



CHIMCOMPLEX SA BORZEȘTI

PRELIMINARY INDIVIDUAL 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 PERIOD OF ONE YEAR
ENDED on DECEMBER 31STst, 2023**

CHIMCOMPLEX S.A. BORZEȘTI

Str. Industriilor nr. 3, Onești, jud. Bacău, România
Tel. 0234/302.250; Fax 0234/302.102
E-mail: office@chimcomplex.com
Web: www.chimcomplex.com

Trade Registry J04/493/1991, URC 960322

Shared and paid capital: 304907851 RON

IBAN: RO60BUCU1111215962132

ALPHA BANK BUCUREȘTI



RO2021.055.061Q RO2021.055.061E RO2018.055.061



TABLE of CONTENT

STATEMENT OF FINANCIAL POSITION AS OF 31.12.2023 - PRELIMINARY	3
STATEMENT OF COMPREHENSIVE INCOME AS OF 31.12.2023 - PRELIMINARY	5
CASH FLOW STATEMENT - PRELIMINARY	6
STATEMENT OF CHANGES IN EQUITY - PRELIMINARY	8
NOTES TO PRELIMINARY FINANCIAL STATEMENTS	10

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STATEMENT OF COMPREHENSIVE INCOME AS OF DECEMBER 31st, 2023 - PRELIMINARY

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

	<u>December 31st, 2023</u>	<u>December 31st, 2022</u>
ASSETS		
Non-current assets		
Property, plant and equipment	1.983.063.506	1.851.483.903
Other rights of use assets	12.146.121	13.844.826
Real estate investment	29.226.468	31.452.222
Intangible assets	118.212.264	122.407.778
Investments in associates and other equity investments	59.043.968	60.043.968
Other long-term financial assets	5.467.193	6.718.514
Total non-current assets	<u>2.207.159.519</u>	<u>2.085.951.211</u>
Current assets		
Stocks	141.712.105	237.998.985
Trade receivables and other receivables	234.392.083	494.866.553
Short-term loans to shareholders	5.411.291	5.327.386
Cash and cash equivalents	139.761.858	40.466.919
Total current assets	<u>521.277.337</u>	<u>778.659.843</u>
Total assets	<u>2.728.436.856</u>	<u>2.864.611.054</u>
EQUITY AND DEBT		
Capital and reserves		
Share capital	304.907.851	1.190.991.169
Own shares	(26.657.863)	(47.794.795)
Capital premiums	4.669.565	4.669.565
Legal reserves	109.435.476	109.435.476
Retained earnings	766.485.033	(1.729.903)
Revaluation reserves	575.367.971	577.222.870
Total equity	<u>1.734.208.033</u>	<u>1.832.794.382</u>

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

	<u>December 31st,</u> <u>2023</u>	<u>December 31st,</u> <u>2022</u>
DEBT		
Long-term liabilities		
Subsidies	12.713.621	13.778.664
Leasing	9.501.672	8.705.286
Deferred tax liabilities	136.101.866	136.699.379
Provisions	16.125.946	16.302.643
Long-term loans	375.876.794	457.459.739
Other long-term liabilities	921.138	10.259.628
Total long-term liabilities	<u>551.241.038</u>	<u>643.205.339</u>
Current liabilities		
Subsidies	25.916.843	27.230.691
Trade and other debts	137.982.833	268.916.021
Leasing	8.043.226	5.949.300
Income tax liabilities	-	21.787.660
Provisions	2.136.422	18.575.007
Short-term loans	268.908.461	46.152.656
Total current liabilities	<u>442.987.785</u>	<u>388.611.333</u>
Total liabilities	<u>994.228.823</u>	<u>1.031.816.672</u>
Total equity and debt	<u>2.728.436.856</u>	<u>2.864.611.054</u>

FLORIAN STAIKU,
GENERAL MANAGER

STĂNCIUGEL NICOLAE,
CHIEF FINANCIAL OFFICER

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	December 31st, 2023	December 31st, 2022
Sales	1.399.298.512	2.258.532.411
Investment income	11.101.938	10.173.263
Other gains (or losses)	13.074.023	5.917.570
Cost of goods sold	(39.024.008)	(85.016.214)
Change in stocks	(76.334.265)	74.765.385
Expenses with raw materials and consumables	(456.689.428)	(732.826.457)
Salary expenses	(161.790.448)	(162.889.823)
Depreciation charges on fixed assets	(139.081.105)	(152.995.779)
Distribution costs	(38.436.453)	(41.182.892)
Energy and water costs	(384.879.452)	(738.470.218)
Expenditure on services performed by third parties	(43.328.460)	(47.350.405)
Maintenance and repair costs	(20.186.454)	(36.763.622)
Other income	5.164.044	37.638.394
Gain / (Loss) on impairment adjustments for fixed assets	91.674.870	-
Other expenses	(46.863.483)	(56.950.723)
Financing costs	(37.795.708)	(21.325.737)
Profit / (Loss) before tax	75.904.125	311.255.153
Corporate income tax	-	(45.193.230)
Profit / (Loss) of the period	75.904.125	266.061.923
Other comprehensive income	-	-
Profit / (Loss) per share	0,249	0,873

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CASH FLOW STATEMENT AS OF DECEMBER 31st, 2023 - PRELIMINARY

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

	December 31st - 2023	31 December 2022
Cash flows from operating activities:		
Profit before tax	75.904.125	311.255.153
Adjustments for non-monetary items:		
Interest expenses	33.872.110	19.899.778
Loss/(gain) on impairment of investments	-	(4.205.329)
Impairment loss/(gain) on property, plant and equipment	(91.674.870)	-
Interest income	(4.567.194)	(3.298.266)
Loss/(gain) on disposal of fixed assets	394.896	149.715
Loss/(gain) on provisions	(16.835.970)	(17.082.434)
Foreign exchange loss, net	5.670.596	1.122.088
Impairment losses on stocks, net	1.351.726	5.529.253
Amortization	139.081.105	152.955.779
Impairment gain on trade receivables and other assets, net	64.243	(7.953)
Remuneration expense in equity instruments	23.387.871	
Revenue from subsidies	(1.453.916)	(1.324.683)
	165.194.723	464.993.101
Working capital movements:		
Decreases/(increases) in inventories	94.939.686	(108.752.984)
Decreases/(increases) in trade receivables and other receivables	34.871.002	(37.615.046)
Increases/(decreases) in trade and other liabilities	(77.252.732)	(167.799.199)
Subsidy received for electricity costs	45.664.031	32.404.226
Investment subsidies received	12.003.244	-
Cash generated by operating activities	275.419.953	183.230.098
Interest paid	(32.905.512)	(18.900.685)
Corporate tax paid	-	-
Net cash generated by/(used in) operating activities	242.514.442	164.329.413
Cash flows from investment activities:		
Interest received	4.567.194	3.298.266
Proceeds from the sale of non-current assets	-	766.958
Acquisition of non-current assets	(231.876.723)	(164.381.486)
Payments for investments in the associate	-	(18.943.421)
Acquisition of the subsidiary	-	(4.000.000)
Net cash used in investment activities	(227.309.529)	(183.259.683)

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

	<u>December 31st - 2023</u>	<u>31 December 2022</u>
Cash flows from financing activities:		
Proceeds from loans	191.203.956	218.309.765
Repayment of lease debts	(9.284.537)	(8.085.242)
Dividends paid	(38.341.339)	(214.254.817)
Repayment of loans	(58.097.042)	(37.508.762)
Acquisition of own shares	(321.503)	(47.652.341)
Net cash (used in)/generated by financing activities	85.159.535	(89.191.397)
(Subtraction) / net increase in cash and cash equivalents	100.364.463	(108.121.666)
Cash and cash equivalents at the beginning of the year	40.466.919	147.994.841
Effects of changes in foreign exchange rates on the balance of cash held in foreign currency	(1.069.507)	593.744
Year-end cash and cash equivalents	139.761.858	40.466.919

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STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31st, 2023 - PRELIMINARY

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

	<u>Share capital</u>	<u>Own shares</u>	<u>Issue premiums</u>	<u>Legal reserves</u>	<u>Retained earnings</u>	<u>Revaluation reserves</u>	<u>Total</u>
Balance on January 1st, 2022	1.190.991.169	(142.454)	4.669.565	90.207.136	(191.109.065)	578.340.730	1.672.957.081
Profit for the year	-	-	-	-	266.061.923	-	266.061.923
Dividend distribution	-	-	-	-	(60.000.000)	-	(60.000.000)
Revaluation reserves	-	-	-	-	1.117.860	(1.117.860)	-
Legal reserves	-	-	-	19.228.340	(19.228.340)	-	-
Redemption of own shares	-	(47,652,341)	-	-	-	-	(47.652.341)
Other movements	-	-	-	-	1.427.719	-	1.427.719
Balance on December 31st, 2022	1.190.991.169	(47.794.795)	4.669.565	109.435.476	(1.729.903)	577.222.870	1.832.794.382

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	<u>Share capital</u>	<u>Own shares</u>	<u>Issue premiums</u>	<u>Legal reserves</u>	<u>Retained earnings</u>	<u>Revaluation reserves</u>	<u>Total</u>
Balance on January 1st, 2023	1.190.991.169	(47.794.795)	4.669.565	109.435.476	(1.729.903)	577.222.870	1.832.794.382
Profit for the year	-	-	-	-	75.904.125	-	75.904.125
Dividend distribution	-	-	-	-	(194.000.000)	-	(194.000.000)
Revaluation reserves	-	-	-	-	-	(2.422.411)	(2.422.411)
Redemption of own shares	-	(321,503)	-	-	-	-	(321.503)
Employee benefits in the form of equity instruments stage I	-	21.458.435	-	-	(21.458.435)	-	-
Benefits to be provided to employees in the form of equity instruments - stage II	-	-	-	-	23.387.871	-	23.387.871
Anullment hyperinflation adjustment	(886.083.318)	-	-	-	886.083.318	-	-
Deferred tax	-	-	-	-	-	567.512	567.512
Other movements	-	-	-	-	(1.701.944)	-	(1.701.944)
Balance of December 31st, 2023	304.907.851	(26.657.863)	4.669.565	109.435.476	766.485.033	575.367.971	1.734.208.033

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NOTES

to the preliminary Individual Financial Statements, for the period ending on December 31stst, 2023

NOTE 1. GENERAL INFORMATION AND MAIN ACTIVITIES

These financial statements are the preliminary individual financial statements of CHIMCOMPLEX S.A. BORZEȘTI (the "Company") at and for the period that ended on December 31st, 2023.

The Company's first individual financial statements prepared in accordance with IFRS standards were concluded on December 31st, 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. Industriilor 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 Olchim 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. Vâlcea.

The company has a branch and seven working points:

Branch:

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

Working points:

- ✓ The working point in Cazaci village, Tarcău, jud. Neamț;
- ✓ 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, 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:

31 December 2023

Shareholders	Ordinary shares	Percentage holding
CRC Alchemy Holding BV	259.152.119	84,9936%
AAAS	27.305.181	8,9552%
Legal entities	14.423.411	4,7304%
Individuals	4.027.140	1,3208%
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 in 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

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Chlorosodium products

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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Vâlcea Branch:

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

Macromolecular 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.

Oxoalcohols: -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	National Salt Society SA (Salina Tg. Ocna, Suc. Rm.Vâlcea Mining Exploitation)
Industrial lime	Carmeuse Holding Brasov, CELCO SA
Glycerine	BIOAGRA OIL S.A., OLEON NV BELGIUM, PETER CREMER CENTRAL EUROPE S.R.O., OHPLUS GMBH GERMANY, GREEN OLEO
Liquid nitrogen	Linde Gas Romania
Propylene	LITASCO SA GENEVA, HIP-Petrohemija Serbia, Rompetrol Rafinare SA, OMV PETROM SA, PETROTEL LUKOIL SA, EURO GAS DOO, HELM AG
Ethylene oxide	CLARIANT SE, POLSKI KONCERN NAFTOWY ORLEN S.A., SIBUR INTERNATIONAL GmbH
Natural gas	PREMIER ENERGY SRL, ENTREX SERVICES SRL BUCHAREST, PREMIER ENERGY TRADING SRL BUCHAREST, ROMGAZ SA MEDIAȘ, TRANSGAZ SA MEDIAȘ, ROMANIAN COMMODITIES EXCHANGE BUCHAREST
Electricity	CET Govora SA, GETICA 95 COM SRL, Delgaz Grid SA, Distribuție Energie Oltenia SA, ALIVE CAPITAL SA BUCUREȘTI, TRANSELECTRICA SA BUCUREȘTI, A6 IMPEX SA DEJ, OPCOM BUCUREȘTI, PHOTOVOLTAIC GREEN PROJECT SRL

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RO2021.055.061Q RO2021.055.061E RO2018.055.061



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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 Râmnicu Vâlcea locations, are carried out within the 5 departments through the specialized departments.

Company management

In 2023, the administration and management of the company was 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 PREOTEASA	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 COJOC	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 in 2023 was ensured by a team consisting of:

• Vuza Stefan	CEO/CEO (until 30.10.2023)
• Staicu Dumitru Florian	Interim CEO (as of 31.10.2023)
• 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 (until 30.09.2023)
• Pop Calin	Commercial Director (as of 01.10.2023)
• Moldovan Dan	Deputy CCO/Deputy Commercial Director
• Bălăiță Maria Luminița	COO/Director of Operations Borzești
• Staicu Dumitru Florian	COO/Interim Director of Operations Suc. Rm.Vâlcea
• Dumitru Mihai	Production Manager Borzești
• Tălpașanu Mihail	Interim Director of Juice Production. Rm.Vâlcea
• Onofrei Caesar	Juice Production Manager. Rm.Vâlcea (starting with 22.06.2023)
• Michael Negrița	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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RO2021.055.061Q RO2021.055.061E RO2018.055.061



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NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Legal principles

The preliminary individual Financial Statements on and for the one-year period ended December 31st, 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 preliminary individual financial statements for the one-year period ended December 31st, 2023 contained in this report are not audited and have not been reviewed by an external auditor.

Presentation of financial statements

The preliminary individual financial statements of CHIMCOMPLEX S.A. BORZEȘTI (the "Company") on and for the period ended December 31st, 2023 were prepared 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 31st, 2022 remain largely unchanged. The amendments that entered into force as of 1 January 2023 did not have a material effect on the pre-eliminated financial statements.

Basis of assessment

The preliminary individual financial statements were prepared on a going concern basis, based on the historical cost convention, adjusted for the effects of hyperinflation up to December 31st, 2003 for reserves and property, plant and equipment.

Preliminary individual 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 given in Romanian lei.

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RO2021.055.061Q RO2021.055.061E RO2018.055.061



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NOTE 3. STATEMENT OF FIXED ASSETS

As at December 31st, 2023 , the Company holds the following categories of non-current assets, at net value:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Land and buildings	674.069.482	577.570.450
Technical installations and machinery	1.017.289.740	955.166.257
Other plant, machinery and furniture	5.406.440	5.058.499
Real estate investment	29.226.468	31.452.222
Ongoing investments	282.142.027	279.234.998
Rights to use leased assets	12.146.121	13.844.826
Intangible assets	118.212.264	122.407.778
Financial fixed assets	64.511.161	66.762.482
Advances on property, plant and equipment	4.155.816	34.453.698
Total	<u>2.207.159.519</u>	<u>2.085.951.211</u>

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 Râmnicu Vâlcea 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 Râmnicu Vâlcea 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:

	31 December 2023	31 December 2022
Finished products	85.472.660	154.903.384
Raw	32.140.055	39.233.309
Materials	8.258.220	16.780.304
Packaging	949.162	2.102.171
Mouldings	9.781.262	15.813.801
Commodities	40.399	185.031
Inventory items	699.935	754.166
Stocks in transit	1.394.709	4.896.990
Other stocks	2.975.703	3.329.829
Total	141.712.105	237.998.985

During the one-year period ended December 31st, 2023, there were no significant value adjustments for inventories. The decrease in the value of stocks of finished products by 102 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 market.

NOTE 5. STATEMENT OF CLAIMS

	31 December 2023	31 December 2022
Customers	85.376.249	76.806.503
Customer impairment adjustments	(1.378.100)	(1.313.857)
Advances paid for services	19.194.352	67.528.664
Receivables representing distributed interim dividends during the year	-	167.000.000
Subsidies - State aid for CO2	57.416.747	64.173.308
Grants receivable - financing projects	13.064.218	25.985.762
Receivables to be recovered from the state budget	13.350.478	-
VAT recoverable	21.257.409	37.378.202
VAT not chargeable	4.302.760	33.758.757
Trade receivables with related parties	15.697.648	21.473.444
Advance expenses	573.647	597.157
Other receivables	5.536.673	1.478.612
Total	234.392.083	494.866.553

The average period for collecting trade receivables remained at a low level, namely 21 days in 2023.

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The company has ongoing investment projects with non-reimbursable financing, from European and Norwegian funds for: the construction of the 8 Mw high-efficiency trigeneration plant and the construction of a polyol plant, the subsidies to be received on December 31st, 2023 totaling 13,064,218 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 the indirect costs of emissions incurred in 2022, recorded in the financial statements of 2022 at the value of RON 64,173,308, calculated based on the calculation algorithm written in the legislative act, fulfilling the required eligibility criteria. In the Prodcom Code Declaration submitted in June 2023, this amount was corrected to RON 58,714,468 by updating the price of CO2 certificates in the state aid calculation formula. Of this value, about 78% was collected in 2023, i.e. the amount of 45,664,031 lei. On December 31st, 2023, the company registered the subsidy for compensating greenhouse gas emission costs for 2023 in the amount of RON 57,416,747, taking into account the percentage of collection in 2023.

NOTE 6. DEBT STATEMENT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Suppliers	91.248.525	203.466.571
Credits	642.232.231	502.358.214
Interest on loans	2.553.024	1.254.181
Customers charged in advance	8.289.144	11.812.041
Payroll liabilities	9.095.948	8.977.567
Duties and taxes related to salaries	6.229.552	8.106.930
Other fees	283.306	413.368
Deferred tax liabilities	136.101.866	136.699.379
Income tax liabilities	-	21.787.660
Subsidies	38.630.464	41.009.355
Provisions	18.262.368	34.877.650
Dividends to be distributed during the financial year	2.315.926	12.879.396
Accrued income*	209.073	11.976.361
Payments to be made in respect of shares held in affiliated entities	9.966.000	10.966.000
Trade liabilities to related parties	6.425.334	4.369.468
Financial lease liabilities	17.544.899	14.654.586
Other debts	4.841.162	6.207.946
Total	994.228.823	1.031.816.672

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RO2021.055.061Q RO2021.055.061E RO2018.055.061



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* The advance revenues represent the cash received from Oltchim S.A. as part of the 2018 business acquisition for the decommissioning obligations for two landfills purchased from Oltchim S.A. The closure of the non-hazardous waste landfill was completed in January 2022 and the closure works of the hazardous waste landfill were completed in December 2023.

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 31.12.2023: 21,257,409 lei)
- bank transfer.

CREDITS	31 December 2023	31 December 2022
CEC Bank	265.129.609	272.601.382
Alpha Bank	132.404.240	116.633.319
UBS Swizerland	158.225.420	68.913.588
Garanti Bank	88.994.786	45.432.506
Others	31.200	31.600
Total	644.785.255	503.612.395

As of December 31st, 2023, the value of medium and long-term loans increased by 28% compared to December 31st, 2022, mainly by contracting bank loans from UBS Swizerland and Garanti Bank to finance the cogeneration and trigeneration plants in Rm. Vâlcea and the connections to SEN and SNTGN.

All loan agreements concluded contain clauses on financial indicators that the Company is obliged to fulfill, verification being carried out semi-annually. As of December 31st, 2023, the company complied with all indicators set out in the contracts, continuously monitors the fulfillment of contractual obligations and expects to continue to comply.

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NOTE 7. CAPITAL AND RESERVES

	31 December 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	(26.657.863)	(47.794.795)
Revaluation reserves	575.367.971	577.222.870
Legal reserves	109.435.476	109.435.476
Retained earnings	690.580.908	(267.791.826)
Result of the period	75.904.125	266.061.923
Total	1.734.208.033	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).

By shareholders' decision of June 21, 2023, the redemption of a maximum number of 1,000,000 own shares was approved. In 2023, the Company repurchased in the last buy-back program a number of 17,143 shares with a total trading value of RON 321,503. 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:

	31 December 2023	(%)	31 December 2022	(%)
Internal market	460.662.205	33	631.509.149	28
External market	938.636.307	67	1.627.023.262	72
	1.399.298.512	100	2.258.532.411	100

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Presentation of turnover by product types:

	31 December 2023	(%)	31 December 2022	(%)
Petrochemistry	684.537.343	48,9	1.095.896.742	48,5
Chlorosodium	650.943.769	46,5	995.302.506	44,1
Oxo-alcohols	5.561.156	0,4	66.746.104	3,0
Commodities (mainly utility resales)	43.025.070	3,1	89.020.112	3,9
Various	15.231.175	1,1	11.566.946	0,5
Total	1.399.298.512	100	2.258.532.411	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 RON 460 million in 2023 (33% of total sales), compared to RON 632 million in 2022 (28% of total sales).

On the foreign market, product deliveries amounted to 939 million lei. Sales on the foreign market accounted for approximately 67% of total product sales in 2023, compared to 72% in 2022.

NOTE 9. SALES

	31 December 2023	31 December 2022
Income from the sale of finished products	1.324.825.865	2.134.650.231
Income from the sale of goods	43.025.070	89.020.113
Revenue from services provided	2.377.643	3.027.028
Income from various activities	29.018.368	31.293.513
Income from the sale of residual products	51.566	541.527
Total	1.399.298.512	2.258.532.411

NOTE 10. INVESTMENT INCOME

	31 December 2023	31 December 2022
Rental income	6.534.744	6.874.997
Interest income	4.567.194	3.298.266
Total	11.101.938	10.173.263

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RO2021.055.061Q RO2021.055.061E RO2018.055.061

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NOTE 11. OTHER GAINS OR LOSSES

	31 December 2023	31 December 2022
Gain / (loss) on changes in provisions	16.835.970	7.293.840
Exchange rate gain / (loss)	(1.948.812)	93.591
Gain / (loss) on impairment adjustments current assets	(1.415.970)	(5.521.300)
Gain / (loss) on sale of non-current assets	(394.896)	(149.716)
Gain / (loss) on impairment adjustments financial assets	-	4.205.329
Gain / (loss) from various receivables and debtors	(2.269)	(6.067)
Other gains (or losses)	-	1.893
Total	13.074.023	5.917.570

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

	31 December 2023	31 December 2022
Raw materials and consumables	433.005.451	698.663.708
Other material expenses	23.683.977	34.162.749
Energy and water costs	384.879.452	738.470.217
Cost of goods sold	39.024.008	85.016.214
Total	880.592.888	1.556.312.889

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.

Subsidies for indirect emission costs for the years 2023 and 2022 were recorded in the Statement of comprehensive income by reducing energy and water costs.

The company's management is constantly striving to reduce costs with utilities and main raw materials.

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NOTE 13. SALARY EXPENSES

Staff costs for 2023 compared to 2022:

	31 December 2023	31 December 2022
Gross wages and salaries	117.433.377	139.752.751
Social security expenses employer	8.686.786	9.657.639
Employee benefits in the form of equity instruments	23.387.871	
Meal vouchers	10.807.918	9.000.833
Gift vouchers	-	-
Holiday vouchers	1.474.496	4.478.600
Total	161.790.448	162.889.823

The average number of employees in 2023 was 1,449 compared to 1,688 in 2022.

Social insurance is paid for all employees.

The employees of the company are included in the state pension 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 Râmnicu Vâlcea 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 Râmnicu Vâlcea 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. EXPENDITURE ON SERVICES PERFORMED BY THIRD PARTIES

	31 December 2023	31 December 2022
Consulting expenses	467.262	832.371
Other expenditure on services performed by third parties	42.861.198	46.518.034
<i>Logistics services</i>	<i>11.713.415</i>	<i>10.809.980</i>
<i>Security services (security)</i>	<i>5.809.196</i>	<i>4.150.420</i>
<i>Audit Services</i>	<i>397.050</i>	<i>1.047.861</i>
<i>Wastewater monitoring</i>	<i>1.517.078</i>	<i>946.904</i>
<i>Other services</i>	<i>23.424.460</i>	<i>29.562.869</i>
Total	43.328.460	47.350.405

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ALPHA BANK BUCUREȘTI



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NOTE 15. OTHER INCOME

	31 December 2023	31 December 2022
Compensation, fines and penalties	110.831	50.567
Depreciation of investment subsidies	1.453.918	2.178.343
State aid for greenhouse emission costs for 2021	-	32.404.226
Other operating income	3.599.296	3.005.258
Total	5.164.044	37.638.394

The company 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 as a result of the transfer of the cost of greenhouse gas emissions to the price of electricity.

In 2022, the Company recorded as Other Revenues the amount of 32,404,226 lei representing the subsidy received in 2022 for the cost of indirect emissions for 2021.

NOTE 16. OTHER EXPENSES

	31 December 2023	31 December 2022
ABA Olt - exceeding pollutant concentrations from wastewater	24.214.386	19.785.878
Donation and sponsorship expenses	2.745.763	14.075.930
Expenses with taxes and fees	5.904.774	5.605.334
Insurance charges	3.176.262	2.521.919
Expenditure on rents	5.705.181	4.511.909
Environmental protection expenditure	444.907	3.900.265
Travel expenses	1.143.444	1.334.107
Entertainment, advertising, advertising expenses	2.238.696	1.617.641
Expenditure relating to fines and penalties	90.768	1.397.092
Expenditure relating to staff transport	452.744	445.578
Expenditure on post and telecommunications	277.138	269.003
Other expenses	469.420	1.486.068
Total	46.863.483	56.950.723

NOTE 17. COST OF FINANCING

	31 December 2023	31 December 2022
Bank charges and similar costs	201.813	210.281
Interest expenses	33.872.110	19.899.778
Foreign exchange expenses / (income) related to loans	3.721.784	1.215.679
Total	37.795.708	21.325.737

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The economic and financial results registered by Chimcomplex SA in 2023 compared to 2022:

No.	Economic and financial Indicators	YEAR 2023 thousand lei	YEAR 2022 thousand lei	Differences thousand lei	%
0	1	2	3	4 = 2 - 3	5=4/3*100
1	Turnover	1.399.299	2.258.532	-859.234	-38,04
2	Total revenue	1.366.632	2.415.212	-1.048.580	-43,42
	-operating income	1.343.854	2.385.750	-1.041.895	-43,67
	-financial income	22.778	29.463	-6.684	-22,69
3	Total expenses	1.290.728	2.103.957	-813.229	-38,65
	-operating expenses	1.231.465	2.058.553	-827.088	-40,18
	-financial expenses	59.263	45.404	13.859	30,52
4	Gross result	75.904	311.255	-235.351	-75,61
	-operating result	112.389	327.197	-214.808	-65,65
	-financial result	-36.485	-15.941	-20.543	*
5	Income tax expenses	0	55.919	-55.919	-100,00
6	Deferred tax revenue	0	10.726	-10.726	-100,00
7	Net result	75.904	266.062	-190.158	-71,47

In 2023, compared to 2022:

- The 38% decrease in turnover compared to the same period of 2022 was caused by 64% of the decrease in quantities sold by the company, amid low demand in the European market, the remaining 36% being caused by lower sales prices.
- The operating result is at a level of 65% of that obtained in the same period of the previous year. Affected by the situation in the sales markets, the Company correlated production with sales possibilities and operated in 2023 at a reduced capacity, especially with the departments that consume large electricity and natural gas, making efforts to reduce costs,
- The financial result in 2023 of -36,485 thousand lei consists of:
 - Interest on loans and other financial expenses in the amount of -30,843 thousand lei, costs that increased with the EURIBOR variable interest margin and with the contracting of new loans;
 - Exchange rate loss in the amount of -5,642 thousand lei, of which -2,214 thousand lei are actually realized losses, and -3,428 thousand lei are unrealized, resulting from the revaluation of loan balances, receivable/debt accounts and treasury accounts.

The financial loss in 2023 registered a significant increase of 20 million lei, 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.

- The net profit achieved in January-December 2023 in the amount of 75,904 thousand lei is lower than that achieved in the same period of 2022 by 75%.
- The company managed to achieve an operating profit margin of 8% **in 2023**;

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NOTE 18. OTHER INFORMATION

Transactions with affiliated parties

The nature of transactions with related parties is detailed below. The Company participated in transactions with related parties in the ordinary course of business under normal contractual terms.

(i) Related party transactions

Sales	Year 2023	Year 2022
A6 IMPEX SA DEJ	15.946	23.712
UZUC SA PLOIESTI	-	4.770
SISTEMPLAST SA RM. V	40.207	38.774
SOMES LOGISTIC SRL DEJ	55.415	55.624
CRC IMPEX CHEMICALS SRL PLOIESTI	1.171	-
CAROMET SA CARANSEBES	-	5.116
Total	112.739	127.995

Purchases	Year 2023	Year 2022
CAROMET SA CARANSEBES	983.203	2.549.819
NOVATEXILE BUMBAC SRL PITESTI	17.596	34.986
INAV SA BUCHAREST	64.574	389.030
SISTEMPLAST SA RM. V	38.714.154	56.931.205
CRC IMPEX CHEMICALS SRL PLOIESTI	-	123.589
UZUC SA PLOIESTI	90.578	709.062
ROMANIAN COMMERCIAL SERVICES SA PIATRA NEAMT	-	19.495.480
A5 INVEST SRL ONESTI	7.195.251	3.983.939
GREENCOMPLEX SRL ONESTI	54.740	35.700
A6 IMPEX SA DEJ	45.239.710	7.029.137
CRC EXPLORATION&BUSINESS SRL ONESTI	99.972	-
SINTEROM SA CLUJ-NAPOCA	15.719	-
Total	92.475.498	91.281.947

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RO2021.055.061Q RO2021.055.061E RO2018.055.061

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(ii) **Related party balances**

Claims	31 December 2023	31 December 2022
VITORIA SERV SRL BUCHAREST	41.400	41.400
SOMES SA DEJ	117.185	117.185
SINTEROM SA CLUJ-NAPOCA	1.984	1.984
A6 IMPEX SA DEJ	4.106.012	4.090.067
CRC IMPEX CHEMICALS SRL PLOIESTI	13.923.402	18.923.402
NOVATEXILE BUMBAC SRL PITESTI	1.000	1.000
SISTEMPLAST SA RM. V	3.109	-
CAROMET SA CARANSEBES	1.191.602	1.115.676
CRC EXPLORATION&BUSINESS SRL ONESTI	11.861	11.861
IASITEX TO IASI	1.423	1.423
CRC ZEUS AMSTERDAM	200.526	192.547
Total	19.599.504	24.496.544
Debt	31 December 2023	31 December 2022
CRC EXPLORATION&BUSINESS SRL ONESTI	-	49.177
AISA INVEST SA CLUJ-NAPOCA	6.664	6.664
CAROMET SA CARANSEBES	733.188	340.666
INAV SA BUCHAREST	-	4.528
CRC IMPEX CHEMICALS SRL PLOIESTI	833	833
IASITEX TO IASI	75.842	75.842
SOMES SA DEJ	3.131	3.131
SISTEMPLAST SA RM. V	4.799.825	2.913.571
UZUC SA PLOIESTI	72.856	398.660
A5 INVEST SRL ONESTI	727.760	573.421
GREENCOMPLEX SRL ONESTI	5.235	2.975
Total	6.425.334	4.369.468
Downpayments	31 December 2023	31 December 2022
SOMES SA DEJ	233.837	233.837
CAROMET SA CARANSEBES	6.395	6.395
UZUC SA PLOIESTI	910.396	910.396
NOVA TEXTILE BUMBAC SRL PITESTI	63.732	80.154
SISTEMPLAST SA RM. VALCE	488.883	2.233.518
CRC EXPLORATION&BUSINESS SRL ONESTI	148.812	148.812
Total	1.852.056	3.613.113

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ALPHA BANK BUCUREȘTI





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Guarantees	31 December 2023	31 December 2022
SISTEMPLAST SA RM. V	3.298.345	2.611.124
Total	3.298.345	2.611.124

The preliminary individual Financial Statements as at 31 December 2023 have been prepared in accordance with The 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 December 31st, 2023 communicated by the National Bank of Romania were used.

The closing price of one CRC share on December 29, 2023 was RON 17.85 and the market capitalization recorded on this date was RON 5,442,605,140.

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 45,000,000 lei. The company considers this to be a contingent liability.

Environment

Environmental regulations are in a development phase in Romania and the Company has not registered any debt as of December 31st, 2023 and December 31st, 2022 for any anticipated costs, including legal and consulting fees, development and implementation of environmental remediation plans.

TAXONOMY

The taxonomy regulation (2020/852) is part of EU legislation tasked with defining environmentally sustainable economic activities and transferring more capital to activities that contribute substantially to the EU's Green Deal objectives: climate neutrality, zero pollution, biodiversity conservation, circular economy and a high degree of energy efficiency.

CHIMCOMPLEX SA BORZESTI has identified its activities explicitly nominated in the EU-Taxonomy compass as eligible activities:

- Manufacture of chlorine
- High-efficiency cogeneration of heat/cool and energy from fossil gaseous fuels
- Rail freight transport (by domestic railways)
- Road freight transport services

We are in the process of assessing the compliance of these activities with the criteria contained in the Delegated Acts in order to demonstrate their alignment with environmentally sustainable development.

Climate

In 2023, we carried out our activity in the field of climate change by complying with the provisions of the greenhouse gas emissions permits, and the EGES monitoring plans for the period 2021-2025, approved by the National Environmental Protection Agency for each of the two platforms.

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RO2021.055.061Q RO2021.055.061E RO2018.055.061



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The Company is also interested in environmental issues that may arise for its customers due to products manufactured by the Company. In order to limit the impact on the environment during the use of our products, the Company provides customers with information about products and measures to protect the environment when using them through labels, quality standards, instructions for use, safety data sheets, training and technical support when purchasing products.

The company aims to improve communication with environmental stakeholders, the local community, control and regulatory authorities, collaborators, etc., by carrying out actions of exchange of ideas, thematic debates, etc. (direct meetings). In this regard, the modernization works and 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 stakeholders to highlight the interest and effort of our organization in complying with and enforcing the legal provisions and for the continuous improvement of environmental protection measures.

Taxation

The taxation system in Romania is still developing, trying to consolidate and harmonize with European legislation. In this regard, there are still various interpretations of tax legislation. In certain cases, tax authorities may treat certain matters differently and calculate additional taxes and duties, as well as interest and related penalties.

On January 1, 2023, the amount of interest is 0.02% and the late payment penalty is 0.01% for each day of delay.

In Romania, the limitation period for fiscal controls is 5 years. Management believes that the tax obligations included in these financial statements are adequate.

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.

Subsequent events

Chimcomplex signed the "Antwerp Declaration" - an urgent call to revitalize European industry, strengthen core industrial sectors and ensure their competitiveness and resilience in the context of geopolitical changes. These are the industries that can and want to deliver the climate solutions Europe needs.

To overcome current challenges, the Antwerp Declaration outlines 10 concrete actions, including integrating the European Industrial Agreement into the European Strategic Agenda, simplifying legislation and the state aid framework. It calls for Europe to become a global leader in low-carbon energy supply through a strategic partnership and robust infrastructure, along with stronger support for EU projects. It stresses the need to empower raw materials, promote demand for sustainable products and encourage innovation and more incentives to attract investment to Europe. The European Single Market is also highlighted as a resource to be harnessed and reactivated, along with the establishment of a new legislative framework to stimulate investment and a cohesive internal structure for effective policy implementation.

The industry makers' warning of Europe's lack of competitiveness vis-à-vis competitors from China and the US comes just months after the EU finalised climate regulations for all sectors of the economy from energy production to transport, with the goal of reducing carbon emissions by 55% by the end of the decade. More recently, the bloc agreed to bring the reduction to 90% by 2040.

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At the same time, the energy crisis in Europe and subsidies for US and Chinese companies are calling into question the future of European industry. In fact, the entire continent is in a prolonged period of stagnation, the economic recovery being expected.

The chemical industry in particular is under great pressure for decarbonisation, as the EU's carbon pricing scheme through the Emissions Trading System is massively raising costs.

The decay of the chemical industry is causing concern at the highest level in all European countries. Europe's chemical industry saw an 8.0% drop, the fifth-largest drop in production according to the Cefic Chemical Trends Report. Dec 2023. Basic chemicals companies continue to report double-digit declines: petrochemical production in 2023 was 13.8% lower compared to the same period a year earlier.

China's chemical production is at its highest levels ever, 9.6% higher in 2023 than in 2022. Surplus supply from China is exported, and Europe is one of the main destinations. The EU chemical industry spent €11 billion on research and innovation (equivalent to 6% of value added), the highest levels on record. Capital expenditure amounted to 18% of value added (€32 billion). For reference, in China the CAPEX in 2022 was €125 billion.

Without the support of industry at the highest level, all basic industries are jeopardised, and thus the future of Europe!

In this context, Chimcomplex continues its plan of specific measures to reduce emissions, such as increasing energy efficiency and optimizing processes and focuses on new strategic investments, among which the most important are:

1. the project for the construction of a "High efficiency gas cogeneration, flexible, in the district heating sector Rm. Vâlcea", co-financed by the National Recovery and Resilience Plan Pillar I. Green transition – Component C6 Energy Investment measure 3 - Development of flexible and highly efficient gas-fired production capacities for combined heat and power (CHP) in the district heating sector, with a view to achieving deep decarbonisation.

The project aims to build a high-efficiency cogeneration plant to serve Râmnicu Vâlcea municipality starting with 2026. The total value of the project is 689,393,524.37 lei, of which the maximum eligible non-reimbursable value is 405,000,000 lei.

The project is implemented by Chimcomplex S.A Borzești in Râmnicu Vâlcea, Romania, between 27.01.2023 - 31.12.2025. The objectives of the project are:

- Reduction by 84,468 tCO₂ / year of greenhouse gases at the level of Râmnicu Vâlcea municipality
 - Increase installed capacity in high-efficiency cogeneration by 108 MW
 - Reduction of annual primary energy consumption by 418,105 MWh
 - by achieving a flexible and highly efficient 108 MW gas production capacity for combined heat and power (CHP) to supply heat to the inhabitants of Râmnicu Vâlcea within a period of 36 months from the signing of the financing contract.
2. The establishment of a new, sustainable production unit of epoxy resins based on epichlorhydrin synthesis within Chimcomplex SA Borzești has as main objective to ensure Romania's total independence from chemical imports through the local manufacture of epoxy resins. Through this investment of 490 million lei we aim to reduce to zero imports of resins and epichlorhydrin, contributing significantly to the security and autonomy of our country in this area. The amount of state aid requested, it amounts to 195.1 million lei, while the total value of the project is 490.2 million lei. The project will ensure the prospect of continuing the development of other manufacturing and integration of technological processes upstream and downstream, fitting perfectly into the integrated development strategies of the industrial platform in Onesti. It will also facilitate the integration of green hydrogen and high-efficiency energy produced in Onesti

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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 preliminary unaudited individual financial statements prepared for the one-year period ended December 31st, 2023 give a true and fair view of the Company's assets, liabilities, 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 events importance that occurred during the financial year 2023 and their impact on the preliminary individual financial statements.

FLORIAN STAIKU,
GENERAL DIRECTOR

STĂNCIUGEL NICOLAE,
FINANCIAL DIRECTOR

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