



To: The Bucharest Stock Exchange
The Financial Supervisory Authority
Financial Instruments and Investments Sector

Quarterly Report

on the individual interim financial statements of Chimcomplex SA Borzești
prepared in accordance with the Order of the Minister of Public Finance nr. 2844/2016
drawn up in accordance with Article 130 of Regulation No 130. 5/2018 issued by the Financial
Supervisory Authority containing the economic and financial indicators provided in Annex no. 13
for the nine-month period ending on September 30th, 2023

Current report according to	Law nr. 24/2017 on issuers of financial instruments and market operations (Article 69) ASF Regulation no. Special Report No 5/2018 on issuers of financial instruments and market operations (Annex no. 13)
Date of report	15 November 2023
Company name	CHIMCOMPLEX SA Borzești
Registered office	Str. Industriilor, nr.3, Onesti, Bacău county, Romania
Telephone/fax number	0234/302100; 0234/302102
Website	www.chimcomplex.com
Email	ir@chimcomplex.com
Unique registration code with the JRB	RO960322
Serial No in the Reg. of Commerce	J04/493/1991
Subscribed and paid-in share capital	304.907.851 lei
The main characteristics of securities	<ul style="list-style-type: none">• Nominative shares, dematerialized, whose records are kept by the Central Depository SA Bucharest• Nominal value, lei/share: 1 leu/share• Number of shares: 304,907,851
LEI code: 549300FCIHJZOG56WD36	
The regulated market on which the issued securities are traded	BVB, standard category, symbol CRC
The accounting standard applied:	Order of the Ministry of Public Finance no.2844/2016

The main object of activity is 2013 NACE code - manufacture of basic inorganic chemicals, in accordance with the provisions of the Articles of Association of the Company.

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ALPHA BANK BUCHAREST



RO2021.055.061Q RO2021.055.061E RO2018.055.061



The activity that holds the largest share in the income achieved by the company during January-September 2023, according to NACE codification, is 2014 - manufacture of other basic organic chemicals.

A. The economic and financial indicators at and for the period ended on September 30th, 2023 mentioned in Annex 13 of ASF Regulation no. 5/2018

Indicators	Calculation formula	30.09.2023
Current liquidity indicator	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2,64
Indebtedness indicator	$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100$	44,35%
	$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100$	30,73%
Flow rotation speed (customers)	$\frac{\text{Average customer balance}}{\text{Turnover}} \times 270$	20 days
Speed of rotation of non-current assets	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0,50

All analysed indicators are positioned within the reference range considered optimal at the end of the reporting period.

B. Elements of overall evaluation

- **Revenue:** Total revenues in January-September 2023 were of 1,056,103 thousand lei of which 1,037,390 thousand lei operating income and 18,712 thousand lei financial income.
- **Costs:** The total expenses recorded during January-September 2023 were of 987,970 thousand lei, of which 941,421 thousand lei operating expenses and 46,549 thousand lei financial expenses.
- **Loss/Profit:** On September 30, 2023, the company recorded an operating profit (operating result) of 95,970 thousand lei. On total activity, the net result was profit of 54,783 thousand lei.

	Lei	
	<u>30 September 2023</u>	<u>30 September 2022</u>
Total gross income, out of which:	68.123.144	138.245.886
-operating result	95.969.562	149.520.894
-financial result	(27.846.418)	(11.275.008)
Corporate income tax	(13.350.478)	(23.115.119)
Net result	54.772.666	115.130.767

In accordance with the data in the company's financial communication calendar and in compliance with the provisions of the capital market legislation regarding reporting to capital market institutions and shareholders, CHIMCOMPLEX SA Borzești informs all those interested about the individual interim financial statements concluded on September 30th, 2023, prepared in accordance with the provisions of Order no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented ("OMFP 2844/2016"). These provisions

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are in accordance with the provisions of International Financial Reporting Standards adopted by the European Union ("EU IFRS").

Starting with January 17, 2022, the shares of Chimcomplex SA Borzesti are freely traded on the Standard category of the Bucharest Stock Exchange, under the market symbol CRC, continuing their journey on the capital market started in 1996 on the Aero Market.

In the next period, the Company pursues development by continuing the strategic investment program started in the previous year and aims to increase energy efficiency and stability.

The investment plan for the current year approved on April 27, 2023, in the Ordinary General Meeting of Shareholders (OGMS) mainly includes new works, modernizations and refurbishments, as follows:

- CHP 49.5MWe cogeneration plant on the industrial platform from Rm. Vâlcea for the production of electricity, steam, and hot water;
- CHP 108 MWe cogeneration plant for urban heating in Rm. Vâlcea municipality - ensuring thermal energy, at a reasonable price, necessary to supply the population of Rm. Vâlcea municipality;
- Photovoltaic plants of 7 MWe and 8 MWe for the production and use of electricity from renewable sources, respectively, solar energy;
- Modernization and capacity increase of membrane electrolysis installations with green hydrogen production;
- Modernization and capacity increase of Special Polyols, Oxo alcohols, Conversion of PDO plant into DOTP;
- Refurbishment of liquefied gas and flammable liquid deposits by increasing storage capacity for main raw materials and increasing operational safety.

1. ECONOMIC AND FINANCIAL STATEMENT

1.1. Presentation of the financial results for the period January-September 2023

These financial results present the financial situation related to the activity conducted by the company between January and September 2023 compared to the same period of 2022:

thousand lei

No.	Economic and financial Indicators	9 MONTHS 2023 thousand lei	9 MONTHS 2022 thousand lei	Differences thousand lei	%
0	1	2	3	4 = 2 - 3	5=4/3*100
1	Turnover	1.079.910	1.743.971	-664.062	-38,08
2	Total revenue	1.056.103	1.804.427	-748.325	-41,47
	-operating income	1.037.390	1.784.144	-746.754	-41,86
	-financial income	18.712	20.284	-1.571	-7,75

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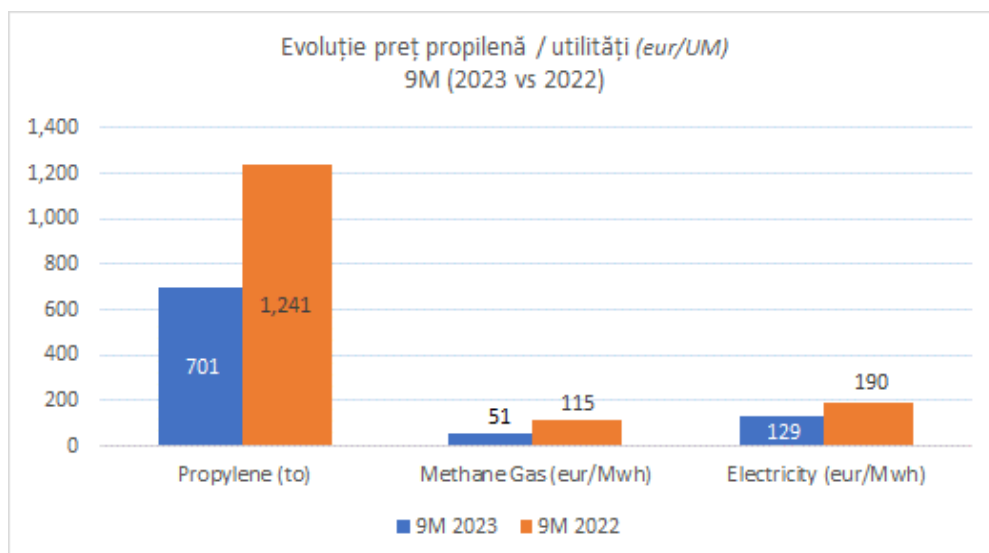
3	Total expenses	987.980	1.666.182	-678.202	-40,70
	-operating expenses	941.421	1.634.623	-693.202	-42,41
	-financial expenses	46.559	31.559	15.000	47,53
4	Gross result	68.123	138.246	-70.123	-50,72
	-operating result	95.970	149.521	-53.551	-35,82
	-financial result	-27.846	-11.275	-16.571	*
5	Income tax expenses	13.350	34.101	-20.751	-60,85
6	Deferred tax revenue	0	10.986	-10.986	-100,00
7	Net result	54.773	115.131	-60.358	-52,43

The company managed between January and September 2023 to achieve an operating profit margin of 9% despite the reduction in turnover compared to the same period of the previous year, generated by maintaining the downward trend of consumption started in the second half of 2022.

The margin was eroded by the operation of both industrial platforms at lower capacity, especially with the sections that consume electricity and natural gas, the company correlating production with the sales trend on the profile market.

The negative net financial result between January and September 2023 was mainly influenced by the increase in interest expenses following the increase in the EURIBOR variable margin and the loans contracted in the last 12 months. Exchange differences related to the revaluation of loans also had a significant influence.

The company's management has continuously made efforts to reduce the costs of utilities and main raw materials, the evolution of purchase prices being highlighted in the table below:



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The company ended Q3 with a **net profit of 54.77 million lei**.

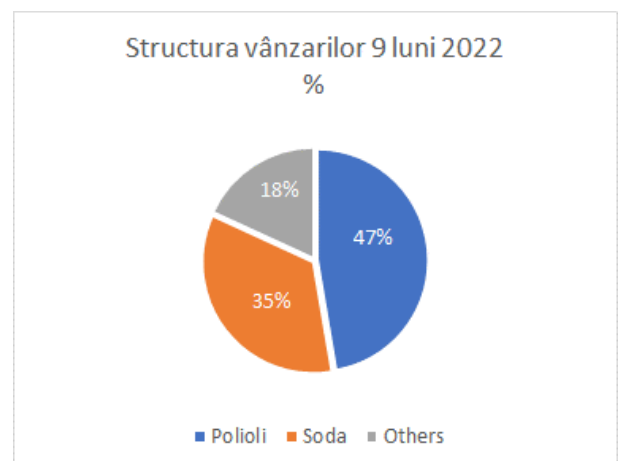
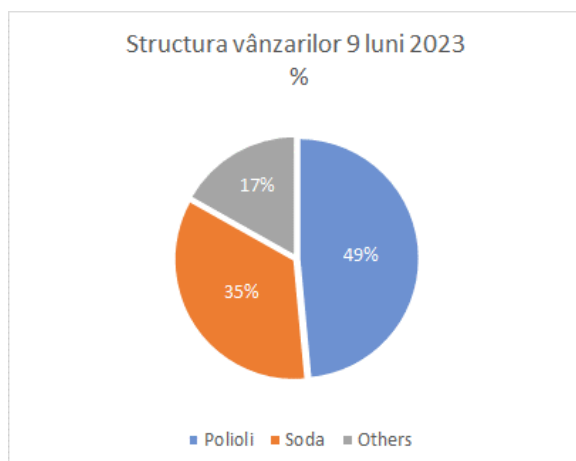
Analysing the physical production by product categories achieved in the first 9 months of 2023 compared to 9 months 2022, we find a decrease especially in chlorosodium products and polyols-polyethers. The market for these products was affected by significant volumes imported from non-European areas, especially China and the Middle East. This phenomenon emerged at the end of 2022 amid rising prices of chlorosodium products in the Mediterranean and improved from April 2023 onwards as sales prices fell on the back of lower production costs.

Completed productions	9M 2023 -Tons-	9M 2022 -Tons-	Differences -Tons-	%
Chlorosodium	227.106	278.071	-50.965	-18%
Propenoxide	51.457	65.690	-14.233	-22%
Polyols	60.118	69.962	-9.844	-14%
Plasticizers	1.889	9.842	-7.953	-81%
Inorganic chlorides	4.933	10.075	-5.143	-51%
Methylamines	994	1.362	-368	-27%
Total	346.497	435.002	-88.505	-20%

Between January and September 2023, the company mainly produced and delivered two product categories:

- **Polyols – polyethers** with a share of 49% in total sales;
- **Chlorosodium products** with a share of 45% in total sales, of which liquid and solid soda **with a share of 35% in total sales**;

Chimcomplex focused its activity on polyols/polyethers and caustic soda sectors, which are the most profitable. The structure of products in turnover remained relatively constant in the two analyzed periods:



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The chlorosodium products market faced a tumultuous year in 2022 and was impacted by Russia's invasion of Ukraine. This led to skyrocketing oil and gas prices just as the market was starting to stabilise following the pandemic.

The main lye-consuming industries (alumina, pulp and paper, detergents, water treatment, chemical synthesis) reacted in correlation with demand that depreciated from month to month.

Some alumina producers (customers of chlorosodium products) have closed or reduced their operating rates to levels between 20 and 40 %.

The spot price of caustic soda amounted to EUR 1500/dmt in December 2022, after which, from January 2023, the decline began, generated on the one hand by significant volumes imported from China, Egypt, Saudi Arabia, etc., but also due to the reduction of utility costs (and consequently also production costs) in the EU area.

The evolution of caustic soda quotations according to ICIS in 2023 is shown below:

Date	Caustic Soda [FOB MED PRICE monthly : Mid] USD/dmt	Caustic Soda FOB MED PRICE quarterly : Mid USD/dmt	Caustic Soda FOB MED PRICE YEAR: Mid, USD/t
ianuarie 2023	604	532	413
februarie 2023	533		
martie 2023	459		
aprilie 2023	446	409	
mai 2023	415		
iunie 2023	365		
iulie 2023	315	298	
Aug-22	290		
septembrie 2023	290		

The main challenge we faced in the first 9 months of 2023 was the decrease in demand for caustic soda and the struggle to maintain market segments in all European countries. An extremely high availability of the product led to the galloping depreciation of the price.

All chlorine derivatives (PVC, Polyethers, ECH, etc.) have suffered as a result of reduced demand, high inflation and high interest rates on financing.

Europe has sixty-two electrolysis plants in 19 countries, with a capacity of 12,108,000 tonnes of chlorosodium products. (source: EUROCHLOR)

Compared to the production capacity of the two Chimcomplex electrolysis plants, totalling 208,000 tons / year, in 9 months 111,640 tons of lye were produced and sold, which represents 71%, above the European average.

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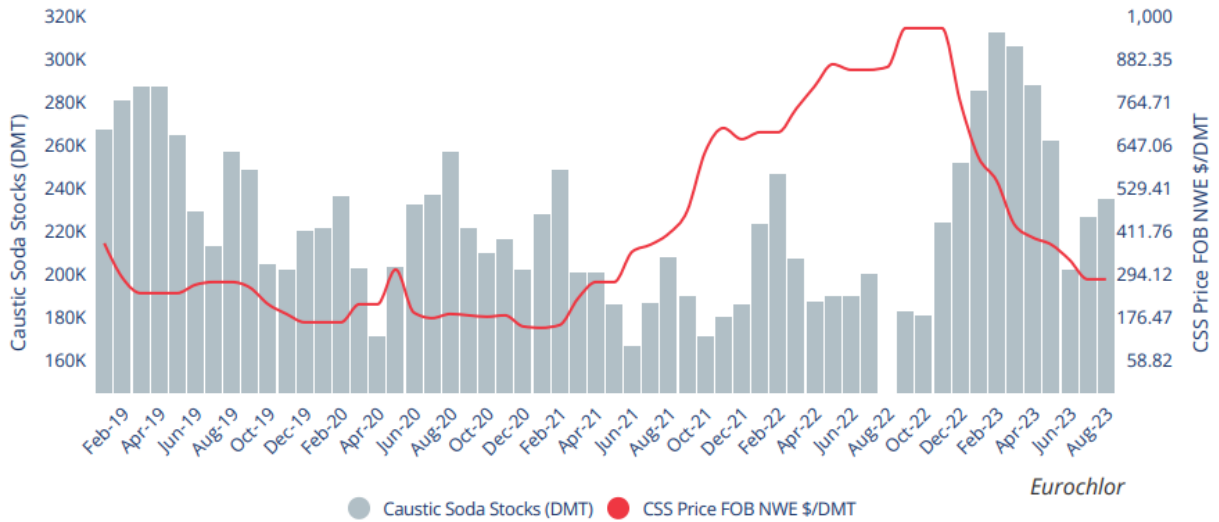




During the analysed period, Chimcomplex recorded a decrease in demand of 17% compared to 2022, generated by the temporary closure of some production facilities and the reduction of the capacities of others, located near the Chimcomplex plant in Râmnicu Vâlcea.

CSS Stocks vs. CSS Price

Operating Rate vs Price



CSS Stocks vs. CSS Price

Operating Rate vs Price



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Demand for chlorine in Europe shows no signs of improving by the end of the year. Producers' margins are the lowest due to rising raw material prices, and operating rates remain unchanged, between 55-65%

Chlorine production and capacity utilisation - EU 27+ Norway/Switzerland/UK

Month	Production (tonnes)			Capacity Utilisation (%)	
	2022	2023	% change	2022	2023
January	851,956	590,791	-30.7%	85.8%	59.1%
February	775,241	612,267	-21.0%	86.4%	67.8%
March	737,568	607,765	-17.6%	74.2%	60.8%
April	708,577	600,013	-15.3%	73.7%	62.0%
May	748,474	621,683	-16.9%	75.3%	62.1%
Young	682,760	595,949	-12.7%	71.0%	61.6%
1st Half Year	4,504,576	3,628,468	-19.4%	77.7%	62.1%
July	687,546	658,539	-4.2%	69.2%	65.8%
August	657,461	625,155	-4.9%	66.2%	62.5%
September	579,168	590,676	+2.0%	60.2%	61.0%

Caustic soda stocks (tonnes)

	2022	2023
January	226,493	291,138
February	250,434	317,909
March	210,522	311,070
April	192,315	293,686
May	193,168	267,745
Young	193,054	207,015
July	206,008	232,412
August		240,778
September	188,459	260,790

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The recovery of caustic soda consumption is generated by the recovery of the alumina, pulp and paper and water treatment industries, but also by the recovery of chlorine derivatives consumption – mainly PVC and polyurethanes.

In addition, the cessation of the conflict in Ukraine and the start of Turkey's reconstruction will lead to a repositioning of consumption and an increase in the operating rates of production capacities.

As for the **polyether market**, in the first half of 2023 continued the downward trend of consumption, started in the second half of 2022. Inflation and high interest rates on loans, still high energy and gas prices led to a sharp decrease in the consumption of durable goods (consumption that had increased significantly during the pandemic). Demand fell further in July and August as the holiday period began.

Demand for polyethers returned to growth in September after the holiday period, a trend that will continue in Q4 leading to a return to growth in sales prices.

Low unemployment, falling inflation and rising household consumption will cause an increase in demand for polyethers in 2024.

The most affected industries consuming polyols were construction, comfort (mattresses, chairs, furniture) and home appliances.

Low consumption of polyethers generated a continuous decrease in prices in the first 9 months of 2023. The pressure on prices was accentuated by massive imports from China and Korea, at prices well below the level of European producers (the price difference coming from the different cost of utilities).

Currently, arbitrage with China and Korea is closed to flexible polyols, which will cause a significant decrease in imports, but remains open to rigid polyols and SEAC.

According to reports by Chemical Market Analytics, prices on the polyether market decreased by EUR 525-550/ton between January and September 2023, being well below the level recorded in the same period last year.

	Polyols Price 2023					
	flex in € per ton			rigid in € per ton		
	minimum	maximum	medium	minimum	maximum	medium
Jan	1700	1950	1825	2400	2700	2550
Feb	1650	1900	1775	2300	2600	2450
March	1550	1800	1675	2200	2500	2350
Apr	1600	1750	1675	2200	2400	2300
May	1550	1700	1625	2100	2400	2250
Jun	1450	1600	1525	2000	2300	2150
Jul	1300	1450	1375	1900	2200	2050
Aug	1200	1350	1275	1800	2200	2000
Septum	1200	1400	1300	1800	2200	2000

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	Polyols price 2002					
	flex in € per ton			rigid in € per ton		
	minimum	maximum	medium	minimum	maximum	medium
Jan	2330	2530	2430	2830	2980	2905
Feb	2300	2530	2415	2830	2980	2905
March	2300	2530	2415	2830	2980	2905
Apr	2530	2730	2630	2930	3080	3005
May	2480	2610	2545	2800	3000	2900
Jun	2330	2580	2455	2700	2900	2800
Jul	2200	2450	2325	2600	2800	2700
Aug	2150	2350	2325	2600	2800	2700
Sep	2100	2300	2325	2650	2850	2700

The persistent feeling of a sluggish economy in Europe was again reflected by the correction of GDP for this year, which is falling. Compared to the 1.1% expected earlier this year, we are likely to see only 0.5% growth now, at best. There are certainly multiple obstacles, and growth drivers are still lacking from final consumers, as well as a lack of certainty and optimism on the part of the private consumption sector. Germany, Europe's production engine, enters a technical recession in the second half of 2023. The construction sector is the weakest of the various end markets, and a similar picture can be seen regarding export opportunities for various polyurethane applications. Industrial production as a whole is forecast to grow slowly over the next three quarters in all countries and sectors.

There is, however, optimism for polyether-polyols in Europe next year.

- it is based on a record level of savings of individuals / individuals;
- that interest rates will fall, along with inflation;
- pent-up demand in today's automotive sector;
- private consumption is estimated to grow by around 1.5% next year (the upholstery sector is expected to grow again, especially in the tourism area, as investment in this segment was relatively low during the COVID years)
- stronger demand for exports.

With the recent decline in construction activity, the gap for renovation and also new homes is widening, resulting in an even stronger medium-term outlook for the construction sector.

In short, the polyether polyol industry will face difficulties due to low domestic demand, but at the same time there is a clear medium-term growth vision. In the short term, however, closed arbitrage in other regions for conventional flexible polyurethane foams helps, but it would be easier if the recovery in private consumption started earlier than current forecasts.

In these circumstances, European producers of polyether polyol also face upward pressure from raw materials, propylene and propene oxide, while profitability is already difficult nowadays. Even from a positive perspective from a manufacturer's perspective, it is the hardest period of planned shutdowns for propene oxide and polyols in the European region.

Southeast Asian companies have reduced production, so fewer imports can be expected to Europe.

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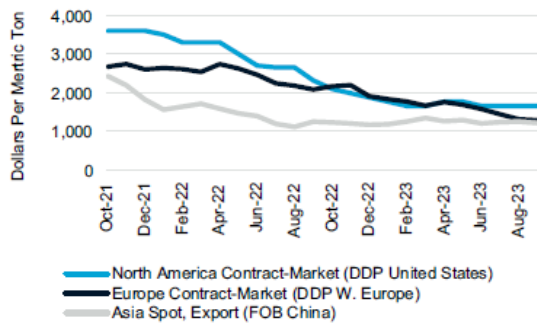


In addition, stable polyol prices for conventional flexible polyurethane foams in China led to the arbitrage closure in July and August and this is expected to continue in the coming months. For the assortment of rigid polyols, arbitration is still open.

Overall, major economic indicators point to stagnation, and growth in the polyurethane market is likely to occur in 2024 and beyond. In contrast, unemployment remains low in various countries in Europe, inflation is falling, and household savings are growing, despite the turmoil facing the European market.

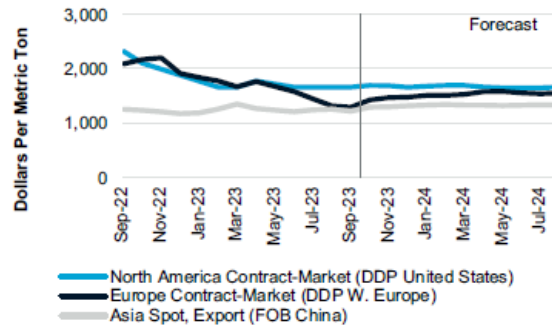
All this leads to potential positive signs for the economy, but this is not yet visible in the polyether-polyols sector or in the foam manufacturing sector. Better times are expected in autumn compared to summer, but a real rebound will return from Q2 2024 onwards.

Flexible Polyether Polyols Price History



Note: Based on low end of monthly price range.
Source: Chemical Market Analytics by OPIS © 2023 Oil Price Information Service, LLC.

Flexible Polyether Polyols Price Forecast



Note: Based on low end of monthly price range.
Source: Chemical Market Analytics by OPIS © 2023 Oil Price Information Service, LLC.

The evolution of sales by geographical areas between January and September 2023 compared to the same period of 2022 is shown below:

	9 months 2023		9 months 2022	
	-Lei-	%	-Lei-	%
Europe	1.023.560.049	94,78	1.611.931.051	92,43
Middle East	53.860.661	4,99	116.272.559	6,67
Asia-Pacific	1.269.191	0,12	9.817.668	0,56
America	1.156.659	0,11	4.549.342	0,26
Africa	62.969	0,01	1.400.662	0,08
TOTAL	1.079.909.529	100,00	1.743.971.281	100,00

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1.2. Balance sheet items as of September 30, 2023 compared to January 1st, 2023:

ACTIVE	30-Sep-23 thousand lei	01-Jan-23 thousand lei
Non-current assets	2.165.192	2.085.951
Current assets	533.485	778.660
Total assets	2.698.677	2.864.611
EQUITY AND DEBT		
Total equity	1.674.169	1.832.794
Long-term liabilities	771.691	643.205
Current liabilities	252.817	388.611
Total equity and debt	2.698.677	2.864.611

Compared to the beginning of the year we notice:

- The **increase of fixed assets** by 79,241 thousand, generated mainly by the increase in investments conducted for the cogeneration installations in Râmnicu Vâlcea;
- **Current assets** decreased under the influence of the following factors:
 - Elimination of the amount of 167,000 thousand from receivables, together with the Decision of the GSM of April 28, 2023, approving the coverage of interim dividends distributed during 2022 in the amount of 167,000 thousand from the profit distributed in other reserves for 2022;
 - Decrease of stocks of finished products by 70,144 thousand lei compared to the beginning of the year - the company made a destocking corroborated with the resizing of production, aligning with the situation on the profile market;
 - Reduction of advances paid for electricity and natural gas, with the decrease of purchase prices, but also as a result of better conditions in terms of payment terms.
- **Equity decreased** in the current period by 158,625 thousand under the influence of the following factors:
 - net profit +54.773 thousand lei
 - rectifying profit tax -789 thousand lei
 - uncollected CO2 subsidy -18,509 thousand lei
 - dividends year 2022 -194,000 thousand lei
 - redemption of own shares -100 thousand lei
- **Long-term liabilities** as at September 30, 2023 increased by RON 128,486 thousand compared to December 31, 2022, mainly through uses from investment loans contracted from UBS Switzerland and Garanti Bank to finance the cogeneration and trigeneration plants in Râmnicu Vâlcea.

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1.3. Profit and loss account at September 30th, 2023- main indicators compared to the same period of the previous year.

Economic and financial Indicators	9 MONTHS 2023	9 MONTHS 2022	Differences thousand lei	%	Q3/2023	Q3/2022	%
	thousand lei	thousand lei			thousand lei	thousand lei	
Turnover	1.079.910	1.743.971	-664.062	-38,08	289.576	533.761	-45,75
Total revenue	1.056.103	1.804.427	-748.325	-41,47	286.301	479.656	-40,31
-operating income	1.037.390	1.784.144	-746.754	-41,86	279.632	465.492	-39,93
-financial income	18.712	20.284	-1.571	-7,75	6.669	14.165	-52,92
Total expenses	987.980	1.666.182	-678.202	-40,70	279.675	525.096	-46,74
-operating expenses	941.421	1.634.623	-693.202	-42,41	262.553	505.228	-48,03
-financial expenses	46.559	31.559	15.000	47,53	17.122	19.868	-13,82
Gross result	68.123	138.246	-70.123	-50,72	6.626	-45.439	-114,58
-operating result	95.970	149.521	-53.551	-35,82	17.079	-39.736	*
-financial result	-27.846	-11.275	-16.571	*	-10.453	-5.703	*
Income tax expenses	13.350	34.101	-20.751	-60,85	1.505	2.566	-41,37
Deferred tax revenue	0	10.986	-10.986	-100,00	0	9.506	-100,00
Net result	54.773	115.131	-60.358	-52,43	5.121	-38.500	*

The 38% decrease in turnover compared to the same period of 2022 was caused by 56% of the decrease in quantities sold by the company, amid a reduction in demand in the European market, the remaining 44% being caused by lower sales prices.

The operating result in January-September 2023 is at a lower level than in the same period of 2022. The company operated between January and September 2023 at a reduced capacity, especially with sections that consume large electricity and natural gas, and reduced expenses, including staff layoffs.

The net financial result was negative in January-September 2023, respectively (27,846) thousand lei compared to (11,275) thousand lei in January-September 2022, mainly due to higher interest expenses generated by loans contracted in the last 12 months, but also under the influence of the increase in the variable interest margin, namely EURIBOR.

Therefore, the profit before tax on September 30, 2023 amounted to 68,123 thousand lei, compared to the same period of 2022 when a gross profit of 138,246 thousand lei was obtained.

1.4. Presenting and analyzing trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company, compared to the same period last year.

As risk factors that could affect the liquidity of the company, we mention the evolution of international quotations for the main products sold by the company, the decrease in market demand due to the downward trend of consumption in European economies negatively affected by the war in Ukraine, as well as maintaining high prices for energy products (electricity and methane gas), products with a significant share in the structure of production costs.

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The company does not limit itself to dealing with the consequences of events that would occur, but adopts an initiative-taking management style, implementing measures aimed at mitigating the manifestation of risks.

2. OUTLOOK FOR THE FULL YEAR 2023

In the next period, the Company pursues development by continuing the strategic investment program and aims to increase energy efficiency and stability.

The optimisation and modernisation of existing technological facilities and the ongoing monitoring of our energy and carbon reduction plans aim to guarantee the operational excellence of our processes, which is fundamental to progress towards the goal of reducing greenhouse gas emissions by 2030 and total elimination by 2050.

A high-performance chemical platform needs a lot of expertise and energy. If on the expertise side we have everything we need, in terms of energy, we decided to build inside the platform a cogeneration plant that will provide us with sustainable energy for all sections. The new plant will provide, in the first phase, 33 MW and was commissioned in the first half of 2023. That is 60% of what the entire platform needs today.

This new component of the system will not only meet our energy needs while reducing CO₂ emissions by more than 88,000 tonnes per year in the first phase but will also help us to be even more economically competitive in an increasingly dynamic European market.

The Chimcomplex strategy sets concrete objectives for decarbonization, harnessing hydrogen energy, developing and integrating renewable green energy, ensuring a circular economy through chemical recycling of plastic waste and last but not least diversification of production.

3. OTHER INFORMATION

The Financial Statements as of September 30, 2023, were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 and are unaudited.

The Financial Statements as of 30 September 2023 and the Related Notes are available and can be consulted on the Company's website at <https://www.chimcomplex.com/docs/rapoarte-financiare/> address and on the Bucharest Stock Exchange website: www.bvb.ro.

The report can be consulted starting with 15.11.2023, at the company's headquarters on Industriilor Street no. 3 in Onești, Bacău county or in electronic format on the company's website: www.chimcomplex.com and on the Bucharest Stock Exchange website: www.bvb.ro.

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

**Financial Director,
Nicolae Stanciugel**

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CHIMCOMPLEX SA BORZEȘTI

INDIVIDUAL INTERIM FINANCIAL STATEMENTS

prepared in accordance with the Order of the Minister of Public Finance nr. 2844/2016 for approval of Accounting Regulations in accordance with International Financial Reporting Standards (unaudited)

**ON AND FOR THE NINE-MONTH PERIOD
THAT ENDED ON SEPTEMBER 30, 2023**



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INTERIM STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2023

(All amounts are given in LEI, unless otherwise specified.)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
ACTIVE		
Non-current assets		
Property, plant and equipment	1.933.640.142	1.851.483.903
Other rights of use assets	14.088.002	13.844.826
Real estate investment	30.408.074	31.452.222
Intangible assets	119.683.540	122.407.778
Investments in associates and other equity investments	60.043.968	60.043.968
Other long-term financial assets	<u>7.328.307</u>	<u>6.718.514</u>
Total non-current assets	<u>2.165.192.034</u>	<u>2.085.951.211</u>
Current assets		
Stocks	143.989.296	237.998.985
Trade receivables and other receivables	227.404.208	494.866.553
Short-term loans to shareholders	5.384.158	5.327.386
Cash and cash equivalents	<u>156.707.081</u>	<u>40.466.919</u>
Total current assets	<u>533.484.742</u>	<u>778.659.843</u>
Total assets	<u>2.698.676.776</u>	<u>2.864.611.054</u>
EQUITY AND DEBT		
Capital and reserves		
Share capital	304.907.851	1.190.991.169
Own shares	(26.436.269)	(47.794.795)
Capital premiums	4.669.565	4.669.565
Legal reserves	109.435.476	109.435.476
Retained earnings	704.369.135	(1.729.903)
Revaluation reserves	<u>577.222.870</u>	<u>577.222.870</u>
Total equity	<u>1.674.168.627</u>	<u>1.832.794.382</u>

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INTERIM STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2023

(All amounts are given in LEI, unless otherwise specified.)

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
DEBT		
Long-term liabilities		
Subsidies	12.761.322	13.778.664
Leasing	10.583.067	8.705.286
Deferred tax liabilities	136.669.379	136.699.379
Provisions	16.354.395	16.302.643
Long-term loans	594.074.510	457.459.739
Other long-term liabilities	1.248.578	10.259.628
Total long-term liabilities	<u>771.691.251</u>	<u>643.205.339</u>
Current liabilities		
Subsidies	26.000.341	27.230.691
Trade and other debts	138.820.088	268.916.021
Leasing	8.435.525	5.949.300
Income tax liabilities	1.504.625	21.787.660
Provisions	19.619.509	18.575.007
Short-term loans	58.436.809	46.152.656
Total current liabilities	<u>252.816.898</u>	<u>388.611.333</u>
Total liabilities	<u>1.024.508.149</u>	<u>1.031.816.672</u>
Total equity and debt	<u>2.698.676.776</u>	<u>2.864.611.054</u>

FLORIAN STAIKU,
GENERAL MANAGER

STĂNCIUGEL NICOLAE,
CHIEF FINANCIAL OFFICER

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STATEMENT OF COMPREHENSIVE INCOME AS OF SEPTEMBER 30, 2023

(All amounts are given in LEI, unless otherwise specified.)

	September 30, 2023	September 30, 2022
Sales	1.079.909.529	1.743.971.281
Investment income	7.554.836	6.142.318
Other gains (or losses)	12.452.262	9.846.443
Cost of goods sold	(29.256.537)	(67.893.117)
Change in stocks	(72.043.094)	22.729.446
Expenses with raw materials and consumables	(356.112.528)	(600.947.339)
Salary expenses	(99.742.440)	(113.894.187)
Depreciation charges on fixed assets	(104.046.579)	(124.904.106)
Distribution costs	(27.204.236)	(32.558.863)
Energy and water costs	(277.433.729)	(609.203.280)
Expenditure on services performed by third parties	(29.504.900)	(27.692.949)
Maintenance and repair costs	(13.540.372)	(24.244.073)
Other income	2.159.746	4.479.534
Gain / (Loss) on impairment adjustments for fixed assets	33.306.988	-
Other expenses	(30.100.004)	(33.008.062)
Financing costs	(28.275.798)	(14.577.160)
Profit / (Loss) before tax	68.123.144	138.245.886
Corporate income tax	(13.350.478)	(23.115.119)
Profit / (Loss) of the period	54.772.666	115.130.767
Other comprehensive income	-	-
Profit / (Loss) per share	0,180	0,378

FLORIAN STAIKU,
GENERAL MANAGER

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NOTES

to the Separate Financial Statements, concluded on September 30, 2023

NOTE 1. GENERAL INFORMATION AND MAIN ACTIVITIES

These financial statements are the separate financial statements of CHIMCOMPLEX S.A. BORZEȘTI (the "Company") as of and for the period ended September 30, 2023.

The Company's first separate financial statements prepared in accordance with IFRS standards were concluded on 31.12.2022.

The company was founded in 1990, based on Government Decision nr. 1200 of 12.11.1990, by dividing the Borzești Petrochemical Plant and subsequently by taking over the entire assets of the Borzești Chemical Plant.

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

The company was privatized in 2003, A2 IMPEX SRL Ploiesti taking over from the Authority for State Assets Management (AAAS) 94.7465% of the share capital of the company at that time.

The registered office is in Onesti, str. Industrielor nr. 3, Bacău county.

The main activity of the company according to NACE code 2013 is Manufacture of other basic inorganic chemicals. On December 7, 2018, the Company acquired from Oltchim SA the assets (intellectual property rights, land, constructions, movable property, ongoing investments) related to chlorosodium, propenoxide, polyether-polyols, oxo-alcohols, monomer, PVC I, utilities, wagon fleet, on the industrial platform Rm. Valcea.

The company has a branch and seven working points:

Branch:

- Chimcomplex SA Borzești Ramnicu Valcea Branch, headquartered in Ramnicu Valcea Municipality, Uzinei Street nr. 1, Vâlcea county;

Working points:

- ✓ The working point in Cazaci village, Tarcău commune, jud. German;
- ✓ The working point in Pitesti, str. Căminelor nr. 7, jud. Arges;
- ✓ The working point in Dej, str. Bistriței nr. 63 (Chamber no. 1), jud. Cluj;
- ✓ Working point in Bucharest, Bd. Ficusului nr. 44, Bucharest, sector 1;
- ✓ The working point Complex Piscicol Tarcău from Cazaci village, Tarcău commune, jud. Neamț;
- ✓ The working point in Bucharest Sector 1, Piața Presei Libere nr. 3-5, City Gate South Tower, 17th floor.

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Shareholding structure

CHIMCOMPLEX SA BORZEȘTI is a company listed on the Bucharest Stock Exchange, on the regulated market, Standard Category, CRC symbol, starting with 17.01.2022.

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

The shareholding structure is as follows:

30 September 2023

Shareholders	Ordinary shares	Percentage holding
CRC Alchemy Holding BV	259.152.119	84,9936%
AAAS	27.305.181	8,99552%
Legal entities	14.411.513	4,7265%
Individuals	4.039.038	1,3247%
Total	304.907.851	100%

Activities carried out by the Company

The main object of activity is 2013 NACE code - manufacture of basic inorganic chemicals, in accordance with the provisions of the Articles of Association of the Company.

The activity that holds the largest share in the income achieved by the company during January-March 2023, according to NACE codification, is 2014 - manufacture of other basic organic chemicals.

The main products manufactured by Chimcomplex SA Borzești are:

- **Macromolecular products:** polyethers - polyols for polyurethane foams;
- **Chlorosodium products:** caustic soda 50% solution, caustic soda flakes, technical sodium hypochlorite, synthetic hydrochloric acid, liquid chlorine, bottled liquid chlorine;
- **Organic synthetic products:** propylene oxide, propylene glycol, oxo – alcohols, isopropylamine, methylamines;
- **Inorganic chlorides:** calcium chloride solution, technical calcium chloride, lime chloride, ferric chloride;
- **Other products:** demineralized water, reconcentrated sulfuric acid, ammonia water, chlorcholine chloride.

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

Borzești:

- Chlorosodium products: caustic soda flakes and solution, liquid chlorine, hydrochloric acid, sodium hypochlorite;
- Inorganic chlorides: ferric chloride, calcium chloride, lime chloride;
- Alkylamines: methylamines, isopropylamine;
- Other products: chlorcholine chloride

Chlorosodium products

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

Caustic soda flakes have similar uses to the caustic soda solution, but has the advantage of lower storage, handling and transportation 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 bleach, 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 in 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, pulp and paper, in the manufacture of cleaning products, detergents, in oxidation processes of organic products, in oil refining, in water disinfection and sterilization of sanitary facilities.

Inorganic chlorides

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

Calcium chloride is used as a defrosting agent in winter road maintenance, as an anti-dust agent on unpaved roads, in the extractive industry (dust control in mining, addition to drilling mud), in the transport and winter storage of ores as an antifreeze agent, as a refrigerant in cold technology, as an additive in the food industry.

Lime chloride is used in public hygiene as a deodorizing and disinfecting agent, in the pulp and paper industry as a bleach, in the textile industry, in water treatment.

Alkylamines

Monomethylamine is used in organic syntheses, for the production of 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.

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

Chlorcholine chloride – plant growth stimulator.

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Valcea Branch:

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

Macromoleculare products

Polyether-polyols are used in the synthesis of unsaturated epoxy polyurethane resins, elastomers, adhesives, antifoamers, 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 in upholstery, in the automotive industry at various parts (dashboard, steering wheel), car upholstery. They are also used for low-temperature thermal insulation (refrigerators, cold rooms). Polyurethane foams are used to obtain foam core for sandwich panels.

Synthetic organic products:

Propylene oxide 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 obtaining antifreeze, polyethers, polyols, antifoamers; paints, varnishes industry, as solvent for obtaining printing dye and laundry detergents, as plasticizer to improve plastics processing capacity, in cosmetics and pharmaceuticals.

Oxalcohols: -octanol is used in the manufacture of plasticisers; manufacture of synthetic lubricants; manufacture of surfactants and antifoamers; as 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 nitrocellulose and alkyd resins; solvent for the manufacture of artificial leather; extraction agent for oils, medicines, perfumes; raw material in the manufacture of hormones, vitamins; solvent for kiln-dried varnishes based on urea and phenolic resins.

The main suppliers of Chimcomplex are:

PRODUCT	SUPPLIERS
Salt solution	Societatea Națională a Salt SA Bucharest through Rm.Vâlcea Mining Exploitation Branch and Tg. Ocna Salt Mine Branch
Industrial lime	Carmeuse Holding Brasov, CELCO SA
Limestone	MEZEI TRANS SRL
Liquid nitrogen	Linde Gas Romania
Propylene	LITASCO SA GENEVA Juice. PLOIESTI, Rompetrol Bucharest, OMV PETROM SA BUCHAREST
Natural gas	PREMIER ENERGY TRADING SRL BUCHAREST, ENTREX SERVICES SRL BUCHAREST, PREMIER ENERGY SRL BUCHAREST, SNGN ROMGAZ SA MEDIAȘ, TRANSGAZ SA MEDIAȘ, ROMANIAN COMMODITIES EXCHANGE BUCHAREST
Electricity	ALIVE CAPITAL SA, GETICA 95 COM SRL, Distribuție Energie Oltenia SA, A6 IMPEX SA, DELGAZ GRID SA TG MURES, TRANSELECTRICA SA BUCHAREST, OPCOM BUCHAREST
Acetone	BRENNTAG SRL CHIAJNA, POLSKI KONCERN NAFTOWY ORLEN POLAND
Soda ash	SOLVAY CHEMICALS INTERNATIONAL
Ammonia	NEOCHIM PLC BULGARIA

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Issues related to employees/staff of the company

The organizational structure of Chimcomplex is hierarchically functional, consisting of compartments sized according to the volume and complexity of activities, grouped on the criterion of company 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 work and development environment, fair working relationships, objective appreciation of performance, safety and personal security. Also, employees benefit from social protection measures, bonuses, etc., 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 continuing the tradition of the chemical industry through educational institutions and creating premises for future generations of employees.

The activities carried out are structured on the following fields of activity: General Management, Economic, Commercial, Production, Investment - Business Development.

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

Company management

During the period 01.01.2023-30.09.2023, 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. VERONICA PRIESTESS	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. IULIAN LIVIU SHELL	Member of the Board of Directors
7. COMAN DUMITRU	Member of the Board of Directors (until 31.07.2023)
8. LUCA FLORIN	Member of the Board of Directors (starting with 01.08.2023)

The executive management of Chimcomplex SA Borzești between January and September 2023 was ensured by a team consisting of:

• Vuza Stefan	CEO/CEO
• Baiu Cosmin	Deputy CEO/Deputy CEO
• Stanciugel Nicolae	CFO/CFO
• Coman Dumitru	CTO/ Deputy CEO / Technical Director / Deputy General Manager
• Preoteasa Veronica	CCO/Commercial Director
• Moldovan Dan	Deputy CCO/Deputy Commercial Director
• Bălăiță Maria Luminița	COO/Director of Operations Borzești
• Staicu Florian	COO/Interim Director of Operations Suc. Rm.Vâlcea
• Dumitru Mihai	Production Manager Borzești
• Tălpașanu Mihail	Interim Director of Juice Production. Rm.Vâlcea
• Onofrei Cezar	Juice Production Manager. Rm.Vâlcea (starting with 22.06.2023)
• Mihai Negrila	Maintenance Director (starting with 22.06.2023)

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

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Account: RO60BUCU1111215962132
ALPHA BANK BUCHAREST



RO2021.055.061Q RO2021.055.061E RO2018.055.061

(All amounts are given in LEI, unless otherwise specified)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Legal principles

The Individual Interim Financial Statements as at and for the nine-month period ended September 30, 2023 were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards ("IFRS"), as subsequently amended ("OMFP 2844/2016"). For the purposes of OMFP 2844/2016, International Financial Reporting Standards are those adopted according to the procedure provided by the European Commission Regulation no. Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ("IFRS adopted by the European Union").

The Company's separate financial statements for the nine-month period ended September 30, 2023 contained in this report are not audited and have not been reviewed by an external auditor.

Presentation of financial statements

The individual interim financial statements of CHIMCOMPLEX S.A. BORZEȘTI (the "Company") on and for the period ended 30 September 2023 were prepared in accordance with IAS 34 Interim Financial Reporting using the going concern principle.

Business continuity

Management has, at the time of preparation of the financial statements, a reasonable expectation that the Company has adequate resources to continue its operational existence in the near future. This reasonable expectation is based on the following:

- The company is constantly preparing operating scenarios that take into account the main business risks and market uncertainties, seeking to adapt and find optimal operating solutions. Based on this information, management considers that the amount of attracted financing and the capital structure of the company provide the capital necessary for the operation of the business for at least 12 months from the date of this reporting. Also, the Company's management is constantly concerned with streamlining the activity, diversifying the range of products and identifying new markets, under the conditions of strict control of the related expenses.
- The company complies with all indicators stipulated in financing contracts, constantly monitors the fulfillment of contractual obligations and expects to continue to comply.

Thus, management continues to adopt the going concern accounting basis in the preparation of individual financial statements.

General accounting policies

The accounting policies in effect as of December 31, 2022 remain largely unchanged. The amendments effective January 1, 2023 did not have a material effect on the interim financial statements.

Basis of assessment

The separate financial statements were prepared on a going concern basis, based on the historical cost convention, adjusted for the effects of hyperinflation until December 31, 2003 for reserves and property, plant and equipment respectively.

Interim separate financial statements have been prepared on a going concern basis and at historical cost, except for certain classes of financial instruments and property, plant and equipment that are measured at revalued amounts or fair amounts. Historical cost is generally based on the fair value of the consideration in exchange for assets.

The accounts shall be kept in the Romanian language and in national currency. The items included in these financial statements are expressed in Romanian lei.

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NOTE 3. STATEMENT OF FIXED ASSETS

As at September 30, 2023, the Company holds the following categories of non-current assets, at net value:

	30 September 2023	31 December 2022
Land and buildings	620.771.623	577.570.450
Technical installations and machinery	1.037.604.599	955.166.257
Other plant, machinery and furniture	5.413.914	5.058.499
Real estate investment	30.408.074	31.452.222
Ongoing investments	261.243.165	279.234.998
Rights to use leased assets	14.088.002	13.844.826
Intangible assets	119.683.540	122.407.778
Financial fixed assets	67.372.275	66.762.482
Advances on property, plant and equipment	8.606.841	34.453.698
Total	2.165.192.034	2.085.951.211

PROPERTY, plant and equipment

Property, plant and equipment are presented in the "Statement of Financial Position" at cost or revalued amount, less depreciation and adjustments for impairment or loss of value in accordance with IAS 16 "Property, plant and equipment" and IAS 36 "Impairment of assets".

The Company's land, buildings and equipment are measured at revalued value, being fair value at the revaluation date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value valuations of the Company's tangible assets as at 31 December 2021 were carried out by Darian DRS S.A., an independent valuer. Darian DRS S.A. is a member of the National Association of Licensed Valuers in Romania and has appropriate qualifications and recent experience in measuring properties at fair value in relevant locations. The valuation is in line with international valuation standards and was based on recent arm's-length market transactions for similar properties, wherever possible, and on the discounted cash flow method.

The tangible assets located on the Onești industrial platform and some of the tangible assets located on the Ramnicu Valcea platform were mortgaged for bank loans.

INTANGIBLE ASSETS

Separately acquired intangible assets are measured at initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Self-acquired intangible assets, excluding capitalised development costs, are not capitalised and expenses are reflected in the profit and loss account of the year in which the expenditure is incurred. The useful life of intangible assets is assessed as determined or indefinite.

The depreciation period and depreciation method for an intangible asset with a fixed useful life shall be reviewed at least every financial year-end.

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REAL ESTATE INVESTMENT

Real estate investments include land, buildings, furniture and related equipment located in Onesti, Bacău County and Ramnicu Valcea and are leased to third parties and related parties.

NOTE 4. STOCK STATEMENT

Inventories are presented at net realisable value, less impairment adjustments, yielding the following amounts:

	30 September 2023	31 December 2022
Finished products	84.759.538	154.903.384
Raw	27.882.265	39.233.309
Materials	8.953.689	16.780.304
Packaging	1.531.110	2.102.171
Mouldings	12.468.662	15.813.801
Commodities	-	185.031
Inventory items	497.358	754.166
Stocks in transit	4.564.858	4.896.990
Other stocks	3.331.817	3.329.829
Total	143.989.296	237.998.985

During the nine-month period ended September 30, 2023, there were no significant value adjustments for inventories. The decrease in the value of stocks of finished products by 94 million lei compared to the beginning of the year was mainly due to destocking, corroborated with the sizing and permanent adaptation of production to the situation on the profile market.

NOTE 5. STATEMENT OF CLAIMS

	30 September 2023	31 December 2022
Customers	81.798.326	76.806.503
Customer impairment adjustments	(1.313.857)	(1.313.857)
Advances paid for services	26.213.102	67.528.664
Receivables representing distributed interim dividends during the year	-	167.000.000
Subsidies - State aid for CO2	55.246.837	64.173.308
Grants receivable - financing projects	19.471.760	25.985.762
VAT recoverable	21.757.112	37.378.202
VAT not chargeable	4.675.201	33.758.757
Trade receivables with related parties	15.900.036	21.473.444
Advance expenses	1.735.029	597.157
Other receivables	1.920.661	1.478.612
Total	227.404.208	494.866.553

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The average period for collecting trade receivables remained at a low level, namely 20 days between January and September 2023.

The company has ongoing investment projects with non-reimbursable financing, from European and Norwegian funds for: cogeneration installations, the construction of a polyol plant, a high-efficiency trigeneration plant of 8 Mw, the subsidies to be received on September 30, 2023 totaling 19,471,760 lei.

In April 2023, it was approved to cover the amount of RON 167,000,000 as interim dividends (gross amount), according to the decision of the Ordinary General Meeting of Shareholders of Chimcomplex SA dated April 28, 2023, from the profit distributed in other reserves for 2022.

Chimcomplex 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 in electricity prices.

The measure covers indirect emission costs incurred in 2022 amounting to 64,173,308 lei, of which about 70% was collected in 2023, i.e. 45,664,031 lei. On September 30, 2023, the company registered the subsidy for compensating greenhouse gas emission costs for the first 9 months of 2023 in the amount of RON 55,246,837.

NOTE 6. DEBT STATEMENT

	30 September 2023	31 December 2022
Suppliers	87.463.721	203.466.571
Credits	649.704.189	502.358.214
Interest on loans	2.807.130	1.254.181
Customers charged in advance	7.722.098	11.812.041
Payroll liabilities	8.487.247	8.977.567
Duties and taxes related to salaries	4.588.556	8.106.930
Other fees	359.116	413.368
Deferred tax liabilities	136.669.379	136.699.379
Income tax liabilities	1.504.625	21.787.660
Subsidies	38.761.664	41.009.355
Provisions	35.973.904	34.877.650
Dividends to be distributed during the financial year	2.320.362	12.879.396
Accrued income*	5.674.464	11.976.361
Payments to be made in respect of shares held in affiliated entities	10.966.000	10.966.000
Trade liabilities to related parties	7.916.467	4.369.468
Financial lease liabilities	19.018.593	14.654.586
Other debts	4.570.634	6.207.946
Total	1.024.508.149	1.031.816.672

* Accrued revenues represent cash received from Oltchim S.A. as part of the 2018 business acquisition for decommissioning obligations for two deposits purchased from Oltchim S.A.

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On June 21, 2023, the Ordinary General Meeting of Shareholders approved the distribution of dividends from the profit of 2022 in the amount of RON 27,000,000, which were paid in the third quarter of 2023, in accordance with the provisions of Regulation no. 5/2018.

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

- compensation with negative VAT (VAT to be recovered registered by the company on 30.09.2023: 21,757,112 lei)
- bank transfer.

LOANS

	30 September 2023	31 December 2022
CEC Bank	267.479.169	272.601.382
Alpha Bank	137.359.993	116.633.319
UBS Swizerland	166.067.247	68.913.588
Garanti Bank	81.574.111	45.432.506
Others	30.800	31.600
Total	652.511.319	503.612.395

As of September 30, 2023, the value of medium and long-term loans increased by 30% compared to December 31, 2022, mainly by contracting bank loans from UBS Switzerland and Garanti Bank to finance the cogeneration and trigeneration plants in Rm.Valcea.

All loan agreements concluded contain clauses on financial indicators that the Company is obliged to fulfill, the verification being carried out on a semi-annual basis. The company complied on June 30, 2023 with all indicators stipulated in the contracts, continuously monitors the fulfillment of contractual obligations and expects to continue to comply.

NOTE 7. CAPITAL AND RESERVES

	30 September 2023	31 December 2022
Share capital	304.907.851	304.907.851
Share capital adjustment*	-	886.083.318
Capital premiums	4.669.565	4.669.565
Own shares repurchased	(26.436.269)	(47.794.795)
Revaluation reserves	577.222.870	577.222.870
Legal reserves	109.435.476	109.435.476
Retained earnings	649.596.469	(267.791.826)
Result of the period	54.772.666	266.061.923
Total	1.674.168.627	1.832.794.382

*On 27 April 2023, the Extraordinary General Meeting of Shareholders (AGEA) approved the coverage of the carrying forward accounting loss from 2022 arising from the application of IAS 29, with the full amounts recorded in the "Share Capital Adjustments" account (account in which the value of RON 886,083,318 arising from hyperinflation was recorded).

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By shareholders' decision of June 30, 2021, the redemption of 7,059,620 own shares was approved. In 2022, the Company repurchased a number of 2,087,562 shares worth 47,652,341 lei. Own shares are presented as a separate line in the statement of changes in equity and on the balance sheet.

NOTE 8. REPORTING TURNOVER BY OPERATIONAL SEGMENTS

The company comprises the following operating segments:

- Inorganic products - chlorosodium: caustic-liquid and solid soda, hydrochloric acid;
- Synthetic macromolecular and organic products: polyethers-polyols, propylene oxide, propylene glycol;
- Oxo-alcohol products: octanol, iso-butanol, n-butanol

Presentation of turnover by types of markets:

	30 September 2023	(%)	30 September 2022	(%)
Internal market	350.998.393	33	487.067.644	28
External market	728.911.137	67	1.256.903.637	72
	1.079.909.529	100	1.743.971.281	100

Presentation of turnover by product types:

	30 September 2023	(%)	30 September 2022	(%)
Petrochemistry	525.575.017	48,7	885.430.861	50,8
Chlorosodium	507.461.842	47,0	720.330.700	41,3
Oxo-alcohols	5.017.904	0,5	58.092.683	3,3
Commodities (mainly utility resales)	32.221.213	3,0	70.801.586	4,1
Various	9.633.553	0,9	9.315.452	0,5
Total	1.079.909.529	100	1.743.971.281	100

Chimcomplex has aligned itself with the market situation, which is facing low demand, correlating the production of polyethers and chlorosodium with sales possibilities in parallel with customer loyalty actions in key markets (Poland, Romania, Benelux) and attracting new customers especially in the area of special polyethers. Sales in very low priced markets were limited due to massive imports from China (especially Turkey).

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

On the domestic market, product sales were worth 351 million lei between January and September 2023 (33% of total sales), compared to 487 million lei in the same period of 2022 (28% of total sales).

On the foreign market, product deliveries amounted to 729 million lei. Sales on the foreign market accounted for approximately 67% of total product sales between January and September 2023, compared to 72% in the same period of 2022.

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NOTE 9. SALES

	30 September 2023	30 September 2022
Income from the sale of finished products	1.026.872.096	1.645.670.564
Income from the sale of goods	32.221.213	70.801.586
Revenue from services provided	1.735.711	2.471.963
Income from various activities	19.056.605	24.498.885
Income from the sale of residual products	23.904	528.283
Total	1.079.909.529	1.743.971.281

NOTE 10. INVESTMENT INCOME

	30 September 2023	30 September 2022
Rental income	4.814.106	5.102.965
Interest income	2.740.731	1.039.353
Total	7.554.836	6.142.318

NOTE 11. OTHER GAINS OR LOSSES

	30 September 2023	30 September 2022
Income from the production of fixed assets	16.248.203	-
Gain / (loss) on changes in provisions	(1.096.254)	10.069.534
Exchange rate gain / (loss)	(1.401.917)	2.802.093
Gain / (loss) on impairment adjustments current assets	(903.047)	(3.742.280)
Gain / (loss) on sale of non-current assets	(394.724)	(162.930)
Gain / (loss) on impairment adjustments financial assets	-	875.592
Gain / (loss) from various receivables and debtors	-	2.970
Other gains (or losses)	-	1.464
Total	12.452.262	9.846.443

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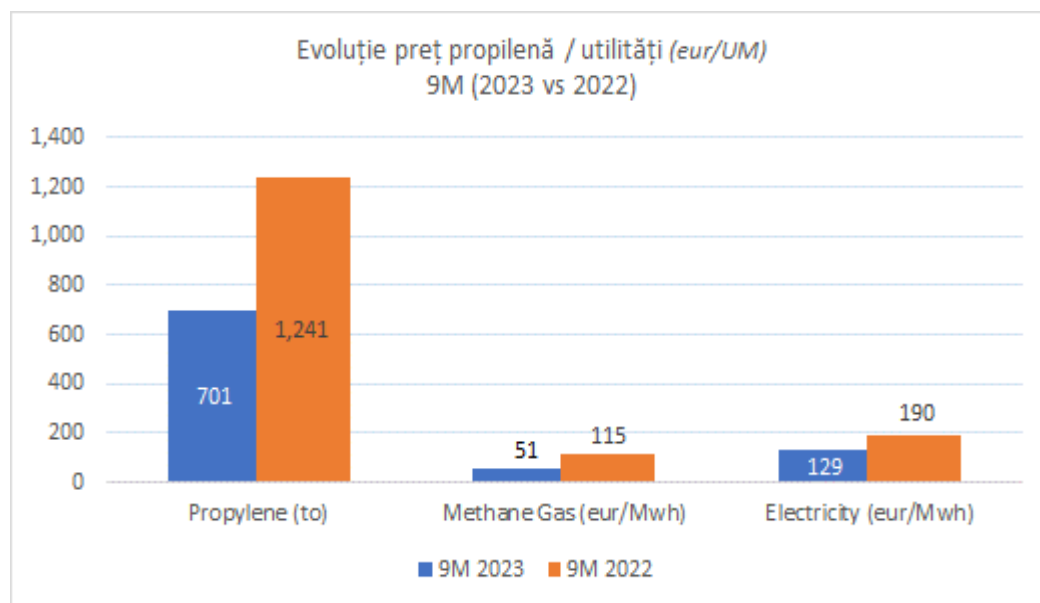
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NOTE 12. EXPENDITURE ON RAW MATERIALS AND CONSUMABLES, GOODS, ENERGY AND WATER

	<u>30 September 2023</u>	<u>30 September 2022</u>
Raw materials and consumables	331.106.033	575.722.004
Other material expenses	25.006.496	25.225.335
Energy and water costs	277.433.729	609.203.280
Cost of goods sold	29.256.537	67.893.117
Total	662.802.794	1.278.043.736

The average purchase prices for the main raw material (propylene), natural gas and electricity decreased between January and September 2023 compared to the period January-September 2022, as shown in the chart below:



Utility costs decreased under the influence, in proportion of 40%, of the reduction of consumption and, in proportion of 60%, of the decrease in purchase prices.

NOTE 13. SALARY EXPENSES

Staff costs for the nine-month period ended 30 September 2023 compared to the same period of 2022:

	<u>30 September 2023</u>	<u>30 September 2022</u>
Gross wages and salaries	85.780.904	99.881.458
Social security expenses employer	6.011.022	6.757.406
Meal vouchers	7.950.514	6.170.723
Gift vouchers	-	-
Holiday vouchers	-	1.084.600
Total	99.742.440	113.894.187

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The average number of employees between January and September 2023 was 1,440 compared to 1,858 in the same period of 2022. The average per employee of salary expenses increased at 9 months 2023 by 13% compared to the same period of the previous year.

Social insurance is paid for all employees.

The employees of the company are included in the state retirement plan.

In 2022, Chimcomplex SA Borzesti started a collective redundancy program, as a result of which a number of 179 employees were laid off from the two industrial platforms in Ramnicu Valcea and Onesti.

This measure was taken from the need to increase efficiency and effectiveness at the level of the organization in the current economic and geopolitical context and took into account the optimization of operational and operating costs and the efficiency of the activity in order to use with maximum efficiency human and financial resources, synergies between industrial platforms in Ramnicu Valcea and Onesti.

In December 2022, the collective dismissal of 19 employees took place, and in the first quarter of 2023, the collective dismissal of 157 employees took place, with the granting of compensatory wages according to the provisions of the Collective Labor Agreement in force.

NOTE 14. OTHER INCOME

	30 September 2023	30 September 2022
Compensation, fines and penalties	106.538	46.211
Depreciation of investment subsidies	1.296.153	1.615.289
Other operating income	757.054	2.818.034
Total	2.159.746	4.479.534

NOTE 15. OTHER EXPENSES

	30 September 2023	30 September 2022
ABA Olt - exceeding pollutant concentrations from wastewater	15.386.118	15.699.461
Donation and sponsorship expenses	973.286	752.364
Expenses with taxes and fees	4.277.636	4.166.632
Insurance charges	2.334.264	1.942.571
Expenditure on rents	4.054.782	3.144.874
Environmental protection expenditure	299.631	3.799.116
Travel expenses	806.266	629.935
Entertainment, advertising, advertising expenses	1.126.805	559.036
Expenditure relating to fines and penalties	23.319	1.330.677
Expenditure relating to staff transport	303.959	407.680

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Expenditure on post and telecommunications	209.572	204.936
Other expenses	304.368	370.780
Total	30.100.004	33.008.062

NOTE 16. COST OF FINANCING

	<u>30 September 2023</u>	<u>30 September 2022</u>
Bank charges and similar costs	159.944	165.083
Interest expenses	24.387.150	13.008.211
Foreign exchange expenses / (income) related to loans	3.728.703	1.403.866
Total	28.275.798	14.577.160

The economic and financial results recorded by Chimcomplex SA in the nine-month period ended September 30, 2023 compared to the same period of 2022:

Crt. No.	Indicators economic and financial	9 MONTHS 2023 thousand lei	9 MONTHS 2022 thousand lei	Differences thousand lei	%
0	1	2	3	4 = 2 - 3	5=4/3*100
1	Turnover	1.079.910	1.743.971	-664.062	-38,08
2	Total revenue	1.056.103	1.804.427	-748.325	-41,47
	-operating income	1.037.390	1.784.144	-746.754	-41,86
	-financial income	18.712	20.284	-1.571	-7,75
3	Total expenses	987.980	1.666.182	-678.202	-40,70
	-operating expenses	941.421	1.634.623	-693.202	-42,41
	-financial expenses	46.559	31.559	15.000	47,53
4	Gross result	68.123	138.246	-70.123	-50,72
	-operating result	95.970	149.521	-53.551	-35,82
	-financial result	-27.846	-11.275	-16.571	*
5	Income tax expenses	13.350	34.101	-20.751	-60,85
6	Deferred tax revenue	0	10.986	-10.986	-100,00
7	Net result	54.773	115.131	-60.358	-52,43

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From January to September 2023, compared to the same period of 2022:

- The 38% decrease in turnover was influenced by 56% by the decrease in the quantities sold by the company, amid the maintenance of the downward trend of consumption started in the second half of 2022, and 44% by lower sales prices;
- The operating result is lower than in the same period of the previous year. Chimcomplex has aligned itself with the situation in the markets, correlating production with sales possibilities and operated in the first 9 months of 2023 at a reduced capacity, especially with sections that consume electricity and natural gas, making efforts to reduce costs, including staff layoffs;
- The company managed to achieve an operating profit margin of 9% **between January and September 2023**.

During January-September 2023, the financial loss of -27,846 thousand lei consists of:

- Interest on loans and other financial expenses in the amount of -22,741 thousand lei, costs that increased with the EURIBOR variable interest margin and with the contracting of new loans;
- Loss from exchange rate differences in the amount of -5,105 thousand lei, of which -1,856 thousand lei are actually realized losses, and -3,249 thousand lei are unrealized, resulting from the revaluation of loan balances, receivable/debt accounts and treasury accounts.

NOTE 17. OTHER INFORMATION

The Financial Statements as at 30 September 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and are unaudited.

For the conversion into lei of receivables and debts in foreign currency, the exchange rates of September 30, 2023 communicated by the National Bank of Romania were used.

The closing price of one CRC share on September 30, 2023 was RON 19.6 and the market capitalization recorded on this date was RON 5,976,193,880.

Litigation

The company is the subject of several legal actions arising in the ordinary course of business. Management believes that all disputes have been registered that will have a material negative effect on the financial performance and financial position of the Company. In addition, the Company is involved in a dispute with the former management, the claims being estimated at 43,322,000 lei. The company considers this to be a contingent liability.

Other information

These financial statements have been prepared on the basis of the going concern principle, which implies that the Company will continue its activity for the foreseeable future. In order to assess the applicability of this assumption, management shall consider, inter alia, forecasts of future cash inflows.

Based on these analyses, management believes that the Company will be able to continue operating for the foreseeable future and therefore the application of the going concern principle in the preparation of financial statements is justified.

CHIMCOMPLEX S.A. BORZEȘTI

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Email: office@chimcomplex.com
Web: www.chimcomplex.com

Trade Reg. J04/493/1991, UIC 960322
Subscribed and paid share capital: 304907851 RON
Account: RO60BUCU1111215962132
ALPHA BANK BUCHAREST



RO2021.055.061Q RO2021.055.061E RO2018.055.061



(All amounts are given in LEI, unless otherwise specified)

Subsequent events

At the Ordinary General Meeting of Shareholders on 16.11.2023, the shareholders of Chimcomplex SA Borzesti will propose for approval the appointment of the external financial auditor KPMG Audit SRL for a period of 1 year.

Factors that may influence issuer liquidity

As risk factors that affect or could affect the liquidity of the company, we mention the evolution of international quotations for the main products marketed by the company, the decrease in market demand due to the downward trend of consumption in European economies negatively affected by the war in Ukraine, as well as the alarming increase in prices for energy products (electricity and methane gas), products with a significant share in the structure of production costs.

The company does not limit itself to dealing with the consequences of events that would occur, but adopts a proactive management style, implementing measures aimed at mitigating the manifestation of risks.

Management statement

Based on the best information available, we confirm that the unaudited individual interim financial statements prepared for the nine-month period ended September 30, 2023 give a true and fair view of the Company's assets, obligations, financial position and income and expense statement as required by applicable accounting standards, and that the Executive Board Report provides a true and fair view of the significant events that occurred during the first nine months of the financial year 2023 and their impact on the individual interim financial statements.

FLORIAN STAIKU,
GENERAL MANAGER

STĂNCIUGEL NICOLAE,
CHIEF FINANCIAL OFFICER

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