



**ADMINISTRATORS' REPORT
REGARDING THE CHIMCOMPLEX SA BORZESTI
ACTIVITY IN 2022**

CHIMCOMPLEX S.A. BORZEȘTI
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Reg. Com. J04/493/1991, Unique Code 960322
Subscribed and paid-up share capital: 304907851 RON
Account: RO60BUCU1111215962132
ALPHA BANK BUCHAREST
RO2021.055.061Q RO2021.055.061E RO2018.055.061





CONTENTS

1.	IDENTIFICATION DATA FOR SC CHIMCOMPLEX SA BORZEȘTI	4
2.	SHAREHOLDING STRUCTURE	4
3.	GENERAL PRESENTATION OF THE COMPANY	5
3.1.	Mission, vision, values.....	5
3.2.	Description of the company's core business	6
3.3.	Description of any significant merger or reorganisation of the company, subsidiaries or controlled companies during the financial year	7
3.4.	Events with significant impact on the functioning of the company	7
3.5.	Description of the main results of the evaluation of the company's activity	7
3.5.1.	Elements of general assessment	7
3.5.2.	Market share held by the company.....	8
3.6.	Assessment of the technical level of the company.....	8
3.6.1.	The main outlets, the share of the main products on these markets in 2022 and the distribution methods	10
3.6.2.	Share of each product category in the company's turnover for the last three years	11
3.6.3.	New products envisaged and for which a substantial volume of assets will be affected in the next financial year as well as the state of development of these products	12
3.7.	Evaluation of the technical-material supply activity (indigenous sources, import sources)	12
3.8.	Valuation of the sales activity.....	13
3.8.1.	Description of the evolution of sequential sales on the domestic and/or external market and of the medium and long term sales perspectives.....	13
3.8.2.	Description of the competitive situation in the company's field of activity, of the market share of the company's products or services and of the main competitors.....	15
3.8.3.	Description of any significant dependence of the company on a single client or on a group of customers whose loss would have a negative impact on the company's revenues.....	16
3.9.	Assessment of company employees /staff issues	16
3.9.1.	Specification of the number and level of training of employees as well as of the degree of labour unionization.....	16
3.9.2.	Description of the relations between the manager and the employees as well as of any conflicting elements that characterize these relations.....	18
3.10.	Assessment of the aspects related to the impact of the basic activity on the environment.....	18
3.11.	Evaluation of research and development activity.....	26
3.12.	Evaluation of the integrated management system.....	27
3.13.	Evaluation of the company's activity regarding the risk management	27
3.14.	Forward-looking elements of the company's activity.....	29

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3.14.1. Presentation and analysis of all trends, elements, events or uncertainty factors affecting or likely to affect the liquidity of the company, compared to the same period of the previous year	29
3.14.2. Presentation and analysis of the effects of capital, current or anticipated expenditure on the financial situation of the company compared to the same period of last year	30
4. TANGIBLE ASSETS OF THE COMPANY	32
4.1. Specification of the location and characteristics of the main production capacities owned by the company.....	32
4.2. Description and analysis of the degree of wear and tear of the company's properties	33
4.3. Specification of potential problems related to the ownership of the company's tangible assets ...	34
5. MARKET FOR SECURITIES ISSUED BY THE COMPANY.....	34
5.1. Specification of the markets in Romania and other countries on which the securities issued by the company are negotiated	34
5.2. Description of the company's dividend policy. Specification of the dividends due/paid/accumulated in the last three years and, if applicable, of the reasons for the possible decrease of the dividends during the last three years	35
5.3. Description of any activities of the acquiring company.....	37
5.4. Where the company has subsidiaries, an indication of the number and nominal value of the shares issued by the parent company held by the subsidiaries	37
5.5. Where the company has issued objections and/or other debt securities, a statement of how the company pays its obligations to the holders of such securities	37
6. MANAGEMENT OF THE COMPANY.....	38
6.1. Presentation of the list of company directors and the following information for each manager	38
6.2. Presentation of the list of members of the executive management of the company	39
6.3. Specification of any disputes or administrative procedures in which they were involved: the administrative management and the management members, in the last 5 years.....	42
7. FINANCIAL STATEMENT OF ACCOUNTS.....	42
7.1. Statement of financial position	44
7.2. Profit and loss account	50
7.3. Statement of cash flows	54
Transactions with affiliated parties	55
8. SUBSEQUENT EVENTS.....	58

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1. IDENTIFICATION DATA FOR SC CHIMCOMPLEX SA BORZEȘTI

Name of the company: CHIMCOMPLEX S.A. BORZEȘTI

Registered office: Onești, strada Industriilor nr. 3, județul Bacău

Phone: 0234/302100

Fax: 0234/302102

Unique registration code: RO 960322

No. of order in the Trade Register: J04/493/1991

LEI code: 549300FCIHJZOG56WD36

The market on which the issued securities are traded: Bucharest Stock Exchange -

- **Standard Category:** CRC Symbol

Object of activity: Manufacture of other basic inorganic chemicals

Subscribed and paid-up share capital according to the Trade Register: 304,907,851 lei

The main characteristics of the securities issued by the company:

the share capital is divided into 304,907,851 shares with a nominal value of RON 1/share

2. SHAREHOLDING STRUCTURE

The company CHIMCOMPLEX S.A. BORZEȘTI is a Romanian legal entity, a joint stock company of the open company type. The registered office is in Onești, strada Industriilor nr. 3, Bacău county.

The company is listed on the Bucharest Stock Exchange, on the regulated market, Standard Category, Symbol CRC starting with 17.01.2022.

From 21.07.2015 until 17.01.2022, the company **CHIMCOMPLEX SA BORZEȘTI** was listed under the Alternative Trading System, Financial Instruments Section listate on ATS, Capital Securities Sector, Share Category, Symbol CHOB.

The shareholding structure is as follows:

Shareholders	31 December 2022		31 December 2021	
	Number Of shares	%	Number Of shares	%
C.R.C. Alchemy Holding B.V.	259.151.301	84.99%	260.251.528	85,3542
The Romanian State through A.A.A.S.	27.305.181	8.96%	27.305.182	8,9552
Legal persons	14.363.583	4.71%	13.841.140	4,5394
Individuals	4.087.786	1.34%	3.510.001	1,1512
TOTAL	304.907.851	100	304.907.851	100

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3. GENERAL PRESENTATION OF THE COMPANY

The commercial company CHIMCOMPLEX was founded in 1990, based on government decision nr. 1200 from 12.11.1990, by splitting from the Petrochemical Plant Borzesti and taking over the entire patrimony of the Borzesti Chemical Plant.

On March 15, 1991 it was organized as a commercial company with full state capital and registered with the Trade Register Office under no. J04/493/1991.

The company was privatized in 2003 by signing the sale-purchase agreement of shares on June 9, S.C. A2 IMPEX SRL Ploiesti taking over from APAPS (AAAS) 94.7465% of the company's share capital at that time.

The main activity of the company, according to the NACE codification, is 2013 "Manufacture of other basic inorganic chemicals".

On December 7, 2018, Chimcomplex SA Borzesti acquired from Oltchim SA the assets (intellectual property rights, land, constructions, movable goods, ongoing investments) related to the chlorosodic installations, propenoxide, polyols-polyethers, oxo-alcohols, DOF, monomer, PVC I, utilities, wagon fleet, on the industrial platform Rm.Valcea.

The company has a branch and six work points, respectively:

Branch:

- Chimcomplex SA Borzesti Ramnicu Valcea Branch, with headquarters in Ramnicu Valcea, Factory street nr. 1, Valcea county;

Work points:

- ✓ Working point in Cazaci village, Tarcau commune, Neamt county;
- ✓ Working point in Pitesti, 7 Caminelor Street, Arges County;
- ✓ Working point in Dej, Bistritei street, nr. 63 (room no.1), Cluj county;
- ✓ Bucharest office, 44 Ficusului Blvd., Bucharest, sector 1;
- ✓ Working point Tarcau Fishing Complex located in Cazaci village, Tarcau commune, Neamt county;
- ✓ Working point Bucharest Sector 1, Piata PRESEI LIBERE, Nr. 3-5, City Gate Turnul de Sud, Etaj 17.

3.1. Mission, vision, values

The mission of the management from the highest level to that of the employees of Chimcomplex SA is to offer high-performance products based on new technologies, in order to fully satisfy the customers, promoting a sustainable and sustainable development with emphasis on social responsibility and environmentally friendly, while taking into account the interest of its shareholders.

In the assumed vision of the company's management, it is essential to develop products and methods resulting from its own research activity, thus pursuing the expansion in complementary fields, with high growth potential, which ensure the superior capitalization of the research and development resources and its technological base.

Also, SC Chimcomplex SA assumes responsibility for everything it produces, in full respect for the law, for the customers and for the other stakeholders.

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The sustainability report for 2022 will be published on the company's website within the deadline provided by law.

The values that permanently define and shape the company's identity and organizational culture are:

Creativity	We are innovative and we seek to apply every time the latest technologies and the most appropriate solutions;
Business ethics	It is the foundation of our commercial relationships, based on honesty, integrity, communication and mutual trust;
Social responsibility	We consider our employees as one of the most important resources and we seek to motivate them and ensure them the best working conditions as well as continuous training;
Environmental protection	We act responsibly for protecting the environment, both by promoting efficient products and by means of selective collection and recycling measures provided in the production places;
Adaptability	We are constantly adapting to the demands of the market, looking for and discovering new opportunities, but constantly remaining focused on the needs and expectations of shareholders.

3.2. Description of the company's core business

The main activity of the company, according to the NACE codification, is 2013 "Manufacture of other basic inorganic chemicals".

The activity that holds the largest share in the income achieved by the company in 2022, according to the NACE codification, is 2014 "Manufacture of other basic organic chemicals".

The main products manufactured by Chimcomplex SA Borzesti are:

- Macromolecular products:** polyols -polyethers for polyurethane foams;
- Chlorosodic products:** caustic soda solution 50%, caustic soda flakes, technical sodium hypochlorite, synthesis hydrochloric acid, liquid chlorine, bottled liquid chlorine;
- Organic synthesis products:** propyleneoxide, propylene glycol, oxo – alcohols, isopropylamine, methylamines ;
- Inorganic chlorides: solution calcium chloride, technical calcium chloride, lime chloride, ferric chloride;
- Other products:** demineralized water, sulfuric acid, ammoniacal water, chlorcoline chloride

The using rate of the installations that operated was **71.23%** and includes the following: Membrane Electrolysis Plant, Propenoxide workshops, Polyols-Polyethers, Oxo-Alcohols Section.

The Oxo-alcohols section was shut down for 10 months during 2022.

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3.3. Description of any significant merger or reorganisation of the company, subsidiaries or controlled companies during the financial year

The group of companies within which CHIMCOMPLEX SA is a parent company is made up of: Greencomplex SRL, A5 Invest SRL, Sistemplast SA, which represent mainly service providers with the purpose of streamlining the activities.

In 2022, there were no liquidations, mergers or reorganizations within the group.

During 2022, CHIMCOMPLEX SA became a shareholder in the affiliated company SISTEMPLAST SA Râmnicu Vâlcea, by acquiring the share package held by UZUC SA Ploiesti representing 94.4% of the share capital of Sistemplast SA.

3.4. Events with significant impact on the functioning of the company

The main event that had a significant influence on the results of the activity in 2022 was the increase in prices on the energy and natural gas market, both at national and European level, as a result of the Russian aggression against Ukraine that took place at the very beginning of the year. Chimcomplex has constantly made efforts to reduce the share of these influences by permanently negotiating the prices for the main categories of utilities with the main suppliers on the market.

3.5. Description of the main results of the evaluation of the company's activity

3.5.1. Elements of general assessment

The structure of the main indicators achieved is as follows:

No. Crt.	Indicators	Year 2022	Year 2021	Differences	%
	economic and financial	thousands lei	thousands lei	thousands lei	
0	1	2	3	4 = 2 - 3	5=4/3*100
1	Turnover	2.258.532	2.235.205	23.327	1,04
2	Total revenue	2.415.212	2.312.495	102.717	4,44
	-operating income	2.385.750	2.302.904	82.846	3,60
	-financial income	29.463	9.591	19.872	207,19
3	Total expenditure	2.103.957	1.863.409	240.548	12,91
	-operating expenses	2.058.553	1.751.235	307.318	17,55
	-financial expenses	45.404	112.173	-66.769	-59,52
4	Gross result	311.255	449.086	-137.831	-30,69
	-operating result	327.197	551.668	-224.472	-40,69
	-financial result	-15.941	-102.582	86.641	*
5	Income tax expense	-55.919	-70.619	14.700	*
6	Income from deferred tax	10.726	9.937	789	7,94
7	Net result	266.062	388.404	-122.342	-31,50

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In 2022, compared to 2021:

- The turnover increased by 23,327 thousand lei (by 1%); The increase in the purchase prices for natural gas determined in the first part of 2022 the temporary closure of the gas-intensive sections (Oxo-Alcooli, Solid Sodas). However, the decrease in turnover caused by the decrease in volumes was fully compensated by the increase in sales prices for chlorosodic products;
- The gross profit realized during January-December 2022 in the amount of 311,255 thousand lei is lower than that achieved in the same period of 2021 by 30.69%.
- The operating result decreased amid the increase in purchase prices for utilities and raw materials during 2022, an evolution determined by geopolitical factors.

The financial loss in 2022 recorded a significant decrease of RON 87 million due to the refinancing during 2021 of the external loans contracted for the acquisition of Oltchim's assets in 2018;

- The net profit realized during January-December 2022 in the amount of MDL 266,062 thousand is lower than that achieved in the same period of 2021, with 31.50%.

3.5.2. Market share held by the company

On the domestic market, the company holds, by product category, the following market shares:

- Chlorosodic: between 75% - 90%
- Inorganic chlorides: 77%
- Oxo-alcohols: 40%
- Polyols: between 60% - 70%

On the relevant foreign markets (Turkey, Bulgaria, Hungary, Greece, Poland, Czech Republic, Slovakia) Chimcomplex holds, by product category, the following market shares:

- Chlorosodics: between 20% - 50%
- Inorganic chlorides: 30%
- Polyols: 20%

3.6. Assessment of the technical level of the company

Description of the main products made and/or services provided:

Borzești:

Chlorosodic products: caustic soda solution and flakes, liquid chlorine, hydrochloric acid, sodium hypochlorite;

Inorganic chlorides: ferric chloride, calcium chloride, lime chloride;

Alkylamines: methylamines, isopropylamine;

Other products: chlorcolin chloride

Short presentation of the main manufactured products:

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Chlorosodic products

Caustic soda solution is used in the chemical industry in the manufacture of soaps, detergents, chemical fertilizers, bleaching agents and regeneration of ion exchangers, in the petrochemical industry in the refining of petroleum products, in the wood industry in the manufacture of cellulose, in the textile industry in the manufacture of cellophane and viscose, in the sugar industry, in the oil industry for their purification from free fatty acids, in the metallurgical industry, in the water treatment.

Flaky caustic soda has similar uses to the caustic soda solution, but has the advantage of lower storage, handling and transport costs.

Liquid chlorine is used in the chemical industry for organic and inorganic synthesis, in the manufacture of chlorine-rubber, in the manufacture of plastics, in the synthesis of dyes, pesticides, in the pharmaceutical industry, in the pulp and paper industry as a bleacher, in the textile industry, in the chlorination of water.

Hydrochloric acid is used in the chemical industry in the manufacture of inorganic salts, fertilizers, resins and dyes, in the pharmaceutical industry, in the metallurgical industry for pickling and degreasing, in the sugar industry, in the regeneration of ion exchange resins in water demineralization stations.

Sodium hypochlorite is used as a bleaching agent for textiles, cellulose and paper, in the manufacture of cleaning products, detergents, in the oxidation processes of organic products, in the refining of oil, in the disinfection of water and sterilization of sanitary installations.

Inorganic chlorides

Ferric chloride is used as a dephosphorizing and coagulant for the treatment and treatment of drinking, worn and industrial waters, for the treatment of metal surfaces, in the electronic industry for the manufacture of integrated circuits, for chemical polishing and for the galvanoplasty of stainless steels, as a pigment for the decoration of ceramic objects.

Calcium chloride is used as a thaw agent for road maintenance during winter, as an anti-dust agent on unpaved roads, in the extractive industry (combating dust in mining, addition to drilling clouds), in the transport and storage in winter of ores as an anti-inflammatory agent, as a refrigerant agent in cold technique, as an additive in the food industry.

Lime chloride is used in public hygiene as a deodorizing and disinfection agent, in the cellulose and paper industry as a bleacher, in the textile industry, in water treatment.

Alkylamines

Monomethylamine is used in organic syntheses to obtain insecticides, solvents, drugs, anionic detergents, emulsifiers, dyes, polymers and polymerization catalysts, vulcanization accelerators, photographic substances.

Dimethylamine is used in organic syntheses, to obtain emulsifiers, corrosion inhibitors, insectofungicides, solvents, drugs, ion exchangers, chemical fibers, polymers and polymerization catalysts, vulcanization accelerators and photographic substances.

Trimethylamine is used in organic syntheses to obtain quaternary ammonium salts, choline hydrochloride, emulsifiers, insectofungicides, solvents, drugs, ion exchangers, dyes, detergents, photographic substances.

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Isopropylamine is used as a corrosion inhibitor, in the manufacture of dyes, in the manufacture of pharmaceutical products and pesticides.

Chlorocolin chloride – is a product that is used as a stimulator of plant growth.

Valcea Branch:

In addition to chlorosodic products: caustic soda flakes and solution, liquid chlorine, hydrochloric acid, sodium hypochlorite, within the branch are also obtained:

Macromolecular products

Polyethers-polyols are used in the synthesis of unsaturated epoxy polyurethane resins, elastomers, adhesives, anti-foaming agents, in the manufacture of lubricants and brake fluids. Their most important use is the manufacture of flexible or rigid polyurethane foams. Polyurethane foams are obtained by a block or linear foaming process.

They are used in the furniture industry at tapestries, in the automotive industry at various landmarks (board, steering wheel), car tapestries. They are also used for thermal insulation at low temperatures (refrigerators, cold rooms). Polyurethane foams are used to obtain foam cores for sandwich panels.

Organic synthesis products

Propyleneoxide is used in the manufacture of: polyethers-polyols for polyurethanes, propylene glycol, glycol ethers, special chemicals, brake fluid, fire extinguishing agents, synthetic lubricants in the field of oil drilling, etc.

Propylene glycol is mainly used in the production of antifreeze, polyol polyethylene, antifoamers; paint industry, varnishes, as a solvent for obtaining printing dye and laundry detergents, as a plasticizer to improve the processing capacity of plastics, in the cosmetic and pharmaceutical industry.

Oxo – alcohols: - octanol is used the manufacture of plasticizers; the manufacture of synthetic lubricants; the manufacture of surfactants and antisupposkets; as a solvent for animal fats, vegetable oils and minerals; wetting and dispersing agent for textiles;

Isobutanol and normalbutanol are used in: solvents in the varnish industry based on denitrocellulose and alkyd resins; solvent for the manufacture of artificial skin; extraction agent for oils, drugs, perfumes; raw material in the manufacture of hormones, vitamins; solvent for varnishes with baked drying in the oven based on urea and phenolic resins.

3.6.1. The main outlets, the share of the main products on these markets in 2022 and the distribution methods

The company capitalizes 71% of the turnover for export and on the intra-Community market.

The sale of products is made by the method of direct delivery to end-users (consumers) or by the method of selective distribution to trading firms, specialized in the distribution of chemicals, which in turn sell to end-users. The development of sales through the second method ensures the logistical conditions (warehouses, means of transport by car, in accordance with the legislation in force, which regulates the sale of chemicals, including dangerous chemicals), helps to reduce the costs of selling the products on markets in more distant geographical areas, advance payment, prospecting and promotion of products (depending on the market).

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3.6.2. Share of each product category in the company's turnover for the last three years

%

Income from the sale of Borzesti products	2022	2021	2020
Chlorosodic	89,5	80,6	77
inorganic chlorides	5,2	9,9	11,7
Alkylamines	4,6	8,5	8,6
other products	0,7	1	2,7

Income from the sale of Râmnicu Vâlcea products	2022	2021	2020
Chlorosodic	28	11	18
polyols - polyethers	62	71	72
oxo-alcohols	4	13	0,5
other revenue	6	5	9,5

The value of the production of the goods made in 2022, broken down by production sections, is as follows:

LOCATION	Year 2022	
	VPM (thousand lei)	%
Borzesti	534.669	24%
Soda M	343.986	15%
Chlorine	137.626	6%
Organic	35.097	2%
Inorganic chlorides	17.959	1%
Rm. Valcea Branch	1.727.014	76%
Chlorosodics	517.374	23%
Polyols-Polyethers	1.125.807	50%
Oxo-alcohols	70.080	3%
Other products	13.754	1%
TOTAL	2.261.683	100%

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Borzesti:

The value of the merchandise production made in 2022 was 534.669 thousand lei, compared to 228.303 thousand lei in 2021, increase determined by your higher manufacturing costs in the context of increasing utilities purchase prices.

Rm.Valcea Branch

The value of the merchandise production made in 2022 was of 1.727.014 thousand lei, compared to 2.010.741 thousand lei in 2021, a decrease caused by the temporary closure of the sections consuming natural gas.

The degree of utilization of the production capacities at the level of Chimcomplex SA in 2022 is:

Product group	%
-Polyols	78%
-Liquid soda	86%
-Oxo-alcohols	17%

3.6.3. New products envisaged and for which a substantial volume of assets will be affected in the next financial year as well as the state of development of these products

Not the case.

3.7. Evaluation of the technical-material supply activity (indigenous sources, import sources)

The main suppliers of Chimcomplex are:

PRODUCT	SUPPLIERS
Salt solution	Salina Tg. Ocna, Societatea Nationala a Sarii SA Bucuresti, Suc. Mining exploitation Rm.Valcea
Industrial lime	Carmeuse Holding Brasov
Limestone stone	Mezei Trans SRL Rupea, Societatea Nationala a Sarii SA Bucuresti, Suc. Mining exploitation Rm.Valcea
Liquid nitrogen	Linde Gas Romania
Propylene	LITASCO SA GENEVA Suc.PLOIESTI, HIP-Petrohemija Serbia, Rompetrol Bucharest, OMV PETROM SA BUCHAREST
Natural gas	MET ROMANIA ENERGY SA, PREMIER ENERGY SRL
Electricity	GOVORA CHPP, GETICA 95 COM SRL, Delgaz Grid SA, Distributie Energie Oltenia SA

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061





The procurement activity of Chimcomplex SA Borzesti is carried out through the Procurement Service (for the purchase of raw materials, auxiliary materials, maintenance works and services) and the Logistics Office (for the procurement of transport services), based on the Internal Procedural Norms on the award of contracts.

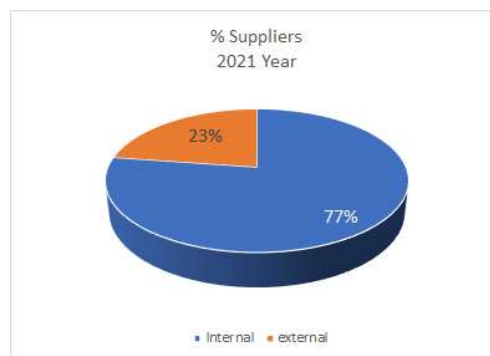
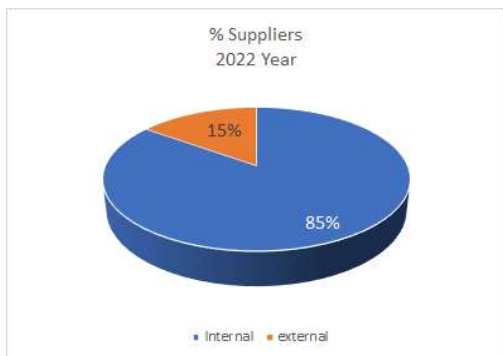
Out of the total staff involved in the acquisition process of Chimcomplex SA Borzesti, 100% was staff with higher education. The functioning of the procurement system is constantly evolving.

The ex-ante control was carried out through the head of the Procurement Service, the Legal Service and the Accounting Service-Control Financiar Preventiv, who checked the quality and regularity of the documents drawn up by the staff involved in the purchasing activity. The ex-post control of the procurement procedures was carried out by the financial control and internal audit.

From the point of view of the acquisition activity, the year 2022 was a year of development of the company's position on the markets in the country and abroad. Chimcomplex SA Borzesti continued its ties with old partners and initiated new contacts, expanding more and more the coverage area in terms of sources of acquisition of the necessary goods and services.

For all the raw materials essential to the technological process, firm supply contracts were concluded for the entire quantity of needed (propylene, ethyleneoxide, etc.), which guaranteed the stability of the company.

The relations with the suppliers are procedured within the integrated quality management system - environment ISO 9001:2015, ISO 14001:2015.



3.8. Valuation of the sales activity

3.8.1. Description of the evolution of sequential sales on the domestic and/or external market and of the medium and long term sales perspectives

The basic products of the chemical platform from Borzesti are chlorosodic products: caustic soda, chlorine, hydrochloric acid, sodium hypochlorite.

The other groups of products support the operation of the electrolysis installation through the direct or indirect consumption of chlorine and hydrogen.

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The basic products of the chemical platform from Rm Valcea are:

- Inorganic products - chlorosodics: *caustic soda, chlorine, hydrochloric acid, sodium hypochlorite*;
- Macromolecular and organic synthesis products: *polyethers-polyols, propyleneoxide, propylene glycol*;
- Oxo-alcohol products: *octanol, iso-butanol, n-butanol*.

In 2022, sales are both on the domestic market and on the foreign market and registered a historic increase in prices, amid the energy crisis and the increase in electricity and natural gas prices, with an effect in increasing production costs.

The evolution of sales, on markets, in 2022 compared to 2021, is presented in the following table:

Product group	Market	2022		2021	
		Quantitative situation	Value situation	Quantitative situation	Value situation
Chlorosodic products	Internal market	44%	38%	50%	48%
	Foreign market	56%	62%	50%	52%
Inorganic chlorides	Internal market	53%	50%	64%	62%
	Foreign market	47%	50%	36%	38%
Alkylamines	Internal market	37%	50%	22%	25%
	Foreign market	63%	50%	78%	75%
Other products - Onesti	Internal market	95%	62%	91%	60%
	Foreign market	5%	38%	9%	40%
Polyols-Polyethers	Internal market	19%	18%	17%	16%
	Foreign market	81%	82%	83%	84%
Oxo-Alcohols Products	Internal market	2%	2%	2%	2%
	Foreign market	98%	98%	98%	98%
Other products - Valcea	Internal market	35%	21%	42%	27%
	Foreign market	65%	79%	58%	73%

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3.8.2. Description of the competitive situation in the company's field of activity, of the market share of the company's products or services and of the main competitors

On the internal market Chimcomplex SA Borzesti, in its field of activity, it has become a unique producer, consolidating its position on the market, after the acquisition of the assets of Oltchim SA Rm.Valcea, which owns similar technologies for obtaining chlorosodic products.

Chlorosodic products:

Globally, Chimcomplex holds a low market share for chlorosodic products, the main markets being the domestic market and the other countries in Eastern Europe and the Balkan area. Among the most important clients of liquid caustic soda are: alumina plant in Bosnia, Petrotel Lukoil, OMV Petrom, Rompetrol.

The main competitors are Borsodchem Hungary, Anwil Poland, Spolana Czech Republic and PCC Rokita Poland, Interchim - Greece, Karpatneftehim - Ukraine, Donau Chemie - Austria which, directly or through distribution companies, are present on the Romanian market.

Considering the important role of transport costs in setting the price at the final destination, the target export market of chlorosodic products is composed of countries from Europe, North Africa and the Middle East.

For caustic soda, in these markets there is a strong competition, made up of both European companies and companies from Iran, Egypt, USA and China.

Polyethers:

The production capacity of Chimcomplex, respectively 120,000 tons / year, represents about 1% of the production capacities globally.

The main markets are Romania, Poland, Hungary, Turkey, Italy, Benelux, Germany, Greece. On the local market, Chimcomplex holds a market share of over 50%.

The main competitors on the European Union markets are Covestro, Shell, Dow Chemicals, Repsol, Basf and PCC Rokita. On markets outside the European Union (Turkey, Russia, Ukraine, Serbia) competition is amplified by the imbalances in China, Korea and Saudi Arabia.

Starting with the second half of the current year or at the latest next year, the competition on the Eastern European market will be amplified by the commissioning of a new capacity of 200 kt/year at Mol Hungary.

Chimcomplex produces a wide range of polyethers both for flexible foams (mattresses, furniture industry, automotive industry) and for rigid applications (panels, polyurethane systems) and special applications (adhesives, coatings, seals, elastomers). Chimcomplex has a large portfolio of clients in every field of use, there being no dependence on a particular client.

Oxo Alcohols:

Chimcomplex has a relatively small production capacity compared to its main European competitors OXEA, Basf, Ineos, Sibur, Gazprom and Zak.

There is no significant local market for this group of products, the main use being the production of plasticizers.

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The main market for Chimcomplex is Turkey, a country that does not have a local producer and which imports about 7000 tons of octanol monthly. Chimcomplex's market share in Turkey is in the range of 10-15%. Other major markets are Italy, Poland and Ukraine.

Unlike most competitors, Chimcomplex does not yet have its own production of plasticizers, which is why the operation of the oxo alcohol plant at capacity depends largely on the Turkish market, the market on which Chimcomplex usually delivers on the basis of an annual contract with the price formula.

For the other products, inorganic chlorides and alkylamines, Chimcomplex is especially confronted with the European producers, although there are more and more imports from China on the export market targeted by Chimcomplex.

3.8.3. Description of any significant dependence of the company on a single client or on a group of customers whose loss would have a negative impact on the company's revenues.

There are no clients or groups of clients whose loss would have a significant negative impact on Chimcomplex's revenue.

The company's clients fall into two categories:

- Strategic
- customers with low bargaining power and small share in total sales, for whom Chimcomplex is the best supply solution.

3.9. Assessment of company employees /staff issues

3.9.1. Specification of the number and level of training of employees as well as of the degree of labour unionization

The organizational structure of Chimcomplex is of the hierarchical functional type, consisting of compartments dimensioned according to the volume and complexity of the activities, grouped on the criterion of the company's functions.

In order to achieve the objectives of the organization, the company has specialized personnel for all fields of activity. Chimcomplex employees benefit from a professional working environment and development, fair labor relations, objective appreciation of performance, personal safety and security. Also, the employees benefit from social protection measures, bonuses and other benefits established by the Collective Labor Agreement.

Chimcomplex supports the process of training future specialists, offering internships and internships for pupils and students, thus contributing to the continuation of the tradition of the chemical industry through educational institutions and to the creation of premises for future generations of employees.

The activities performed are structured on the following fields of activity: General Management, Economic, Commercial, Production, Investments - Business Development, Purchasing and Logistics.

The activities of each function, in both Locations Borzesti and Ramnicu Valcea, are carried out within the 5 departments through the specialized compartments.

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Borzesti Platform

The personnel structure as at 31.12.2022 by categories, is as follows:

Total Personal 632 of which:

Skilled workers	441	
Bosses Band	34	
Total TESA, of which	157	
- leadership	49	
- execution	108, of which:	
		77 with higher education
		31 with secondary education

Ramnicu Valcea Branch

The personnel structure as at 31.12.2022 by categories, is as follows:

Total Staff 1.016, of which:

Workers	661	
Unskilled workers	3	
Bosses Band	50	
Total TESA, of which:	302	
- leadership	79	
- execution	223, of which:	
		199 with higher education
		24 with secondary education

The consolidated structure is as follows:

CHIMCOMPLEX employees	Total of which:	Borzesti	Ramnicu Valcea
Total number, of which:	1.648	632	1.016
- skilled workers	1.102	441	661
- unskilled workers	3	-	3
- band bosses	84	34	50
- TESA	459	157	302
Expenditure on salaries	153.232 thousand lei	60.053 thousand lei	93.179 thousand lei
Social security expenditure	9.658 thousand lei	2.433 thousand lei	7.225 thousand lei

The trade unions within Chimcomplex that worked in 2022 are:

- in Borzesti two unions: the Chemist Union and the Ecotehning Union (until 03.06.2022);
- in the Rm. Valcea Branch two trade unions: the Chemist Olchim Union of Rm.Valcea and the Unirea Union.

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3.9.2. Description of the relations between the manager and the employees as well as of any conflicting elements that characterize these relations

The relationship of the four unions with the management of the company is based on a dialogue whose purpose is to harmonize the expectations of the employees with the possibilities of the company, to comply with the provisions of the Collective Labour Agreement, to consult and negotiate in the joint commission.

There have been no protests related to the collective redundancy procedure.

3.10. Assessment of the aspects related to the impact of the basic activity on the environment

Summary description of the impact of the issuer's basic activities on the environment as well as of any existing or envisaged disputes regarding the violation of the legislation on environmental protection:

Considering that Chimcomplex SA Borzesti operates in two different locations, namely the Chemical Platform Rm. Valcea and the chemical platform Onesti – the competent environmental authorities have issued documents outlining the environmental obligations of each site: integrated environmental authorizations, permits on greenhouse gas emissions, environmental agreements and approvals, water management authorizations, authorization for the transport of ethylene and propylene by pipeline, etc.

The environmental policy of Chimcomplex SA Borzesti is closely related to the economic policy of the society and focuses on the following main directions:

- superior capitalization of primary resources of raw materials and energy with effects on minimizing the quantities of waste, waste water, pollutants from water, air and decreasing the unit costs per tonne of product;
- continuous improvement of the environmental aspects, especially of the significant ones, based on the environmental management programs, of the environmental obligations (included in the Integrated Environmental Permit) having established objectives, targets, deadlines and responsibilities;
- compliance with the Romanian environmental legislation and alignment with the European Union Directives.

From the point of view of environmental protection, Chimcomplex S.A. Borzesti operates based on the following authorizations issued by the regulatory authorities:

Borzesti

Integrated Environmental Authorization no.1/ 10.01.2013, updated, updated on 12.06.2018 and approved for 2021 – 2022 with Decision no.556 / 18.11.2021, issued by the Environmental Protection Agency Bacau, valid throughout the period in which the beneficiary obtains the annual visa, provided that the provisions regarding the activity carried out and the requirements for monitoring the quality of the environment are complied with.

Water management permit nr. 1/07.01.2013, revised with no. 81/19.04.2018, issued by an AN Apele Romane – Siret Bacau Water Direction, valid until 06.01.2023, provided that the provisions regarding the activity carried out and the requirements for monitoring the quality of the environment are observed.

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Greenhouse gas emissions authorization (EGES) no.19 / 05.01.2021, issued by the National Agency for Environmental Protection for the period 2021-2030, with **Plan for monitoring and reporting greenhouse gas emissions / 2021** approved by the National Agency for Environmental Protection – Climate Change Directorate, with the obligation to update when changing the data that was the basis for its preparation.

Environmental Permit no.26/19.04.2018, revision 1/23.03.2020, for the manufacture of chlorocolin chloride in pilot plant, and approved for 2022 – 2023 with **Decision no.88 / 21.02.2022**, issued by the Environmental Protection Agency Bacau. The authorization is valid for 2 years of continuous operation of the installation.

Environmental Permit no.82/28.05.2019 approved for 2022-2023 with **Decision no.180/06.04.2022** for the activity of metal treatment and coating, issued by the Environmental Protection Agency Bacau, valid throughout the period in which the beneficiary obtains the annual visa, provided that the provisions regarding the activity carried out and the requirements for monitoring the quality of the environment are complied with.

In 2022, the following regulatory acts were obtained:

1. The decision of the framing stage no. Order of the Minister of Public Health no. 254 of 15.11.2022 for the project: "Production of green hydrogen from water, through alkaline electrolysis of brine with ion exchange polymeric membrane" at Chimcomplex SA Borzesti
2. Natura Declaration 2000 no. 10651 from 25.07.2022 for the project: "Green hydrogen production from water, by alkaline electrolysis of brine with polymeric membrane ion exchangers" at Chimcomplex SA Borzesti
3. Etapei de framing no.279/09.12.2022 for the project: "Installation of the photovoltaic plant at Chimcomplex SA Borzesti"
4. Natura Declaration 2000 no. 7629 from 24.05.2022 for the project: "Installation of photovoltaic power plant at Chimcomplex SA Borzesti".

During 2022, the following documents were updated / obtained:

- Elaboration of the air emissions inventory for 2020 - in the SIM application (Integrated Environmental System);
- Reporting of pollutants emitted and transferred (E-PRTR) and IPPC (Integrated Pollution Prevention and Control) for 2020 - in the SIM (Integrated Environmental System) application;
- Reporting on waste oils for 2020 - in the SIM application (Integrated Environmental System);
- Reporting on waste statistics for 2021 - in the SIM application (Integrated Environmental System);
- Reporting on the situation of dangerous substances produced / used / export / import (SCP) for 2021, in the SIM application (Integrated Environmental System);
- Reporting of pollutants emitted and transferred (E-PRTR) and IPPC (Integrated Pollution Prevention and Control) for 2021 - in the SIM (Integrated Environmental System) application;
- Monitoring report on greenhouse gas emissions for 2021;

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- Report on the level of activity for 2020 and 2021, in order to allocate certificates for 2022;
- QUESTIONNAIRES INEGES – Industrial Processes and Product Use Sector, regarding the collection of the data necessary for the construction of the National Inventory of Greenhouse Gas Emissions, with the data from 2021 for the soda ash questionnaire;
- Questionnaires on the air emissions inventory for 2021 have been drawn up;
- Reporting on water statistics (SGA) for 2021;
- The Activity Notification at the Company CHIMCOMPLEX S.A Borzesti - Onesti was updated, in accordance with the provisions of Law 59/2016 on the control over major accident hazards involving dangerous substances;
- The application and the necessary documentation for the issuance of a new Integrated Environmental Permit related to CHIMCOMPLEX S.A. Borzesti – Onesti were submitted;
- The application and the necessary documentation for the issuance of a new Water Management Authorization related to CHIMCOMPLEX SA Borzesti – Onesti were submitted;

The compliance with the requirements of the Integrated Environmental Authorization no.1/2013, updated on 12.06.2018, is periodically reported to the control and regulatory authorities (Environmental Protection Agency Bacau, National Environmental Guard Bacau and AN Apele Romane – Siret Bacau Water Basin Administration) and is checked at least once a year, the result of the verifications being recorded in an inspection report.

During 2022, 6 site visits were made by the representatives of GNM – Bacau County Commissariat, of the Environmental Protection Agency Bacau and of AN Apele Romana – ABA Siret Bacau: in order to verify the compliance of the Chimcomplex activity with the provisions of the Integrated Environmental Permit no.1/2013 – updated on 12.06.2018, of the Environmental Permit no.26/19.04.2018, revision 1/23.03.2020 for the manufacture of chlorocolin chloride in the pilot plant, of the Water Management Authorization no.1/2013 – revised with no.81 / 19.04.2018, of the legislation in force regarding the landfilling of waste, the biocides regime, the REACH Regulation – ref 7 requirement, the Seveso III Directive. As a result of these checks, no nonconformities were identified.

The last compliance control, carried out by the representatives of GNM – Bacau County Commissariat, took place on 24.11.2022 and the results of the inspection confirmed that the company Chimcomplex complies with the provisions of the Integrated Environmental Authorization no.1/2013, updated on 12.06.2018 and the reporting obligations to the competent authorities.

The measurement and monitoring activity in the environmental field included: monitoring the quality indicators imposed for the environmental factors water, groundwater and air; waste monitoring; monitoring of priority hazardous substances when discharging into trotus river, domestic water and groundwater; inspections to monitor the environmental aspects in the installations and at the reception of the revisions and investments works, in order to monitor the compliance with the authorization provisions and the legal requirements; making the calculation for the amounts due to the Environmental Fund for emissions into the atmosphere, the quantities of packaging placed on the market with Chimcomplex products and for the substances dangerous for the environment placed on the national market, the study of the technical documentations subject to environmental authorization for the realization of the investments, in order to verify and complete them with the provisions of the environmental legislation that must be observed when carrying out the works.

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During 2022, the activity of maintaining the certification of the Environmental Management System as an Integrated Environmental Quality Management System continued, according to the provisions of ISO 14001:2015 and ISO 9001:2015. Trainings were carried out with the Chimcomplex staff on the application of the requirements of the documented procedures, but also on the compliance with the environmental legal provisions in order to avoid non-compliance situations and fines.

Rm.Valcea Branch

In 2022, the following regulatory documents were obtained:

Decision No. 44 /31.01.2022 with validity until 11.03.2023, regarding the annual visa of the Integrated Environmental Authorization no. 1 / 11.03.2021;

Water management permit no. Order of the Minister of Public Health no. 04 of 11.01.22 on the project "Realization of the Cooled Water Installation"

The decision of the framing stage no. Order of the Minister of Public Health no. 44 of 25.01.2022 for the project: "Realization of the Cooling Water Installation"

The decision of the framing stage no. 113/21.02.2022 for the project "Dismantling of constructions on the lot with no. cadastral 55745 (C1, C5, C6 and C7)";

The decision of the framing stage no. Order of the Minister of Public Health no. 131/25.02.2022 for the project "High efficiency cogeneration installation 49 MW";

The decision of the framing stage no. 150/04.03.2022 for the project "Modification of the installation for the synthesis of polyethers grafted unit 100 – U100";

Environmental Agreement No. 3/21.03.2022 for the project "Partial decommissioning of the equipment belonging to the Mercury Electrolysis installation no. 3";

Water management permit no. 47 from 27.06.22 regarding the project "Mobile container assembly - Cooled Water Installation +5°C";

The decision of the framing stage no. Order of the Minister of Public Health no. 508 of 04.07.2022 for the project: "Mobile container assembly - Cooling Water Installation +5°C";

Water management permit no. 55 from 14.07.22 regarding the project "Realization of "High efficiency cogeneration installation 49 MW";

The decision of the framing stage no. Order of the Minister of Public Health no. 554 of 18.07.2022 for the project: "Works for the construction and installation of natural gas pipelines at the industrial consumers inside Chimcomplex";

Water management permit no. 59 from 21.07.22 regarding the project "Construction of the heating plant C.T. 3";

The decision of the framing stage no. Order of the Minister of Public Health no. 620 from 05.08.2022 for the project: "Construction works for SRMP and connection pipe";

Environmental Agreement No. 7 from 08.08.2022 for the project: Realization of "High efficiency cogeneration installation 49 MW";

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Environmental Agreement No. Order of the Minister of Public Health no. 9 of 16.08.2022 for the project "Construction of the heating plant C.T. 3"

The decision of the framing stage no. 649 from 18.08.2022 for the project: "Construction works assembly at SRMP";

Water management permit no. 81 from 05.10.22 on the project "Modification of grafted polyether synthesis installation, unit U100";

Environmental Agreement No. 13 from 24.10.2022 for the project: "Modification of installation for the synthesis of polyethers grafted unit 100-U100";

The decision of the framing stage no. 982 from 05.12.2022 for the project: "Dismantling of buildings and installation of photovoltaic power plant (1_Protectchim area)";

The decision of the framing stage no. 983 from 05.12.2022 for the project: "Dismantling of buildings and installation of photovoltaic power plant (olt 2_Priza area and 3_Oxygen area)";

The decision of the framing stage no. Order of the Minister of Public Health no. 984 of 05.12.2022 for the project: "Works for the dismantling of constructions C2, C3, C4, C5, C6, C7, C8, C9, C13 and construction works for photovoltaic plant installation (biological 4_Epurare area)";

Classification of notification no. Order of the Minister of Public Health no. 2426 of 19.12.2022 for the project "Repairs/consolidation of tank washing station no.2";

The decision of the framing stage no. 1061 from 29.12.2022 for the project: "Green hydrogen production from water by alkaline electrolysis of brine with polymeric membranes regulating ions at Chimcomplex S.A. Borzesti – Ramnicu Valcea Branch";

Natura Declaration 2000 no. 17716 from 22.12.2022 for the project: "Dismantling of buildings and installation of photovoltaic power plant (1_Protectchim area)";

Natura Declaration 2000 no. 17717 from 22.12.2022 for the project: "Dismantling of buildings and installation of photovoltaic power plant (2_Priza Olt area and 3_Oxygen area)";

Natura Declaration 2000 no. 17715 from 22.12.2022 for the project: "Works for the dismantling of constructions C2, C3, C4, C5, C6, C7, C8, C9, C13 and construction works for photovoltaic plant installation (biological 4_Epurare area)".

During 2022, the following documents were updated / obtained:

- Reporting on the management of packaging / packaging waste for 2020 for the company CHIMCOMPLEX S.A. Borzesti – Ramnicu Valcea Branch - in the SIM application (Integrated Environmental System);
- Elaboration of the air emissions inventory for 2020 - in the SIM application (Integrated Environmental System);
- Reporting of pollutants emitted and transferred (E-PRTR) and IPPC (Integrated Pollution Prevention and Control) for 2020 - in the SIM (Integrated Environmental System) application;
- Reporting on waste oils for 2020 - in the SIM application (Integrated Environmental System);
- Reporting on waste statistics for 2021 - in the SIM application (Integrated Environmental System);

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- Reporting on the situation of dangerous substances produced / used / export / import (SCP) for 2021, in the SIM application (Integrated Environmental System);
- Reporting of pollutants emitted and transferred (E-PRTR) and IPPC (Integrated Pollution Prevention and Control) for 2021 - in the SIM (Integrated Environmental System) application;
- Monitoring report on greenhouse gas emissions for 2021;
- Report on the level of activity for 2020 and 2021, in order to allocate certificates for 2022;
- QUESTIONNAIRES INEGES – Industrial Processes and Product Use Sector, regarding the collection of the data necessary for the construction of the National Inventory of Greenhouse Gas Emissions, with the data from 2021 for the questionnaires lime, carbonates, soda ash;
- Questionnaires on the air emissions inventory for 2021 have been drawn up;
- The form for the stationary operators was drawn up with the data of the authorized representatives for the access to the Single European Register on Greenhouse Gas Emissions;
- For the first 9 months of the year, the monitoring report on greenhouse gas emissions and the report on the activity level were verified, following the audit carried out on 08.11.2022 by COV INSPECT S.R.L.
- Decision on combating accidental pollution;
- The plan for preventing and combating accidental pollution for 2022;
- Reporting on water statistics (SGA) for 2021;
- The Activity Notification at CHIMCOMPLEX S.A. Borzesti - Ramnicu Valcea Branch was updated, in accordance with the provisions of Law 59/2016 on the control over major accident hazards involving dangerous substances;
- Annex 1 of transport with GEOCYCLE (Romania) SRL for the capitalization of the waste filtering cake polyethers;
- It was concluded Addendum no. 4/2022 to Contract no. MEA 34 from 05.07.2019 with GEOCYCLE (Romania) SRL for the capitalization of the polyether filtering cake waste, as validity until 31.07.2023;
- The application and the necessary documentation for the issuance of the Integrated Environmental Permit related to CHIMCOMPLEX S.A. Borzesti – Ramnicu Valcea Branch were submitted;
- The firm order was concluded with the INCDTCI – ICSI Ramnicu Valcea Laboratory for determining the composition and the calorific value for the natural gas used as fuel in the combustion plants existing on the site, for the year 2023, in order to calculate the CO2 emissions.
- An addendum to the contract with INCD ECOIND Bucharest – Râmnicu Vâlcea Branch was concluded for "Air pollution monitoring services (emissions, immissions and odor) – sampling, monitoring and interpreting the results through research works" for 2023;

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ALPHA BANK BUCHAREST
RO2021.055.061Q RO2021.055.061E RO2018.055.061





- Negotiations were made on the environment in order to draw up the following contracts: Contracts for the provision of water management services with third-party companies on the platform (S.C. VILMAR S.A., S.C. CET GOVORA S.A., S.C. UZINA MECANICA S.A. , CIECH Soda Romania SA, S.C. LOGISERV S.R.L, S.C. SISTEMPLAST S.A.) for the year 2023;

In 2022, the following inspection and control actions took place in the company:

1. Control performed at the Company Chimcomplex S.A. Borzesti - Ramnicu Valcea Branch on 08.06.2022 by the representatives of **the National Environmental Guard - Valcea County Commissariat**. The verification is performed as a result of the company's request regarding the verification of the compliance with the provisions of the Environmental Agreement no. 1/25.03.2013, at the completion of the construction and arrangement of the storage spaces, part of the objective "Construction of Polyether Installation – Lindan location and redevelopment of social group", as well as of the address no. 7436/18.05.2022 issued by APM Valcea.

Established sanctions:

No sanctions or objections were imposed.

Established measures:

- The provisions imposed by the Environmental Agreement no. 1/25.03.2013, during operation, so as not to affect environmental factors (water, air, soil).

Deadline: 09.06.2022 and permanently;

2. Control performed at the Company Chimcomplex S.A. Borzesti - Ramnicu Valcea Branch on 04.10.2022 by the representatives of **the National Environmental Guard - Valcea County Commissariat**, regarding the performance of thematic controls regarding the management of ponds and dumps in the extractive industry.

Established sanctions:

No sanctions or objections were imposed.

Established measures:

- The landfill for non-hazardous waste will be monitored post-closure in compliance with the legal provisions in force.

3. On 07.11.2022, at the company Chimcomplex S.A. Borzesti – Ramnicu Valcea Branch, the inspection of the Competent Authorities took place (**ISU Valcea, GNM – CJ Valcea, APPM Valcea – risk secretary**), having as theme the verification of the operator according to the provisions of Law no. 59/2016, regarding the control over the major accident dangers in which dangerous substances are involved, with subsequent amendments.

During the execution of the inspection, the documents elaborated in the field of security management, warning/ alarm and communication systems, as well as the equipment and means of protection and intervention were checked and evaluated.

During the inspection, no deficiencies were found regarding the managerial act on the line of managing dangerous substances and preventing the occurrence of a major accident or in the way of organizing and executing the activities planned and carried out within the objective.

No sanctions or objections were imposed.

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Established measures and deadlines for implementation: this is not the case.

4. Control performed at the Company Chimcomplex S.A. Borzesti - Ramnicu Valcea Branch during the period 21-22.11.2022 by the representatives of **the National Environmental Guard - Valcea County Commissary**. The verification is performed as a result of the planned control.

Established sanctions:

No sanctions or objections were imposed.

Established measures and deadlines for implementation:

- Upon completion of the investment works that are underway on the site, G.N.M. C.J. Vâlcea will be notified, on the e-mail address: cjvalcea@gnm.ro and A.P.M. Vâlcea on the e-mail address: office@apmvl.anmp.ro; TERM: at the completion of the works;

- The waste generated as a result of the investment works carried out on the site will be properly managed, with the preparation and possession of supporting documents, from the point of view of environmental protection, in this respect; DEADLINE: 23.11.2022 and permanent;

- The provisions of the Water Management Authorization no.5/ 17.01.2020 will be observed and the imposed measures will be carried out, within the established deadlines, as stipulated in the program of measures; DEADLINE: second semester of 2023.

The company also shows interest in environmental problems that may occur in its customers due to the products manufactured by Chimcomplex. In order to limit the environmental impact on the use of our products, Chimcomplex provides customers with information on products and environmental protection measures when using them through labels, quality norms, instructions for use, safety data sheets, trainings and technical support when buying products.

Chimcomplex SA Borzesti aims to improve the communication with the stakeholders interested in environmental performance, with the local community, control and regulatory authorities, collaborators, etc., carrying out actions for the exchange of ideas, thematic debates, etc. (direct meetings). In this respect, the modernization works and the investments with possible impact on the environment were carried out in accordance with the legislation in force, but also with the information of the public and the stakeholders in order to highlight the interest and effort of our organization for the observance and application of the legal provisions and for the continuous improvement of the environmental performance.

Greenhouse gas emissions

The year 2022 brought a considerable decrease in greenhouse gas emissions (on both platforms) due both to the decrease in the amount of natural gas consumed and, amid the economic crisis triggered by the war in Ukraine, to the aggressive increase in the price of natural gas and to the restriction of the market for Chimcomplex SA Borzesti products.

In these conditions, it was necessary to take measures for the judicious use of own cogeneration installations for the production of electricity and heat necessary in the activity, in parallel with the acquisition of electricity on the market. At the same time, a part of natural gas was replaced with hydrogen produced in electrolysis and used as a fuel for the production of thermal energy without greenhouse gas (CO₂) emissions.

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Supervision of environmental factors

The company has in operation a system for monitoring all environmental factors (water, air, soil, waste) through its own laboratories, as well as by institutes and specialized companies.

The company CHIMCOMPLEX S.A. Borzesti - Ramnicu Valcea Branch has monitored the compliance with the conditions imposed by the Integrated Environmental Authorization no. 1/11.03.2021 in order to improve the quality of environmental factors by reducing the impact of its activity on them.

Hazardous Substance Management

Chimcomplex SA Borzesti has as main activity the production of chemical substances that fall under the scope of Law no. 59/2016 on the control of major-accident hazards involving dangerous substances. Dangerous substances are either produced within society or received from outside and used as raw materials.

The expenses for environmental protection incurred in 2022 are 24. 632 thousand lei.

The company has no registered disputes regarding the violation of the legislation on environmental protection.

3.11. Evaluation of research and development activity

The research and development activity in Borzesti is carried out with the specialized staff employed by the company, the main achievements of 2022 being the following:

1. Laboratory testing of recrystallization of sodium chloride from depleted brine from Soda M in order to obtain recrystalized salt.
2. Testing and evaluation at laboratory level of technologies for valorization of packaging waste from PET to obtain terephthalic acid.
3. Testing and evaluation at laboratory level of the technologies for obtaining precipitated silica from Na and CO₂ silicate (as a technology of potential CO₂ capitalization) and/or sodium silicate and HCl.
4. Testing in order to identify processes / methodologies for recovering aluminum from waste containing aluminum oxides
5. Testing methodologies for recovery and purification of glycerin from the raw glycerin phase resulting from the manufacture of biodiesel.

The research activity at Rm.Valcea is carried out with the staff of the Research Center within the branch, the achievements during 2022 being the following:

1. Laboratory technology for product synthesis PZ 450-6G
2. Polyols from vegetable oils - synthesis of a polyol from castor oil with M=2500Da. Technical assistance in the manufacture of industrial wire.
3. Laboratory technology for the synthesis of a diol homopolymer with mass 18000.

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4. Evaluation of stabilization solutions without amine, at polyols for flexible foams.

5. Production of samples for the development of the product portfolio.

3.12. Evaluation of the integrated management system

As in previous years, in 2022 Chimcomplex SA aims to ensure a total compliance with the explicit requirements and expectations of customers, as well as with the regulations and legal provisions,

Consistent with the stated policy principles, the necessary resources have been provided to:

-design, development, execution, marketing and after-sales support of the products and services offered that fully satisfy the requirements and expectations of our customers regarding the quality, legal and regulatory requirements as well as the reasonable expectations of the interested parties, using clean and safe technologies that lead to the improvement of the environmental performances;

-occupational health and safety;

-setting annual measurable objectives and performance indicators appropriate to maintain balance and societal development;

-maintaining the certifications of the Integrated Management System according to the reference standards;

-continuous improvement of the effectiveness of the Integrated Management System in order to fulfill the policy and achieve the proposed objectives;

-monitoring, measuring and continuously improving the level of customer satisfaction;

-monitoring, measuring and ensuring economic efficiency in all actions undertaken in 2022.

In 2022, all the system certifications previously obtained by the Integrated General Management System were maintained: EN ISO 9001:2015 -" Quality Management Systems. Requirements."; EN ISO 14001: 2015 - "Environmental management systems - Requirements with user's guide".

3.13. Evaluation of the company's activity regarding the risk management

The company's management permanently seeks to reduce the potentially adverse effects, associated with risk factors, on the financial performance of the company by defining the **risk profile** - the general presentation of all the potential risks that affect the company. The risk profile which, by combining, classifying, ordering, establishing interdependencies, analyzing the causes/effects, severity and frequency, as well as defining the ways to mitigate the impact of all identified risks, represents a main source of information in establishing the company's business strategy.

In order to carry out with efficiency and efficiency the processes in the company in order to obtain products and services in accordance with the regulatory requirements in the field, with the legal requirements and with the client's requirements, it is necessary to identify the processes, to sequence and interact them and implicitly by the risks generated by them.

By implementing the requirements of the new ISO 9001:2015 and ISO 14001:2015 standards, both the risks generated by the processes identified at company level and those associated with the environmental aspects generated by the activities, products and services carried out were identified and evaluated and we documented the management of these risks.

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The management has the obligation to permanently monitor the risk register together with the program of measures to minimize them. Thus, at least once a year, the process managers will systematically analyze the risks related to the development of its activities, will elaborate appropriate plans in the direction of limiting the possible consequences of these risks.

By the nature of the activities performed, the company is exposed to risks that include, without being limiting, the risks presented below:

Equity risk management - management's objectives are to protect the entity's ability to continue its work to provide benefits to shareholders and other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The company uses loans that are usually secured by its assets. If the company cannot generate adequate cash flows to cover the debts, it may suffer a partial or total loss of capital. A relatively small movement in the value of assets or income can cause a large disproportionate, unfavorable or favorable movement in the value of the economic indicators of the company.

Capital risk management is done with the help of the **leverage ratio**, which rates the degree to which the equity provides financing of the activity indicating to what extent its medium and long-term commitments are guaranteed by the equity. It is calculated as the ratio between medium and long-term debts and total capital.

Credit risk - represents the risk of financial losses for the company if the contractual partner fails to fulfill its contractual obligations. The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client so that a large customer base reduces the credit risk.

At the same time, the Company annually concludes commercial credit insurance policies for the clients to whom it grants payment terms.

Another method of credit risk management is the sale of products through distributors, which ensures the takeover of the risk of non-payment of the final consumer.

Cash flow risk - Prudent liquidity management involves maintaining sufficient available cash and credit lines through continuous monitoring of the estimated and real cash flow and by correlating the maturity dates of financial assets and liabilities. Given the nature of its business, the company aims to be flexible in terms of financing options by maintaining credit lines available for financing operating activities as well as investments. Liquidity risk management is done using the **current liquidity** indicator that shows the extent to which current liabilities can be covered from current assets (current assets).

Market risk The macroeconomic environment in general and the chemical market, in particular, continue to be affected by the economic crisis, with negative consequences on the development potential of the society. The market risks to which the company is subject include: **currency risk** in commercial and financial transactions **and price risk**.

Interest rate risk. The company could be at risk that future cash flows will fluctuate due to variations in market rates of interest rates on loans and cash held.

Economic risk. Any economic recession generally negatively affects the value of a company, so that the return on an investment in a productive company depends largely on the economic conditions on the domestic and international market, on the volume of orders received and on the value of the contracts concluded, as well as on the changes in the prices of raw materials and finished products.

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The impact of government laws and regulations. The company must comply with the laws and regulations regarding taxation, planning, laws and regulations that by their application can have an effect of increasing expenses and decreasing revenues or rate of return

Taxation - The taxation system in Romania is in a continuous change / modification and is trying to consolidate and harmonize with the European legislation. In this sense, there are still different interpretations of the tax legislation. In certain cases, the tax authorities may treat differently certain aspects of taxation, including in the field of transfer pricing, and the additional taxes and fees and the related interest and penalties are calculated.

Litigations – The company is subject to several legal actions arising during the normal course of activity. Management believes that they will not have any significant negative effect on the financial performance and financial position of the Company.

Environment - Environmental regulations are in a development phase in Romania and Chimcomplex did not register debts as of December 31, 2022 for any anticipated costs, including legal and consulting fees, design and implementation of remediation plans in terms of environment.

Economic, political and social conditions in Romania or other countries

The Company's performance may be particularly affected by the changes in the legal, regulatory and tax norms, as well as by the general financial conditions at national and global level:

- changes in political, economic and social conditions in Romania and / or other countries in Central and Eastern Europe;
- changes in Government policies or changes in laws and regulations, or interpretation of laws and regulations;
- changing the regulations on the exchange rate;
- measures that can be introduced to control inflation and interest rate;
- changes in percentages or methods of taxation.

3.14. Forward-looking elements of the company's activity

3.14.1. Presentation and analysis of all trends, elements, events or uncertainty factors affecting or likely to affect the liquidity of the company, compared to the same period of the previous year

Following the acquisition by Chimcomplex SA Borzesti in December 2018 of the five asset packages belonging to Oltchim, the period 2019 - 2022 was dedicated to the actions of integrating the activities of the borzesti and Rm.Valcea platforms (administrative/organizational, financial-accounting, production, it, etc.) and to capitalize on the synergies between the two platforms.

Chimcomplex SA Borzesti is considering the implementation in the next years of an investment program for the chemical platforms from Borzesti and Rm.Valcea, which would ensure the modernization of existing capacities, the development of new capacities with an impact in increasing the turnover and reducing the operating costs.

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3.14.2. Presentation and analysis of the effects of capital, current or anticipated expenditure on the financial situation of the company compared to the same period of last year

Borzesti:

During 2022, investments were made on the **Onesti Platform** in the amount of 15,359,826 lei, respectively 3,114,636 euros, for the following investment objectives:

No. crt.	Objective name	Value (lei)	Value (euro)
1	Calcium chloride granules	5.601.132	1.135.787
2	Modernization of Soda M	234.113	47.473
3	Power stations	678.116	137.507
4	Tarcau Fish Complex	476.189	96.561
5	Others and modernizations/ endowments	8.370.276	1.697.308

Ramnicu Valcea Branch:

During 2022, investments in the amount of 200 were made at the Rm. Valcea Branch. 623. 934 lei, respectively 42.156.630 euro, the main allocations of funds being for the following investment objectives:

No. crt.	Objective name	Value (lei)	Value (euro)
1	DGL-DLI refurbishment	3.820.868	774. 788
1.1	Depot of etilenoxide	3.611.189	732. 270
1.2	Propylene sphere 3000 cubic meters	209.679	42. 518
2	Installation Of special polyols	16.130.206	3. 270. 852
3	Modernization and increase of capacity Propenoxide installation	3.372.747	683. 919
4	Thermal Power Plant CT III	10. 006. 889	2. 029. 5 p.m.
5	Increase of OXO II installation capacity	1.659.182	336. 446
6	Cogeneration plant 49 MW	76.119.647	15. 435. 394
6.1	OSBL connections cogeneration installation 49 MW	29.040.035	5. 888. 682
7	Wastewater treatment from the Propenoxide Department	3.433.916	696. 323
8	Membrane electrolysis	3.908.724	792. 603
8.1	Electrolyser rehabilitation at Membrane electrolysis	3.660.608	742. 291
8.2	Membrane Electrolysis - Green Hydrogen Production	248.116	50. 312
9	Soda /propylene wagons	3.945.567	800. 074
10	Other Investments	49.186.152	9. 973. 872
10.1	Installation of lime burning, lime extinguishing	1.475.346	299. 168
10.2	Active acquisition of CET Govora	40.674.034	8. 247. 802
10.3	Dichloropropan recovery installation	304.500	61. 746

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No. crt.	Objective name	Value (lei)	Value (euro)
10.4	Enlargement of the polyether polyols installation	12.069	2. 448
10.5	Works to increase the safety in operation of the installation	32.500	6. 590's
10.6	Flexible cogeneration installation for district heating (PNRR)	301.398	61. 117
10.7	Photovoltaic Park(PNRR)	211.459	42. 879
10.8	Fixed Assets Increases	2.723.025	552. 170
10.9	Acquisition of independent equipment and office equipment	3.451.821	699. 954
11	Investments Environment – Closure of hazardous waste landfill	7.096.021	1. 438. 917
12	Projects with European Funds	175.468	35. 581

Investments expected (estimated) in 2023 and further until 2025:

Onesti platform:

The Investment Program for the Onesti Platform of Chimcomplex SA Borzesti, for 2023 is estimated at 22. 200.000 euro and contains the modernization of electricity distribution stations, the realization of new installations regarding the production of green hydrogen, the photovoltaic power plant and other modernizations and endowments, It is envisaged the acquisitions / replacements of equipment for the continuation of the modernization, of the capacity extensions and ensuring the reliability of the operation of the manufacturing and commercial flows.

Rm.Valcea Branch:

The Investment Program of the Ramnicu Valcea Branch of CHIMCOMPLEX SA Borzesti for the year 2023 is estimated at 94,462,433 euros and contains the following investments: DGL-DLI refurbishment, modernization of the utilities network (raw water, recirculated water, sewerage networks, etc.), cogeneration installations - for the production of electricity, steam and cooled water for the production installations in the branch, logistics import of raw materials and sale of finished products, replacement of electrolyzers with state-of-the-art ones, with energy consumption reduced by 14%, with obtaining green hydrogen, increasing economic efficiency by decreasing electricity costs, medium modernizations consisting in ensuring the design and acquisition of equipment necessary for the modernization of the biological station, completion of closing the hazardous waste deposit, photovoltaic power plant for self-consumption, other modernizari/sotari are envisaged to purchase / replace equipment to continue the modernization, capacity extensions and ensuring the reliability of the operation of manufacturing and commercial flows.

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4. TANGIBLE ASSETS OF THE COMPANY

4.1. Specification of the location and characteristics of the main production capacities owned by the company

The production capacities of the company have two locations, namely: the industrial platform of the Chemical Plant in Rm. Valcea and the Onesti industrial platform.

Depending on the period in which they were built, the installations can be grouped as follows:

- 1st generation installations, commissioned until 1970
- Installations from the 2nd generation, commissioned in the years 1970-1980
- installations of the 3rd generation, put into operation after 1980

After 1990, emphasis was placed on the refurbishment of technological processes and the replacement of energy-intensive technologies, aiming to reduce manufacturing costs and improve product quality.

In order to increase the performances and adapt to the market requirements, actions of modernization-refurbishment of the installations were undertaken.

Starting with 2007, an extensive program of refurbishment and modernization of existing production and auxiliary installations was started, as well as of setting up new chemical and energy production capacities aimed at: ensuring chlorine consumption by incorporating them into cost-effective products with significant market potential, increasing the degree of technological and energy integration, reducing the influences generated by the external environment, especially in terms of energy resources, reducing the impact on the environment and complying with the current legislative requirements, compliance with applicable norms / prescriptions / regulations.

The largest investment is made in December 2018 when Chimcomplex SA Borzesti acquired five asset packages out of the nine packages offered in the auction process belonging to Olchim SA.

The acquired assets include land, buildings, investments in progress, intellectual property rights and other movable property representing mainly machinery, equipment, technologies and any other similar goods necessary for the production process.

Land area owned on 31.12.2022:

Total: 4,478,374 sq. m. with a patrimony registration value of 119,681,485 lei, placed as follows:

No.	Location	Area (sqm)	Accounting Val. (lei)
1	Onesti, str Industriilor nr. 3	1.710.253	42.312.523
2	Village Cossacks com. Tarcau, Neamt county	41.679	2.041.232
3	Cluj	2.012	144.916
4	Somes Dej, Dealul Tirului, jud. Cluj	409.111	10.712.637
5	Pitesti, str. Caminelor, nr. 7, Arges county	1.222	1.614.436
6	Bucharest, bdul Ficusului, nr.44A, sector 1	39	105.756
7	Rm.Valcea	2.314.058	62.749.985

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In detail, on the two platforms Borzesti and Valcea, the tangible assets existing on 31.12.2022 present the following structure:

			Lei
Assets	TOTAL	Onești	Rm.Valcea
Land	119.681.485	56.931.500	62.749.985
Construction	627.293.048	292.392.550	334.900.498
Constructions closing dep waste	6.634.751	1.614.545	5.020.206
Rights to use the leased assets	30.248.005	14.087.976	16.160.029
Technological equipment	917.800.514	349.322.781	568.477.732
Measuring, control and adjustment devices and installations	112.579.489	41.673.542	70.905.947
Means of transport	69.722.321	20.100.912	49.621.409
Furniture, office equipment, echip.protectie	5.659.163	280.051	5.379.112
Real estate investments	35.784.260	6.698.197	29.086.063
Property, plant and equipment in the process of execution	260.214.155	30.174.567	230.039.588
Equipment and materials for immobilizations in progress	22.256.709	21.578.327	678.382
TOTAL	2.207.873.899	834.854.948	1.373.018.951

The assets of the company (land, buildings, constructions, technological equipment, ongoing investments, intangible assets) were revalued on December 31, 2021 by an independent specialized firm DARIAN SA - member of ANEVAR.

4.2. Description and analysis of the degree of wear and tear of the company's properties

A percentage of 62% of the value of the installations operating within the company are new and were put into operation in the period 2002-2022.

For all installations, overhauls and overhauls are periodically carried out so that they have ensured all the conditions of safe operation, given the specificity of special danger in chemical plants.

From the point of view of physical condition and the maintenance in operation of all installations, the degree of wear established according to the technical books of equipment and machinery is appreciated at a level of about 30%.

Depreciation shall be calculated at cost, by the straight-line method, over the estimated useful life of the assets in years, as follows:

Special buildings and constructions	10-50
Technical installations and machinery	3-15
Furniture, appliances, office supplies, other	3-15

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061





For the purchases made in 2022, the life spans are those established by the legal norms in force.

Land is not depreciated because it is assumed to have an unlimited service life.

4.3. Specification of potential problems related to the ownership of the company's tangible assets

Not the case.

5. MARKET FOR SECURITIES ISSUED BY THE COMPANY

5.1. Specification of the markets in Romania and other countries on which the securities issued by the company are negotiated

The company Chimcomplex SA Borzesti is a Romanian legal person and functions as a joint stock company in accordance with: Law no.31/1990 of the companies, republished, with subsequent amendments and completions; The articles of incorporation of the company and the addendums to it, the Organization and Functioning Regulation.

The company Chimcomplex SA Borzesti is founded by the Romanian Government Decision no.1200/12.11.1990, registered at the Bacau Registry Office with the number J04/493 on 15.03.1991 and cui 960322 on 07.12.1992.

The trading of the shares issued by Chimcomplex SA Borzesti is made within the Bucharest Stock Exchange starting with January 17, 2022, the standard category, stock exchange symbol CRC.
The company's shares are registered, indivisible, are issued in dematerialized form and have the ISIN code ROCHOBACNOR8.

The level of **the share capital** of a company, as well as of the equity, expresses the size and stability of the company, being one of the conditions for registering an adequate financial autonomy.

According to the Certificate of Findings no. 1212437/13.12.2022, on 31.12.2022, the subscribed and paid-up share capital is 304,907,851 lei, divided into 304,907,851 registered shares, at the value of 1 leu/share.

Starting with 21.07.2015, the shares of CHIMCOMPLEX SA BORZESTI (CHOB) were traded on the securities market, within the Alternative Trading System, administered by the Bucharest Stock Exchange, Financial Instruments Section Istate on ats, Capital Securities Sector, Category Shares.

Starting with 17.01.2022, the shares of CHIMCOMPLEX SA BORZESTI are traded on the regmenetata market, Standard Section, under the symbol CRC, administered by the Bucharest Stock Exchange.

On 31.12.2022, according to the records from the Central Depository, the majority shareholder of the company is the company C.R.C. Alchemy Holding B.V. which holds a number of 259,151,301 shares, worth 259,151,301 lei, representing 84.9933% of the share capital, and the Romanian State through the Authority for The Administration of State Assets (A.A.A.S.) holds a number of 27,305,181 shares, worth 27,305,181 lei, representing 8.9552% of the share capital.

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The synthetic structure of the company's shareholders as of 31.12.2022, is as follows:

Shareholders	No. Shares	Lei value	% of share capital
CRC Alchemy Holding B.V.	259.151.301	259.151.301	84.99%
A.A.A.S	27.305.181	27.305.181	8.96%
LEGAL PERSONS	14.363.583	14.363.583	4.71%
INDIVIDUALS	4.087.786	4.087.786	1.34%
TOTAL	304.907.851	304.907.851	100%

The company's management believes that a high level of transparency, continuous and real-time communication of important information together with investor protection is the key to the long-term support of the company's development strategy by shareholders and maximizing the value of shares.

Strict application of the incidental legal framework (Law 31/1990 – commercial companies law, republished; Law 297/2004 – capital market law with subsequent amendments and completions; Issuers Law 24/2017; The ASF Regulation 5/2018 and the Bucharest Stock Exchange Code) offer the premises for compliance with the internationally established Corporate Governance requirements.

The situation of the participations held in other companies on 31.12.2022:

Shares in companies within the Group	Balance at 31.12.2022 Lei	Percentage Owned
GREENCOMPLEX LTD	4,733,030	99,99%
AISA INVEST SRL CLUJ NAPOCA	19.900	19,51%
SC UZUC SA PLOIESTI	1.680.000	16,29%
A5 INVEST SRL ONESTI	6.100.000	100,00%
A6 IMPEX SA DEJ	57.213.521	49,45%
PLASTIC SYSTEM	14.966.000	94,40%
Total	84.712.451	

5.2. Description of the company's dividend policy. Specification of the dividends due/paid/accumulated in the last three years and, if applicable, of the reasons for the possible decrease of the dividends during the last three years

According to the Companies Law, the OGMS has, among other things, the obligation to discuss and approve the financial statements annually, respectively to fix the dividend. The OGMS must be convened at least once a year, no later than 4 (four) months after the end of the financial year, in order to examine the financial statements for the previous year and to establish the work schedule and budget for the current year. The AGA decides on the possibility of distributing the profit with the destination of dividends.

If a loss of net assets is found, the share capital will have to be re-recorded or reduced before a profit distribution or distribution is made.

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Dividends can only be distributed from profits determined according to the law. The dividends will be paid to the shareholders in proportion to the share of participation in the paid-up share capital of the Issuer.

According to the capital market legislation, the OGMS that fixes the dividend establishes the details regarding the development of the respective event, i.e. ex date (the date prior to the registration date with a settlement cycle minus one working day, from which the financial instruments subject to the decisions of the corporate bodies are traded without the rights deriving from that decision), the registration date (the calendar date expressly specified, respectively dd/mm/year, established by the AGA, which serves to identify the shareholders who are to benefit from dividends or other rights and on whom the effects of the AGA decisions are reflected) and the date of payment (the date expressly specified, respectively dd/mm/year, to which the results of a corporate event, related to the holding of financial instruments, are due).

According to the Issuers Act, the identification of the shareholders who are to benefit from dividends (the registration date) will be made by the AGA and will be subsequent by at least 10 business days to the date of this AGA.

According to the capital market legislation, the date on which the dividends will be paid (the date of payment) is the date set by the OGMS that fixes the dividend, so that this date is on a subsequent working day with no more than 15 working days of the registration date, but not later than 6 months from the OGMS date of establishing the dividends.

The OGMS decision to fix the dividend shall be submitted within 15 days to the Trade Register to be mentioned in the register and published in the Official Gazette of Romania, Part IV.

According to the Issuers Law, if the AGA does not establish the date of payment of dividends, they shall be paid within 30 days from the date of publication of the AGA decision establishing the dividends in the Official Gazette of Romania, Part IV, the date from the fulfillment of which the Issuer is rightfully late. The decision is an enforceable title, on the basis of which the shareholders can start the forced execution against the Issuer, according to the law. If the dividends are not paid within the established term, the Issuer will pay damages for the period of delay, at the level of the legal interest, if by the decision of the General Shareholders' Meeting that approved the financial situation related to the completed financial year, a higher interest rate has not been established.

Dividends paid contrary to the related provisions shall be refunded, if the Issuer proves that the shareholders knew the irregularity of the distribution or, in the existing circumstances, had to know it. The right to action for the refund of dividends paid contrary to the related provisions is prescribed within 3 years from the date established by the AGA for their granting.

Also, the right to request the payment of dividends is prescribed within 3 years from the date set by the AGA for their granting.

Dividends due after the date of transfer of shares belong to the assignee, unless the parties agree otherwise.

According to the NBR Regulation no. 4/2005 on the foreign exchange regime, republished, with subsequent amendments, the repatriation of net income in the form of dividends from capital operations by non-residents may be made without restrictions. Romanian law does not provide for shares with cumulative dividend.

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During 2022, dividends were granted to shareholders in the amount of 167,000,000 lei, and based on the Decisions of the Ordinary General Meeting of Shareholders of September 16, 2022 and November 28, 2022, it was approved the distribution of the amounts of 40,000,000 lei and 127,000,000 lei in the form of interim dividends (gross amount) that will be adjusted after the approval of the annual financial statements of the company for 2022.

The payment of dividends in the amount of 40,000,000 lei was decided on October 21, 2022, and the payment of dividends in the amount of 127,000,000 lei was decided on December 29, 2022, in accordance with the provisions of Regulation no. 5/2018.

For 2021, based on the Decision of the Ordinary General Meeting of Shareholders of November 9, 2021, it was approved the distribution of the amount of 60,000,000 lei as interim dividends (gross amount) that was regularized after the approval of the company's annual financial statements for 2021.

The payment of dividends was decided on April 21, 2022, in accordance with the provisions of Regulation no. 5/2018.

CHIMCOMPLEX SA has always taken into account the interest of the shareholders both in terms of development policy and in terms of granting dividends. When financial results allowed, it granted dividends to shareholders.

In the last three years, the situation is as follows: for 2020 - a gross dividend of 0.005099424 lei / share was granted, for 2021 - a gross dividend of 0.196780 lei / share was granted, for 2022 - interim dividends were granted - gross dividend value of 0.131187 lei / share, respectively 0.416519 lei / share.

5.3. Description of any activities of the acquiring company

The company has a plan for the redemption of its own shares approved by the decision of AGEA Chimcomplex SA Borzesti dated 30.06.2021 with the purpose of fulfilling the obligations arising from the Remuneration Policy approved by the OGMS dated 26.04.2021, respectively the distribution of shares as motivational packages (stock option plan) to the administrators and managers who will opt for this form of variable remuneration.

The company holds a number of 1,157,093 own shares, with a face value of 1 leu each, representing 0.3795% of the share capital.

5.4. Where the company has subsidiaries, an indication of the number and nominal value of the shares issued by the parent company held by the subsidiaries

Not the case.

5.5. Where the company has issued objections and/or other debt securities, a statement of how the company pays its obligations to the holders of such securities

Not the case.

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6. MANAGEMENT OF THE COMPANY

6.1. Presentation of the list of company directors and the following information for each manager

The administration and coordination of the activity of Chimcomplex SA Borzesti in 2022 were ensured by a Board of Directors, consisting of 5 members during the period 01.01.2022-31.07.2022, as follows:

1. STEFAN VUZA	Chairman of the Board of Directors
2. BANCILA VIRGILIU	Member of the Board of Directors
3. COJOC IULIU LIVIU	Member of the Board of Directors
4. FRANK HAJDINJAK	Member of the Board of Directors
5. DAN MIHAI TODOR	Member of the Board of Directors

Between 31.07.2022-31.12.2022, the administration and management of the company were ensured by a Board of Directors consisting of 7 members, as follows:

1. STEFAN VUZA	Chairman of the Board of Directors
2. PLATINUM ADVISORY SERVICES SRL, represented by MADELINE ALEXANDER	Member of the Board of Directors
3. PRIESTESS VERONICA	Member of the Board of Directors
4. GABRIEL TISCHER	Member of the Board of Directors
5. WITOLD URBANOWSKI	Member of the Board of Directors
6. COJOC IULIAN LIVIU	Member of the Board of Directors
7. ERIC KISH	Member of the Board of Directors (12.08.2022-2 5.10.2022)
8. COMAN DUMITRU	Member of the Board of Directors starting with 25.10.2022

The Board of Directors is responsible for establishing the company's strategy and supervising its implementation.

Its main objectives include the approval of the financial statements, the appointment of the president and the elaboration of the agenda of the Annual Meeting of Shareholders.

Corporate governance policies aim to ensure: transparent and sustainable value creation by clearly delimiting responsibilities, management processes and continuous monitoring of the performance and efficiency of the board of directors, of the appropriate decision-making process regarding the policy of principles and controls.

The election of the board members was made by majority vote within the OGMS, the candidates being proposed by the shareholders.

The composition of the board of directors faithfully reflects the participation in the capital (over 70% of the capital is represented in the BoD). There are no family ties between the administrators or members of the executive management with third parties due to whom they were elected / appointed to office.

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The diversity of the board members allows the capitalization of the skills, experience and complementary professional knowledge in different fields. Most of the members of the board of directors are non-executive directors, so a balance of authority is ensured. In 2022, the board of directors met with a monthly attendance, with all members being present in person or using postal voting. The level of indemnities of the BoD members is established by the decision of the shareholders in the general meeting.

6.2. Presentation of the list of members of the executive management of the company

The executive management of Chimcomplex SA Borzesti in 2022 was provided by a team consisting of:

- Avram Victor CEO/General Manager until 09.11.2022
- Vuza Stefan CEO/General Manager starting with 10.11.2022
- Baiu Cosmin CEO/Deputy General Manager starting with 05.09.2022
- Adrian Dumitriu CFO/CFO until 18.05.2022
- Stanciugel Nicolae CFO/Financial Director starting with 19.05.2022
- Coman Dumitru CTO/Technical Director/Deputy General Manager
- Moldovan Dan CCO/Deputy Commercial Director
- Armand Spiru Ciobescu CSCO/Purchasing and Logistics Director until 18.04.2022
- Priestess Veronica CCO/Commercial Director starting with 10.11.2022
- Balaita Maria Luminita COO/Borzesti Operations Director
- Staicu Florian COO/Interim Operations Director Suc. Rm.Valcea starting with 10.11.2022
- Dumitru Mihai Production Manager Borzesti
- Talpasanu Mihail Interim Production Director starting with 10.11.2022

No member of the administrative, management or supervisory bodies has been convicted in relation to possible fraud committed in the last five years.

The main management, management and supervisory structures of the company are the Board of Directors, Directors, Audit and Risk Committee, Integrity Committee, Nomination and Remuneration Committee and Stategia, Development and Investment Committee. The managerial experience and professional training of the board members allows them to periodically evaluate the aspects related to the evaluation of the directors' activity, nomination, remuneration or internal audit. In order to comply with the requirements of the audit law 162/2017 and the EU regulation 537/2014 on auditing, the board of directors decided to amend the state.

Chimcomplex has appointed a new executive team, thus strengthening the management structure of the company. The new exceptional team has the role of implementing the company's development strategy. The directors' remunerations are established by the decision of the Board of Directors.

The annual gross remuneration and other advantages, including the one approved by the AGA through BVC due to the management may not exceed 5% of the value of the equity capital, established by the annual balance sheet.

For compliance with the legal obligations introduced by Law no. 158/2020 amending Law no. ANRE President's Order no. 24/2017 on issuers of financial instruments and market operations, the remuneration policy of directors, executive directors and members of the Audit Committee was developed, which was approved in the AGA 2022.

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NOTE: Considering that we are a company listed on the Bucharest Stock Exchange (BVB) and we have reporting obligations to both BVB and ASF, the amendments within the Board of Directors, as well as the amendment of the Constitutive Act in this regard, were notified to BVB and ASF at that time.

The internal control at SC CHIMCOMPLEX SA in 2022, through the Internal Audit Bureau, was carried out based on the plan approved by the Board of Directors, but also having specific actions requested by the company's management. The control activities are an integral part of the management process through which the entity pursues the achievement of the proposed objectives.

The company has an internal/managerial control system, the design and application of which allow the executive management and the board of directors to provide a reasonable assurance that the company's funds, allocated in order to achieve the general and specific objectives, have been used in conditions of legality, regularity, effectiveness, efficiency and economy.

The internal/managerial control system includes both self-control mechanisms and subsequent control performed through the Costs Bureau and the Internal Auditor, respectively the Audit Committee, and the application of measures aimed at increasing its effectiveness are based on risk assessment.

The internal accounting and financial control of the company was applied in order to ensure an accounting management and a financial follow-up of the Company's activity.

The internal audit missions aim at:

- ✓ ensuring compliance with the legislation in force;
- ✓ applying the decisions taken by the company's management;
- ✓ the proper functioning of the internal activity of the company;
- ✓ reliability of financial information;
- ✓ efficient use of resources;
- ✓ risk prevention and control.

The purpose of internal control is oriented to ensure the coherence of the objectives, to identify the key success factors and to communicate to the entity's leaders, in real time, the information regarding performances and perspectives.

In terms of accounting rules, it is taken into account:

- the existence of an accounting policy manual;
- the existence of a procedure for the application of this manual;
- the existence of controls to ensure compliance with the manual;
- knowledge of the evolution of accounting and tax legislation;
- carrying out specific checks on sensitive points;
- identification and proper treatment of anomalies;
- adaptation of software to the needs of the entity;
- compliance with accounting rules;
- ensuring the accuracy and completeness of the accounting records;
- compliance with the qualitative characteristics of the information contained in the financial statements, so as to satisfy the needs of the users.

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During 2022, audit missions were carried out and as a result of the completed missions, recommendations were elaborated for improving the internal management control, aiming mainly at:

- compliance with applicable laws, regulations/procedures and contracts;
- the effectiveness and efficiency of operations;
- management of funds and patrimony.

Following the meeting of the Board of Directors, meeting statutorily on November 9, 2022, it was decided to mandate Deloitte Audit SRL in order to audit the financial statements for 2022. The audit company is represented by Mr. Pirvulescu Horatiu – Audit Partner.

The identification data of Deloitte Audit SRL are the following:

CIF RO 7756924 , Registration no. with the Trade Register 40/6775/1995
Authorization of the Chamber of Financial Auditors of Romania no. 25/25.06.2001
The headquarters of the company – Bucharest, Sector 1, Calea Grivitei 82-98, The Building "The Mark"
Tel. 021/222.16.61, Fax 021/319.51.00

In accordance with the provisions of the Audit Law 162/2017 and the EU Regulation 537/2014 on auditing and with the BVB recommendations for the listed companies, the Board of Directors decided in 2022 to set up an Audit and Risk Committee. It was composed of 2 members.

It is an important structure within the corporate governance, ensuring in many cases the interface with the financial auditor and having an important role the proper functioning of the company. The Audit and Risk Committee establishes the responsibilities with regard to:

- the quality and integrity of the company's financial statements;
- the company's compliance with legal and regulatory requirements;
- the company's risk management process globally;
- performing the internal audit function of the company;
- approves the audit program and coordinates the activity of the internal auditor which is an outsourced service.

The articles of incorporation were updated by the AGEA Decision dated 12.08.2022, by amending the following articles: 10.6, 12.1, 12.5, 12.6, 12.11, 12.14, 12.17, 13, 15.4, 16.5.

The company establishes and publishes annually, on the BVB website and on its own website, a financial reporting calendar.

The company prepares and disseminates periodic and continuous information relevant to the investment decision, information published both on its own website and on the BVB website (symbol "CRC"). The staff dedicated to this activity is permanently trained, trained and professionally trained on the aspects regarding the relationship of a company with its shareholders and the principles of corporate governance. During 2022, the information was disseminated in Romanian and English, for those categories of documents provided by the applicable legal framework.

The company encourages communication with shareholders through the Investors section of its web page available at <https://chimcomplex.com>

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6.3. Specification of any disputes or administrative procedures in which they were involved: the administrative management and the management members, in the last 5 years

Not the case.

7. FINANCIAL STATEMENT OF ACCOUNTS

The preparation of the financial statements was made in accordance with the provisions of the Order of the Minister of Public Finance no. Order of the Minister of Public Health no. 2844/12.12.2016 on the approval of accounting regulations in accordance with International Financial Reporting Standards and order no.4268 of December 15, 2022 on the main aspects related to the preparation and submission of annual financial statements.

First application of IFRS

During the transition process to financial reporting in accordance with IFRS in the context of applying the provisions of Order 2844/2016, the Company has drawn up the first set of annual financial statements in accordance with the versions of IFRS standards approved by the EU for the financial year ended December 31, 2022.

In this regard, in order to ensure the compliance of the comparative information with the IFRS variants approved by the EU, the company applied IFRS 1- "Adoption for the first time of the International Financial Reporting Standards" on the date of transition of January 1, 2021.

Taking into account the provisions of Order no. 2844/2016 for the financial years 2021 and 2022, the Company has drawn up, for information purposes, individual financial statements in accordance with IFRS adopted by the European Union, by restating the information from the statutory accounting conducted in accordance with the Order of the Minister of Public Finance no. 1802/2014, with subsequent amendments and completions.

The financial statements were drawn up on the basis of the business continuity principle.

The audit of the financial statements of the company drawn up on 31.12.2022 is carried out by Deloitte Audit S.R.L.

THE ACCOUNTING PRINCIPLES, POLICIES AND METHODS contained in the Manual of accounting policies and procedures of SC Chimcomplex SA Borzesti and which were the basis for the preparation of the Synthesis Financial Statements on the occasion of the closing of the financial year 2022, were:

- ✓ The financial year begins on January 1st and ends on December 31st
- ✓ The financial statements for the year ended December 31, 2022 were prepared in accordance with the following principles:
 - continuity of activity - SC CHIMCOMPLEX SA Borzesti will normally continue its operation, in a foreseeable future without becoming unable to continue the activity considering the portfolio of orders (contracts) for 2023

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- registration in accounting and presentation of patrimonial elements and results, based on the justifying documents and legally drawn up, according to the legislation in force, thus ensuring the comparability in time of the information
- permanence of methods - the application of the same rules, methods, norms regarding the evaluation, registration and presentation in accounting of the patrimonial elements, ensuring the comparability in time of the accounting information
- prudence - it was taken into account the value adjustments due to impairments of the value of the assets, as well as all the foreseeable obligations and potential losses that arose during the financial year ended or during a financial year
- accrual accounting - the effects of transactions and other events are recognized when transactions and events occur and are recorded in accounting and reported in the financial statements of the related period
- separate valuation of assets and liabilities - in order to establish the total value corresponding to a balance sheet position, the value of each individual asset or liability item was determined separately
- intangibles - the opening balance sheet of the 2022 exercise corresponds to the closing balance sheet of the previous year 2021
- non-compensation - the values of the elements representing assets have not been compensated with the values of the elements representing liabilities, respectively the incomes with expenses, except for the compensations between assets and admitted liabilities
- the prevalence of the economic over the juridical – the information presented in the financial statements reflects the economic reality of the events and transactions, not only the legal form
- evaluation at acquisition cost or production cost according to which the elements presented in the financial statements are evaluated, as a rule, based on the principle of acquisition cost or production cost
- materiality threshold - any element that has a significant value is presented separately in the financial statements.

Accounting treatments:

- a) at the date of entry into the patrimony, the assets shall be valued and recorded in the accounts at the entry value, also called the book value;
- b) the evaluation of the patrimonial elements on the occasion of the inventory was made at the market value taking into account their utility and condition;
- c) at the end of the exercise, the patrimonial elements are evaluated and reflected in the balance sheet at the entry value into the patrimony, respectively the book value put in agreement with the inventory results; For the monetary elements expressed in foreign currency, the closing rate dated 31.12.2022 was used, at the official rate communicated to the B.N.R. of 4.9474 lei/eur and 4.6346 lei/usd, published on the website of the Ministry of Public Finance. The exchange rate differences were recorded on income, respectively on expenses;
- d) at the date of exit from the patrimony or at the release for consumption, the goods are evaluated and subtracted from the management at the entry value.

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ALPHA BANK BUCHAREST
RO2021.055.061Q RO2021.055.061E RO2018.055.061





Intangible assets - The intangible assets registered in the records consist of licenses, software registered at cost.

Property, plant and equipment - Property, plant and equipment consists of land, buildings, constructions, technological installations, machinery, measuring and control devices, means of transport, computer equipment, furniture, office equipment, recorded at the cost of acquisition / own direction or revalued value or their value increases that aimed at increasing productivity by improving the operating parameters of the machines or for creating appropriate conditions work environment. Current property, plant and equipment was recorded in accounting at cost.

Depreciation is calculated by the linear method according to Law 15/1994 with subsequent amendments and taking into account the normal durations of operation of fixed assets according to the Decision no.2139/2004 for the approval of the Catalog on the classification and normal functioning durations of fixed assets.

Expenses for the repair or maintenance of fixed assets incurred in order to restore or maintain the value of these assets are recognised in the profit and loss account at the time of their execution.

Financial fixed assets - Financial fixed assets consist of the participation titles in the share capital of other companies and in guarantees granted to suppliers.

For the cash flow situation, the cash and its equivalents include the availability in the house, the bank, the values to be collected and other values.

The company's stocks are made up of: raw materials, consumables, inventory objects, production in progress of execution, finished products and goods. The purchased material stocks are recorded at the acquisition cost, and the products at the production cost. The cost of inventories is determined by the "first in, first out" (FIFO) and "weighted average cost" (CMP) method.

7.1. Statement of financial position

As a reflection of the state of the company's patrimony, the balance sheet established at the end of the financial year describes the assets and liabilities of the company, at that time. The asset consists of assets owned by the company and receivables. The liability consists of equity and liabilities.

Lei

	31.12.2022	31.12.2021	31.12.2020
ACTIVE			
Fixed assets			
Property, plant and equipment	1.851.483.903	1.747.770.870	1.347.550.462
Rights to use the leased assets	13.844.826	5.906.799	7.242.009
Real estate investments	31.452.222	14.424.776	15.072.913
Intangible assets	122.407.778	126.621.140	133.024.975
Investments in associates and other entities capital investment	60.043.968	21.929.218	22.804.810
Other long-term financial assets	6.718.514	5.093.759	5.811.445
Total fixed assets	2.085.951.211	1.921.746.562	1.531.506.614

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061



	31.12.2022	31.12.2021	31.12.2020
Current assets			
Stocks	237.998.985	157.905.520	95.592.546
Claims	494.866.553	301.786.646	181.776.698
Short-term loans	5.327.386	3.536.799	1.259.292
Cash and cash equivalents	40.466.919	147.994.841	40.785.956
Total current assets	778.659.843	611.223.806	319.414.492
TOTAL ASSETS	2.864.611.054	2.532.970.368	1.850.921.106
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	1.190.991.169	1.190.991.169	1.183.431.407
Own shares	(47.794.795)	(142.454)	-
Equity premiums	4.669.565	4.669.565	-
Legal reserves	109.435.476	90.207.136	63.054.085
Retained earnings	(1.729.903)	(191.109.065)	(551.186.459)
Revaluation reserves	577.222.870	578.340.730	211.023.250
Total equity	1.832.794.382	1.672.957.081	906.322.283
Long-term debts			
Subsidies	13.778.664	15.450.076	17.606.337
Leasing	8.705.286	3.444.122	4.211.255
Deferred tax liabilities	136.699.379	147.395.246	87.366.717
Provisions	16.302.643	16.459.563	16.710.971
Long-term loans	457.459.739	294.521.275	548.481.115
Other long-term debts	10.259.628	598.685	120.193
Total long-term debt	643.205.339	477.868.967	674.496.588
Current liabilities			
Subsidies	27.230.691	2.541.998	1.590.458
Commercial and other debts	268.916.021	290.517.388	149.196.063
Leasing	5.949.300	3.465.451	3.987.243
Income tax liabilities	21.787.658	20.092.468	13.166.042
Provisions	18.575.007	36.043.780	11.381.419
Short-term loans	46.152.656	29.483.235	90.781.010
Total current liabilities	388.611,333	382.144.320	270.102.235
Total debts	1.031.816.672	860.013.287	944.598.823
Total equity and liabilities	2.864.611.054	2.532.970.368	1.850.921.106

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061





FIXED ASSETS

As of December 31, 2022, the company owns the following categories of fixed assets, at net value:

Lei

	31 December 2022	31 December 2021	31 December 2020
Land and buildings	577.570.450	583.543.348	403.683.492
Technical installations and machines	955.166.257	1.020.775.489	860.596.467
Other installations, machinery and furniture	5.058.499	4.457.379	4.335.878
Real estate investments	31,452.222	14.424.776	15.072.913
Investments in progress	279.234.998	117.083.425	76.210.021
Rights to use the leased assets	13,844.826	5.906.799	7.242.009
Intangible assets	122,407.778	126.621.140	133.024.975
Financial fixed assets	66.762.482	27.022.977	28.616.255
Advances on property, plant and equipment	34,453.698	21.911.229	2.724.604
Total	2.085.951.211	1.921.746.562	1.531.506.614

STOCKS

The stocks are presented at the net realisable value, by decreasing with the adjustments for depreciation, obtaining the following values:

Lei

	31 December 2022	31 December 2021	31 December 2020
Finished products	154.903.384	86.947.870	48.411.217
Raw	39.233.309	43.042.805	26.603.689
Materials	16.780.304	13.443.454	8.724.191
Packaging	2.102.171	2.426.885	1.814.272
Production in progress	15.813.801	8.339.459	5.627.698
Goods	185.031	35.773	317.372
Inventory items	754.166	545.654	412.563
Stocks in transit	4.896.990	26.200	631.082
Other stocks	3.329.829	3.097.420	3.050.462
Total	237.998.985	157.905.520	95.592.546

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061





RECEIVABLES AND DEBTS

Lei

<i>Receivable</i>	31 December 2022	31 December 2021	31 December 2020
Clients	76.806.503	89.064.730	75.121.721
Customer depreciation adjustments	(1.313.857)	(1.321.810)	(1.340.413)
Advances paid for the provision of services	67,528.664	67.109.086	18.472.580
Receivables representing interim dividends distributed during the year	167.000.000	60.000.000	-
Subsidies - State aid for CO2	64.173.308	-	40.277.531
Subsidies to be collected - financing projects	25.985.762	1.586.268	2.029.163
VAT to be recovered	37.378.202	22.704.265	7.248.702
Non-chargeable VAT	33.758.757	13.410.474	4.294.876
Amounts to be collected from the companies within the group	21.473.444	26.191.752	20.599.759
Expenses in advance	597.157	15.363.301	6.716.103
Other receivables	1,478.612	7.678.580	8.356.676
Total	494.866.553	301.786.646	181.776.698

Based on the Decision of the Ordinary General Meeting of Shareholders of November 9, 2021, it was approved the distribution of the amount of 60,000,000 lei as interim dividends (gross amount) that was regularized after the approval of the annual financial statements of the company for 2021.

The payment of dividends was decided on April 21, 2022, in accordance with the provisions of Regulation no. 5/2018.

Based on the Decisions of the Ordinary General Meeting of Shareholders of September 16, 2022 and November 28, 2022, it was approved the distribution of the amounts of 40,000,000 lei and 127,000,000 lei in the form of interim dividends (gross amount) that will be regularized after the approval of the annual financial statements of the company for 2022.

The payment of dividends in the amount of 40,000,000 lei was made on October 21, 2022, and the payment of dividends in the amount of 127,000,000 lei was made on December 29, 2022, in accordance with the provisions of Regulation no. 5/2018.

Chimcomplex has benefited from a state aid scheme offered by the Romanian government to support companies in sectors and subsectors exposed to a significant risk of relocation due to the transfer of the cost of greenhouse gas emissions to electricity prices. The measure covers indirect emission costs incurred in 2021 and 2022.

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In 2022, Chimcomplex collected the direct subsidy for 2021 in the amount of 32,404,226 lei, and the subsidy for 2022, amounting to 64,173,308 lei, will be collected in 2023.

Lei

Debt	31 December 2022	31 December 2021	31 December 2020
Suppliers	203.466.571	150.076.133	85.266.997
Credits	502.358.214	323.490.320	634.368.682
Interest on loans	1.254.181	514.190	4.893.443
Clients cashed in advance	11.812.041	10.270.382	25.433.313
Debts on wages and salaries	8.977.567	24.423.037	4.761.406
Taxes and fees related to salaries	8.106.930	15.053.478	5.174.239
Other fees	413.368	998.528	231.018
Deferred tax liabilities	136.699.379	147.395.247	87.366.717
Income tax liabilities	21,787,660	20.092.467	13.166.043
Subsidies	41.009.355	17.992.074	19.196.795
Provisions	34.877.650	52.503.344	28.092.390
Dividends to be distributed during the financial year	12.879.396	60.023.658	-
Accruals recorded in advance	11.976.361	19.286.926	23.732.531
Payments to be made regarding the shares held at affiliated entities	10.966.000	-	-
Amounts owed to entities in the group	4.369.468	7.678.627	3.121.738
Financial lease liabilities	14.654.586	6.909.573	8.198.498
Other debts	6.207.946	3.305.303	1.595.013
Total	1.031.816.672	860.013.287	944.598.823

Credits

Lei

	31 December 2022	31 December 2021	31 December 2020
VTB Bank	-	-	376.742.076
Credit Suisse	-	-	247.775.512
CEC Bank	272.601.382	187.979.812	-
Alpha Bank	116.633.319	135.993.898	-
UBS Swizerland	68.913.588	-	-
Garanti Bank	45.432.506	-	-
Others	31.600	30.800	14.744.537
Total	503.612.395	324.004.510	639.262.125

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In 2022, the Company made full use of the credit line granted by CEC Bank in 2021 and concluded loan agreements with UBS Swizerland and Garanti Bank to finance investments. These are detailed in the individual financial statements.

Chimcomplex SA pays the obligations to the Consolidated State Budget by:

- compensation with negative VAT (VAT to be recovered registered by the company on 31.12.2022: 37.378.202 lei)

- bank transfer.

EQUITY

According to the financial statements drawn up on 31 December 2022, the value of the equity is 1,832,794,382 lei, composed of:

Lei

	31 December 2022	31 December 2021	31 December 2020
Share capital	304.907.851	304.907.851	296.504.061
Share capital adjustment	886.083.318	886.083.318	886.083.318
Equity premiums	4.669.565	4.669.565	844.028
Own shares repurchased	(47.794.795)	(142.454)	-
Revaluation reserves	577.222.870	578.340.730	211.023.250
Legal reserves	109.435.476	90.207.136	63.054.085
Retained earnings carried forward	(267.791.826)	(579.512.914)	(587.222.937)
Result of the period	266.061.923	388.403.849	36.036.478
Total	1.832.794.382	1.672.957.081	906.322.283

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 RO2021.055.061Q RO2021.055.061E RO2018.055.061



7.2. Profit and loss account

Lei

Detail	31.12.2022	31.12.2021
Sales	2.258.532.411	2.235.205.433
Investment income	10.173.263	2.060.902
Other gains or (losses)	5.917.570	(30.000.431)
Cost of goods sold	(85.016.214)	(28.142.995)
Change in stocks	74.765.385	42.726.248
Expenditure on raw materials and consumables	(732.826.457)	(767.091.768)
Salary expenses	(162.889.997)	(176.525.730)
Depreciation charges on fixed assets	(152.995.779)	(111.120.202)
Distribution expenses	(41.182.892)	(38.932.655)
Energy and water expenditure	(738.470.218)	(451.442.533)
Expenditure on services performed by third parties	(47.350.405)	(33.137.259)
Maintenance and repair costs	(36.763.622)	(29.462.915)
Other revenue	37.638.394	4.965.878
Gain / (Loss) from the revaluation of property, plant and equipment	-	(48.623.115)
Gain / (Loss) from impairment adjustments for fixed assets	-	35.143.061
Other expenditure	(56.950.723)	(52.841.247)
Financing costs	(21.325.737)	(103.694.808)
Profit / (Loss) before taxing	311.255.153	449.085.864
Income / (Expense) with corporate tax	(55.919.098)	(70.618.719)
Income / (Expense) with profit tax deferred	10.725.868	9.936.704
Profit / (Loss) of the Year	266.061.923	388.403.849
Other comprehensive income (revaluation reserves)	(1.117.860)	367.317.480
Total overall result	264.944.063	755.721.329

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TURNOVER

Presentation of the turnover by types of markets:

Lei

	31 December 2022	(%)	31 December 2021	(%)
Internal market	660.980.214	29	484.974.722	22
Foreign market	1.597.552.197	71	1.750.230.711	78
	2.258.532.411	100	2.235.205.433	100

Presentation of turnover by type of products:

Lei

	31 December 2022	(%)	31 December 2021	(%)
Polyols – polyethers	1.095.896.741	48,5	1.483.901.682	66,4
Chlorosodics	995.302.505	44,1	442.133.305	19,8
Oxo-alcohols	66.746.104	3,0	261.699.919	11,7
Goods (mainly utility resales)	89.020.113	3,9	34.069.277	1,5
Various	11.566.947	0,5	13.401.250	0,6
Total	2.258.532.411	100	2.235.205.433	100

Chimcomplex produces a wide range of polyethers, both for flexible foams (mattresses, furniture industry, automotive industry) and for rigid applications (panels, polyurethane systems) and special applications (adhesives, coatings, seals, elastomers).

Between January and December 2022, the company produced and delivered three categories of finished products:

- ✓ **Polyols – polyethers** with a share of 48.5% in total sales;
- ✓ **Chlorosodic products** with a share of 44.1% in total sales;
- ✓ **Oxo products – alcohols** with a share of 3% in total sales.

Chimcomplex continues to focus its activity on the polyol/polyether and caustic soda sectors, which are the most profitable.

The turnover obtained in 2022, amounting to 2,258 million lei, increased by 23 million lei compared to that of 2021, an increase mainly determined by the selling prices of chlorosodic products, following the trend that international quotations had.

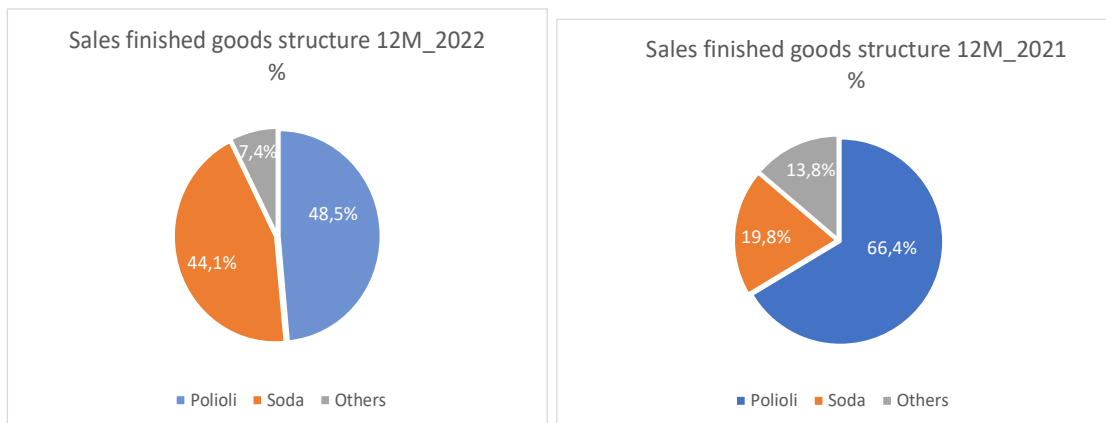
Thus, the average selling price of caustic soda increased by 183% compared to 2021.

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This evolution, corroborated with the decrease of the average selling prices for polyols-polyethylenes and with the temporary closure of the large sections consuming natural gas, determined a change in the sales structure, as follows:



Chimcomplex has a large portfolio of customers for each of its products, there being no dependence on a particular customer.

The evolution of sales, by geographical areas, during January-December 2022 compared to the same period of 2021 is given below:

Lei

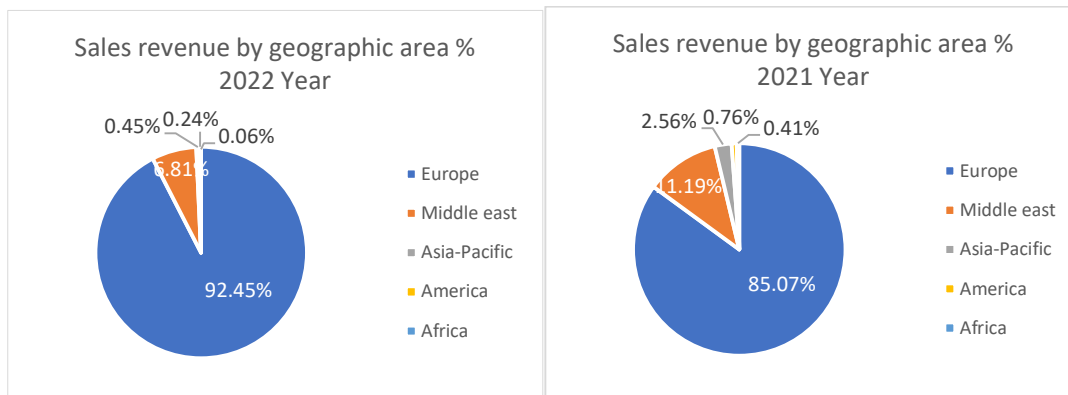
	Year 2022	%	Year 2021	%
Europe	2.087.888.422	92,45%	1.901.489.505	85,07%
Middle East	153.819.813	6.81%	250.270.969	11,20%
Asia-Pacific	10.105.614	0.45%	57.213.981	2,56%
America	5.317.899	0.24%	17.060.435	0,76%
Africa	1.400.662	0.06%	9.170.543	0,41%
TOTAL	2.258.532.411	100%	2.235.205.433	100%

The changes in the sales structure by geographical area in 2022 compared to 2021 were mainly determined by the reduction of deliveries to Turkey.

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For 2022, the directions for carrying out the activity of Chimcomplex SA Borzești were established through the Revenue and Expenditure Budget, which was created before the start of the conflict in Ukraine, aiming at strengthening the company's position as a regional leader in the chemical products market, by capitalizing on the synergies existing between the 2 chemical platforms (Ramnicu Valcea and Onești).

Russia's invasion of Ukraine triggered a war in Europe, changing the geopolitical context with negative economic consequences on the economic activity of Chimcomplex:

- the market for the sale of polyethers and oxoalcohols has shrunk;
- purchase prices for electricity, natural gas and fuels have increased, leading to increases in the chain and for other raw materials needed in the production process;
- products similar to those manufactured by Chimcomplex entered the market, at low prices from countries that were not affected by the increase in the price of energy and oil, in particular China and Korea.

These developments have affected the activity of Chimcomplex leading to:

- high production costs for polyols and oxo-alcohols;
- a reduction in the sale of manufactured production of polyols and oxoalcohols as a result of the narrowing of the outlet;

The European markets of Normal Butanol and Octanol hold excess volumes because the sellers who sold for export no longer have such opportunities and have reoriented themselves to the local markets. In addition, imports of cheap product from Asia will continue, the biggest price drop will take place at Normal Butanol. At the same time, the costs of European producers are high and there is a concern.

In order to optimize the allocation of resources at the company level and to follow the performance indicators (achieved production, sales volume, turnover, EBITDA, cash flow, etc.), the management team identified two options for carrying out the activity in the second semester of 2022, having as driver the sale of polyols manufactured on the Rm. Vâlcea Platform. The level of production of Polioli in the second half of 2022 was sized so as to allow the storage and implicitly, the unlocking of the amounts of money immobilized in the stocks accumulated in this group of products. In relation to the level of production of Polyethers, through the liquid chlorine semi-finished product, the production level was sized at the two Electrolysis (on the Onești and Rm. Vâlcea Platforms).

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The results from the current activity for 2022

At 31 December 2022 the company recorded an operating profit (operating result) of 327. 197 thousand lei. On total activity, the net result was a profit of MDL 266,062 thousand.

Lei

	31 December 2022	31 December 2021
Gross total result, showing separately:	311.255.156	449.085.864
-operating result	327.196.551	551.668.257
-financial result	(15.941.395)	(102.582.393)
Corporate tax expense	(55.919.098)	(70.618.719)
Tax revenue deferred	10.725.868	9.936.704
Net result	266.061.926	388.403.849

The company's profitability decreased in 2022, obtaining net profit decreasing by 31% compared to the same period of 2021.

7.3. Statement of cash flows

thousands lei

	31.12.2022	31.12.2021
Cash flows from operating activity:		
Gross profit/ (Loss) of the year	311.255.153	449.085.864
Interest expense	19.899.778	66.952.514
Loss / (Gain) from impairment of financial fixed assets	(4.205.329)	875.592
Loss / (Gain) from depreciation property, plant and equipment	-	(35.143.061)
Interest income	(3.298.266)	(644.091)
Loss / (Gain) on the disposal of fixed assets	149.715	(445.200)
Loss / (Gain) from provisions	(17.082.434)	30.546.470
Loss on the revaluation of property, plant and equipment	-	48.623.115
Loss / (Gain) from exchange rate differences	1.122.088	6.374.515
Expenses / (Revenue) on depreciation adjustments for stocks	5,529.253	1.783.851
Depreciation charges on fixed assets	152.955.779	111.120.202
Expenses / (Revenue) on impairment adjustments for commercial receivables	(7.953)	-
Revenue from subsidies	(1.324.683)	(2.156.261)
Operating profit / (earnings) before changes in working capital	464.993.101	676.973.510
(Increase) / Decrease in stocks	(108.752.984)	(64.096.825)
(Increase) / Reduction of receivables	(62,896.759)	(161,424.837)
Increase / (Decrease) debts	(167.799.199)	70.452.116

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 ALPHA BANK BUCHAREST
 RO2021.055.061Q RO2021.055.061E RO2018.055.061



	31.12.2022	31.12.2021
Increase / (Decrease) subsidies	25.281.713	-
Subsidies received for electricity costs	32.404.226	41.297.958
Interest paid	(18.900.685)	(36.565.193)
Corporation tax paid	-	(22.307.227)
Cash flow from the operating activity	164.329.413	504.329.501
Cash flow used in the investment activity:		
Interest received	3.298.266	644.091
Proceeds from the sale of fixed assets	766.958	3.133.290
Acquisitions of fixed assets	(164.381.486)	(75.575.347)
Payments for the acquisition of financial assets	(18.943.421)	-
Payments for the stake in Sistemplast	(4.000.000)	-
Cash flow used in the investment business	(183.259.683)	(71.797.966)
Cash flow generated from the financing activity:		
Receipts from loans	218.309.795	351.609.499
Repayment of lease debts	(8.085.242)	(5.055.761)
Dividends paid	(214.254.817)	(1.065.739)
Repayment of loans	(37.508.762)	(684.034.787)
Share capital increase	-	12.086.873
Acquisition of own shares	(47.652.341)	-
Cash flow from the financing activity	(89.191.397)	(326.459.915)
Increase/ (decrease) in cash and cash equivalent	(108.121.666)	106.071.621
Cash at the beginning of the year	147.994.841	40.785.956
Effects of changes in the exchange rate on the balance cash held in foreign currency	593.744	1.137.265
Cash at the end of the year	40.466.919	147.994.841

Transactions with affiliated parties

The nature of the transactions with affiliated parties is detailed below. The company participated in transactions with affiliated parties in the normal course of its activity under normal contractual terms.

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(i) **Transactions with affiliated parties**

Sales	Year 2022	Year 2021
SC A6 Impex SA DEJ	23.712	23.317
SC Uzuc SA	4.770	1.000
SC Sistemplast SA	38.774	13.035
SC Somes Logistic SRL	55.624	58.552
Commercial Services Romanian SA	-	5.119.286
C.R.C. Impex Chemicals SRL	-	1.627.765
SC Caromet SA	5.116	-
Total	127.995	6.842.954

Acquisitions	Year 2022	Year 2021
SC Caromet SA	2.549.819	3.253.431
SC Novatextile Bumbac SRL	34.986	34.986
Aisa Invest SA	-	4.165
SC Iasitex SA Iasi	-	826.630
Romanian Federation of Sports Tourism Foundation	-	12.000.000
SC Inav SA Bucharest	389.030	414.259
SC Sistemplast SA	56.931.205	43.556.406
CRC Impex Chemicals SRL	123.589	179.446
SC Uzuc SA	704.540	297.425
Romanian Commercial Services	19.495.480	-
A5 Invest Ltd	3.983.939	4.544.649
Greencomplex Ltd	35.700	35.462
SC A6 Impex SA Dej	7.029.137	-
Total	91.281.947	65.146.859

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(ii) **Balances with affiliated parties**

Clients	31 December 2022	31 December 2021
Vitoria Serv Ltd	41.400	41.400
Somes SA Dej	117.185	351.022
Sinterom SA Cluj	1.984	1.984
A6 Impex SRL Dej	4.090.067	2.266.330
CRC Impex Chemicals SRL	18.923.402	20.551.175
SC Novatextile Bumbac SRL	1.000	116.140
SC Sistemplast SA	-	2.987.048
Caromet Caransebes	1.115.676	1.123.094
CRC Exploration&Business	11.861	135.102
Iasitex	1.423	1.423
Uzuc Sa	-	1.459.526
Crc Zeus	192.547	-
Total	24.496.544	29.034.244

Suppliers	31 December 2022	31 December 2021
CRC Exploration&Business	49.177	-
Aisa Invest SA	6.664	6.664
Caromet Caransebes	340.666	9.875
Inav Bucharest	4.528	3.911
CRC Impex Chemicals SRL	833	833
SC Iasitex SA Iasi	75.842	75.842
Somes Sa Dej	3.131	3.131
SC Sistemplast SA	2.913.571	6.307.519
Uzuc SA	398.660	-
A5 Invest Ltd	573.421	1.245.786
Greencomplex Ltd	2.975	25.066
Total	4.369.468	7.678.627

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Advances	31 December 2022	31 December 2021
Somes dej	233.837	-
Caromet	6.395	6.389
Uzuc sa	910.396	-
Nova Textiles	80.154	-
Sistemplast SA	2.233.518	1.339.579
CRC Exploration&Business	148.812	
Total	3.613.113	1.345.968

Warranties	31 December 2022	31 December 2021
Sistemplast SA	2.611.124	1.289.384
Total	2.611.124	1.289.384

8. SUBSEQUENT EVENTS

Reducing the number of employees

In 2022, the company Chimcomplex SA Borzestistarteda collective redundancy program, which affected a number of 179 employees, within the two industrial platforms in Ramnicu Valcea and Onești.

This measure was taken from the need to increaseefficiencyand effectivenessat the level of the organization in the current economic and geopolitical context and took into account the optimization of the operational and operating costs and the efficiency of the activity in order to use the human resources with maximum efficiency andfinancial, as a result of the synergies/mergers between the industrial platforms in Ramnicu Valcea and Onesti.

In December 2022, the collective dismissalof a number of 19 employees took place, with the granting of compensatory salaries according to the provisions of the Collective Labor Agreement in force, following that at the beginning of 2023 to terminate the individual labor contracts, as a result of the collective dismissal, of a number of 160 employees.

Acover of the carryover accounting loss

The Board of Directors approvesthe coverage of the carryover accounting loss, arising from the application of IAS 29, in the amount of RON 1,729,903, with the full amounts recorded in the account "Adjustments of the share capital" (account in which the value of RON 886,083,318 was recorded, coming from hyperinflation) and the submission of this item for ratification on the agenda of the Ordinary General Meeting of Shareholders.

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Change in the exchange rate

On February 28, 2023, the exchange rate was 4.9200 lei / euro and 4.6376 lei / dollar. This aspect represents an appreciation of the national currency by 0.56% against the euro and a depreciation by 0.06% against the dollar, compared to December 31, 2022 (1 euro = 4.9474 lei; 1 dollar = 4.6346 lei).

Receipts and payments of debts and debts

Until February 28, 2023, the Company collected the amount of 7,550,946 euros and 38,928,936 lei, corresponding to the commercial receivables remaining in the balance as at December 31, 2022 and paid commercial debts in the amount of 1,510,453 euros and 65,396,821 lei from the invoices existing in the balance as at December 31, 2022.

**Chairman of the Board of Directors,
Stefan Vuza**

27 March 2023

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