitted from salary growths, further to the increase of the minimum salary.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES (continued)**
***Indemnities granted to top management***

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

|                                 | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|---------------------------------|----------------------------------------------|----------------------------------------------|
| Management salaries             | 2,640,218                                    | 2,450,764                                    |
| Benefits for Board of Directors | 21,852                                       | 21,138                                       |
| <b>Total</b>                    | <b>2,662,070</b>                             | <b>2,471,902</b>                             |

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

Since March 2020, the members of the Board of Administration of Romcarbon are not remunerated, only for the position of secretary of the Board of Administration there is a monthly remuneration.

**7. DEPRECIATION/AMORTIZATION AND IMPAIRMENT EXPENSES**

|                                               | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|-----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Total amortization expenses, of which:</b> | <b>9,826,769</b>                             | <b>9,392,805</b>                             |
| Depreciation of property plant and equipment  | 9,691,405                                    | 9,277,508                                    |
| Amortization of intangible assets             | 138,364                                      | 115,297                                      |
| Financial assets impairment                   | -                                            | -                                            |
| <b>Total</b>                                  | <b>9,829,769</b>                             | <b>9,392,805</b>                             |

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**8. OPERATING EXPENSES**

|                                                     | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Expenses with transport and logistics               | 4,986,918                                    | 4,973,305                                    |
| Other expenses with third party services*           | 7,685,507                                    | 7,233,353                                    |
| Protocol and marketing                              | 130,761                                      | 163,251                                      |
| Expenses with repairs                               | 1,632,045                                    | 1,548,013                                    |
| Taxes and levies                                    | 1,317,515                                    | 1,232,529                                    |
| Losses on receivables                               | 61,710                                       | 54,865                                       |
| Expenses with insurances                            | 738,616                                      | 431,948                                      |
| Expenses with postal charges and telecommunications | 95,144                                       | 105,887                                      |
| Expenses with travels                               | 182,088                                      | 199,536                                      |
| Expenses with rentals                               | 135,174                                      | 174,329                                      |
| Expenses with commissions and fees                  | -                                            | -                                            |
| Expenses with fines and penalties                   | 63,890                                       | 44,048                                       |
| Other expenses                                      | 119,953                                      | 308,669                                      |
| <b>Total</b>                                        | <b>17,149,321</b>                            | <b>16,469,733</b>                            |

(\*) Other expenses with third party services include transport, legal advisory services, financial audit, security, occupational medicine, IT services etc.

In 2024, the audit services contracted by the Company with BDO Audit SRL amounted to euro 58,500 (euro 68,600 in 2023 with Deloitte Audit SRL).

**9. OTHER GAINS AND LOSSES**

|                                                                     | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|---------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Income from penalties charged                                       | 42,613                                       | 12,750                                       |
| Gain / (Loss) on sale of non-current assets                         | 6,826                                        | -                                            |
| Gain / (Loss) on adjustment of investment property at fair value**  | 435,954                                      | 974,174                                      |
| Gain / (Loss) on disposal of investment property                    | -                                            | 3,992,451                                    |
| Gain / (Loss) on disposal of financial investments                  | 782,307                                      | 57,882                                       |
| Gain / (Loss) from the adjustment of depreciation of current assets | (368,573)                                    | (200,148)                                    |
| Other gains*                                                        | 264,076                                      | 84,525                                       |
| <b>Total</b>                                                        | <b>1,163,203</b>                             | <b>4,921,633</b>                             |

(\*\*) At December 31, 2024, the Company carried out the revaluation of its investment property held at the end of the year, which resulted in an increase of net value of lei 435,955, which was registered in the result for the year – see note 15.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**10. FINANCE INCOME**

|                                   | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|-----------------------------------|----------------------------------------------|----------------------------------------------|
| Interest income on bank deposits  | 1,013,506                                    | 983,890                                      |
| Dividends from equity investments | -                                            | -                                            |
| Gains from FX differences         | 243,138                                      | 2,402,662                                    |
| <b>Total</b>                      | <b>1,256,644</b>                             | <b>3,386,552</b>                             |

**11. FINANCE COSTS**

|                                                  | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|--------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Bank interest and leases expenses                | 2,254,405                                    | 1,807,462                                    |
| Gains / (Losses) on foreign exchange differences | -                                            | -                                            |
| Bank commissions and assimilated charges         | 132,074                                      | 273,837                                      |
| <b>Total</b>                                     | <b>2,386,479</b>                             | <b>2,081,299</b>                             |

**12. EXPENSES WITH IMPAIRMENT OF FINANCIAL ASSETS**

|                                                | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Gains/(Loss) on impairment of financial assets | 97,950                                       | -                                            |
| <b>Total</b>                                   | <b>97,950</b>                                | <b>-</b>                                     |

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**13. INCOME TAX**

|                                        | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|----------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Income tax expenses</b>             |                                              |                                              |
| Current income tax expense             | -                                            | -                                            |
| Deferred income tax expense / (income) | 1,653,756                                    | 182,523                                      |
| <b>Total</b>                           | <b>1,653,756</b>                             | <b>182,523</b>                               |

The tax rate applied for the reconciliation above related to 2024 and 2023 is 16% and is due by all Romanian legal persons.

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

| <b>Reconciliation of actual income tax rate</b>              | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|--------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Gross income before taxation</b>                          | <b>(7,646,736)</b>                           | <b>3,496,332</b>                             |
| Tax calculated according to the 16% rate                     |                                              | 559,413                                      |
| Effect of non-taxable income                                 | (204,619)                                    | (158,725)                                    |
| Effect of non-deductible expenses                            | 204,619                                      | 158,883                                      |
| Effect of temporarily non-deductible expenses / deferred tax | (1,653,756)                                  | 182,523                                      |
| Deductions related to reinvested profit                      | -                                            | (559,572)                                    |
| <b>Total</b>                                                 | <b>(1,653,756)</b>                           | <b>182,523</b>                               |

| <b>Components of deferred tax liabilities</b>                                  | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|--------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Trade and other receivables                                                    | (136,926)                                    | (126,436)                                    |
| Inventories                                                                    | (339,712)                                    | (295,725)                                    |
| Investment property                                                            | 496,339                                      | 426,586                                      |
| Financial investments                                                          | (1,490,313)                                  | -                                            |
| Provisions for risks and expenses                                              | (178,720)                                    | -                                            |
| Property, plant and equipment                                                  | 7,286,602                                    | 7,473,276                                    |
| <b>Recognised income tax liabilities</b>                                       | <b>5,637,270</b>                             | <b>7,477,700</b>                             |
| <b>of which deferred tax on revaluation reserves from comprehensive income</b> |                                              | <b>7,473,276</b>                             |

|                                          | Financial year ended<br>December 31,<br>2024 | Financial year ended<br>December 31,<br>2023 |
|------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Opening balance as at January 1</b>   | <b>7,477,700</b>                             | <b>7,780,659</b>                             |
| Movement from revaluation reserves       | (186,674)                                    | (485,482)                                    |
| Recognised in income statement           | (1,653,756)                                  | 182,523                                      |
| <b>Closing balance as at December 31</b> | <b>5,637,270</b>                             | <b>7,477,700</b>                             |

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

**14. PROPERTY, PLANT AND EQUIPMENT**

|                                        | Land              | Buildings         | Plant and equipment | Installations and furniture | Tangible assets in progress and advances | Total              |
|----------------------------------------|-------------------|-------------------|---------------------|-----------------------------|------------------------------------------|--------------------|
| <b>COST</b>                            |                   |                   |                     |                             |                                          |                    |
| <b>Balance as at January 1, 2024</b>   | <b>43,567,512</b> | <b>20,734,382</b> | <b>124,860,442</b>  | <b>893,843</b>              | <b>9,463,038</b>                         | <b>199,519,217</b> |
| Additions, of which                    | -                 | 1,472,532         | 13,232,570          | 430,442                     | 40,194,084                               | 55,329,628         |
| Transfers                              | -                 | 1,472,532         | 13,232,570          | 430,442                     | -                                        | 15,135,544         |
| Revaluation increases                  | -                 | -                 | -                   | -                           | -                                        | -                  |
| Disposals, of which                    | -                 | -                 | (466,928)           | -                           | (38,854,683)                             | (39,321,611)       |
| Transfers                              | -                 | -                 | -                   | -                           | (15,135,544)                             | (15,135,544)       |
| Revaluation decreases                  | -                 | -                 | -                   | -                           | -                                        | -                  |
| <b>Balance as at December 31, 2024</b> | <b>43,567,512</b> | <b>22,206,914</b> | <b>137,626,084</b>  | <b>1,324,285</b>            | <b>10,802,439</b>                        | <b>215,527,235</b> |
| <b>Balance as at January 1, 2023</b>   | <b>43,567,512</b> | <b>18,836,122</b> | <b>118,584,958</b>  | <b>867,555</b>              | <b>4,486,490</b>                         | <b>186,342,638</b> |
| Additions, of which                    | -                 | 1,898,259         | 6,726,386           | 43,426                      | 13,644,619                               | 22,312,690         |
| Transfers                              | -                 | 1,898,259         | 6,726,386           | 43,426                      | -                                        | 8,668,071          |
| Revaluation increases                  | -                 | -                 | -                   | -                           | -                                        | -                  |
| Disposals, of which                    | -                 | -                 | (450,902)           | (17,138)                    | (8,668,071)                              | (9,136,111)        |
| Transfers                              | -                 | -                 | -                   | -                           | (8,668,071)                              | (8,668,071)        |
| Revaluation decreases                  | -                 | -                 | -                   | -                           | -                                        | -                  |
| <b>Balance as at December 31, 2023</b> | <b>43,567,512</b> | <b>20,734,382</b> | <b>124,860,442</b>  | <b>893,843</b>              | <b>9,463,038</b>                         | <b>199,519,217</b> |

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

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

|                                        | Land       | Buildings  | Plant and equipment | Installations and furniture | Tangible assets in progress and advances | Total       |
|----------------------------------------|------------|------------|---------------------|-----------------------------|------------------------------------------|-------------|
| <b>CUMULATED DEPRECIATION</b>          |            |            |                     |                             |                                          |             |
| <b>Balance as at January 1, 2024</b>   | -          | 1,354,578  | 90,821,291          | 534,634                     | -                                        | 92,710,503  |
| Expenses with depreciation             | -          | 1,545,394  | 8,086,707           | 59,304                      | -                                        | 9,691,405   |
| Decrease from sale of assets           | -          | -          | (362,528)           | -                           | -                                        | (362,528)   |
| Revaluation decreases                  | -          | -          | -                   | -                           | -                                        | -           |
| <b>Balance as at December 31, 2024</b> | -          | 2,899,972  | 98,545,470          | 593,938                     | -                                        | 102,039,380 |
| <b>Balance as at January 1, 2023</b>   | -          | -          | 83,355,744          | 496,228                     | -                                        | 83,851,971  |
| Expenses with depreciation             | -          | 1,354,578  | 7,867,386           | 55,544                      | -                                        | 9,277,508   |
| Decrease from sale of assets           | -          | -          | (401,838)           | (17,138)                    | -                                        | (418,976)   |
| Revaluation decreases                  | -          | -          | -                   | -                           | -                                        | -           |
| <b>Balance as at December 31, 2023</b> | -          | 1,354,578  | 90,821,291          | 534,634                     | -                                        | 92,710,503  |
| <b>NET BOOK VALUE</b>                  |            |            |                     |                             |                                          |             |
| <b>As at December 31, 2024</b>         | 43,567,512 | 19,306,942 | 39,080,613          | 730,348                     | 10,802,439                               | 113,487,855 |
| <b>As at December 31, 2023</b>         | 43,567,512 | 19,379,804 | 34,039,151          | 359,209                     | 9,463,038                                | 106,808,714 |

Additions of fixed assets in 2024 in amount of 15,647,134 were mainly intended for working tools and installations for the production activity.

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

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

**Pledged and restricted tangible assets**

Tangible assets with a net book value of lei 55,493,034 at December 31, 2024 (December 31, 2023: lei 58,854,629) and investment property with a net book value of lei 5,251,285 at December 31, 2024 (December 31, 2023: lei 3,585,933) represent security for loans and credit lines contracted from: UniCredit Bank SA and EXIMBANK SA.

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

The general objective of the project is to implement a system for monitoring the power consumption in the Buzau industrial site for industrial consumer Romcarbon SA, with a view to identifying and implementing energy efficient measures in order to save power consumption and avoid the Company's emissions of greenhouse gas effects. The net carrying amount of the equipment purchased in this project is lei 739,960 at December 31, 2024 (816,469 at December 31, 2023).

In 2024, a photovoltaic system with a capacity of 999.18 kWp was purchased and put into operation, financed by the Ministry of Energy, as coordinator for the National Recovery and Resilience Plan (PNRR) – Component 6 Energy within the Project entitled: "Implementation of an electricity production capacity from renewable solar energy sources within the company ROMCARBON SA". The value of the non-refundable financing was 2,315,700 lei.

The net book value of the equipment purchased through this project is 2,599,776 lei as of December 31, 2024.

**15. INVESTMENT PROPERTY**

|                                                               | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|---------------------------------------------------------------|------------------------------|------------------------------|
| <b>Balance as at January 1</b>                                | <b>10,857,912</b>            | <b>9,883,738</b>             |
| Total additions, out of which:                                | 1,122,690                    | 974,174                      |
| Fair value valuation increases according to accounting policy | 506,699                      | 974,174                      |
| Total disposals, of which:                                    | (70,745)                     | -                            |
| Fair value valuation decreases according to accounting policy | (70,745)                     | -                            |
| <b>Balance as at December 31</b>                              | <b>11,909,857</b>            | <b>10,857,912</b>            |

As at December 31, 2024, the Company owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

At December 31, 2023, the Company performed the revaluation of the investment property held at year-end and resulted a increase of net value of lei 974,174, which was registered in the result for the year.

At December 31, 2024, the Company performed the revaluation of the investment property held at year-end and resulted a increase of net value of lei 435,955, which was registered in the result for the year.

If the Company had valued investment along with the assets held for sale at cost, then their value at December 31, 2024 would be lei 5,994,386.

The income from investment property obtained from rentals in 2024 is in amount of lei 2,155,377 and cover the expenses incurred by the owner (the value of the income registered in 2023 was lei 2,190,008).

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

**16. INTANGIBLE ASSETS (other than goodwill)**

|                                        | <b>Licenses</b>  | <b>Other<br/>intangible<br/>assets</b> | <b>Intangible<br/>assets in<br/>progress</b> | <b>Total</b>     |
|----------------------------------------|------------------|----------------------------------------|----------------------------------------------|------------------|
| <b>COST</b>                            |                  |                                        |                                              |                  |
| <b>Balance as at January 1, 2024</b>   | <b>1,056,191</b> | <b>735,591</b>                         | <b>708,720</b>                               | <b>2,500,503</b> |
| Additions                              | 8,160            | 603,079                                | 164,576                                      | 775,815          |
| Transfers                              | -                | -                                      | -                                            | -                |
| Disposals                              | -                | -                                      | (873,296)                                    | (873,296)        |
| <b>Balance as at December 31, 2024</b> | <b>1,064,351</b> | <b>1,338,670</b>                       | <b>-</b>                                     | <b>2,403,021</b> |
| <b>Balance as at January 1, 2023</b>   | <b>1,052,687</b> | <b>713,307</b>                         | <b>140,646</b>                               | <b>1,906,640</b> |
| Additions                              | 3,504            | 22,284                                 | 568,075                                      | 593,863          |
| Transfers                              | -                | -                                      | -                                            | -                |
| Disposals                              | -                | -                                      | -                                            | -                |
| <b>Balance as at December 31, 2023</b> | <b>1,056,191</b> | <b>735,591</b>                         | <b>708,720</b>                               | <b>2,500,503</b> |
| <b>ACCUMULATED AMORTIZATION</b>        |                  |                                        |                                              |                  |
| <b>Balance as at January 1, 2024</b>   | <b>1,013,222</b> | <b>677,795</b>                         | <b>-</b>                                     | <b>1,691,017</b> |
| Expenses with amortization             | 32,839           | 105,524                                | -                                            | 138,364          |
| Write-offs on disposal of assets       | -                | -                                      | -                                            | -                |
| <b>Balance as at December 31, 2024</b> | <b>1,046,062</b> | <b>783,319</b>                         | <b>-</b>                                     | <b>1,829,381</b> |
| <b>Balance as at January 1, 2023</b>   | <b>931,496</b>   | <b>644,224</b>                         | <b>-</b>                                     | <b>1,575,720</b> |
| Expenses with amortization             | 81,727           | 33,571                                 | -                                            | 115,297          |
| Write-offs on disposal of assets       | -                | -                                      | -                                            | -                |
| <b>Balance as at December 31, 2023</b> | <b>1,013,222</b> | <b>677,795</b>                         | <b>-</b>                                     | <b>1,691,017</b> |
| <b>NET BOOK VALUE</b>                  |                  |                                        |                                              |                  |
| <b>As at December 31, 2024</b>         | <b>18,289</b>    | <b>555,351</b>                         | <b>-</b>                                     | <b>573,640</b>   |
| <b>As at December 31, 2023</b>         | <b>42,969</b>    | <b>57,796</b>                          | <b>708,720</b>                               | <b>809,486</b>   |



**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2022**
**(all amounts are expressed in lei, unless specified otherwise)**
**17. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

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

| <b>Name of investment</b>       | <b>Core activity</b>                                                                             | <b>Place of establishment and operations</b> | <b>%</b> | <b>December 31, 2024<br/>lei</b> | <b>December 31, 2023<br/>lei</b> |
|---------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------|----------|----------------------------------|----------------------------------|
| RECYPLAT LTD CYPRUS             | Business and other management consultancy activities                                             | Nicosia                                      | 100,00%  | 69,742                           | 113,154                          |
| RC ENERGO INSTALL SRL           | Plumbing, heat and air conditioning installation (NACE code 4322)                                | Buzau                                        | 100,00%  | 15,112                           | 15,112                           |
|                                 | Other information technology and computer service activities (NACE code 6209)                    | Buzau                                        | 99,00%   | 1,990                            | 1,990                            |
| INFO TECH SOLUTIONS SRL         | Manufacture of plastic packing goods (NACE code 2222),                                           | Buzau                                        | 99,86%   | 6,477,632                        | 6,477,632                        |
| LIVING JUMBO INDUSTRY SA        | Retail trade                                                                                     | Odessa                                       | 62,62%   | 2,687,755                        | 2,687,755                        |
| GRINFILD LTD                    | Other business support service activities n,e,c, (NACE code 8299)                                | Bucharest                                    | 25,36%   | 586,625                          | 586,625                          |
| ECO PACK MANAGEMENT SA          | Activities of sports facilities (NACE code 9311)                                                 | Buzau                                        | 33,34%   | 100,000                          | 100,000                          |
| YENKI SRL                       | Manufacture of products beneficial for the human health                                          | Taiwan                                       | 4,81%    | 203,963                          | 203,963                          |
| KANG YANG BIOTECHNOLOGY CO, LTD | Other financial service activities, except insurance and pension funding n,e,c, (NACE code 6499) | Cluj                                         | 3,79%    | 5,000                            | 5,000                            |
| Registrul Miorita SA            | NGO                                                                                              | Buzău                                        | 14,29%   | 1,000                            | 1,000                            |
| VIITORUL INCEPE AZI (VIA)       |                                                                                                  |                                              |          |                                  |                                  |
|                                 |                                                                                                  | <b>TOTAL</b>                                 |          | <b>10,148,820</b>                | <b>10,192,232</b>                |
| Financial assets impairment     |                                                                                                  |                                              |          |                                  |                                  |
| GRINFILD LTD                    |                                                                                                  |                                              |          | (2,687,755)                      | (2,687,755)                      |
| LIVING JUMBO INDUSTRY SA        |                                                                                                  |                                              |          | (6,477,632)                      | (6,477,632)                      |
| ECO PACK MANAGEMENT SA          |                                                                                                  |                                              |          | (554,263)                        | (554,263)                        |
| YENKI SRL                       |                                                                                                  |                                              |          | (11,988)                         | (11,988)                         |
|                                 |                                                                                                  |                                              |          | <b>(9,731,638)</b>               | <b>(9,731,638)</b>               |
| <b>Net book value</b>           |                                                                                                  |                                              |          | <b>417,181</b>                   | <b>460,593</b>                   |

\*Grinfild Ltd has not operated since 2012, therefore, the financial investment in such company is written off.

On 07.06.2023 the Company received euro 4,648,100 from Recyplat Limited, resulting from the share capital decrease by a number of 10,000 ordinary shares with a nominal value of euro 1.00 per share, issued by share premium, thus reducing the share premium account of Recyplat Limited from euro 4,648,100 to euro 0.00.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2023**

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

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

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

**18. INVENTORIES**

|                                     | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-------------------------------------|------------------------------|------------------------------|
| Raw materials                       | 10,976,495                   | 11,860,569                   |
| Consumables                         | 11,367,524                   | 5,968,410                    |
| Items of inventory                  | 133,370                      | 122,224                      |
| Packaging                           | 351,032                      | 324,639                      |
| Finished products                   | 10,866,609                   | 9,608,063                    |
| Unfinished products                 | 2,537,907                    | 1,933,999                    |
| Semi-finished products              | 1,735,779                    | 1,827,344                    |
| Residual products                   | 42,182                       | 93,843                       |
| Commodities                         | 579,254                      | 808,006                      |
| Advances for purchases of inventory | 1,862,892                    | 252,281                      |
| Allowance for obsolete inventories  | (2,123,199)                  | (1,848,283)                  |
| <b>Total</b>                        | <b>38,329,846</b>            | <b>30,951,095</b>            |

The increase of stocks at December 31, 2024 is mainly due to the increase of value.

The Company conducted an impairment test for existing stocks and increased impairment allowances by lei 274,916.

**19. TRADE AND OTHER RECEIVABLES**

|                                 | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|---------------------------------|------------------------------|------------------------------|
| Trade receivables               | 56,842,185                   | 54,740,611                   |
| Allowances for doubtful clients | (1,222,553)                  | (1,128,895)                  |
| Taxes to recovered              | 1,496,545                    | 1,404,241                    |
| Other receivables               | 23,659                       | 372,607                      |
| Subsidies receivable            | -                            | -                            |
| <b>Total</b>                    | <b>57,139,837</b>            | <b>55,388,563</b>            |

**Trade receivables, details:**

|                                | <b>31 decembrie<br/>2024</b> | <b>31 decembrie<br/>2023</b> |
|--------------------------------|------------------------------|------------------------------|
| Current trade receivables      | 54,183,767                   | 51,733,691                   |
| Doubtful and litigated clients | 1,113,257                    | 1,019,600                    |
| Bills of exchange receivable   | 1,545,161                    | 1,987,320                    |
| <b>Total</b>                   | <b>56,842,185</b>            | <b>54,740,611</b>            |

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2023****(all amounts are expressed in lei, unless specified otherwise)**

The increase in trade receivables is due to the higher sales volume in 2024, but also to the increase in the balance of receivables of affiliated companies. The Company conducted an impairment test for receivables and did not find any impairment indications apart from those mentioned above.

When determining the recoverability of a receivable, the Company takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and clients are not related to each other.

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

Out of the total receivables older than 60 days (depending on the maturity date) at December 31, 2024, 95% are held by the Romcarbon Group companies. All related party transactions are detailed in note 31.

The average settlement term for related party receivables in 2024 was 277 days.

The analysis below was carried out strictly on the balance of the receivables account commercial (Customers), less incert and disputed receivables and Notes receivable. The analysis performed for 2024 resulted in lower loss rates than those related to the analysis performed in 2023. However, the company's management considered it reasonable to maintain those of last year.

**The analysis below was carried out strictly on the balance of the trade receivables (Customers) account, without uncertain receivables and those in litigation and Effects receivable.**

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**FOR THE PERIOD ENDED DECEMBER 31, 2023**

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

**19. TRADE AND OTHER RECEIVABLES (continued)**

| 31/12/2024                                    | Not past due | Trade receivables – days past due |              |              |              |              | Total             |
|-----------------------------------------------|--------------|-----------------------------------|--------------|--------------|--------------|--------------|-------------------|
|                                               |              | <30                               | 31-60        | 61-90        | 91-120       | >120         |                   |
| Expected loss rate                            | 0.02%        | 0.04%                             | 0.08%        | 0.08%        | 0.08%        | 0.08%        |                   |
| Total estimated default gross carrying amount | 27,891,313   | 5,652,020                         | 6,437,716    | 3,828,593    | 4,093,692    | 6,280,433    | <b>54,183,767</b> |
| <b>Expected loss</b>                          | <b>5,578</b> | <b>2,261</b>                      | <b>5,150</b> | <b>3,063</b> | <b>3,275</b> | <b>5,024</b> | <b>24,351</b>     |

| 31/12/2023                                    | Not past due | Trade receivables – days past due |              |              |              |              | Total             |
|-----------------------------------------------|--------------|-----------------------------------|--------------|--------------|--------------|--------------|-------------------|
|                                               |              | <30                               | 31-60        | 61-90        | 91-120       | >120         |                   |
| Expected loss rate                            | 0.02%        | 0.04%                             | 0.08%        | 0.08%        | 0.08%        | 0,02%        |                   |
| Total estimated default gross carrying amount | 28,320,805   | 5,313,085                         | 6,170,970    | 4,972,210    | 3,033,156    | 3,923,465    | <b>51,733,691</b> |
| <b>Expected loss</b>                          | <b>5,664</b> | <b>2,125</b>                      | <b>4,937</b> | <b>3,978</b> | <b>2,427</b> | <b>3,139</b> | <b>22,269</b>     |

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

**20. OTHER CURRENT FINANCIAL ASSETS**

|                                                      | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|------------------------------------------------------|------------------------------|------------------------------|
| Loans granted to related parties                     | 3,000,000                    | 3,000,000                    |
| Interest related to loans granted to related parties | 138,740                      | 399,651                      |
| Amounts to be collected/paid for affiliated parties  | (219,490)                    | -                            |
| Other current financial assets                       | 2,560,000                    | 2,529,566                    |
| <b>Total</b>                                         | <b>5,479,249</b>             | <b>5,929,217</b>             |

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

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

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

In June 2023, an addendum was signed whereby the loan granted to subsidiary RC Energo Install SRL was extended by 12 months.

In July 2023, Romcarbon took part in the IPO of Hidroelectrica (H2O), purchasing a number of 28,086 shares, at a total acquisition cost of lei 2,841,816. At December 31, 2023, there were 25,000 outstanding shares. The Company keeps its financial investments at acquisition cost.

In November 2023, 3,086 Hidroelectrica shares (H2O) were sold at an average price of lei 119,94 /share.

In 2024, 25,000 Hidroelectrica shares (H2O) were sold at an average price of 120,69 lei/share, recording a profit of 487,651 lei.

In January 2024, a number of 2,062,500 shares of Aquila Part Prod Com S.A. (AQUILA) were purchased at a unit value of 0,96 lei/share. During the reporting period, the purchased shares were sold at an average price of 1,05 lei/share, recording a profit of 174,026 lei.

In May 2024, the company participated in the Premier Energy PLC IPO, purchasing 46,549 shares for which it paid a total price of 862,553 lei. During the same month, the purchased shares were sold, recording a profit of 120,630 lei.

In November 2024, the company purchased 1,000,000 shares of Antibiotice S.A. (ATB) at a unit price of 2.65 lei/share. On 31.12.2024, this share package was outstanding. On the same date, a decrease in their value was recorded, resulting in an impairment provision of 97,950 lei. The average holding period of these investments is 4 months.

**21. OTHER CURRENT NON-FINANCIAL ASSETS**

|                                | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|--------------------------------|------------------------------|------------------------------|
| Prepaid expenses               | 307,006                      | 356,820                      |
| Advances to services suppliers | 772,733                      | 189,356                      |
| <b>Total</b>                   | <b>1,079,739</b>             | <b>546,177</b>               |

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

**22. CASH AND CASH EQUIVALENTS**

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

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

|                  | December 31,<br>2024 | December 31,<br>2023 |
|------------------|----------------------|----------------------|
| Cash at banks    | 8,461,070            | 29,195,539           |
| Cash on hand     | 21,416               | 18,616               |
| Cash equivalents | 84,471               | 168,342              |
| <b>Total</b>     | <b>8,566,957</b>     | <b>29,382,496</b>    |

We note that the Company had no restricted cash on 31.12.2024 or on 31.12.2023.

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

|                                                                        | December 31,<br>2024 | December 31,<br>2023 |
|------------------------------------------------------------------------|----------------------|----------------------|
| <b>Balance as at January 1</b>                                         | <b>-</b>             | <b>3,760,155</b>     |
| Total additions, out of which:                                         | -                    | -                    |
| Transfers from investment property and tangible assets                 | -                    | -                    |
| Increases from fair value valuation according to the accounting policy | -                    | -                    |
| Total disposals, of which:                                             | -                    | 3,760,155            |
| Decreases from fair value valuation according to the accounting policy | -                    | -                    |
| <b>Balance as at December 31</b>                                       | <b>-</b>             | <b>-</b>             |

On 16.02.2023, the sale-purchase agreement with LIDL ROMANIA S.C.S. was signed, the subject matter of which is the sale of the land of 7,407 sqm, at a total price of lei 7,659,971. The accounting registration cost of such land was lei 3,689,310.

Initially, in December 2019, a sale-purchase undertaking with LIDL ROMANIA S.C.S. was signed, whereby a down payment of lei 2,419,280 was received in December 2021 (euro 488,862), transaction which was completed in February 2023, when the remainder of lei 5,240,691 was received.

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

**24. ISSUED CAPITAL**

|                                                                                               | Share capital        |                      |
|-----------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                               | December 31,<br>2024 | December 31,<br>2023 |
| 528,244,192 fully paid ordinary shares (2023: 528,244,192). The value of one share is lei 0.1 | 52,824,419           | 52,824,419           |
| <b>Total</b>                                                                                  | <b>52,824,419</b>    | <b>52,824,419</b>    |

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022 and is intended to support the Company's current activity.

|                                       | December 31, 2024   |             | December 31, 2023   |             |
|---------------------------------------|---------------------|-------------|---------------------|-------------|
|                                       | Number of<br>shares | % ownership | Number of<br>shares | % ownership |
| Living Plastic Industry SA            | 173,549,016         | 32,85%      | 173,549,016         | 32,85%      |
| Joyful River Limited Loc. Nicosia CYP | 108,390,178         | 20,52%      | 108,390,178         | 20,52%      |
| Toderita Stefan Alexandru             | 72,400,000          | 13,71%      | 71,000,000          | 13,44%      |
| Other legal persons                   | 13,899,379          | 2,63%       | 7,342,627           | 1,39%       |
| Other natural persons                 | 160,005,619         | 30,29%      | 167,962,371         | 31,80%      |
| <b>Total</b>                          | <b>528,244,192</b>  | <b>100%</b> | <b>528,244,192</b>  | <b>100%</b> |

The main characteristics of the securities issued by the company: 528,244,192 nominal shares, dematerialized, having a nominal value of lei 0.1.

**25. RETAINED EARNINGS**

|                                             | December 31,<br>2024 | December 31,<br>2023 |
|---------------------------------------------|----------------------|----------------------|
| <b>Balance at the beginning of the year</b> | <b>32,593,737</b>    | <b>70,732,989</b>    |
| Net profit/(Net loss)                       | (5,992,980)          | 3,313,809            |
| Transfer to legal reserves                  | -                    | (165,690)            |
| Transfer to other reserves*                 | -                    | (3,148,119)          |
| Transfers from revaluation reserves         | 718,318              | 1,479,062            |
| Share capital increase                      | -                    | (26,412,209)         |
| Dividend allocation                         | (2,641,221)          | (13,206,105)         |
| <b>Balance at the end of the year</b>       | <b>24,677,854</b>    | <b>32,593,737</b>    |

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

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

**26. RESERVES**

|                      | December 31,<br>2024 | December 31,<br>2023 |
|----------------------|----------------------|----------------------|
| Legal reserves       | 5,448,132            | 5,448,132            |
| Other reserves       | 19,667,226           | 19,667,226           |
| Revaluation reserves | 37,568,701           | 38,100,345           |
| <b>Total</b>         | <b>62,684,059</b>    | <b>63,215,703</b>    |

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

**REVALUATION RESERVES**

|                                                                            | December 31,<br>2024 | December 31,<br>2023 |
|----------------------------------------------------------------------------|----------------------|----------------------|
| <b>Opening balance</b>                                                     | <b>38,100,345</b>    | <b>39,093,925</b>    |
| Transfer of reserves to retained earnings                                  | (718,318)            | (1,479,062)          |
| Setup of reserves from revaluation of fixed assets                         | -                    | -                    |
| Adjustment of deferred tax on fiscally non-deductible revaluation reserves | 186,674              | 485,482              |
| <b>Closing balance</b>                                                     | <b>37,568,701</b>    | <b>38,100,345</b>    |

The legal reserve is used to transfer profits from retained earnings. According to Romanian legislation, it is necessary a transfer of the net profit of the Company. The transfer can be of up to 5% of the profit before tax, until the reserve reaches 20% of the share capital. The value as per the IFRS of reserves includes statutory legal reserves in amount of lei 5,448,132.

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

**27. OTHER CURRENT FINANCIAL LIABILITIES**

|                                                | December 31,<br>2024 | December 31,<br>2023 |
|------------------------------------------------|----------------------|----------------------|
| <b>Borrowings – short-term</b>                 |                      |                      |
| Credit line in Euro - Exim Banca Romaneasca SA | 12,516,753           | 11,951,136           |
| Credit line UniCredit Bank SA                  | 20,991,876           | 23,008,050           |
| Investment loan IV - UniCredit Bank            | 1,147,805            | 765,249              |
| Investment loan VII - UniCredit Bank           | 7,739,475            | 2,454,160            |
| <b>Total</b>                                   | <b>42,395,909</b>    | <b>38,178,595</b>    |
| <b>Borrowings – long-term</b>                  |                      |                      |
| Investment loan VI - UniCredit Bank            | -                    | 1,147,871            |
| Investment loan VII - UniCredit Bank           | -                    | 6,135,402            |
| <b>Total</b>                                   | <b>-</b>             | <b>7,283,273</b>     |



**NOTES TO THE FINANCIAL STATEMENTS  
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According to the existing loan agreements, the Company is subject to certain restrictive conditions. These conditions require the Company, among others, to maintain certain financial indicators including the DSCR indicator, total financial debts/EBITDA, financial debts, current liquidity and the ratio between net financial assets and equity.

As of December 31, 2024, the Company met the level of the indicators "total net financial debts/equity", and "Current liquidity", according to the prepared Financial Statements, both separately and together with LivingJumbo Industry SA. Regarding the level of the indicator "Total net financial debts/EBITDA", the company did not meet it either individually or together with LivingJumbo Industry SA.

Regarding this aspect, the Company did not obtain a letter from the banking institution stating that the Company does not violate the provisions of the contract, the conditions being calculated based on the annual financial statements submitted.

Thus, on 31.12.2024, in accordance with IAS 1 - paragraphs 74 and 75, the Company presented as current liabilities the long-term part of investment loans VI and VII in the amount of 5,026,285 lei.

**NOTES TO THE FINANCIAL STATEMENTS**
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**(all amounts are expressed in lei, unless specified otherwise)**
**27. OTHER CURRENT FINANCIAL LIABILITIES**

As at December 31, 2024, Romcarbon SA has contracts for the followings loans:

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

| Bank                       | Type of facility         | Initial value | Balance as at 31.12.2023 |                       | Balance at 31.12.2024 |                       | Due on     | less than<br>1 year   | more than<br>1 year  |
|----------------------------|--------------------------|---------------|--------------------------|-----------------------|-----------------------|-----------------------|------------|-----------------------|----------------------|
|                            |                          |               | in euro                  | in lei                | in euro               | in lei                |            |                       |                      |
| UniCredit Bank             | Credit line <sup>1</sup> | 8,000,000 €   | 4,625,105 €              | 23,008,050 lei        | 4,220,236 €           | 20,991,879 lei        | 19/12/2025 | 20,991,876 lei        | - lei                |
| Eximbank SA                | Credit line              | 2,550,000 €   | 2,402,432 €              | 11,951,136 lei        | 2,516,385 €           | 12,516,753 lei        | 25/05/2025 | 12,516,753 lei        | - lei                |
| Eximbank SA                | Credit line              | 2,000,000 €   | - €                      | - lei                 | - €                   | - lei                 | 23/05/2025 | - lei                 | - lei                |
| UniCredit Bank             | Investment loan VI       | 1,000,000 €   | 222,040 €                | 1,104,558 lei         | 133,224 €             | 662,667 lei           | 08/06/2026 | 441,780 lei           | 220,887 lei          |
| UniCredit Bank             | Investment loan VII      | 2,950,000 €   | 1,522,679 €              | 7,574,718 lei         | 1,371,931 €           | 6,824,123 lei         | 08/06/2027 | 2,729,649 lei         | 4,094,474 lei        |
| <b>TOTAL loans in euro</b> |                          |               | <b>8,772,256 €</b>       | <b>43,638,463 lei</b> | <b>8,772,256 €</b>    | <b>40,995,419 lei</b> |            | <b>36,680,058 lei</b> | <b>4,315,361 lei</b> |
| UniCredit Bank             | Investment loan VI       |               |                          | 808,562 lei           |                       | 485,138 lei           | 08/06/2026 | 323,424 lei           | 161,714 lei          |
| UniCredit Bank             | Investment loan VII      |               |                          | 1,014,843 lei         |                       | 915,350 lei           | 08/06/2027 | 336,139 lei           | 549,210 lei          |
| <b>Total loans in lei</b>  |                          |               |                          | <b>1,823,405 lei</b>  |                       | <b>1,400,488 lei</b>  |            | <b>689,564 lei</b>    | <b>710,924 lei</b>   |
| <b>Total exposure</b>      |                          |               |                          | <b>45,461,868 lei</b> |                       | <b>42,395,906 lei</b> |            | <b>37,369,621 lei</b> | <b>5,026,285 lei</b> |

Note:

<sup>1</sup>The credit line contracted with UniCredit Bank SA with a ceiling of 8,000,000 Euros has Romcarbon SA and Livingjumbo Industry SA as borrowers. From this line, the amount of 2,550,000 Euros is used by Livingjumbo Industry SA. From the ceiling of 8,000,000 Euros, the limit of 1,000,000 Euros can be used only with the bank's approval.

2 The credit line contracted with Exim Banca Romaneasca SA with a ceiling of 2,000,000 Euros, has as of November 2024 as the main borrower and guarantor Livingjumbo Industry SA and as co-borrower/borrower and guarantor Romcarbon SA.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**

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

**27. OTHER CURRENT FINANCIAL LIABILITIES**
**Situation of changes in debts from financing activities**

| Changes that do not belong to cash flows | Bank loans and other borrowings | Subordinated loans | Leasing liabilities | Total             |
|------------------------------------------|---------------------------------|--------------------|---------------------|-------------------|
| <b>La 1 ianuarie 2023</b>                | <b>49,904,456</b>               | -                  | -                   | <b>49,904,456</b> |
| Net cash flows                           | -4,565,752                      | -                  | -                   | -4,565,752        |
| Non-monetary flows                       |                                 |                    |                     | -                 |
| Exchange rate effects                    | 123,164                         | -                  | -                   | 123,164           |
| <b>La 31 decembrie 2023</b>              | <b>45,461,868</b>               | -                  | -                   | <b>45,461,868</b> |
| Net cash flows                           | -3,064,925                      | -                  | -                   | -3,064,925        |
| Non-monetary flows                       |                                 |                    |                     |                   |
| Exchange rate effects                    | -1,037                          | -                  | -                   | -1,037            |
| <b>La 31 decembrie 2024</b>              | <b>42,395,906</b>               | -                  | -                   | <b>42,395,906</b> |

**28. OTHER NON-FINANCIAL LIABILITIES**

| <b>Subsidies</b>                                      | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|-------------------------------------------------------|--------------------------|--------------------------|
| Grants – project co-funded by European funds for 2011 | 966,697                  | 1,534,076                |
| Grants – project co-funded by European funds for 2015 | 3,966,508                | 5,126,448                |
| Grants – project co-funded by European funds for 2022 | 738,323                  | 814,663                  |
| Grants – project co-funded by European funds for 2023 | 2,280,305                | -                        |
| <b>Subtotal Subsidies</b>                             | <b>7,951,833</b>         | <b>7,475,188</b>         |

As at December 31, 2024, the Company registered investment subsidies and other amounts in the form of investment subsidies, not transferred to income, totalling lei 7,951,833. They are recognized as income on a monthly basis, in line with the depreciation of property, plant and equipment purchased throughout the useful life.

| <b>Other Liabilities</b>                                 | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|----------------------------------------------------------|--------------------------|--------------------------|
| Liabilities to employees                                 | 1,353,288                | 1,476,664                |
| Liabilities related to social contributions              | 1,382,985                | 1,406,992                |
| Other tax liabilities                                    | 598,500                  | 1,129,975                |
| <b>Subtotal other liabilities</b>                        | <b>3,334,773</b>         | <b>4,013,631</b>         |
| <b>Total Other non-current non-financial liabilities</b> | <b>11,286,606</b>        | <b>11,488,819</b>        |

Of which:

| <b>Other liabilities</b>                                               | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------------------------------------------|--------------------------|--------------------------|
| Total Other short-term non-financial liabilities                       | 4,870,215                | 5,361,210                |
| Total Other long-term non-financial liabilities – investment subsidies | 6,416,391                | 6,127,609                |
| <b>Total Other current non-financial liabilities</b>                   | <b>11,286,606</b>        | <b>11,488,819</b>        |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2024**  
(all amounts are expressed in lei, unless specified otherwise)

**29. TRADE AND OTHER PAYABLES**

|                                 | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|---------------------------------|------------------------------|------------------------------|
| Trade liabilities               | 32,136,306                   | 23,738,447                   |
| Other liabilities               | 50,462                       | 109,165                      |
| Suppliers invoices not received | 1,676,920                    | 269,481                      |
| Advances from clients           | 315,074                      | 655,631                      |
| <b>Total</b>                    | <b>34,178,761</b>            | <b>24,772,724</b>            |

The increase in trade debts as of 31.12.2024 is mainly due to suppliers of raw materials. The company has performed an analysis of trade debts, these are current and mostly represent debts to suppliers of raw materials. Debts to affiliated parties are presented in detail in Note 31.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024  
(all amounts are expressed in lei, unless specified otherwise)**

**30. FINANCIAL INSTRUMENTS**

**(a) Capital risk management**

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

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

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

**(b) Main accounting policies**

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

**(c) Objectives of financial risk management**

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

**(d) Market risk**

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

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

**(e) Currency risk management**

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

**(f) Interest rate risk management**

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

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

**(g) Other risks regarding prices**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024  
(all amounts are expressed in lei, unless specified otherwise)**

**30. FINANCIAL INSTRUMENTS (continued)**

**(h) Credit risk management**

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

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

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

**(i) Liquidity risk management**

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built a proper liquidity risk management framework regarding the Company funds' short, medium and long term insurance and the liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 26 includes a list of additional facilities not drawn, available to the Company in order to further mitigate liquidity risk.

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

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

**(j) Fair value of financial instruments**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**
**(all amounts are expressed in lei, unless specified otherwise)**
**30. FINANCIAL INSTRUMENTS (continued)**

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

|                                               | EUR<br>1EUR =<br>lei 4,9741                  | USD<br>1USD =<br>lei 4,7769                  | lei<br>1<br>lei          | December 31,<br>2024<br>Total<br>lei           |
|-----------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------|------------------------------------------------|
| <b>2024</b>                                   | <b>lei</b>                                   | <b>lei</b>                                   | <b>lei</b>               | <b>lei</b>                                     |
| <b>Assets</b>                                 |                                              |                                              |                          |                                                |
| Cash and cash equivalents                     | 53,529                                       | 142,386                                      | 8,371,042                | 8,566,957                                      |
| Receivables and other current assets          | 3,001,283                                    | -                                            | 54,138,554               | 57,139,837                                     |
| Other current financial assets                | 219,400                                      | -                                            | 5,698,740                | 5,479,249                                      |
| Other assets                                  | -                                            | -                                            | 1,079,739                | 1,079,739                                      |
| <b>Liabilities</b>                            |                                              |                                              |                          |                                                |
| Trade and other liabilities                   | 11,618,647                                   | 16,933                                       | 22,543,181               | 34,178,761                                     |
| Short and long-term borrowings                | 34,656,435                                   | -                                            | 7,739,474                | 42,395,909                                     |
| Short and long-term finance lease liabilities | -                                            | -                                            | 4,870,215                | 4,870,215                                      |
| Other liabilities                             | -                                            | -                                            | -                        | -                                              |
| <b>2023</b>                                   | <b>EUR<br/>1EUR =<br/>lei 4.9476<br/>lei</b> | <b>USD<br/>1USD =<br/>lei 4.4958<br/>lei</b> | <b>lei<br/>1<br/>lei</b> | <b>December 31,<br/>2023<br/>Total<br/>lei</b> |
| <b>Assets</b>                                 |                                              |                                              |                          |                                                |
| Cash and cash equivalents                     | 10,019,144                                   | 128,525                                      | 19,234,827               | 29,382,496                                     |
| Receivables and other current assets          | 3,873,972                                    | -                                            | 51,514,591               | 55,388,563                                     |
| Other current financial assets                | -                                            | -                                            | 5,929,217                | 5,929,217                                      |
| Other assets                                  | -                                            | -                                            | 546,177                  | 546,177                                        |
| <b>Liabilities</b>                            |                                              |                                              |                          |                                                |
| Trade and other liabilities                   | 7,369,118                                    | 935                                          | 17,402,671               | 24,772,724                                     |
| Short and long-term borrowings                | 43,638,463                                   | -                                            | 1,823,405                | 45,461,868                                     |
| Short and long-term finance lease liabilities | -                                            | -                                            | 6,127,609                | 6,127,609                                      |
| Other liabilities                             |                                              |                                              |                          |                                                |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**
**(all amounts are expressed in lei, unless specified otherwise)**
**30. FINANCIAL INSTRUMENTS (continued)**

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

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

|               | <u>31-Dec-2024</u> | <u>31-Dec-2023</u> |
|---------------|--------------------|--------------------|
| Profit/(Loss) | (4,331,431)        | (3,698,687)        |

**Tables regarding liquidity and interest rate risks**

The following tables present the maturity terms of the Company's financial liabilities,

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

| 2024                                   | <u>Less than 1<br/>year</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>Total</u> |
|----------------------------------------|-----------------------------|------------------|------------------|--------------|
| <b>Non-interest bearing</b>            |                             |                  |                  |              |
| Trade liabilities                      | 34,178,760                  | -                | -                | 34,178,760   |
| Other current liabilities              | 4,870,214                   | -                | -                | 4,870,214    |
| <b>Interest bearing instruments</b>    |                             |                  |                  |              |
| Short and long-term leases             | -                           | -                | -                | -            |
| Borrowings from financial institutions | 37,369,621                  | 5,026,288        | -                | 42,395,909   |
| <b>Non-interest bearing</b>            |                             |                  |                  |              |
| Cash and cash equivalents              | 8,566,958                   | -                | -                | 8,566,958    |
| Receivables and other current assets   | 57,139,838                  | -                | -                | 57,139,838   |
| <b>Interest bearing</b>                |                             |                  |                  |              |
| Other current financial assets         | 5,479,250                   | -                | -                | 5,479,250    |



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

**30. FINANCIAL INSTRUMENTS (continued)**

*Tables regarding liquidity and interest rate risks (continued)*

| 2023                                   | Less than 1<br>year | 1-2 years | 2-5 years | Total      |
|----------------------------------------|---------------------|-----------|-----------|------------|
| <b>Non-interest bearing</b>            |                     |           |           |            |
| Trade liabilities                      | 24,772,724          | -         | -         | 24,772,724 |
| Other current liabilities              | 6,127,609           | -         | -         | 6,127,609  |
| <b>Interest bearing instruments</b>    |                     |           |           |            |
| Short and long-term leases             | -                   | -         | -         | -          |
| Borrowings from financial institutions | 38,058,223          | 5,815,448 | 1,588,196 | 45,461,868 |
| <b>Non-interest bearing</b>            |                     |           |           |            |
| Cash and cash equivalents              | 29,382,496          | -         | -         | 29,382,496 |
| Receivables and other current assets   | 55,388,563          | -         | -         | 55,388,563 |
| <b>Interest bearing</b>                |                     |           |           |            |
| Other current financial assets         | 5,929,217           | -         | -         | 5,929,217  |

**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% higher and all other variables had been kept constant, then the profit for the year ended on December 31, 2024 would decrease by about 112 thousand lei (2023: decrease by about 90 thousand lei).

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED DECEMBER 31, 2024**
**(all amounts are expressed in lei, unless specified otherwise)**
**31. RELATED PARTY TRANSACTIONS**

The transactions among the Company and its subsidiaries – Company's related parties - are presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party. In 2024 and 2023, the Company did not receive dividends from related parties.

|                         | <b>Sales of goods and services</b> |                   | <b>Purchases of goods and services</b> |                  |
|-------------------------|------------------------------------|-------------------|----------------------------------------|------------------|
|                         | <b>2024</b>                        | <b>2023</b>       | <b>2024</b>                            | <b>2023</b>      |
| Eco Pack Management SA  | -                                  | -                 | -                                      | -                |
| Info Tech Solution SRL  | 20,616                             | 23,554            | 901,862                                | 869,771          |
| LivingJumbo Industry SA | 43,458,950                         | 43,217,462        | 1,829,839                              | 1,689,705        |
| RC Energo Install SRL   | 138,470                            | 148,926           | 5,030,993                              | 6,375,127        |
| Yenki SRL Buzau         | -                                  | 5,303             | -                                      | -                |
| <b>Total</b>            | <b>43,618,036</b>                  | <b>43,395,245</b> | <b>7,762,693</b>                       | <b>8,934,603</b> |

  

|                         | <b>Receivables from related parties</b> |                   | <b>Payables to related entities</b> |                |
|-------------------------|-----------------------------------------|-------------------|-------------------------------------|----------------|
|                         | <b>2023</b>                             | <b>2023</b>       | <b>2023</b>                         | <b>2023</b>    |
| Eco Pack Management SA  | -                                       | -                 | 29,442                              | 29,442         |
| Info Tech Solution SRL  | 47,411                                  | -                 | 122,282                             | -              |
| LivingJumbo Industry SA | 36,066,547                              | 30,162,922        | 214,655                             | 316,719        |
| RC Energo Install SRL   | 2,241,608                               | -                 | 277,076                             | 27,695         |
| Yenki SRL Buzau         | -                                       | -                 | -                                   | -              |
| <b>Total</b>            | <b>38,355,566</b>                       | <b>30,162,922</b> | <b>643,455</b>                      | <b>373,856</b> |

At 31 December 2024, the Company has outstanding receivables in amount of lei 3,138,740 from RC Energo Install SRL representing a loan granted and interest due in June 2024.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024  
(all amounts are expressed in lei, unless specified otherwise)**

**32. COMMITMENTS AND CONTINGENCIES**

**Credit facilities not used at December 31, 2024**

The Company has credit facilities not used in amount of euro 1,263,379 (December 31, 2023: euro 972,463) and investment loans not used in amount of euro 0 (December 31, 2023: euro 988,772). Of the amount of EUR 1,263,379, the limit of EUR 1,000,000 of the credit line contracted with Unicredit Bank SA will be used only with the approval of the bank.

**Guarantees for bank loans**

At December 31, 2024, property, plant and equipment with a net carrying amount of lei 58,854,629 (December 31, 2023: lei 58,854,629) and investment property with a carrying amount of lei 5,251,285 (December 31, 2023: lei 3,585,933) are brought as guarantees for the loans and credit lines contracted from the following banks: UniCredit Bank SA and Exim Banca Romaneasca SA. For bank loans, the Company also pledged future and present cash in the accounts opened with lending banks, stocks of raw materials, materials and merchandise worth of minimum euro 4,600,000 and assigned future and present claims and accessories arising from present and future agreements with its customers, which act as assigned debtors.

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

**Guarantees for bank loans contracted by Group companies**

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

- Non-binding loan – cash line – in amount of EUR 450,000 (due in 8 June 2027), contract BUZA/044/2016 secured by mortgage on inventories, having a minimum value of EUR 4,600,000;
- Credit line in amount of EUR 2.000.000 (due on December 12, 2024), ctr. BUZA/152021/CSC, secured by movable mortgage on 15 machinery with a net carrying amount of lei 918,591 at December 31, 2024.

**Guarantees granted to Livingjumbo Industry SA for the credit line contracted from Exim Banca Romaneasca SA**

- Credit line in amount of EUR 2,000,000 (due on May 23, 2025), Contract 9 - ABZ/28.05.2020, secured by a fidejussio contract concluded between the bank and Romcarbon SA.

**Guarantees granted to RC Energo Install SRL for the following loans contracted from Exim Banca Romaneasca SA:**

- Credit line in amount of lei 2,000,000 for financing the current activity (due on 24/05/2025), guaranteed by movable mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a net carrying amount of euro 207,204 at December 31, 2024.

**Potential tax liabilities**

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

The tax system in Romania is under continual development, being subject to constant interpretations and changes, often retroactive. In Romania, the fiscal year remains open for fiscal verification for 5 years.

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED DECEMBER 31, 2024****(all amounts are expressed in lei, unless specified otherwise)****32. COMMITMENTS AND CONTINGENCIES****Transfer pricing**

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

**Environmental matters**

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

**33. SUBSEQUENT EVENTS**

In February 2025, the collective labor agreement for the years 2025-2027 was signed.

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

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2025.

*For signatures, please refer to the original Romanian version.*

**ADMINISTRATOR**  
**HUANG LIANG NENG**

**FINANCIAL MANAGER**  
**VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE**  
**GENERAL MANAGER,**  
**CARMEN MANAILA**

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## **BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED DECEMBER 31, 2024**

ROMCARBON S.A., a legal entity with headquarters in Buzau, str. Transilvaniei nr. 132, registered at the Buzau Trade Registry under no. J10/83/1991, recorded in the financial statements for the year ended December 31, 2024, the amount of 52,824,419.20 lei as subscribed and paid in share capital representing a number of 528,244,192 shares of 0.10 lei each share.

The regulated market for trading securities issued is the Bucharest Stock Exchange, Standard category, the main characteristics of which being: 528,244,192 ordinary shares, dematerialized, having a nominal value of lei 0.1.

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

- the internal audit reports drawn up in 2024 in various audit missions made according to the Internal Audit Plan;
- the separate financial statements drawn for the year ended December 31, 2024 in accordance with applicable accounting regulations for the companies whose securities are admitted to trading on a regular market, i.e. International Financial Reporting Standards (IFRS) which comprise:
  - a) Statement of financial position
  - b) Statement of profit or loss
  - c) Statement of comprehensive income
  - d) Statement of changes in shareholders' equity
  - e) Statement of cash flows
  - f) Policies and explanatory notes to the annual financial statements.

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

In preparing the separate financial statements at 2023, the Company complied with Accounting Law no. 82/1991, republished, Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, MoPFO no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided in art. 6 para. (2) of Regulation (EC) no. 1606 /2002 of the European Parliament and of the Council of 19 July 2002 on the application of international standards of accounting.

The Company will also issue for 2024 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The company details sustainability aspects and themes in its Group-wide sustainability report. The Romcarbon Group Sustainability Report for 2024 will be included in the Consolidated Financial Reporting.

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

In the process of drawing the 2024 financial statements of Romcarbon SA Buzau it had been fully applied the principles and accounting policies, the evaluation methods, and the provisions of accounting regulations.

## ASSESSMENT OF THE COMPANY'S ACTIVITY

### 1) The assessment of the technical level of the company

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

In 2024, the production activity was carried out in 7 profit centers as follows:

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

The Company has a work point in Iasi, where the main activity is asset rental.

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

| Group of products                                                | 2023          | 2024          |
|------------------------------------------------------------------|---------------|---------------|
| <b>Total revenues from sales of finished products, of which:</b> | <b>70,85%</b> | <b>69.77%</b> |
| CP1~ Car and industrial filters                                  | 1.69%         | 1.49%         |
| CP2~ Respiratory protective equipment and Active Carbon          | 1.05%         | 1.20%         |
| CP3~ Polyethylene products                                       | 13.99%        | 16.06%        |
| CP4~ PVC products                                                | 0.19%         | 0.18%         |
| CP5~ Polystyrene products                                        | 21,62%        | 21.28%        |
| CP6~ Polypropylene products                                      | 14.79%        | 14.45%        |
| CP7~Compounds                                                    | 17.51%        | 15.11%        |

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

**New products developed in 2024**

The technical and investment activity was directed towards new products and technologies in parallel with the growth of the product portfolio offered.

In 2024, we expanded the range of filters with 9 new references, 5 automotive and 4 industrial.

In the polypropylene packaging sector (bags), products containing recycled material were developed, recycled material coming from the waste resulting from the processing of products; and, in order to meet customer requirements, the typological range of woven polypropylene packaging was adapted and expanded with 652 new items.

New compounds were developed from recyclable plastic fractions, which also included optimization in order to reduce costs and make the use of raw materials more efficient, totaling ~900 tons. The products were sent to beneficiaries for testing, validation and use.

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

The supply of raw materials, consumables and services is carried out according to the specific internal procedures. Further to the assessment of at least 3 commercial offers, the best alternative is selected, which then turns into an acquisition. The collaboration with these suppliers is based on the contracts signed with them or on confirmed spot orders. The portfolio of suppliers of raw materials for most of the production sectors includes 56% (48% in 2023) Romanian companies, and 48% (52% in 2023) companies in the foreign market. For the Compounds sector, the supplied raw materials come almost entirely from Romania.

The most important share (60%) in the total value of acquisitions of raw materials is represented by polymer granules (polypropylene, polyethylene, polystyrene) and regranulated materials, which represents the basic raw materials. They are provided by various companies with which Romcarbon SA has developed strong partnerships over the years.

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

**3) Assessment of sales**

The evolution of sales of finished products between 2023 and 2024 is presented in the following table:

| Group of products                                       | 2023               | 2024               | 2024 vs. 2023 |                  |           |
|---------------------------------------------------------|--------------------|--------------------|---------------|------------------|-----------|
| CP1~ Auto and industrial filters                        | 3,652,168          | 3.403.206          | ▲             | -248.961         | -7%       |
| CP2~ Respiratory protective equipment and active carbon | 2,278,627          | 2.729.267          | ▼             | 450.640          | 20%       |
| CP3~ Polyethylene products                              | 30,273,457         | 36.580.283         | ▼             | 6.306.826        | 21%       |
| CP4~ PVC products                                       | 420,422            | 416.700            | ▼             | -3.722           | -1%       |
| CP5~ Polystyrene products                               | 46,799,707         | 48.473.938         | ▼             | 1.674.233        | 4%        |
| CP6~ Polypropylene products                             | 32,001,778         | 32.908.027         | ▼             | 906.249          | 3%        |
| CP7~Compounds                                           | 37,905,250         | 34.424.642         | ▼             | -3.480.608       | -9%       |
| <b>Total</b>                                            | <b>153,331,408</b> | <b>158.936.063</b> | ▼             | <b>5.604.657</b> | <b>4%</b> |

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

| Sales of finished products | 2023        |             | 2024        |             |
|----------------------------|-------------|-------------|-------------|-------------|
|                            | Value       | %           | Value       | %           |
| Domestic                   | 120.551.519 | 79%         | 125.877.735 | 79%         |
| Foreign                    | 32.779.887  | 21%         | 33.058.328  | 21%         |
| <b>Total</b>               | 153.331.406 | <b>100%</b> | 158.936.063 | <b>100%</b> |

#### 4) Assessment of aspects related to the personnel of the company

The number of Romcarbon SA employees as at 31.12.2024 was 727 grouped according to the level of education as follows:

| Total number of employees, of which: | 727 | %   |
|--------------------------------------|-----|-----|
| · higher education*                  | 91  | 12% |
| · post-high school education         | 11  | 2%  |
| · technological foremen school       | 9   | 1%  |
| · high school education              | 268 | 37% |
| · vocational education               | 193 | 27% |
| · 9 – 11 grades/apprenticeship       | 80  | 10% |
| · on-the-job qualification           | 2   | 0%  |
| · secondary education                | 73  | 10% |

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

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

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

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

Employees are not organized in a trade union.

#### 5) Assessment of the R&D activity

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

➤ Product certification and recertification according to the national and European regulations:

In 2024, the following certifications were extended:

- within the Protective Materials Workshop: filter cartridges for protective equipment and insulating mask.
- in the PS sector: obtaining technical approval for laminated XPS board and extension of XPS board approval.
- in the recycling sector: extension of EuCertPlast certification, certification whose purpose is to recognize the company as a recycler that complies with the standards imposed in the field.
- in the PE sector: extension of TUV certification for OK Compost Industrial packaging
- in the PP sector: extension of certification for PP products used in the transport of dangerous products



- obtaining the annual Health Certificate for food packaging made of extruded polystyrene required for export to non-EU countries;
- Recertification of packaging made of polypropylene, polyethylene and polystyrene in terms of compatibility with food, in accordance with the regulations in force
- commissioning of new technological equipment in order to increase productivity and product quality (bag conversion line, chiller, shredder);
- contracting construction and installation works for the transformation of an open, covered area into an enclosed hall and for compliance with ISU requirements.
- Contracting the XPS foil production line in order to increase the sector's capacity and the quality of XPS products.
- Implementing a capacity for the production of electricity from renewable solar energy sources with an energy production of 1207.66 MWh/year, with the help of non-reimbursable financing, with objectives of reducing CO2 by 745.97 to/year CO2, gross primary energy production from renewable sources of 103.84 toe per year and total electricity production from renewable sources of 24,153.20 MWh (20 years).
- updating the technical, technological and control documentation for products in the polystyrene sector, protective equipment and filters.

The costs related to research and development activity in 2024 were 698,291 lei, and for 2025 they were estimated at a level of 735,912 lei.

## **6) The assessment of the impact of the company's activity on the environment**

S.C. ROMCARBON S.A. holds the environmental authorization revised on 13.03.2024, valid with an annual visa, on the new CAEN codes in accordance with the new Classification of Activities in the National Economy, Revised Edition, CAEN REV 2, according to INS Order 337/2007, published in the Official Gazette of Romania, Part I, no. 293 / 03.05.2007.

S.C. ROMCARBON S.A. complies with the legislation on environmental protection, not being involved in litigation regarding the violation of legislation in the field. Compliance with legal, regulatory and other requirements to which the organization subscribes is periodically assessed.

S.C. ROMCARBON S.A. has implemented and certified an integrated quality - environment - occupational health and safety management system according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2023 standards, – certified by SRAC. The assessment / reassessment activity of environmental aspects is documented in the international procedure PS-03- Environmental aspects. This procedure documents the process by which the organization determines the environmental aspects of its activities and products that it can control and those that it can influence, the environmental impacts associated with them, from the perspective of the product life cycle, as well as the risks associated with the identified impacts. For each risk, actions and treatment methods are established to reduce it.

When determining environmental aspects, the following are taken into account: air emissions, water pollution, soil pollution, noise pollution, the use of raw materials or natural resources, the use of energy, the energy emitted (heat, radiation, vibrations, light), waste generation, and space use.

Attention is paid to the stages of the product life cycle that can be controlled or influenced by the organization.

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

Based on the significant environmental aspects, top management, together with the Environmental Officer and the MCM Office (Quality and Environmental Management), establishes strategic objectives (Level 1) and tactical operational objectives (Level 2) documented in the Management Program, updated annually.

The objectives are established in accordance with the Quality, Environment and Occupational Health and Safety Policy, Environmental Policy, Human Resources Policy, Occupational Health and Safety Policy and with the commitments to prevent pollution, with the obligations of compliance and improvement.

Changes and the development of new activities or products may invalidate previously identified aspects or require the addition of new aspects to the list, in these cases the environmental aspects are re-examined and updated. Examples of such changes:

- Change in the scope of the SMI;
- Development of new products/services;

- Changes in processes/technology/introduction of new processes;
- Significant expansion or reduction of capacity;
- Expansion or relocation of an activity;
- Changes in compliance obligations regarding environmental aspects;
- Emergency situations produced;

Environmental aspects were reassessed at the beginning of 2024 and a List of significant environmental aspects under normal, abnormal and emergency conditions was created.

## **7) Assessment of the Company's integrated management system**

SC ROMCARBON Buzau holds certifies for integrated management system assessment according to the following standards:

- Quality management system as per the requirements of SR EN ISO 9001:2015, whereby the entire organisation is engaged in a process of continuous improvement of organizational quality and implicitly the quality of the products and services offered;
- Environmental management system as per the requirements SR EN ISO 14001: 2015, whereby the entire organisation is engaged in a process of continuous improvement of environmental conditions and pollution prevention;
- The management of the organization's occupational health and safety SR EN ISO 45001:2023, the company is engaged in a process of continuous improvement in the workplace health and safety conditions and prevention of accidents and occupational diseases throughout the organization.

The Integrated Quality, Environment, Health and Safety Management System is certified by a RENAR accredited body, namely SRAC ROMANIA. The Quality Management System of ROMCARBON SA has been certified since 1994 and we maintain our certification until now, the last recertification audit took place in April 2024, with the annual surveillance audit to be carried out in April 2025.

We would like to mention that in all the recertification and surveillance audits, by the accredited body that take place annually, as well as in the audits carried out by our clients, no non-conformities and observations were recorded, but only opportunities for improving the system.

We are permanently conducting internal audits, according to the annual plannings, our objectives being:

- Assessment of how the obligations arising from the Integrated Management System are met in terms of compliance and efficacy thereof with the requirements of the reference standards transposed in the documented procedures put in place;
- Assessment of the capacity of the Integrated Management System to further meet the legal, regulatory and contractual requirements in force;
- Assessment of continued operational control;
- Risk and opportunities management;
- Identification of potential improvement areas in the Integrated Management System.

Each identified process is internally audited and documented at least once a year, and improvement actions are established with responsible persons and deadlines. Following all internal and external evaluations, including evaluations regarding compliance with legal and regulatory requirements, action plans are established that are monitored at the set deadlines. We constantly analyzed the risks identified within the processes / system and because we aligned ourselves with the new requirements regarding sustainability, we also carried out an analysis of the risks identified for corruption and technological security.

We have identified and prioritized all the stakeholders involved in the company and we have also identified their requirements and expectations from ROMCARBON SA.

Long-term and medium-term policies and objectives are established, which are analyzed and reviewed annually within a

This is a free translation from the original Romanian version.

## Management Analysis.

Starting 2022, we have documented the policies regarding the environment and human rights: Anti-retaliation Policy, Health and Safety at Work Policy, Human Rights Policy, Human Resources Policy, Remuneration Policy, Environmental Policy. We have also documented the policies regarding the requirements on environmental and human rights protection by all our suppliers who must adhere to the supplier's Code of Ethics and Conduct.

In 2024 we improved and completed our policies, namely: Environmental Policy and Social Responsibility Policy which replace the Human Rights Policy and Anti-Retaliation Policy and we developed new policies: Climate Change Policy and Sustainable Procurement Policy to comply with the new sustainability requirements.

We have also documented the policies regarding the requirements for compliance with the environment and human rights by all our suppliers who must adhere to the Supplier Code of Ethics and Conduct.

The top-level management aims to develop the Integrated Management System in line with the requirements of the reference standards: ISO 9001: 2015, ISO 14001-2015 and ISO 45001:2023 and to continuously improve its effectiveness and increase the satisfaction of customers and all stakeholders.

## 8) Assessment of the company's activity related to risk management

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes risk assessment techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Given the global financial and economic crisis, SC Romcarbon SA had to adapt to new conditions and constraints coming from the market facing with these risks:

### Market risk

In 2024, the company recorded a 5% increase in total turnover, reaching 227,789,211 lei (2023: 216,420,862 lei). As for sales of finished products, they recorded an increase of 4% (2023: 153,331,408 lei).

The main market for the products of Romcarbon S.A. is the local market, the turnover related to the main activity (Revenue from the sale of finished products) obtained in Romania had a share of 78% in 2024 (77% in 2023).

The customer portfolio related to the company's production activity is diversified, with no dependence on certain customers. However, in the activity of selling goods, S.C Romcarbon SA has two clients (Kasakrom Chemicals SRL and LivingJumbo Industry SA) with whom in 2024 it had a Turnover representing 11% and 14% of the total Turnover, respectively. Sales to LivingJumbo Industry SA in 2024 also included sales of finished products and rentals of production spaces as well as income from other activities, these representing 5% of the Turnover.

For 2024, the main problem we faced was the significant reduction in demand on the markets in which we operate, as a result of changing consumer behavior but also of the economic crisis at the national and European level.

### Exchange rate risk

Currency exposure of Romcarbon SA is generated mainly by the loans denominated in euro. As at 31.12.2024 the balance of this loan was EUR 8,241,776 (EUR 8,772,256 at December 31, 2023).

In 2024, the financial result generated by the fluctuation of foreign currencies rate was lei 165.723 (2023: lei -455,106).

### Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as the ratio between current assets and current debts) registered an decrease in 2024, reaching 1.36 compared to 1.77 in 2023.

### Cash flow risk

Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during 2025.

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

Internal control is organized so as to comply not only with financial-accounting regulations, but with all regulations, such as Environmental, Occupational Health and Safety, Emergency Situations, applicable to products, the Civil Code.

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

The Board of Directors is independent of management at the organization and its members are involved in management activities, which they supervise carefully. The Board of Directors delegates to the managers the responsibilities regarding internal control and makes systematic and independent assessments of the internal control system established by management.

Internal audit has an assistance function that must ensure management that internal procedures are implemented and adhered to by all departments involved.

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

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

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

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

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

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

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

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

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

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

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

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

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

The internal accounting and financial control focuses on providing:

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

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

## REVIEWING THE ECONOMIC AND FINANCIAL SITUATION OF THE COMPANY

### 1) *Statement of financial position*

The statement of financial position for the years 2023 and 2024 is shown in the following table.

| Items                                       | 2023               | 2024               | 2024 vs. 2023        |                |
|---------------------------------------------|--------------------|--------------------|----------------------|----------------|
| Property, plant and equipment               | 106.808.714        | 113.487.855        | 6.679.141 ▲          | 6,25%          |
| Investment property                         | 10.857.912         | 11.909.857         | 1.051.945 ▲          | 9,69%          |
| Intangible assets                           | 809.485            | 573.640            | -235.845 ▼           | -29,14%        |
| Financial assets                            | 460.594            | 417.182            | -43.412 ▼            | -9,43%         |
| <b>Total non-current assets</b>             | <b>118.936.705</b> | <b>126.388.534</b> | <b>7.451.829 ▲</b>   | <b>6,27%</b>   |
| Inventories                                 | 30.951.095         | 38.329.848         | 7.378.753 ▲          | 23,84%         |
| Trade and other receivables                 | 55.388.563         | 57.139.836         | 1.751.273 ▲          | 3,16%          |
| Other current financial assets              | 5.929.217          | 5.479.250          | -449.967 ▼           | -7,59%         |
| Other current non-financial assets          | 546.176            | 1.079.739          | 533.563 ▲            | 97,69%         |
| Cash and bank balances                      | 29.382.497         | 8.566.956          | -20.815.541 ▼        | -70,84%        |
| Non-current assets held for sale            | -                  | -                  | - —                  |                |
| <b>Total current assets</b>                 | <b>122.197.548</b> | <b>110.595.629</b> | <b>-11.601.919 ▼</b> | <b>-9,49%</b>  |
| <b>Total assets</b>                         | <b>241.134.253</b> | <b>236.984.163</b> | <b>-4.150.090 ▼</b>  | <b>-1,72%</b>  |
| Issued capital                              | 52.824.419         | 52.824.419         | 0 —                  | 0,00%          |
| Share premium                               | 2.182.283          | 2.182.283          | 0 —                  | 0,00%          |
| Reserves                                    | 63.215.703         | 62.684.059         | -531.644 ▼           | -0,84%         |
| Retained earnings                           | 32.593.737         | 24.677.854         | -7.915.883 ▼         | -24,29%        |
| <b>Total equity</b>                         | <b>150.816.142</b> | <b>142.368.615</b> | <b>-8.447.527 ▼</b>  | <b>-5,60%</b>  |
| Other provisions                            | 1.117.000          | 1.117.000          | - —                  | 0,00%          |
| Deferred tax liabilities                    | 7.477.700          | 5.637.270          | -1.840.430 ▼         | -24,61%        |
| Other non-current financial liabilities     | 7.283.273          | -                  | -7.283.273 ▼         | -100,00%       |
| Other non-current non-financial liabilities | 5.361.210          | 6.416.391          | 1.055.181 ▲          | 19,68%         |
| <b>Total non-current liabilities</b>        | <b>21.239.183</b>  | <b>13.170.661</b>  | <b>-8.068.522 ▼</b>  | <b>-37,99%</b> |
| Trade and other payables                    | 24.772.724         | 34.178.762         | 9.406.038 ▲          | 37,97%         |
| Other current financial liabilities         | 38.178.595         | 42.395.909         | 4.217.314 ▲          | 11,05%         |
| Other current non-financial liabilities     | 6.127.609          | 4.870.216          | -1.257.393 ▼         | -20,52%        |
| <b>Total current liabilities</b>            | <b>69.078.928</b>  | <b>81.444.887</b>  | <b>12.365.959 ▲</b>  | <b>17,90%</b>  |
| <b>Total liabilities</b>                    | <b>90.318.111</b>  | <b>94.615.548</b>  | <b>4.297.437 ▲</b>   | <b>4,76%</b>   |
| <b>Total equity and liabilities</b>         | <b>241.134.253</b> | <b>236.984.163</b> | <b>-4.150.090 ▼</b>  | <b>-1,72%</b>  |

At December 31, 2024, non-current assets hold 53,33% of the company's assets, increasing by lei 7,451,829, namely 6.27% compared to the beginning of the year.

The structure of non-current assets is presented in the below table:

| Non-current assets (NCA)        | 31.12.2024         | % in total NCA | % in total asset | 2024 vs. 2023 |
|---------------------------------|--------------------|----------------|------------------|---------------|
| Property, plant and equipment   | 113,487,855        | 89.79%         | 47.89%           | 6.25%         |
| Investment property             | 11,909,857         | 9.42%          | 5.03%            | 9.69%         |
| Intangible assets               | 573,640            | 0.45%          | 0.24%            | -29.14%       |
| Financial assets                | 417,182            | 0.33%          | 0.18%            | -9.43%        |
| <b>Total non-current assets</b> | <b>126,388,534</b> | <b>100.00%</b> | <b>53.33%</b>    | <b>6.27%</b>  |

Additions of "Property, plant and equipment" (except advances and non-current assets in progress) during the reporting period had the following structure:

- Constructions (including developments and upgrades) 1,472,532 lei
- Equipment and machinery 13,558,612 lei

Additions of fixed assets in 2024 had the following destinations: processed plastics lei: 1,583,896; recycled polymers & compounds: lei 8,487,976 and administrative and other sectors: lei 4,959,272.

The disposals of property, plant and equipment in 2024 were in amount of lei 362.582 representing scraps.

As at December 31, 2024, the Company performed the revaluation of the investment property and it resulted an increase of net carrying amount of lei 435,955, which was charged to the 2024 profit or loss.

**Financial assets** account for 0.18% out of total assets, and 0.33% out of total non-current assets.

As at December 31, 2024, Romcarbon SA held direct ownership in other companies worth lei 10,148,821, as follows:

| Company                        | Total shares | Nominal value (lei) | Share capital (lei) | Share capital held (lei) | No. of shares held | Acquisition/ investment value | Holding (%) |
|--------------------------------|--------------|---------------------|---------------------|--------------------------|--------------------|-------------------------------|-------------|
| RECYPLAT LTD CIPRU             | 16,000       | 4,3521              | 113,154             | 113,154                  | 16,000             | 69,743                        | 100.00%     |
| RC ENERGO INSTALL SRL          | 200          | 10                  | 2,000               | 2,000                    | 200                | 15,112                        | 100.00%     |
| INFO TECH SOLUTIONS SRL        | 200          | 10                  | 2,000               | 1,980                    | 199                | 1,990                         | 99.50%      |
| LIVINGJUMBO INDUSTRY SA        | 1,400        | 4,032               | 5,644,800           | 5,636,736                | 1,398              | 6,477,632                     | 99.8571%    |
| GRINFILD LLC UCRAINA           |              |                     |                     |                          |                    | 2,687,755                     | 62.62%      |
| YENKI SRL                      | 32,800       | 10                  | 328,000             | 109,340                  | 10,934             | 100,000                       | 33.34%      |
| ECO PACK MANAGEMENT SA         | 144,600      | 10                  | 1,446,000           | 366,700                  | 36,670             | 586,625                       | 25.36%      |
| KANG YANG BIOTECHNOLOGY CO.LTD | 2,889,993    |                     |                     | 0                        | 139,000            | 203,963                       | 1.95%       |
| REGISTRUL MIORITA SA           | 10,500       | 10                  | 105,000             | 3,980                    | 398                | 5,000                         | 3.79%       |
| VIITORUL INCEPE AZI (NGO)      | 7,000        |                     |                     |                          |                    | 1,000                         | 14.29%      |
| <b>TOTAL</b>                   |              |                     |                     |                          |                    | <b>10.148.821</b>             |             |

\*On 07.06.2023, the amount of EUR 4,648,100 was collected from Recyplat Limited, resulting from the reduction of share capital with a number of 10,000 ordinary shares with a value of EUR 1.00 per share, issued by a share premium, thus the share premium account of Recyplat Limited, being reduced from EUR 4,648,100 to EUR 0.00.

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

| Company                 | Interest quota | Adjustment       |
|-------------------------|----------------|------------------|
| GRINFILD LLC UCRAINA    | 62.62%         | 2,687,755        |
| YENKI SRL               | 33.34%         | 11,989           |
| ECO PACK MANAGEMENT SA  | 25.36%         | 554,262          |
| LIVINGJUMBO INDUSTRY SA | 99.86%         | 6,477,632        |
| <b>Total</b>            |                | <b>9,731,638</b> |

At December 31, 2024, the current assets account for 46.67% of total assets recording a decrease of lei -11,601,919, i.e. 9.49% as compared with the beginning of the year.

| Current assets                                | 31.12.2024         | % out of total current assets | % out of total assets | 31.12.2024 vs. 31.12.2023 |
|-----------------------------------------------|--------------------|-------------------------------|-----------------------|---------------------------|
| Inventories                                   | 38,329,848         | 34.66%                        | 16.17%                | 23.84%                    |
| Trade and other receivables                   | 57,139,836         | 51.67%                        | 24.11%                | 3.16%                     |
| Other current financial assets <sup>1</sup>   | 5,479,250          | 4.95%                         | 2.31%                 | -7.59%                    |
| Other current non-financial assets            | 1,079,739          | 0.98%                         | 0.46%                 | 97.69%                    |
| Cash and cash equivalents                     | 8,566,956          | 7.75%                         | 3.61%                 | -70.84%                   |
| Non-current assets held for sale <sup>2</sup> | -                  | 0.00%                         | 0.00%                 | 0.00%                     |
| <b>Total current assets</b>                   | <b>110,595,629</b> | <b>100.00%</b>                | <b>46.67%</b>         | <b>-9.49%</b>             |

1In January 2023, the Company received lei 39,579,200 (equivalent of EUR 8,000,000) from Recyplat LTD representing dividends receivable registered in December 2022.

2In June 2022, the loan granted in 2019 to subsidiary RC Energo Install SRL with a maximum ceiling of lei 1,231,700 was extended by 12 months. In July 2022, an addendum was signed, whereby the ceiling increased to lei 3,000,000..

In June 2024, an addendum was signed whereby the loan was extended by 12 months.

| Loans from Group companies | Contract value       | Loan balance at December 31, 2023 | Interest           | Total                | Due on     |
|----------------------------|----------------------|-----------------------------------|--------------------|----------------------|------------|
| RC Energo Install SRL      | 3,000,000 lei        | 3,000,000 lei                     | 138,740 lei        | 3,138,740 lei        | 03/06/2025 |
| <b>Total</b>               | <b>3,000,000 lei</b> | <b>3,000,000 lei</b>              | <b>138,740 lei</b> | <b>3,138,740 lei</b> |            |

### **Shares held in the short term**

The indicator Current financial assets also records the equivalent value of 1,000,000 shares of Antibiotice S.A. (ATB) at a unit price of 2.65 lei/share. On 31.12.2024, this block of shares was outstanding. On the same date, a decrease in their value was recorded, and an impairment provision of 97,950 lei was recorded.

**Total liabilities** hold 39.92% of the company's total Equity and liabilities recording a decrease of lei 4,297,437 compared to the beginning of the year of 4.76%.

### **Borrowings**

At December 31, 2024 the bank loans committed by ROMCARBON SA are as follows:

| Type of facility                  | Balance at 31.12.2024 |                       | < 1 year              | >1 year  |
|-----------------------------------|-----------------------|-----------------------|-----------------------|----------|
|                                   | in euro               | in lei                |                       |          |
| Credit lines in euro <sup>4</sup> | € 6,736,621           | 33,508,628 lei        | 33.508.631 lei        | - lei    |
| Investment loans in euro          | € 1,505,155           | 7,486,790 lei         | 7.486.790 lei         | -        |
| <b>Total loans in euro</b>        | <b>€ 8,241,776</b>    | <b>40,995,419 lei</b> | <b>40.995.422 lei</b> | <b>-</b> |
| Investment loan in lei            |                       | 1,400,489 lei         | 1.400.488 lei         | -        |
| <b>Total loans in lei</b>         |                       | <b>1,400,489 lei</b>  | <b>1.400.488 lei</b>  | <b>-</b> |
| <b>Total exposure</b>             |                       | <b>42,395,907 lei</b> | <b>42.395.909 lei</b> | <b>-</b> |



<sup>4</sup>In December 2022, the ceiling of the credit line contracted from UniCredit Bank SA was increased from EUR 5,450,000 to EUR 8,000,000. The EUR 2,550,000 limit was used by Livingjumbo Industry SA. In December 2023, the credit line was extended for 12 months.

**The Company's current liabilities**, representing 86.04% of Total Debts and 32.25% of Total Capital and Debts, recorded an increase of 12,365,959 lei compared to 31.12.2023, respectively by +17.90%.

| Current liabilities                     | 31.12.2024        | % in total liabilities | % in Total current liabilities | % in Total equity and liabilities | 31.12.2024 vs. 31.12.2023 |
|-----------------------------------------|-------------------|------------------------|--------------------------------|-----------------------------------|---------------------------|
| Trade liabilities                       | 34.178.762        | 36,12%                 | 41,97%                         | 14,42%                            | 37,97%                    |
| Other current financial liabilities     | 42.395.909        | 44,81%                 | 52,05%                         | 17,89%                            | 11,05%                    |
| Other current non-financial liabilities | 4.870.216         | 5,15%                  | 5,98%                          | 2,06%                             | -20,52%                   |
| <b>Total current liabilities</b>        | <b>81.444.887</b> | <b>86,08%</b>          | <b>100,00%</b>                 | <b>34,37%</b>                     | <b>17,90%</b>             |

**Non-current liabilities** have a share in Total Capital and Liabilities of 5.56%, recording a decrease of -8,068,522 lei, respectively -37.99%, compared to the beginning of the year.

| Non-current liabilities                     | 31.12.2024        | % in total liabilities | % in Total non-current liabilities | % in Total equity and liabilities | 31.12.2024 vs. 31.12.2023 |
|---------------------------------------------|-------------------|------------------------|------------------------------------|-----------------------------------|---------------------------|
| Other provisions                            | 1,117,000         | 1.18%                  | 6.14%                              | 0.47%                             | 0.00%                     |
| Deferred tax liabilities                    | 5,637,270         | 5.96%                  | 30.98%                             | 2.38%                             | -24.61%                   |
| Other long-term financial liabilities       | 5,026,285         | 5.31%                  | 27.62%                             | 2.12%                             | -30.99%                   |
| Other non-current non-financial liabilities | 6,416,391         | 6.78%                  | 35.26%                             | 2.71%                             | 19.68%                    |
| <b>Total non-current liabilities</b>        | <b>18,196,946</b> | <b>19.23%</b>          | <b>100.00%</b>                     | <b>7.68%</b>                      | <b>-14.32%</b>            |

**Total Equity** holds 60.08% out of Total Equity and Liabilities and registered an decrease of lei -8,447,527, compared with the beginning of the year (-5.6%).

| Equity                                                                                                                          | 31.12.2024         | % of Total equity and liabilities |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------|
| Subscribed and paid in share capital (representing the counter value of 528,244,192 shares at a nominal value of lei 0.1/share) | 52,824,419         | 22.29%                            |
| Share premium                                                                                                                   | 2,182,283          | 0.92%                             |
| Reserves                                                                                                                        | 62,684,059         | 26.45%                            |
| Retained earnings                                                                                                               | 24,677,854         | 10.41%                            |
| <b>Total equity</b>                                                                                                             | <b>142,368,615</b> | <b>60.08%</b>                     |

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022 and is intended to support the Company's current activity.

The subscribed and paid in capital of the company amounting to lei 52,824,419.20 in 2024 is divided into 528,244,192 registered shares, dematerialized, with a nominal value of 0.10 lei per share.

As at 31.12.2024 the structure of the company shareholding according to Depozitarul Central SA is the following:

| Shareholder                                  | No. of shares      | % ownership      |
|----------------------------------------------|--------------------|------------------|
| Living Plastic Industry S.R.L., Buzau county | 173,549,016        | 32.8539%         |
| Joyful River Limited, Nicosia, Cyprus        | 108,390,178        | 20.5190%         |
| TODERITA STEFAN ALEXANDRU                    | 72,400,000         | 13.7058%         |
| Other individuals                            | 160,005,619        | 30.2901%         |
| Other legal entities                         | 13,899,379         | 2.6312%          |
| <b>Total</b>                                 | <b>528,244,192</b> | <b>100.0000%</b> |

## 2) Statement of profit and loss and comprehensive income statement' items

| Income statement                                                                 | 12-month<br>2023 | 12-month<br>2024   |   | 2024 vs. 2023       |              |
|----------------------------------------------------------------------------------|------------------|--------------------|---|---------------------|--------------|
| Revenue                                                                          | 214,230,854      | 225,633,834        | ▲ | 11,402,980          | 5%           |
| Other income <sup>5</sup>                                                        | 4,303,986        | 3,994,432          | ▼ | (309,554)           | -7%          |
| Changes in inventories of finished goods and work in progress                    | 485,526          | 2,705,618          | ▲ | 2,220,092           | 457%         |
| Raw materials, consumables, merchandise and utilities used                       | (148,776,840)    | (159,392,433)      | ▲ | (10,615,593)        | 7%           |
| Salaries and employee benefits                                                   | (47,111,543)     | (53,544,515)       | ▲ | (6,432,972)         | 14%          |
| Depreciation and amortisation expenses                                           | (9,392,805)      | (9,829,769)        | ▲ | (436,964)           | 5%           |
| Operating expenses                                                               | (16,469,733)     | (17,149,321)       | ▲ | (679,588)           | 4%           |
| Other gains or losses                                                            | 4,863,752        | 380,896            | ▼ | (4,482,856)         | -92%         |
| <b>Profit (loss) on operations</b>                                               | <b>2,133,197</b> | <b>(7,201,258)</b> | ▲ | <b>(9,334,455)</b>  | <b>-438%</b> |
| Financial income <sup>6</sup>                                                    | 3,444,434        | 2,038,951          | ▼ | (1,405,483)         | -41%         |
| Financial expenses                                                               | (2,081,299)      | (2,386,479)        | ▲ | (305,180)           | 15%          |
| <b>Gain (loss) on impairment of financial assets</b>                             | <b>-</b>         | <b>(97,950)</b>    | ▲ | <b>(97,950)</b>     |              |
| <b>Profit/(Loss) before tax</b>                                                  | <b>3,496,332</b> | <b>(7,646,736)</b> | ▲ | <b>(11,143,068)</b> | <b>-319%</b> |
| Income tax                                                                       | (182,523)        | 1,653,756          | ▲ | 1,836,279           | -1006%       |
| <b>Net profit (loss)</b>                                                         | <b>3,313,809</b> | <b>(5,992,980)</b> | ▲ | <b>(9,306,789)</b>  | <b>-281%</b> |
| <b>Gain/Loss on revaluation of property, plant and equipment</b>                 | <b>-</b>         | <b>0</b>           | — | <b>-</b>            |              |
| Deferred tax adjustment related to the re-evaluation reserves fiscal unallowable | 485,482          | 186,674            | ▼ | (298,808)           |              |
| <b>Total comprehensive income</b>                                                | <b>3,799,291</b> | <b>(5,806,306)</b> | ▲ | <b>(9,605,597)</b>  | <b>-253%</b> |
| <b>Operational EBITDA</b>                                                        | <b>4,873,276</b> | <b>579,594</b>     | ▼ | <b>(4,293,682)</b>  | <b>-88%</b>  |

Note: operating EBITDA only takes into account the operating activity, excluding expenses with amortization/depreciation, sales of assets, non-recurrent elements or the financial activity.

Note: Operational EBITDA takes into account only the operating activity, excluding depreciation expense, sales of In accordance with OMFP no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to commercial companies whose securities are admitted to trading on a regulated market, the valuation of foreign currency assets, receivables and liabilities is carried out monthly at the foreign exchange

market exchange rate communicated by the NBR on the last banking day of the month. From the revaluation of foreign currency assets, receivables and liabilities in 2024, favorable differences of 336,436 lei (financial income from exchange rate differences) and unfavorable differences of 170,713 lei (financial expenses from exchange rate differences), thus resulting in a profit of 165,723 lei.

In 2023, from the valuation of foreign currency assets, receivables and liabilities at the foreign exchange market exchange rate communicated by the NBR on the last banking day of the month, a loss of -455,106 lei was recorded. In 2023, a loss of lei -455,106 was recorded from the evaluation of available funds, assets and liabilities in foreign currency at the exchange rate of the market communicated by the NBR on the last banking day of the month.

<sup>4</sup> The item "Other income" has the following structure:

| Indicator                       | 12-month<br>2023 | 12-month<br>2024 | 2024 v 2023 |                  |            |
|---------------------------------|------------------|------------------|-------------|------------------|------------|
| Rental income                   | 2,190,008        | 2,155,377        | ▼           | (34,631)         | -2%        |
| Income for investment subsidies | 2,113,978        | 1,839,055        | ▼           | (274,923)        | -13%       |
| <b>Total</b>                    | <b>4,303,986</b> | <b>3,994,432</b> | ▼           | <b>(309,554)</b> | <b>-7%</b> |

<sup>5</sup> The item "Financial income" has the following structure:

| Indicator                         | 12-month<br>2023 | 12-month<br>2024 | 2024 vs 2023 |                    |             |
|-----------------------------------|------------------|------------------|--------------|--------------------|-------------|
|                                   |                  |                  |              |                    |             |
| Interest income                   | 983,890          | 1,013,506        | ▲            | 29,616             | 3%          |
| Income from financial investments | 57,882           | 782,307          | ▲            | 724,425            | n/a         |
| Net gains from FX differences     | 2,402,662        | 243,138          | ▼            | (2,159,524)        | -90%        |
| <b>Total</b>                      | <b>3,444,434</b> | <b>2,038,951</b> | ▼            | <b>(1,405,483)</b> | <b>-41%</b> |

"Net sales" had the following trend in the reporting period:

|                                                         | 12-month<br>2023   | 12-month<br>2024   | 2024 vs. 2023             |                   |           |
|---------------------------------------------------------|--------------------|--------------------|---------------------------|-------------------|-----------|
| <b>Total sales of finished goods, of which</b>          | <b>153,331,408</b> | <b>158,936,063</b> | ▲                         | <b>5,604,655</b>  | <b>4%</b> |
| CP1~ Auto and industrial filters,                       | 3,652,168          | 3,403,206          | ▼                         | (248,961)         | -7%       |
| CP2~ Respiratory protective equipment and Active Carbon | 2,278,627          | 2,729,267          | ▲                         | 450,640           | 20%       |
| CP3~ Polyethylene products                              | 30,273,457         | 36,580,283         | ▲                         | 6,306,826         | 21%       |
| CP4~ PVC products                                       | 420,422            | 416,700            | ▼                         | (3,722)           | -1%       |
| CP5~ Polystyrene products                               | 46,799,707         | 48,473,938         | ▲                         | 1,674,231         | 4%        |
| CP6~ Polypropylene products                             | 32,001,778         | 32,908,027         | ▲                         | 906,249           | 3%        |
| CP7~ Compounds                                          | 37,905,250         | 34,424,642         | ▼                         | (3,480,608)       | -9%       |
| - Sales of intermediary goods                           | 4,378              | 231,369            | ▲                         | 226,992           | 5185%     |
| - Services rendered                                     | 425,122            | 403,437            | ▼                         | (21,685)          | -5%       |
| - Sale of goods purchased for resale                    | 53,057,503         | 60,156,404         | ▲                         | 7,098,901         | 13%       |
| - Revenues from sundry services                         | 7,412,444          | 5,906,562          | ▼                         | (1,505,882)       | -20%      |
| <b>Total:</b>                                           | <b>214,230,854</b> | <b>225,633,834</b> | ▲                         | <b>11,402,980</b> | <b>5%</b> |
|                                                         | 31.12.2023         | 31.12.2024         | 31.12.2024 vs. 31.12.2023 |                   |           |
| Net sales                                               | 214,230,854        | 225,633,834        | ▲                         | 11,402,980        | 5%        |
| Rental income                                           | 2,190,008          | 2,155,377          | ▼                         | (34,631)          | -2%       |
| <b>Total turnover, of which:</b>                        | <b>216,420,862</b> | <b>227,789,211</b> | ▲                         | <b>11,368,349</b> | <b>5%</b> |
| - Domestic market                                       | 181,914,762        | 193,465,835        | ▲                         | 11,551,073        | 6%        |
| - Foreign market                                        | 34,506,100         | 34,323,377         | ▼                         | (182,724)         | -1%       |

Note: Turnover includes "Net sales" in the Statement of comprehensive income, plus "Rental income" generated by investment property.

### 3) Statement of cash flows

Cash and cash equivalents at the end of 2024 have decreased by lei 20,815,541 compared to the beginning of the year (December 31, 2024: lei 8,566,956; December 31, 2023: 29,382,497).

### 4) Financial ratios

In the reporting period the main financial indicators and ratios had the following evolution:

| Ratio                                 | Formula                                            | 2023        | 2024        |
|---------------------------------------|----------------------------------------------------|-------------|-------------|
| EBIT                                  | Gross profit + interest expenses                   | 5,303,794   | (5,392,331) |
| EBITDA                                | EBIT + amortization – income from subsidies        | 12,582,621  | 2,598,383   |
| Turnover                              | Net sales + Rental income                          | 216,420,862 | 227,789,211 |
| EBITDA in total sales                 | EBITDA/Turnover                                    | 5.81%       | 1.14%       |
| EBITDA in equity                      | EBITDA/Equity                                      | 8.34%       | 1.83%       |
| Gross profit                          | Gross profit /turnover                             | 1.62%       | -3.36%      |
| Current liquidity ratio               | Current assets/current liabilities                 | 1.77        | 1.36        |
| Immediate liquidity ratio (acid test) | (Current assets -Inventories)/Current liabilities  | 1.32        | 0.95        |
| Gearing ratio (1)                     | Long-term liabilities/Equity                       | 14%         | 13%         |
| Gearing ratio (2)                     | Total liabilities/Total assets                     | 37%         | 40%         |
| Gearing ratio (3)                     | Capital borrowed on the long-term/Total equity     | 5%          | 4%          |
| Gearing ratio (4)                     | Capital borrowed on the long-term/Capital employed | 5%          | 3%          |
| Interest coverage ratio               | EBIT/Interest expenses                             | 2.93        | (2.39)      |
| Turnover of trade receivables         | Average balance of trade receivables /Turnover     | 99          | 89          |
| Turnover of trade liabilities         | Average balance of trade liabilities /Turnover     | 61          | 47          |
| Turnover of trade liabilities         | Turnover/Non-current assets                        | 1.82        | 1.80        |
| Return on assets (ROA)                | Net result /Total assets                           | 1.37%       | -2.53%      |
| Return on equity (ROE)                | Net result/Equity                                  | 2.20%       | -4.21%      |
| Return on sales (ROS)                 | Net result/Turnover                                | 1.53%       | -2.63%      |

### SECURITIES MARKET ISSUED BY THE COMPANY

Company shares are traded on the Bucharest Stock Exchange SA, Equities Section, Standard category.

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

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

### CORPORATE GOVERNANCE CONSIDERATIONS

This chapter summarizes the Company's Corporate Governance main rules, structures, procedures and decision-making practices within the company, governance standards that ensure the general principles of management and effective control of the activities of the company according to the object of activity, for the benefit of shareholders and for increase investor confidence. The entire set of standards of corporate governance provides the structure through which the company objectives are set, the means of achieving them and to monitor the performance and aims to promote fairness, transparency and accountability in the society.

ROMCARBON SA is a legal Romanian entity that operates as a joint stock company, in accordance with legal provisions in force. It operates in accordance with the Romanian laws and the company's Articles of incorporation.

The company was founded in 1952, originally under the name "Intreprinderea de mase plastice". The company is headquartered in Romania, Buzau, Transilvania Street no. 132, is organized as a joint-stock company and is subject to Romanian law.

The main activity domain of the company is: 222 - Manufacture of plastic and the main activity, according to the encoding - 2221 Manufacture of plates, sheets, tubes and profiles in plastic.

In the meeting of 11.03.2008, the National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market of BURSA DE VALORI BUCURESTI S.A. of the shares issued by ROMCARBON S.A.

Thus, starting from 30.05.2008 until 05.01.2015 the shares of ROMCARBON S.A. were traded on the regulated market of the Bucharest Stock Exchange, Equities Section, Second category of Shares.

Starting 05.01.2015 the shares of ROMCARBON S.A. are traded on the regulated market of the Bucharest Stock Exchange, Equity Sector, Standard category, according to the new market segmentation introduced by Bucharest Stock Exchange.

Prior to the trading on the Bucharest Stock Exchange, the company was listed on Second category of the RASDAQ market.

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

- Number of shares – 528,244,192

a) nominal value – lei 0,1

b) ISIN code: ROROCEACNOR1

c) symbol: ROCE

Although new on the Bucharest Stock Exchange regulated market, ROMCARBON S.A. has planned to implement both a policy oriented towards profit for shareholders and one of corporate social responsibility, ethics and the environment, with significant impact on the environment and consequently the community.

In this respect, the management of ROMCARBON S.A. states that voluntarily adopts the Bucharest Stock Exchange Code of Corporate Governance, as adopted by the Board of Bucharest Stock Exchange in December 2007, as amended, with the sole purpose of its implementation in the company, by assuming its corporate governance policies.

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - [www.bvb.ro](http://www.bvb.ro).

Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website [www.romcarbon.com](http://www.romcarbon.com).

The regulations which we comply with in the preparation of this chapter of Corporate Governance: Law no. 31/1990 on companies, republished in 2004, as amended and supplemented, Law no. 297/2004 on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations, as amended and supplemented, the regulations issued by FSA to regulate the capital market (Regulation no. 5 of 21/06/2018 on issuers of financial instruments and market operations, Regulation no. 10/2016 on the organization and operation of the Financial Supervisory Authority, etc.), accounting regulations, regulations on Audit, Law no. 82/1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2007, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".

## **STRUCTURE AND CORPORATE GOVERNANCE**

### **1. The General Meeting of Shareholders**

The General Meeting of Shareholders (GMS) includes all shareholders and meets in ordinary meetings (OGMS) and extraordinary meetings (EGM), each with competencies established by law/the company's articles of incorporation.

The call, organization and conduct of works for GMS are in strict accordance with the law, ensuring materials presentation, recording the works and decisions taken.

### **2. Board of Directors**

Members of the Board of Directors (BoD) ensure an effective capacity to monitor, analyze and evaluate the work of directors and fair treatment of shareholders. The election of members of the Board of Directors is done between the persons appointed by the shareholders. In appointing members of the Board of Directors, the General Meeting has sought a balanced structure of the BoD according to the structure and activity of ROMCARBON S.A. as well as the personal experience and qualifications of board members.

The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, convoked by the Chairman at the grounded request of at least 2 of its members or the CEO. The Chairman must honor such request.

The Board of Directors is chaired by the Chairman and in his absence, by the Deputy Chairman. The calls for the meetings of the Board of Directors are sent at least 5 days before the date of the meeting, by any means of remote communication (post, e-mail, fax) that ensures acknowledgment of receipt, in writing, by the addressee/member to the convened Board of Directors. These calls include the date, and the location where the meeting of the Board of Directors will be held, as well as the agenda, no decision can be taken on other issues, except in case of urgency and with the condition they are ratified in the next meeting by the absent members. In exceptional cases, justified by the urgency of the situation and the interest of the company, the decisions of the Board of Directors can be taken by the unanimous vote expressed in writing by the members, including by e-mail, without the need for a meeting of such body.

For the validity of the decisions it is required the presence/vote of at least half of the members of the Board and decisions are taken by a simple majority of the members present. In the case of parity of votes, the Chairman of the Board of Directors (who is not at the same time officer of the company) will have the decisive vote. If the Chairman in office of the Board of Directors cannot or is not allowed to vote, the other members of the Board of Directors may elect a chairman of the meeting, having the same rights as the chairman in office. In case of parity of votes and if the president does not have a decisive vote, the voted proposal is considered rejected.

The meetings of the Board of Directors take place in the presence of the directors or by correspondence (post, e-mail, etc.). The members of the Board of Directors express their vote regarding the issues listed on the agenda during the meeting, as well as through any means of remote communication (mail, e-mail, fax) that ensures confirmation of the receipt of the vote expressed in writing, by the secretary the Board of Directors, at the latest until the end of the meeting for which they were convened.

Decision-making process remains a collective responsibility of board members they are held jointly responsible for all decisions adopted in exercise of the powers. The Board of Directors' debates are recorded in the minutes of the meeting, which are entered in a register. The meetings of the Board of Directors can be audio-video recorded. The minutes of the meeting are signed by the chairman of the meeting and by at least one other director.

The chairman of the Board of Director, the Board members, the Company's managers, executive officers are liable individually or jointly, as appropriate, to the company for damages resulting from criminal offenses or violations of legal provisions for deviations from the article of association, as well as mistakes in administrating and management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders respectively the decision of the Board of Directors.

At the date of this report, the Board of Directors of Romcarbon SA consists of the following directors elected in the ordinary General Meeting of January 25, 2024 for a 4-year mandate that expires on February 4, 2028:

- **Huang Liang - Chairman**, appointed based on the Resolution of the Ordinary General Meeting of ROMCARBON S.A. from 25.01.2024 for a 4-year term, which expires on February 4, 2028;
- **Wang Yi Hao - Vice Chairman**, appointed on the basis of the resolution of the Ordinary General Meeting of Romcarbon SA from 25.01.2024 for a 4-year term, which expires on February 4, 2028;
- **Toderita Stefan Alexandru** - appointed on the basis of the Decision of the Ordinary General Meeting of ROMCARBON SA from 25.01.2024 for a 4-year term, which expires on February 4, 2028.

Currently, the remuneration of the administrators is made in accordance with the provisions of the constitutive act and of the Decision of the Ordinary General Meeting no. 1 of 23.01.2020.

The exercise of the mandate entrusted to the new members of the Board of Directors will be done free of charge, in accordance with the vote expressed by shareholders within the Ordinary General Meeting of Shareholders of 23.01.2020.

Compliance with the provisions of art. 138<sup>2</sup> of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide Corporate Governance Code, we mention that, among the administrators of the company, only Mr. WEY JIANN SHYANG meets the condition of independence, him being independent non-executive administrator.

Within the Company's Board of Directors, an Audit Committee has been established, as modified based on Resolution no. 11 of the BoD of 07.12.2021, composed of the following directors: WEY JIANN SHYANG si TODERITA STEFAN ALEXANDRU.

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

Currently, the directors are remunerated in accordance with the provisions of the articles of incorporation and Resolution no. 1 dated 23.01.2020 of the Ordinary General Meeting.

In 2024, the Board of Directors met in 22 meetings, decisions being taken either with the vote of the majority of those present, or by unanimity and in accordance with the legal provisions regarding the convocation and quorum for conducting the meetings and legally adopt decisions.

### **3. Executive management**

The executive management of ROMCARBON S.A. is provided by the following persons, whom have been delegated the powers for the management of the company:

- Huang Liang Neng - Chief Executive Officer starting on 17.02.2020
- Manaila Carmen – Administrative Deputy General Manager starting 17.02.2020
- Dobrota Cristinel – Development Deputy General Manager, starting 17.02.2020
- Cretu Victor - Polypropylene Profit Center Manager, starting 17.02.2020
- Constantinescu Gabriel – Filters, EIP and Active Charcoal Profit Center Manager, starting 17.02.2020
- Ungureanu Ion – Expanded Polystyrene Profit Center Manager, starting 17.02.2020
- Ungureanu Ion - Chief of Operations PSE Section starting 01.10.2017
- Titi Mihai - Technical Deputy General Manager starting on 01.06.2010
- Zainescu Viorica Ioana - Chief Financial Officer starting on 15.01.2010

The Board of Directors delegates the company's management to the General Manager, who acts independently and is liable to take all the adequate measures for the Company's management, within the limits of the Company's scope and in compliance with the exclusive duties provided by law or the Constitutive Act, to the Board of Directors or the General Meeting of Shareholders.



In this regard, in its relations with third parties, the company is represented by the General Manager under the provisions of art. 143 para. 4 in conjunction with Art. 143<sup>2</sup> para. 4 of Law 31/1990, who act independently within the limit of the mandate entrusted to them.

The General Manager of the Company is appointed or removed from office by the Board of Directors, which establishes its attributions, responsibilities and powers, the attributions of representing the Company may be delegated by the General Manager of the Company to a third party only with the prior written consent of the Board of Directors. The company's officers are appointed or revoked by the Board of Directors, which sets their duties, responsibilities and powers, the company's officers being able to delegate the powers to represent the Company to a third party only with the written consent of the Board of Directors.

Remuneration of directors of the company is in accordance with the articles of association.

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2023:

- a) Directors – lei 0
- b) CEO – lei 180,000
- c) Executive management – lei 2,460,218.

Starting 2021, the company adopted a remuneration policy, which may be consulted at the following link:

[https://www.romcarbon.com/wp-content/uploads/2021/04/ROCE\\_Politica-de-remunerare\\_RO.pdf](https://www.romcarbon.com/wp-content/uploads/2021/04/ROCE_Politica-de-remunerare_RO.pdf)

For 2024, the company issued, according to the legal provisions, the Directors' and Officers' Remuneration Report, available at the following link: <https://www.romcarbon.com/rapoarte-de-remunerare/>.

#### **4. Internal auditor**

The company organizes its internal audit in accordance with the legal provisions, which are also included in the company's constitutive act. In 2024, internal audit is provided to the company by NOVA CONT AUDIT SRL.

The internal auditor attends meetings of the Board and General Meetings of Shareholders and notifies management irregularities, and if applicable, breaches of the legal provisions and of the provisions of the constitutive act.

The mission, powers and responsibilities of the internal audit are defined in an Internal Audit Charter approved by the Board of Directors of the Company; the Internal Audit Charter sets out the internal audit position in the company, determines how to access the company documents for the proper performance of audits, defines the scope of internal audit.

#### **5. Risk management**

Risk factors include general matters (emerging markets present a higher risk than countries with developed economies and mature political and legal systems), a potential political instability, risks arising from a temporary instability of the legislative, fluctuation of interest rate and inflation rate, and risks related to capital market and its liquidity.

SC ROMCARBON S.A. approaches risk prudently, in accordance with its long-term strategy. Prudent risk management becomes more important in the context of an extension of the economic and financial uncertainties and obvious market volatility. Strategic vision on risk management is determined by the Board of Directors and is applied through actions taken by the executive management of the company.

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes risk assessment techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Given the world economic and financial crisis, Romcarbon SA had to adapt to the new conditions and constraints of the market.



Control and risk management are ensured through a number of specific structures governed by the provisions of the capital market, the company's constitutive act, the collective labour contract and organizational structure of the company, as follows:

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

The financial statements of the company are, by law, audited by an external auditor (legal entity), member of the Chamber of Financial Auditors of Romania, appointed by the Ordinary General Meeting of Shareholders, which operates under a services supply contract approved by the Board of Directors of the company.

Currently, the external financial auditor of ROMCARBON SA is S.C. BDO AUDIT S.R.L. and was appointed for a period of 1 year based on the OGMS Decision of 29.04.2024.

### **CORPORATE RIGHTS OF SHAREHOLDERS**

The company's shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired right in the shareholder register kept by the company named in the contract, according to the law S.C. DEPOZITARUL CENTRAL S.A. The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of association in force at the date of acquisition.

SC ROMCARBON S.A. respects the rights of securities holders and ensures an equal treatment for all holders of securities of the same type and class, providing all relevant information so that they may exercise all rights. Securities holders must exercise the rights conferred by them in good faith, respecting the rights and legitimate interests of other shareholders and the priority interest of the company, otherwise being liable for damages.

Each share subscribed and paid by shareholders gives them the right to one vote at the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of association of the Company and social asset to dissolve the company and other rights provided by law.

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

SC ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (AGA), the full realization of their rights, the dialogue between shareholders and members of the Board and / or management. At the General Meeting of Shareholders are entitled to attend and vote shareholders registered in the Register of Shareholders (issued by the Central Depository) at the reference date established/ approved by the Board of Directors.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on [www.romcarbon.com](http://www.romcarbon.com) a special section called Shareholders, Investor Relations, accessible and constantly updated. This section is structured to contain all information necessary to securities holders: Board of directors' meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders. Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the **relationship with shareholders and investors**, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management.

For purposes of capital adequacy to corporate governance rules and discipline, the Company set up the Investor Relations Department, which ensures compliance with corporate rules according to the Corporate Governance Code of the Bucharest Stock Exchange.

Above mentioned reports are transmitted Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at [www.romcarbon.com](http://www.romcarbon.com).

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

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

### **SOCIAL RESPONSIBILITY**

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

In accordance with this strategy, ROMCARBON S.A. developed in 2022 its first Sustainability Report for 2021, out of the belief that the inclusion of sustainability principles in the strategies of the Romcarbon Group, in communication and even in the business model, can contribute to improving its reputation among its customers, suppliers and investors and can play an important role in increasing employee involvement and reducing staff turnover. In drawing up this report, the principles established in the GRI Standards regarding Materiality, Inclusiveness, Sustainability Context and Exhaustiveness were taken into account. The quality of the report was ensured by observing the principles of the GRI Standards regarding Balance, Comparability, Accuracy, Regularity, Clarity and Reliability. More details can be found in our Sustainability Report available on Romcarbon SA's website: [www.romcarbon.com/rapoarte-de-sustenabilitate](http://www.romcarbon.com/rapoarte-de-sustenabilitate).

For the 2021 Sustainability Report, Romcarbon was awarded the 3rd place in the top sustainability reports, by a specialized jury made up of representatives of the capital market, in a competition of the best sustainability reports, organized by ARIR (Association for Investor Relations from Romania). The 5 judges analyzed all competing reports based on 8 criteria and appreciated the concrete data presented by Romcarbon in its Sustainability Report for 2021 and also appreciated the inclusion of clear indicators and targets for Romcarbon's ESG activity.

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

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

**\* to support and respect the human rights of its employees in particular.** In this respect, the employees benefit from various specialized programs / professional training and a constant awareness of the evolution of the company (presentation by the representatives of the employees, i.e. periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the implementation of labor protection and means of organizing it. (e.g. periodic training, provision of personal protective equipment, working equipment, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, does not engage in trafficking and does not in any way encourage these ideas. The company has zero tolerance under any circumstances for corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment.

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

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

**\* to combat any form of corruption**

**\* to support educational activities**

\* **to support different social categories** (deserving young people, sick or disabled people through humanitarian actions that include sponsorships/patronage but also assistance in extreme cases as well as providing help to disadvantaged or struggling people. As part of this active CSR policy, ROMCARBON SA granted during the financial year 2024 material aid, in the amount of 36,600 lei, to its employees affected by various events with a strong social and human impact (birth of children, deaths of family members, fires, floods, etc.). In 2024, sponsorships were granted in a total amount of 27,072 lei in various fields (social, sports, education);

\* **to support sport activities in the city of Buzau, by financial aids**

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

\* **proactively address environmental issues and promote responsibility towards the environment**

ROMCARBON SA values and protects life. As of 2018, the Company has been constantly organising blood donation campaigns together with the Buzau Transfusion Center at the company's premises. ROMCARBON SA employees have donated more than 2,900 blood units so far. These campaigns will continue.

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

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

ROMCARBON S.A. has implemented and certified an integrated quality management system - environment-occupational health and safety standards ISO 9001 :2015, ISO 14001 : 2015 and ISO 45001:2023 standards, - certified by SRAC.

ROMCARBON S.A. identifies all actual and potential environmental issues, including positive and negative aspects arising from indirect and companies that operate at the company and may affect environmental performance. Identification of environmental issues is based on systematic analysis of each process / sub-process (including their inputs and outputs) according to the procedure of system "PS 03 Environmental aspects" in situations of normal operation, abnormal (including starting and stopping) and emergency, accident.

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

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorship were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the **Environmental International Day** celebrated on the 5<sup>th</sup> of June under the title "for a cleaner world!" / "We have only one Earth. Let's give it priority!"

Partners of these events are constantly the Environmental Protection Agency in Buzau, Buzau Prefect's Office and Municipality of Buzau.

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

Since 2012 in Profit Center no. 7 - Compounds there are activities of waste plastics recycling by separating recyclable fractions and milling, extrusion, filtration, these separated fractions to obtain composite materials.

Starting September 4, 2014, Romcarbon SA became a member of the Romanian Association of Sanitation, which became in the meantime the Romanian Association for Waste Management – A.R.M.D.; as final waste recycling body, Romcarbon supports the actions of this entity:

- Sustained promotion of its members' interests;
- Permanent involvement in the process of preparing the legislation in the waste management field in Romania;
- Dynamic involvement of the Association in the waste management in Romania, by studies and market researches;
- Initiation of contracts with the organizations in order to attract funds and grants, both for members and for sustainable development of the association's activities;

Romcarbon was among the sponsors that supported the organization of the 2024 National Chemistry Olympiad in Buzau, which opened in Buzau for 340 students and included 7th grade students for the first time.

As a company with over 70 years of experience in the chemical industry, Romcarbon considered it a duty of honor to be able to support students who are passionate about Chemistry at such a high level to develop their skills in the field of chemistry with the aim of promoting the chemical industry as an attractive industry for future employees specialized in the field.

As a **socially responsible company**, ROMCARBON SA aims not only at increasing the satisfaction of employees, commercial partners and own shareholders, but also at increasing the involvement in the community, with a view to raising the quality of life at local level and also to incentivizing the labor market by enhancing the level of professional competence of the human resources.

## THE ACTIVITY OF THE COMPANY IN THE FUTURE

In 2024, the management will continue to take all measures to ensure the development of the company's activity in safe conditions for all stakeholders, in the current context of the raw materials and consumables market, where the availability and price of raw materials has represented a continuous challenge, the cost of plastic granules increasing again since the first months of the year, the utility market with prices that are still high, in the context of the geopolitical climate created by the war in Ukraine, and last but not least the labor market, which shows a continuously growing volatility.

The company completed at the end of December 2022 the sale transaction of the shares indirectly owned in Green-Group, thus generating important cash flows of around EUR 14 million, amount intended for investments and remuneration of shareholders in the form of dividends in 2022 and 2023, but also for the share capital increase that was made by contributing lei 26,412,209.60 to the company's share capital, representing a share of the net profit registered in 2022.

In 2025, management will continue to take all measures to ensure the safe conduct of the company's activities for all stakeholders, 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 utilities 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 exhibits high volatility.

For 2025, the Company aims at consolidating its position on the markets where it operates, streamlining the investments implemented in previous years, and at making new investments in the field of circular economy and recycling by accessing grants under the investment programs led by the Minister of Energy, as reform and/or investment lead in the National Recovery and Resilience Plan (PNRR).

2024 resumes the main objectives of 2023, namely the manufacturing of diverse and high-quality products and investing important resources in technologies that will ensure the growth of the company in the next years.

For 2025, the company budgeted the following financial indicators:

- a total turnover of lei 266,165,199 (up by 17% as compared with 2024) of which the turnover related to the sales of finished products is budgeted at the level of lei 185,569,633 (16% higher as compared with 2024);
- a profit in amount of lei 2,832,974 compared to a gross loss of 5.992.980 lei recorded in 2024.

The activity of the company is not affected by the restrictions on external financing, it has the ability to control its cash flows and mitigate risks of non-collection. We have not identified any premises for the exposure to major risks in terms of cash flows. There will be pressure on the RON / EUR exchange rate, but we cannot estimate the extent.

As of the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot exclude negative consequences on the business, operations and financial situation.

Management believes that it is taking all necessary measures to support the sustainability and growth of the Company's activities in the current circumstances and that the professional judgments in these financial statements remain appropriate.

We note that at the date of preparation of this report, the company's management is not aware of any other events, economic changes or other factors of uncertainty that could significantly affect the company's revenues or liquidity.

As at the date of preparation of this report, the Company's management is not aware of other events, economic changes or other uncertainties that might affect significantly the company's income or liquidities.

**Date: March 26, 2024**

*For signatures, please refer to the original Romanian version.*

**ADMINISTRATOR,**

**HUANG LIANG NENG**

**FINANCIAL MANAGER,**

**VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE GENERAL  
MANAGER,**

**CARMEN MANAILA**