



MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2021

Company name: CHIMCOMPLEX S.A. BORZEȘTI

Registered office: Onesti, 3 Industriilor Street, Bacau County

Phone: 0234/302100

Fax: 0234/302102

Unique registration code: RO 960322

Serial no. in the Trade Register: J04/493/1991

LEI code: 549300FCIHJZOG56WD36

The market on which the issued securities are traded: Bucharest Stock Exchange - Standard Category, Symbol CRC

Object of activity: Manufacture of other basic inorganic chemicals

Subscribed and paid-up share capital according to the Trade Registry: 304.907.851 lei

The main characteristics of the securities issued by the company: the share capital is divided into 304,907,851 shares with a nominal value of RON 1 / share

1. ANALYSIS OF THE COMPANY'S ACTIVITY

Description of the basic activity of the company

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

The activity that holds the largest share in the income achieved by the company in 2020, according to the NACE code, is 2014 "Manufacture of other basic organic chemicals".

The main products manufactured by Chimcomplex SA Borzești are:

1. **Macromolecular products:** polyols -polyethers for polyurethane foams;
2. **Chlorosodic products:** caustic soda solution 50%, caustic soda flakes, technical sodium hypochlorite, synthesis hydrochloric acid, liquid chlorine, bottled liquid chlorine;
3. **Organic synthesis products:** propylene oxide, propylene glycol, oxo – alcohols, isopropyl amine, methylamines;
4. Inorganic chlorides: solution calcium chloride, technical calcium chloride, lime chloride, ferric chloride;
5. **Other products:** demineralized water, sulfuric acid, ammonia water, chlorcoline chloride

a) Date of establishment of the commercial company:

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

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

The company was privatized in 2003 by signing the sale-purchase agreement of shares on June 9, the company A2 IMPEX SRL Ploiesti taking over from APAPS (AAAS) a number of 63,240,247 lei, at a nominal value of 2.5 lei (ron), representing 94.7465% of the company's share capital at that time.

On December 7th, 2018, Chimcomplex SA Borzești acquired from Oltchim SA the assets (intellectual property rights, land, constructions, movable goods, ongoing investments) related to the chlorosodic installations, propenoxide, polyols-polyethers, oxo-alcohols, monomer, PVC I, utilities, wagon fleet, on the industrial platform Rm. Vâlcea. The value of the transaction was 589,328,986 lei, without VAT.

For the activity in Rm. Vâlcea, the Rm. Vâlcea Branch was established, without legal personality.

On December 31, 2020, the share capital of Chimcomplex SA Borzești is 304,907,851 lei, divided into 304,907,851 shares with a nominal value of 1 RON / share, according to the records from the Trade Register attached to the Bacau Tribunal.

b) Description of acquisitions, modernizations and / or outflows of assets from the patrimony:

During 2021, **in Borzești**, asset inputs were made through acquisitions and modernizations of buildings, constructions, machinery, equipment, measuring and control devices and means of transport as follows:

- special buildings and constructions:	1.039.341 lei, of which:
- return sale duct from PEHD	830.408 lei
- machinery, equipment, measuring and control devices and means of transport:	6.773.099 lei, of which:
- cells 110KV	1.675.469 lei
- pumps, electro pumps	626.963 lei
- tanks	315.558 lei
- distribution panels	320.116 lei
- Cars	175.081 lei
- distributed control system	297.793 lei
- Wagons	2,341,174 lei
- Train engines	546.869 lei

Regarding the outflows of assets from the patrimony, during 2021 they were worth 106,780 lei.

During 2021, **at Rm. Vâlcea Branch** were put into operation / modernized fixed assets worth 3,533,813 lei from the ongoing investments as follows:

-Cooled water installation, electricity supply network within the investment objective "Rehabilitation of electrolysers for membrane electrolysis"	1,834,767 lei
-Independent technological equipment, means of transport, office equipment	1.699.046 lei

Regarding the outflows of assets from the Rm. Vâlcea Branch during 2021, they are as follows:

Fixed assets, of which:	3,330,586 lei
-Scrapping of fixed assets	1,183,658 lei
-Tank wagons, transferred to Onesti Branch	2,146,928 lei

During 2021, advances were paid for property, plant and equipment in the amount of 20.102.334 lei, of which:

-Acquisition of equipment, design services and execution of constructions at the objective "Cogeneration installation 49 MW"	19.194.922 lei
-Reactor execution, modernization of the distribution panel at the objective "Increase the capacity at the Propenoxide installation"	774.322 lei
-Electrical project for the power supply at the objective "Installation of special polyols"	133.090 lei

1.1.1. Elements of general evaluation

The main indicators achieved in 2021 are:

	TOTAL	Borzești	Rm. Vâlcea
			- lei -
Total turnover, of which:	2,244,002,649	234,425,502	2,009,577,147
production sold	2,207,527,570	231,606,534	1,975,921,036
of which, export	1,726,800,493	127,136,498	1,599,663,995
Operating income	2,413,335,005	351,214,220	2,062,120,785
Total operating costs, of which:	1,772,958,760	365,881,514	1,407,077,246
raw materials and materials,	881,850,968	38,894,367	842,956,601
utilities (energy, water, gas)	451,442,533	163,021,482	288,421,051
Personal	176,127,012	78,646,434	97,480,578
Transportation	39,413,608	13,915,218	25,498,390
depreciation	46,591,424	12,967,631	33,623,793
services performed by third parties	78,290,434	26,844,302	51,446,132
Operating result	640,376,245	(14,667,294)	655,043,538
Total financial income, of which:	15,690,059	9,352,801	6,337,258
exchange rate differences	8,946,573	2,828,015	6,118,558
Total financial expenditure, of which:	113,005,289	10,109,578	102,895,711
Interest	46,010,660	331,408	45,679,252
course differences	15,321,099	2,803,812	12,517,287
other expenses - banking services	48,982,862	6,098,766	42,884,096
Gross result	543,061,015	(15,424,071)	558,485,086
Net result	485,535,941		

Market share held by the company:

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

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

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

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

1.1.2. Evaluation of the technical level of the company

Description of the main products made and / or services provided

Borzesti:

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

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

Alkylamines: methylamines, isopropyl amine;

Other products: chlorcoline chloride

Short presentation of the main manufactured products:

Chlorosodic products

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

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

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

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

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

Inorganic chlorides

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

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

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

Alkylamines

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

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

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

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

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

Vâlcea Branch:

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

Macromolecular products:

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

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

Organic synthesis products:

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

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

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

a) *The main markets, the share held by the main products on these markets and the distribution methods:*

Borzesti:

The main markets were Romania 44%, European Union 26.5%, extra EU 29.5%.

Vâlcea Branch:

The main markets were: European Union 60%, Romania 18%, Middle East 10%, other regions 12%.

The sale of the products is made directly to the end users or through companies specialized in the distribution of chemical products.

The sale of the products through distributors ensures the takeover of the risk of non-payment of the final consumer, the financing of the production through advance payments, logistical conditions (authorized auto means for the transport of dangerous goods, warehouses), the reduction of the selling costs on the more distant geographical markets, the redistribution of the products in small quantities to the small consumers, the prospecting of the market and the promotion of the products.

b) The evolution of the share of revenues resulting from the main activities carried out, in the total turnover achieved by locations:

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

Income from the sale of Rm Vâlcea products	2020	2021
Chlorosodic	18	11
polyols - polyethers	72	71
oxo-alcohols	0,5	13
other revenue	9,5	5

The value of the goods production made in 2021, broken down by production sections, is as follows:

LOCATIO N	Year 2021	
	VPM (thousand lei)	%
Borzești	228,303	10%
Soda M	150,871	7%
Chlorine	46,670	2%
Organic	22,870	1%
Inorganic chlorides	7,892	0.4%
Rm. Vâlcea Branch	2,010,741	90%
Chlorosodics	216,804	10%
Polyols-Polyethers	1,505,735	67%
Oxo-alcohols	272,554	12%
Other products	15,648	1%
TOTAL	2,239,044	100%

Borzești:

The value of the merchandise production made in 2021 was 228,303 thousand lei, compared to 211,437 thousand lei in 2020.

Rm. Vâlcea Branch

The value of the merchandise production made in 2021 was 2,010,741 thousand lei, compared to 921,997 thousand lei in 2020.

The utilization of the production capacities at the level of Chimcomplex SA in 2021 is:

Product group	
-polyols	91%
-Liquid soda	92%
-oxo-alcohols	65%

Chimcomplex maximized its polyol production in 2021, reaching more than 91% of plant capacity; -Oxo-alcohols had a relatively low usability in 2021 because the company prioritized the use of propylene in polyol production during a propylene market shortage.

1.1.3. Evaluation of the supply activity

The main suppliers of Chimcomplex are:

PRODUCT	SUPPLIERS
Salt solution	Tg. Ocna Salt Mine, Rm Vâlcea Salt Mine
Soda ashes	Solvay, Bulgaria, Siseecam Chemicals Bosnia;
Ammonia	Square Chem Bucharest
Industrial lime	Carmeuse Holding Brasov
Limestone stone	Mezei Trans SRL Rupea; Societatea Nationala a Sarii SA Bucuresti, Suc. Mining expl.Rm.Vâlcea;
Liquid nitrogen	Linde Gas Romania
Sodium metabisulphite	Ando Impex SRL Dej
Propylene	Litasco SA Geneva Suc.Ploiesti, HIP-Petrohemija Serbia; Rompetrol Refining; EMITRADEFZE UAE; OMV PETROM SA
Natural gas	SNGN Romgaz Medias; MET Romania Energy SA
Electricity	GOVORA CHPP; Renovatio Trading SRL Bucharest; Getica 95 COM LTD, MET Romania Energy SA

The relationships with suppliers have a traditional character and are procedured within the integrated quality management system - environment ISO 9001:2015, ISO 14001:2015.

1.1.4. Evaluation of the sales activity

- a) Description of the evolution of sequential sales on the internal and / or external market and of the medium- and long-term sales perspectives**

The turnover obtained in 2021, amounting to 2,244 million euros, doubled compared to that of 2020, an increase determined mainly by the selling prices that increased for all the finished products capitalized by Chimcomplex, following the trend that the international quotations had.

Thus, the quotations for polyols and caustic soda (main products of Chimcomplex, with a share of 64% and 16% respectively in the value of the sold production) had the average in 2021 with 57% higher than the average value recorded in 2020.

A significant influence in the evolution of the turnover had the increase of the quantities sold on most of the company's products, the emphasis being on those more specialized products, with a

high profitability margin. Chimcomplex maximized polyol production in 2021, reaching 91% of its production capacity.

Borzești:

The basic products of the society are chlorosodics: caustic soda, chlorine, hydrochloric acid, sodium hypochlorite.

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

On the domestic market, the sales of finished products were worth 102 million lei, increasing by about 16% compared to 2020. Domestic sales represented in 2021 about 44% of the total sales of finished products, the largest share being the chlorosodic products and inorganic chlorines.

On the foreign market, in 2021, deliveries of products increased by approximately 22% compared to 2020, reaching the value of 127 million lei. Sales on the foreign market represented in 2021 about 56% of the total sales of finished products. In the total external sales, the largest share is held by chlorosodic products and alkylamines.

In 2021, the sales volume on both the domestic and external market registered an increase, amid the return of the demand for chemicals and the resumption of the activity of some consumers although during the year they were affected by the COVID 19 pandemic.

The sales structure (in terms of value) on the markets in 2021 was as follows:

Product group	Internal market	Foreign market
Chlorosodic products	44%	56%
Inorganic chlorides	62%	38%
Alkylamines	25%	75%
Other products	60%	40%
Total	44%	56%

The evolution of sales, in Borzești, on markets, in 2021 compared to 2020, is presented in the following table:

Product group	Market	2020		2021	
		Quantitative situation	Value situation	Quantitative situation	Value situation
Chlorosodic products	Internal market	43%	48%	45%	44%
	Foreign market	57%	52%	55%	56%
Inorganic chlorides	Internal market	52%	50%	64%	62%
	Foreign market	48%	50%	36%	38%
Alkylamines	Internal market	21%	26%	22%	25%
	Foreign market	79%	74%	78%	75%

Other products	Internal market	74%	20%	91%	60%
	Foreign market	26%	80%	9%	40%

Rm. Vâlcea Branch

The basic products of the company are:

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

On the domestic market, the sales of finished products were worth 410 million lei. Domestic sales represented in 2021 a percentage of 20% of the total sales of finished products, the largest share being held by polyols-polyethylenes.

On the foreign market, the deliveries of products amounted to 1,600 million lei. Sales on the foreign market represented in 2020 approximately 80% of the total sales of products. In the total external sales, the largest share is held by polyols-polyethers.

The sales situation of Chimcomplex Rm Vâlcea Branch in 2021 on markets is as follows:

Product group	2020		2021	
	Quantitative report	Value report	Quantitative report	Value report
POLYOLS-POLYETHERS				
Internal market	19%	18%	17%	16%
Foreign market	81%	82%	83%	84%
CHLOROSODIC PRODUCTS				
Internal market	59%	55%	56%	51%
Foreign market	41%	45%	44%	49%
OXO PRODUCTS				
Internal market	0.5%	0.5%	2%	2%
Foreign market	99.5%	99.5%	98%	98%
OTHERS				
Internal market	-	51%	-	40%
Foreign market	-	49%	-	60%

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

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

Chlorosodic products:

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

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

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

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

Polyethers:

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

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

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

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

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

Oxo Alcohols:

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

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

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

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

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

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

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

The company's clients fall into two categories:

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

1.1.4. Evaluation of aspects related to the company's employees/staff

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

In order to achieve the objectives of the organization, the company has specialized personnel for all fields of activity. Chimcomplex employees benefit from a professional working environment and development, fair labor relations, objective appreciation of performance, personal safety and security. Also, the employees benefit from social protection measures, bonuses, 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 the continuation of the tradition of the chemical industry through educational institutions and to the creation of premises for future generations of employees

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

The activities of each function, in both Locations Borzești and Râmnicu Vâlcea, are carried out within the 5 departments through the specialized compartments.

Borzești Platform

The personnel structure at December 31, 2021 by categories, is as follows:

Total Staff	755 of which:
Skilled workers	528
Band Bosses	42
Total TESA, of which	185
-leadership	52
-execution	133, of which:
	83 with higher education
	50 with secondary education

Râmnicu Vâlcea Branch:

The personnel structure at December 31, 2021 by categories, is as follows:

Total Staff	1.246, of which:
Workers	889
Unskilled workers	3
Band Bosses	56
Total TESA, of which:	298
- leadership	89
- execution	209, of which:
	180 with higher education
	29 with secondary education

The consolidated structure is as follows:

CHIMCOMPLEX employees	Total of which:	Borzești	Râmnicu Vâlcea	
total number, of which:	2.001	755	1.246	
- skilled workers	1.417	528	889	
- unskilled workers	3	-	3	
- team heads	98	42	56	

-TESA	483	185	298	
expenditure on salaries	166.537	76.016	90.521	thousand lei
social security expenditures	9.590	2.630	6.960	thousand lei

The trade unions within Chimcomplex that worked in 2021 are:

In Borzești two trade unions: the Chemist Union and the Ecotehning Union.

At the Rm. Vâlcea Branch, two trade unions: the Union of Chemist Oltchim Rm.Vâlcea, and the Union of Unirea.

1.1.6. Assessment of aspects related to the impact of the issuer's core business on the environment

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

Borzești

Integrated Environmental Authorization no.1/10.01.2013, updated on 12.06.2018 and approved for 2020 – 2021 with **Decision no.190/09.12.2020**, issued by the Environmental Protection Agency Bacau, valid for the entire period in which the beneficiary obtains the annual visa, provided that the provisions regarding the activity carried out and the requirements for monitoring the quality of the environment

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

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

Environmental permit no.26/19.04.2018, revision 1/23.03.2020, for the manufacture of chlorcoline chloride in pilot plant, issued by the Environmental Protection Agency Bacau, valid for 2 years of continuous operation of the installation.

Environmental permit no.82/28.05.2019 approved for 2021-2022 with **Decision no.195/06.04.2021** for the activity of metal treatment and coating, issued by the Environmental Protection Agency Bacau, valid throughout the period in which the beneficiary obtains the annual visa, provided that the provisions regarding the activity carried out and the requirements for monitoring the quality of the environment

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

During 2021, 12 site visits were made by the representatives of GNM – Bacau County Commissariat, of the Environmental Protection Agency Bacau and of AN Apele Romana – ABA Siret Bacau: in order to verify the compliance of the Chimcomplex activity with the provisions of the Integrated Environmental Permit no.1/2013 – updated on 12.06.2018, of the Environmental Authorization no.26/19.04.2018, revision 1/23.03.2020 for the manufacture of chlorcolin chloride in the pilot plant, of the Water Management Authorization no.1/2013 – revised with no.81/ 19.04.2018, of the legislation in force regarding the landfilling of waste, the biocides regime, the REACH Regulation – ref 7 requirement, the Seveso III Directive, the provisions in the field of EGES. As a result of these checks, no nonconformities were identified.

The last compliance control, carried out by the representatives of GNM – Bacau County Commissariat, took place on 02.11.2021 and the results of the inspection confirmed that Chimcomplex complies with the provisions of the Integrated Environmental Authorization no.1/2013, updated on 12.06.2018 and the reporting obligations to the competent authorities.

The measurement and monitoring activity in the environmental field included: monitoring the quality indicators imposed for the environmental factors water, groundwater and air; waste monitoring; monitoring of priority hazardous substances when discharging into trotus river, domestic water and groundwater; inspections to monitor the environmental aspects in the installations and at the reception of the revisions and investments works, in order to monitor the compliance with the authorization provisions and the legal requirements; making the calculation for the amounts due to the Environmental Fund for emissions into the atmosphere, the quantities of packaging put on the market with

Chimcomplex products and for the dangerous substances for the environment placed on the national market, the study of the technical documentations subjected to

environmental authorization to make investments, in order to verify and supplement them with the provisions of the environmental legislation that must be respected when carrying out the works.

During 2021, the activity of maintaining the certification of the Environmental Management System as an Integrated Environmental Quality Management System continued, according to the provisions of ISO 14001:2015 and ISO 9001:2015. Trainings were carried out with the Chimcomplex staff on the application of the requirements of the documented procedures, but also on the compliance with the environmental legal provisions in order to avoid non-compliance situations and fines.

Rm.Vâlcea Branch:

In 2021, the following authorizations / decisions issued by the regulatory authorities were obtained:

1. Integrated Environmental Permit no. 1 / 11.03.2021;
2. Authorization no. 106 / 29.03.2021 on greenhouse gas emissions for the period 2021-2030.
3. The decision of the framing stage no. 285/26.04.2021 for the project "**Partial decommissioning of equipment belonging to the Mercury Electrolysis Installation no. 3**".
4. The decision of the framing stage no. 487/15.07.2021 for the project "**Decommissioning equipment nitrogen oxygen installation**".
5. The decision of the framing stage no. 489/16.07.2021 for the project "**Decommissioning equipment of central heating installation**".
6. The decision of the framing stage no. Order of the Minister of Public Health no. 876/02.12.2021 for the project "**Construction of the C.T. 3 Thermal Power Plant**".
7. **Closing the notification** (no. 2824/23.12.2021) for the project "**Dismantling of central heating constructions**"

During 2021, the following documents were updated/obtained:

- The information regarding the account and the authorized representatives from the Single European Register of Greenhouse Gas Emissions (RUEGES) for the company CHIMCOMPLEX S.A. Borzești - Râmnicu Vâlcea Branch have been updated.
- A contract has been concluded with COV INSPECT SRL for the verification of the Monitoring Report on greenhouse gas emissions in order to issue the Verification Report for 2021 and the Verification Report on the level of activity for the verification of the activity in 2021 and 2020, in order to allocate the certificates regarding the greenhouse gas emissions for 2022"
- Plan to prevent and combat accidental water pollution for 2021;
- Water Statistics Reporting (SGA) for 2020;
- Reporting on waste statistics for 2020 - in the SIM application (Integrated Environmental System);
- Reporting on the situation of dangerous substances produced / used / export / import (SCP) for 2020, in the SIM application (Integrated Environmental System);
- Reporting of pollutants emitted and transferred (E-PRTR) for 2020;
- Contracts for the provision of water management services have been concluded with third-party companies on the platform (S.C. VILMAR S.A., S.C. CET GOVORA S.A., S.C. UZINA MECANICA S.A., CIECH Soda Romania SA, S.C. LOGISERV S.R.L., S.C. SISTEMPLAST S.A.) for the year 2022;
- A contract was concluded with EUROTOTAL SRL for "Environmental research – sampling, monitoring and interpretation of the results through research works" for the year 2021-2022;
- A contract was concluded with INCD ECOIND Bucharest – Râmnicu Vâlcea Branch for "Air pollution monitoring services (emissions, imissions and odor) – sampling, monitoring and interpreting the results through research papers" for 2021;
- Addendum to the Contract with GEOCYCLE (Romania) SRL for the capitalization of the waste cake filtering polyethers;
- Annex 1 of transport with GEOCYCLE (Romania) SRL for the capitalization of the waste filtering cake polyethers;
- The operational procedure PO – 029 Environmental Protection Activity has been updated;
- Updated Process Procedure PP 6.1.2. – Environmental aspects;
- The General Procedure PG 05 - Waste Management has been updated;

- The general procedure PG 06 – Monitoring and reporting of the obligations to the environmental fund has been updated;
- The general procedure PG 13 - Management of packaging waste has been updated;
- The general procedure PG 14 – Greenhouse gas emission management for the period 2021-2030 has been updated;
- The Activity Notification at the Company CHIMCOMPLEX S.A Borzești - Ramnicu Vâlcea Branch was updated, in accordance with the provisions of Law 59/2016 on the control of major accident hazards involving dangerous substances.

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

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

1.1.7. Evaluation of the research and development activity

The research and development activity in Borzești is carried out with the specialized staff employed by the company, the main achievements of 2021 being the following:

1. Laboratory testing and evaluation of technologies for valorization of packaging waste from PET to obtain terephthalic acid.
2. Laboratory testing and evaluation of the ways of valorization of used alpha-cellulose (coming from the purification of Na brine) with the obtaining of levulinic acid.
3. Testing and evaluation at laboratory level of the technologies for obtaining precipitated silica from Na silicate and CO₂ (as a technology for potential CO₂ capitalization).
4. Technical assistance for production departments: tests for the pretreatment of raw process water to obtain demineralized water.

The research activity at Rm.Vâlcea is carried out with the staff of the Research Center within the branch, the achievements during 2021 being the following:

1. Reagent diol syntheses - laboratory technology for the synthesis of a reactive diol with M = 2300 Da and 30% gr. Ethylene oxide
2. Polyols from vegetable oils - synthesis of a polyol from castor oil with M=2500Da
3. Polyols for flexible and rigid polyurethane foams - laboratory technology for the synthesis of an aminic polyol initiated with ethylenediamine having I_{OH} = 800 mg KOH/g

1.1.8. Risk factors

The company's management permanently seeks to reduce the potentially adverse effects, associated with the risk factors, on the financial performance of the company by defining **the risk** profile - general presentation of all potential risks affecting the company. The risk profile that by combining, classifying, ordering, establishing interdependencies, analyzing the causes/ effects,

severity and frequency, as well as defining the ways to mitigate the impact of all identified risks, is a main source of information in establishing the company's business strategy.

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

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

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

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

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

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

Capital risk management is done using the **indebtedness indicator**, which shows the degree to which equity ensures the financing of the activity indicating to what extent its medium and long-term commitments are guaranteed by equity. It is calculated as the ratio between medium and long-term debts and total capital.

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

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

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

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

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

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

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

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

Environment - Environmental regulations are in a development phase in Romania and Chimcomplex did not register debts as of December 31, 2020, for any anticipated costs, including legal and consulting fees, design and implementation of remediation plans in terms of environment.

Economic, political and social conditions in Romania or other countries

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

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

1.1.9 Elements of perspective regarding the company's activity

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

Following the acquisition by Chimcomplex SA Borzești in December 2018 of the five asset packages belonging to Oltchim, the period 2019 - 2020 was dedicated to the actions of integrating the activities of the platforms from Borzești and Rm. Vâlcea (administrative/organizational, financial-accounting, production, IT, etc.)

Chimcomplex SA Borzești is considering the implementation in the next years of an investment program for the chemical platforms from Borzești and Rm. Vâlcea, which would ensure the increase of the turnover to over 1 billion EUR / year.

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

Borzești:

During 2021, investments were made on the Onesti Platform in the amount of 17,981,632 lei, for the following investment objectives:

No	Objective name	Value
1.	Calcium chloride granules	8,236,697 lei
2.	Modernization of Soda M	805.474 lei
3.	Power stations	2,137,631 lei
4.	Tarcau Fish Complex	2,997,373 lei
5.	Other and maintenance	2,899,174 lei
6.	Acquisition of independent equipment	905.283 lei

Râmnicu Vâlcea Branch:

During 2021, investments in the amount of 39,890,223 lei were made at rm. Vâlcea Branch, the main allocations of funds being for the following investment objectives:

- DGL-DLI refurbishment	298.747 lei
- Installation Of special polyols	16,642,789 lei
- Installation of lime burning, lime extinguishing	1,314,385 lei
- Modernization and increase of Propenoxide installation capacity	4,289,767 lei
- Di chloropropane recovery installation	1,143,269 lei
- Wastewater treatment from the Propenoxide Department	3,487,660 lei
- Rehabilitation of electrolysis electrolyzers with membrane	6,214,359 lei
- CHP 49 MW cogeneration plant	239.275 lei
- Thermal Power Plant CT III	385.655 lei
- Closure of non-hazardous waste landfill	3.923.022 lei
- Other Investments	278.545 lei
- Acquisition of independent equipment and office equipment	1.672.750 lei

The closure of the non-hazardous waste landfill was made on the basis of the active sales contract concluded with Oltchim SA.

2. TANGIBLE ASSETS OF THE COMPANY

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

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

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

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

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

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

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

The value of the transaction was 127 million EUR, without VAT, and the financing offered to Chimcomplex was provided by Credit Suisse and VTB Europe.

Land area held on December 31, 2021:

Total: 4,196,125 sq. m. with a patrimony registration value of 82,722,271 lei, located thus:

No · Crt.	Location	Area (sqm)	Wave. Accounti ng (lei)
1	Onesti, str Industriilor nr. 3	1.710.253	49.159.059
2	Village Cossacks com. Tarcau, Neamt county	41.679	1.661.949
3	Cluj	2.012	144.916
4	Somes Dej, Dealul Tirului, jud. Cluj	409.111	1.062.292
5	Pitesti, str. Caminelor, nr. 7, Arges county	1.222	1.576.539
6	Bucharest, bdul Ficusului, nr.44A, sector 1	39	99.921
7	Rm.Vâlcea	2.031.809	29.017.595

In detail, on the two platforms Borzești and Vâlcea, the tangible assets existing on December 31, 2021 present the following structure:

	Lei		
Active	TOTAL	Honest	Rm.Vâlcea
Land	82,722,271	53,704,676	29,017,595
Construction	223,357,495	77,781,166	145,576,329
Constructions closing dep waste Rm Vâlcea	7,763,064	0	7,763,064
Technological equipment	614,827,841	224,004,079	390,823,762
Measuring, control and adjustment devices and installations	62,686,953	18,894,297	43,792,656
Means of transport	59,278,899	12,432,362	46,846,537
Furniture, office equipment, echip.protectie	3,931,005	1,242,755	2,688,250
Biological assets	53,514	53,514	
Property, plant and equipment in the process of execution	93,621,723	19,891,006	73,730,717
Equipment and materials for immobilizations in progress	26,322,835	26,322,835	
TOTAL	1,174,565,601	434,326,691	740,238,910

3. MARKET FOR SECURITIES ISSUED BY THE COMPANY

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

According to the Certificate of Findings no. 937858/15.12.2021, on December 31, 2021, the subscribed and paid-up share capital is 304,907,851 lei, divided into 304,907,851 registered shares, at the value of 1 leu/share.

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

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

On 05.05.2021, the operation of increase of the share capital ordered by the General Meeting of Shareholders of Chimcomplex SA Borzești was completed on 25.05.2020. Following subscriptions, the share capital increased from RON 296,504,060.58 to RON 304,907,851.08, by cash contribution, by issuing a number of 6,669,675 new registered shares with a nominal value of RON 1.26 each.

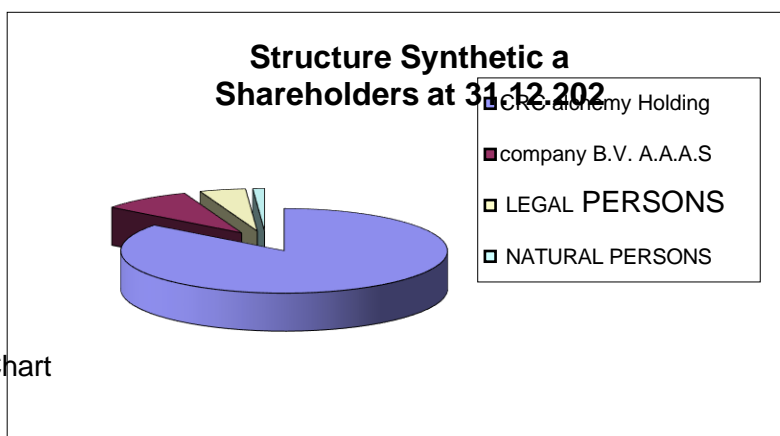
By the Decision of the Extraodinar General Meeting of Shareholders dated 30.06.2021, the shareholders of Chimcomplex SA Borzești approved the development of a program of redemption of a maximum number of 7,059,620 own shares, action in progress on December 31, 2021.

On 30.07.2021, the Extraodinar General Meeting of Shareholders decided to split the nominal value from 1.26 lei / share to 1 leu / share and implicitly the reduction of the share capital, an operation completed on 16.11.2021, when the share capital was reduced from 304,907,851.08 Lei to 304,907,851 Lei, and the nominal value decreased from 1.26 lei / share to 1 leu / share.

On December 31, 2021, according to the records from the Central Depository, the majority shareholder of the company is the company C.R.C. Alchemy Holding B.V. which owns a number of 260,251,528 shares, amounting to 260,251,528 lei, representing 85.3542% of the share capital, and the Romanian State through the Authority for the Administration of State Assets (A.A.A.S.) holds a number of 27,305,181 shares, worth 27,305,181 lei, representing 8.9552% of the share capital.

The synthetic structure of the company's shareholders on December 31, 2021, is the following:

Shareholders	No. Shares	Lei value	% of share capital
CRC Alchemy Holding B.V.	260.251.528	260.251.528	85,3542%
A.A.A.S	27.305.181	27.305.181	8,9552%
LEGAL PERSONS	13.843.609	13.843.609	4,5403%
NATURAL PERSONS	3.507.533	3.507.533	1,1503%
TOTAL	304.907.851	304.907.851	100%



Shares in companies within the Group	Balance at December 31, 2021 Lei	Percentage held
A4 IMPEX ONESTI	4.733.030	99,9998%
AISA INVEST SRL CLUJ NAPOCA	19.900	19,5122%
UZUC PLOIESTI	1.680.000	0,5656 %
A5 INVEST SRL ONESTI	6.100.000	100%
A6 IMPEX SA DEJ	38.270.100	33,6453%
Total	50.803.030	

Other non-current securities	Balance at December 31, 2021 Lei
Association of manufacturers of use products Plant protection	1.000
Vâlcea Dual Learning Association	24.000
Total	25.000

4. MANAGEMENT OF THE COMPANY

The administration and coordination of the activity at the company Chimcomplex SA Borzești were ensured by a Board of Directors, consisting of:

Between January 1, 2021 – 30.07.2021:

1. dr.ec. av. STEFAN VUZA, Chairman of the Board of Directors;
2. dr.eng. VIRGILIU BANCILA, Vice-chairman of the Board of Directors;
3. ec. COLTEANU CRISTIAN VALENTIN, Member of the Board of Directors;
4. ec. STAIKU DUMITRU FLORIAN, Member of the Board of Directors;
5. Ing. COJOC IULIAN LIVIU, Member of the Board of Directors.

Between 30.07.2021 – December 31, 2021:

1. dr.ec. av. STEFAN VUZA, Chairman of the Board of Directors;
2. dr.eng. VIRGILIU BANCILA, Vice-chairman of the Board of Directors;
3. ec. FRANK HAJDINJAK, Member of the Board of Directors;
4. Ing. COJOC IULIAN LIVIU, Member of the Board of Directors;
5. ec. MIHAI DAN TODOR, Member of the Board of Directors.

The executive management of Chimcomplex SA Borzești in 2021 was provided by a team

consisting of:

- CEO / General Manager - Tivadar Runtag
- CFO / Financial Director - Adrian Dumitriu
- CTO / Technical Director - Dumitru Coman
- CCO / Commercial Director until 03.12.2021- Armand Spiru Ciobescu
- CCO / Commercial Director from 03.12.2021 - Dan Moldovan
- CCO / Purchasing and Logistics Director from 03.12.2021 - Armand Spiru Ciobescu
- COO / Operations Director Borzești Platform until 08.10.2021 - Daniel Prisacariu
- COO/ Operations Director Borzești Platform from 03.12.2021 - Luminita Balaita
- COO / Operations Director Râmnicu Vâlcea Branch - Victor Avram

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

5. FINANCIAL-ACCOUNTING SITUATION

When preparing the Financial Statements, the legal provisions contained in the following normative acts were taken into account:

- Order no. Order of the Minister of Public Health no. 85 of 26.01.2022 on the main aspects related to the preparation and submission of annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Public Finance and for the regulation of some accounting aspects.
- Law on accounting nr. 82/1991, republished with subsequent additions and amendments;
- Order of the Minister of Public Finance no.1802 of 2014, for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements, as subsequently amended, in force from 01.01.2015.
- Order no. Order of the Minister of Public Health no. 2.861 of 2009 for the approval of the Norms on the organization and conduct of the inventory of elements such as assets, liabilities and equity;
- Order of the Minister of Public Finance no.1826/2003 for the approval of the Specifications regarding certain measures regarding the organization and management of management accounting;
- Law no.297 of 2004 on the capital market, with subsequent amendments and completions;
- Law no.31/1990 on commercial companies republished, with subsequent amendments and completions;
- Law nr. 227/2005 regarding the Fiscal Code, with subsequent amendments, in force from 01.01.2016.
- Other specific normative acts in force, such as those referring to the implementation of the National Electronic System, with subsequent amendments and completions, etc.

MANAGEMENT ACCOUNTING

The information provided by the management accounting, based on the analysis of the effect/effort ratio, at the level of each product, gives the possibility to form both the overall and detailed image of the activities carried out, allowing the managers to make decisions to regulate the dysfunctions, eliminate the deficiencies and the profitability of the activities.

The analysis of the economic results obtained compared to those foreseen is achieved by calculating, tracking, analyzing and reporting the deviations of the actual costs by calculation articles compared to their pre-calculated level.

Highlighting the expenses according to their economic nature: material expenses and expenses with living labor, as well as highlighting them by the way of allocation / participation in the realization of a product in direct expenses and indirect expenses, gives the company's managers the opportunity to know in depth their content and to apply the necessary control and regulation actions.

The data source for the economic and financial analysis is the synthesis accounting documents: the Balance Sheet, the Profit and Loss Account and the Annexes to the balance sheet.

INFORMATION is an essential resource for managers because it directly influences decision making, taking into account the overall performance of management. The main destinations of information at farm level are:

- past-oriented control;

- *coordination* which takes into account the present activity, and which needs to be efficient;

INTERNAL CONTROL / INTERNAL-EXTERNAL AUDIT

The internal control at SC CHIMCOMPLEX SA in 2021, through the Internal Audit Office, was carried out based on the plan approved by the Board of Directors, but also having specific actions requested by the company's management. The control activities are an integral part of the management process through which the entity pursues the achievement of the proposed objectives.

The internal audit missions are aimed at ensuring:

- ✓ compliance with the legislation in force,
- ✓ applying the decisions taken by the company's management,
- ✓ the proper functioning of the internal activity of the entity,
- ✓ reliability of financial information,
- ✓ the effectiveness of the entity's operations,
- ✓ the efficient use of resources,
- ✓ prevention and control of risks of not achieving the objectives set, etc.

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

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

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

In 2021 the external financial audit activity was carried out by the company G5 Consulting SRL, Authorization no. 223/02.07.2002, registered at the Chamber of Financial Auditors of Romania, Reg. Com. J12/943/2002, CUI: RO 14650690, with headquarters in Loc. Dej, str. Alecu Russo nr 24/2 jud Cluj.

THE ACCOUNTING PRINCIPLES, POLICIES AND METHODS contained in the Manual of accounting policies and procedures of SC Chimcomplex SA Borzești and which were the basis for the preparation of the Synthesis Financial Statements on the occasion of the closing of the financial year 2021, were:

- ✓ The financial year begins on January 1 and ends on December 31.
- ✓ The financial statements for the year ended December 31, 2021, were prepared in compliance with the following principles:
 - continuity of activity - SC CHIMCOMPLEX SA Borzești will normally continue its operation, in the foreseeable future without being unable to continue the activity taking into account the portfolio of orders (contracts) for 2021;
 - registration in accounting and presentation of patrimonial elements and results, based on the supporting documents and legally drawn up, according to the legislation in force, thus ensuring comparability in time of information,
 - permanence of methods - the application of the same rules, methods, norms regarding the evaluation, registration and presentation in accounting of the patrimonial elements, ensuring the comparability in time of the accounting information.

- prudence - it was taken into account the value adjustments due to the depreciations of the value of the assets, as well as of all the foreseeable obligations and the potential losses that arose during the of the financial year completed or during a year.
- accrual accounting - the effects of transactions and other events are recognized then

when transactions and events occur and are recorded in accounting and reported in the statements financial of the related period.

- separate valuation of assets and liabilities - in order to establish the total value corresponding to a position in the balance sheet, the value of each individual asset or liability item was determined separately.
- intangibles - the opening balance sheet of the 2021 exercise corresponds to the closing balance of the previous year 2020.
- non-compensation - the values of the elements representing assets have not been compensated with the values of the elements representing liabilities, respectively the incomes with expenses, except for the compensations between assets and liabilities admitted.
- the prevalence of the economic over the legal – the information presented in the financial statements reflects the economic reality of events and transactions, not only the legal form.
- evaluation at acquisition cost or production cost according to which the elements presented in the financial statements are evaluated, as a rule, based on the principle of acquisition cost or cost of Production.
- materiality threshold - any element that has a significant value is presented separately in the financial statements.

✓ Accounting treatments:

- a) at the date of entry into the patrimony, the assets are evaluated and recorded in the accounting at the entry value, also called the book value;
- b) the evaluation of the patrimonial elements on the occasion of the inventory was made at the market value taking into account their utility and condition;
- c) at the end of the exercise, patrimonial elements are evaluated and reflected in the balance sheet at the entry value into the patrimony, respectively the book value agreed with the inventory results; For the monetary elements expressed in foreign currency, the closing rate dated December 31, 2021 was used, at the official rate communicated to B.N.R. of 4.9481 lei/eur and 4.3707 lei/usd, published on the website of the Ministry of Public Finance. The exchange rate differences were recorded on income, respectively on expenses.
- d) at the date of exit from the patrimony or at the release for consumption, the goods are evaluated and subtracted from the management at the entry value.

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

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

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

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

Financial fixed assets - Financial fixed assets consist of equity participation titles social of other companies and in guarantees granted to suppliers.

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

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

A. BALANCE SHEET ITEMS

As a reflection of the state of the company's patrimony, the balance sheet established at the

end of the financial year describes the assets and liabilities of the company, at that time. The asset consists of assets owned by the company and receivables. The liability consists of equity and liabilities.

thousands lei

Name of the element	31.12.2018	31.12.2019	December 31, 2020	December 31, 2021
TOTAL ASSET, of which:	1,196,040	1,175,526	1,228,744	1,556,376
FIXED ASSETS	899,186	887,165	896,134	939,691
CURRENT ASSETS	281,496	275,392	316,281	592,491
- stocks	79,302	102,801	103,163	200,266
- receivables	149,884	111,215	172,332	244,230
- house and bank accounts	52,310	61,377	40,786	147,995
EXPENSES IN ADVANCE	15,358	12,969	16,329	24,194
TOTAL LIABILITIES, showing separately:	1,196,040	1,175,526	1,228,744	1,556,376
DEBTS – TOTAL, of which:	826,351	835,472	793,687	601,301
- credits/loans	723,835	690,279	652,886	326,458
- commercial debts	81,267	132,837	111,935	159,208
- intragroup debts	4,897	959	1,256	7,679
- staff and social security	9,625	9,006	12,142	37,037
- tax debts in connection with the state budget and special funds	5,641	1,485	14,395	31,291
- settlements with associations regarding the capital	0	0	0	60,024
- other debts	1,086	907	1,072	1,041
PROVISIONS	832	14,029	17,895	48,402
ADVANCE INCOME	45,074	45,088	42,929	37,279
EQUITY	323,783	280,938	374,233	869,394

a) Evolution of fixed assets compared to the period December 31, 2020 - December 31, 2021:

- lei -

FIXED ASSETS		December 31, 2020	December 31, 2021	2021/2020
I.	INTANGIBLE ASSETS	1,212,715	979,865	81%
II.	PROPERTY, PLANT AND EQUIPMENT	838,853,357	883,664,828	105%
III.	FINANCIAL FIXED ASSETS	56,067,874	55,046,197	98%
FIXED ASSETS - TOTAL		896,133,946	939,690,890	105%

Property, plant and equipment - by groups of fixed assets are as follows:

Lei

PROPERTY, PLANT AND EQUIPMENT	December 31, 2020	December 31, 2021	%
Land	81,675,616	82,722,271	101%
Construction	167,972,665	160,673,515	96%
Technical installations and machines, equipment	504,822,306	491,364,780	97%
Furniture, office equipment, equip.de protection	2,555,755	2,528,892	99%
Biological assets	20,036	16,697	83%
Advances and property, plant and equipment in the course of execution	81,806,979	146,358,673	179%
TOTAL:	838,853,357	883,664,828	105%

In 2021, property, plant and equipment recorded compared to 2020 the following changes in net values:

Lei

Name	increase /decrease year 2021 net values
Land	1,046,655
Construction	-7,299,150
Technological equipment	-11,136,332
Measuring devices and installations	-262,343
Means of transport	-2,058,851
Furniture, office equipment, other assets	-26,863
Biological assets	-3,339
Advances and property, plant and equipment in the course of execution	64,551,694
TOTAL	44,811,471

There were net increases in assets through: land acquisition and increase of ongoing fixed assets and advances for investments as a result of the company's investment program, as well as equipment acquisitions, construction works, etc. The decrease in net values is mainly determined by the recording of depreciation.

b) Evolution of current assets:

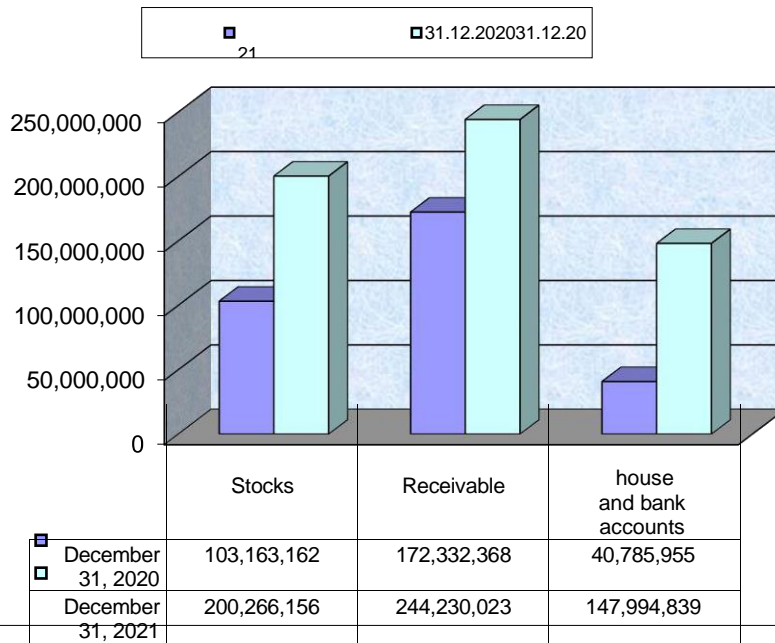
Lei

Current assets	31.12.2018	31.12.2019	December 31, 2020	December 31, 2021	2021/2020
Stocks	79,302,277	102,801,173	103,163,162	200,266,156	194%
Receivable	149,883,684	111,214,661	172,332,368	244,230,023	142%
house and bank accounts	52,310,219	61,376,545	40,785,955	147,994,839	363%
Total Current assets	281,496,180	275,392,379	316,281,485	592,491,018	187%

Total current assets registered an increase of 87% compared to December 31, 2020, by chapters stocks increased by 94%, receivables increased by 42% and availability increased by 263%. The receivables increased as a result of the increase of the commercial receivables as well as the registration of the interim dividends distributed during the financial year, in accordance with the OGMS Decision of 09.11.2021

The evolution of current assets in 2021 compared to 2020 is as follows:

The Evolution of current assets

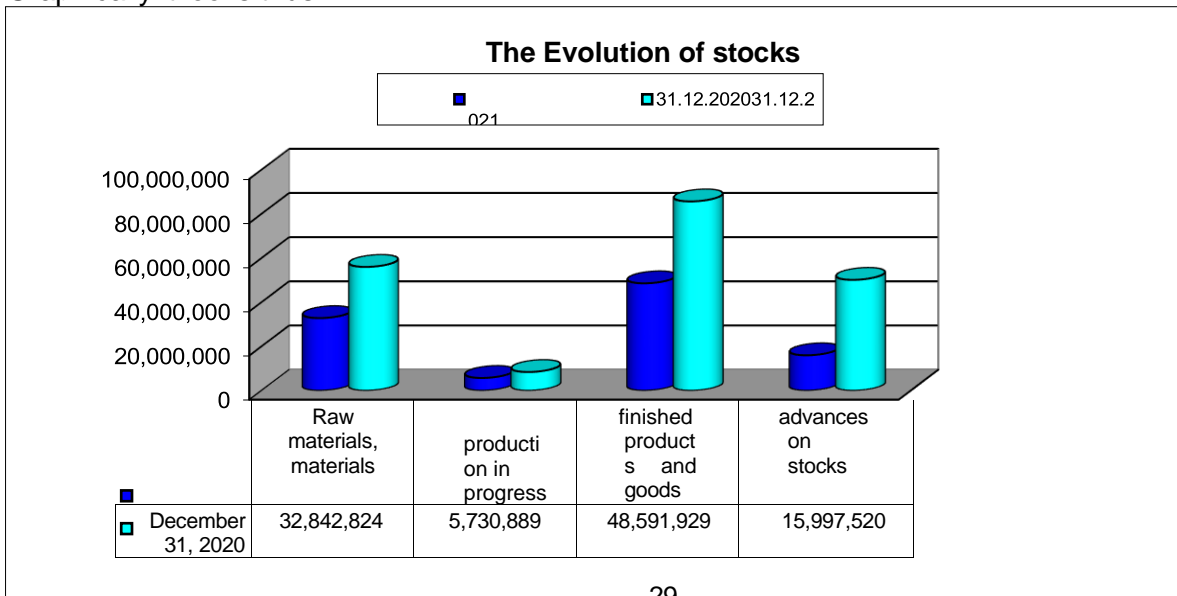


Stocks Value on December 31, 2021, compared to December 31, 2020, by Categories are thus:

Lei

Stocks	December 31, 2020	December 31, 2021	2021/2020
Raw materials materials	32,842,824	56,009,372	171%
production in progress	5,730,889	8,422,089	147%
finished products and goods	48,591,929	85,677,902	176%
advances on stocks	15,997,520	50,156,793	314%
Total	103,163,162	200,266,156	194%

Graphically it looks thus:



December 31, 2021	56,009,372	8,422,089	85,677,902	50,156,793
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In detail, the structure of stocks in 2021 compared to 2020 is as follows:

Lei

Stocks - the structure	December 31, 2020	December 31, 2021
Raw materials	19,906,821	37,051,006
Consumables	12,167,786	18,491,587
Inventory items	412,563	545,654
Packaging	1,814,272	2,426,885
Blanks and products under construction	5,730,889	8,422,089
Goods	457,776	177,154
Finished products – total	44,911,345	82,658,083
Finished products at Borzești, of which:	15,953,377	20,480,790
- Organic products	2,697,198	6,371,964
- Chlorosodic products	4,043,392	8,548,453
- Inorganic chlorides	9,158,283	5,560,372
Finished products at Rm.Vâlcea, of which:	28,957,968	62,177,293
- Organic products	10,281,708	52,539,681
- Chlorosodic products	18,676,260	9,637,612
Other products	1,764,190	336,904
Advances for stock purchases	15,997,520	50,156,793
Total	103,163,162	200,266,156

From the above comparative analyses, increases are observed in all categories of stocks.

At the total receivables position, there is an increase of 42%-year 2021 compared to 2020, on the following structure:

Lei

Receivable	December 31, 2020	December 31, 2021	2021/2020
commercial receivables	89,036,828	115,565,353	130%
amounts to be collected from affiliated companies	21,859,050	25,225,666	115%
other receivables	61,436,490	103,439,004	168%
Total	172,332,368	244,230,023	142%

The situation of the receivables to be collected on December 31, 2021, from the affiliated entities is the following:

Lei

Company name	Total	Clients affiliated entities	Debtors of various affiliated entities	Loans granted to affiliated entities	Interest to be collected from entities Affiliated	Advances granted to affiliated entities	Uncertain clients
Uzuc SA Ploiesti	1,459,526					1,459,526	
A6 Impex	2,332,872	66,330	-	2,200,000	66,542	-	-
Caromet Caransebes	1,129,483			948,780	116,769	63,934	
Eurohouse Com	135,102				11,861	123,241	
lasitex	1,423				1,423		
Novatextile Cotton	116,140		1,000			115,140	
C.R.C.Impex Chemicals	20,551,175	20,551,167	-	-	-	8	-
Sinterom SA	1,984	1,984					
Somes Dej	351,022	8,400			5,855	233,837	102,930
CRC ZEUS HOLDING	185,569			173,184	12,385		
Sistemplast Ramnicu Vâlcea	4,326,627	1,235				4,325,392	
Vitoria Serv Iasi	41,400		41,400				
Total	30,632,323	20,629,116	42,400	3,321,964	214,835	6,321,078	102,930

The evolution of commercial receivables and other receivables, Borzești and Vâlcea, at the end of 2021 compared to the end of 2020 is as follows:

Lei

RECEIVABLE	2020	2021	2021-2020
COMMERCIAL RECEIVABLES, Total	89,036,828	115,565,353	26,528,525
<i>Internal clients - total, of which:</i>	36,150,223	41,402,664	5,252,441
Clients Borzești	7,252,364	11,261,508	4,009,144
Clients Ramnicu Vâlcea	28,897,859	30,141,156	1,243,297
<i>External clients – total, of which:</i>	41,052,640	48,987,708	7,935,068
Clients Borzești	925,526	837,028	-88,498
Clients Ramnicu Vâlcea	40,127,114	48,150,680	8,023,566
<i>Uncertain clients – total, of which:</i>	1,340,412	1,321,810	-18,602
Clients Borzești	1,287,828	1,269,226	-18,602
Clients Ramnicu Vâlcea	52,584	52,584	0
<i>Service providers advances</i>	10,796,760	23,223,818	12,427,058
<i>Other commercial claims - guarantees</i>	1,037,205	1,951,162	913,957
<i>Provisions ptr. depreciation of commercial receivables</i>	-1,340,412	-1,321,810	18,602
OTHER RECEIVABLES	61,436,490	103,439,004	42,002,514
- VAT to be recovered	7,248,702	22,704,265	15,455,563
- Non-chargeable VAT	4,294,875	13,410,474	9,115,599
- various debtors	59,028	4,131,042	4,072,014
- dividends distributed during the year	0	60,000,000	60,000,000
- other receivables	49,833,885	3,193,224	-46,640,661

Commercial receivables in 2021 registered an increase of about. 30% following the collection

terms according to the contractual clauses, these being covered, in large part, with effects of

cash (CHEPs, Promissory notes). Other receivables increased by 68% as a result of the interim dividends for the financial year 2021.

The position **of the cash available** in the company's accounts at the beginning, respectively the end of the financial year 2021 is as follows:

Lei

House and bank accounts	December 31, 2020	December 31, 2021
Bank accounts	40,256,630	147,173,280
Checkbooks to collect	510,484	804,149
Cash in the cashier's office	10,593	12,268
Other cash availability	8,248	5,142
TOTAL	40,785,955	147,994,839

- at Onesti Branch the available in the account as of December 31, 2021, is 8,294 thousand Ron

- at Râmnicu Vâlcea Branch the available in the account as of December 31, 2021 is 139,701 thousand Ron

c) Debt evolution:

Analyzing the situation of debts as of December 31, 2021, it can be seen that the total level of debts decreased compared to December 31, 2020

By types of debts, the situation is as follows:

Lei

DEBT	December 31, 2020	December 31, 2021	2021/2020
TOTAL, of which:	793,686,664	601,300,653	76%
- credits/loans	652,886,145	326,458,412	50%
- commercial debts	111,935,490	159,207,794	142%
- intragroup debts	1,256,234	7,678,627	611%
- staff and social security	12,141,533	37,037,200	305%
- tax debts in connection with the state budget and special funds	14,395,129	9,853,708	68%
- settlements with associations regarding the capital	0	60,023,658	100%
- other debts	1,072,133	1,041,254	97%

The commercial debts, detailed on the two platforms, are comparatively:

Lei

DEBT	2020	2021	2021-2020
COMMERCIAL DEBTS - TOTAL, of which:	111,935,490	159,207,794	47,272,304
Domestic suppliers, of which:	45,098,881	47,305,143	2,206,262
Borzești suppliers	14,241,156	5,911,456	-8,329,700
Suppliers of Rm.Vâlcea	30,857,725	41,393,687	10,535,962
External suppliers, of which:	7,472,138	9,811,241	2,339,103
Borzești suppliers	1,222,546	1,364,233	141,687
Suppliers of Rm.Vâlcea	6,249,592	8,447,008	2,197,416
Suppliers of fixed assets, of which:	5,040,751	7,498,416	2,457,665
Borzești suppliers	3,362,098	4,839,621	1,477,523
Suppliers of Rm.Vâlcea	1,678,653	2,658,795	980,142
Suppliers of unsecured invoices, of which:	28,453,932	84,322,612	55,868,680
Borzești suppliers	4,680,182	38,499,950	33,819,768

Suppliers of Rm.Vâlcea	23,773,750	45,822,662	22,048,912
Advances received on behalf of orders	25,869,788	10,270,382	-15,599,406

Amounts owed to affiliated entities:

Lei			
Society	Total LEI	Suppliers of affiliated entities	Suppliers of affiliated fixed assets
C.R.C.Impex	833	833	
Greencomplex LTD Onesti	25,066	25,066	
A 5 Invest	1,245,786	1,225,197	20,589
AISA Invest Cluj	6,664	6,664	
Caromet Caransebes	9,875	9,875	0
Iasitex SA Iasi	75,842	32,634	43,208
Inav SA Bucharest	3,911	3,911	
Sistemplast Ramnicu Vâlcea	6,307,519	2,504,978	3,802,541
Somes Dej	3,131	3,131	
Total	7,678,627	3,812,289	3,866,338

Regarding the amounts owed to the company's employees, social insurance, tax debts and other debts, the situation as of December 31, 2021 is as follows:

Lei	
Total staff and social security	37,037,200
- Staff - salaries due	2,313,437
- Staff - material aid	1,062,604
- Deductions from salaries due to third parties	153,004
- Other debts related to the staff	19,694,586
- Social insurance	13,410,941
- Insurance contribution for work	402,628
Total tax debts related to the state budget and special funds	9,853,708
- Corporate income tax	7,604,786
- Payroll tax	1,239,909
- VAT payment	0
- Other taxes and fees and assimilated payments	151,247
- Special funds	65,384
- Other debts to the state budget	792,382
Total other debts	1,041,254
- Revolving fund	30,800
- Dividend payment	888,424
- Various creditors	122,030

The debts with the staff in the amount of 2,313 thousand LEI represent the salaries related to December 2021 paid in January 2022 and the contributions related to them are both current debts with maturity on January 25, 2022, as well as tax liabilities in instalments for payment in accordance with the provisions of GEO181/2020

Amounts owed to credit institutions and other loans:

The situation of loans and other loans in balance as at December 31, 2021 of SC CHIMCOMPLEX SA Borzești is as follows:

<u>Bank loan/loan type</u>	<u>Currency</u>	<u>year 2020</u>	<u>year 2021</u>
BANCA TRANSILVANIA:			
- investment credit	Usd	3,709,868	0
VTB Bank (Europe) -TL	euro	64,000,000	0
VTB Bank (Europe) - revolving	euro	15,000,000	0
Credit Suisse International-TL	euro	50,873,373	0
CEC Bank	euro	0	40,884,636
- investment credit	euro	0	20,000,000
- credit facility	euro	0	20,884,636
Alpha Bank – term loan facility	euro	0	28,928,571

In 2021, the company refinanced the loans contracted at the time of the acquisition of Oltchim's assets, ensuring its current financing needs through CEC Bank and Alpha Bank banks.

In 2021,

- **the following provisions have been established:**

Provisions for disputes = 13,798,538 lei

Provisions for decommissioning property, plant and equipment =

161,115 lei Provisions for post-employment benefits = 4,160,058 lei

"Other provisions", showing separately:

- Provision for holiday vouchers 2021 = 1.199.393 lei
- Provision for customer insurance = 499,935 lei
- Provision for unregistered invoices = 1,781,793 lei
- Provision for credit management fees = 256,088 lei
- Provision for CO2 emission allowances = 9,425,788 lei
- Warrant provision = 14.063.026 lei

Provisions for depreciation of raw materials = 39,513 lei,

Provisions for depreciation of inventory materials / objects = 1,590,210 lei Provisions

for depreciation of finished products / semi-finished products = 1,137,526 lei

Provisions for depreciation of packaging = 76,997 lei

- **the following provisions were cancelled:** Provisions

for decommissioning property, plant and equipment = 69,500 lei

Provisions for post-employment benefits = 667,821 lei

"Other provisions" of which

- Provision for customer insurance for 2020 = 172,193 lei
- Warrant provision = 14.063.026 lei
- Provision for salary rights for 2021 = 639,504 lei Provisions for

depreciation of raw materials = 1,095,976 lei Provisions for depreciation

of inventory materials / objects = 12,526 lei Provisions for depreciation

of finished products / semi-finished products = 554,228 lei Provisions for

depreciation of packaging and goods = 51,090 lei

In the balance sheet post INCOME IN ADVANCE, on December 31, 2021 in the total amount of 37.279.000 lei the amount of 18.984.212 lei represents the Fund for closing the waste deposits Rm.Vâlcea and the amount of 17.992.074 lei represents subsidies for investments, amounts to be resumed on the related incomes, of which through EU structural funds:

- a) the project financed by SOP CCE, financing contract nr.7.EE/06.01.2012: "Improvement of energy efficiency at membrane electrolysis at Chimcomplex Borzești", balance 1,681,667 lei,
- b) the project financed by SOP CCE, financing contract no.29EE / 22.04.2013: "Cogeneration installation II", balance 12.521.839 lei,

- c) the project financed by POPAM, financing contract no.29EE / 22.04.2013: "Establishment of tarcau fish complex", balance 2.226.677 lei, project in the implementation phase
- d) the project financed through POIM, financing contract SMIS 2014-135291: "Implementation of energy consumption monitoring systems at Chimcomplex SA Borzești, Ramnicu Vâlcea branch", balance 951.540 lei, project in the implementation phase.

B. PROFIT AND LOSS ACCOUNT

The profit and loss account expresses the income and expenditure flows recorded by the company in the financial year 2021 and their profitability at the end of the year.

The profit and loss account synthesizes the economic results from the operating activity and the financial activity.

The situation of the main indicators that reflect the results of 2021 compared to the previous years is presented below:

INDICATORS	2018	2019	2020	2021	2021/2020
Production sold	285,927,969	1,245,859,116	1,127,075,994	2,207,527,570	196%
Net turnover	294,300,863	1,277,824,689	1,171,549,637	2,244,002,649	192%
OPERATING INCOME - TOTAL	343,745,186	1,292,694,371	1,268,639,925	2,413,335,005	190%
OPERATING EXPENSES - TOTAL	291,518,088	1,232,249,056	1,059,686,620	1,772,958,760	167%
OPERATING PROFIT	52,227,098	60,445,315	208,953,305	640,376,245	306%
FINANCIAL INCOME - TOTAL	4,254,572	14,626,981	9,733,791	15,690,059	161%
FINANCIAL EXPENDITURE - TOTAL	17,515,396	110,254,473	105,229,721	113,005,289	107%
FINANCIAL LOSS	13,260,824	95,627,492	95,495,930	97,315,230	102%
TOTAL REVENUE	347,999,758	1,307,321,352	1,278,373,716	2,429,025,064	190%
TOTAL EXPENDITURE	309,033,484	1,342,503,529	1,164,916,341	1,885,964,049	162%
GROSS PROFIT/LOSS	38,966,274	(35,182,177)	113,457,375	543,061,015	479%
CORPORATE INCOME TAX	6,279,885	8,987,430	18,319,785	57,525,074	314%
NET RESULT: PROFIT/LOSS	32,686,389	(44,169,607)	95,137,590	485,535,941	510%

The data presented above indicates a significant improvement in the company's activity in 2021, achieving net profit of 5 times higher than in 2020.

These results were determined by corroborating several factors, internal and external, including:

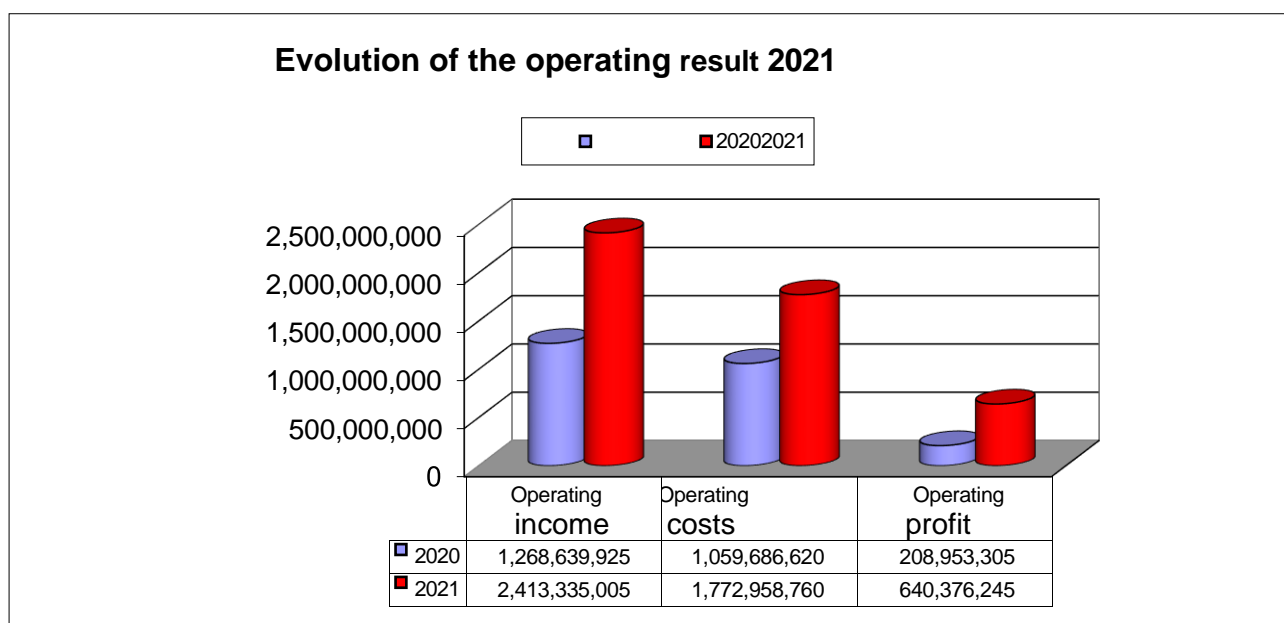
- refurbishments and overhauls carried out mainly at the technological installations Membrane Electrolysis and Oxo-alcohols;
- maximisation of capacity utilisation, which has enabled the quantities sold of all categories of finished products to be steadily increased;
- the seamless operation of the logistics chain and the supply of key raw materials to support production;
- the shortage of supply in the polyol-polyethylene and propylene market, caused by the weather conditions of the first quarter and many production interruptions caused by force majeure, which led to the increase in international quotations.

The turnover obtained in 2021, amounting to 2,244 million lei, doubled compared to that of 2020, an increase mainly determined by the selling prices that increased for all the finished products capitalized by Chimcomplex, following the trend that international quotations had.

Thus, the quotations for polyols and caustic soda (main products of Chimcomplex, with a share of 64% and 16% respectively in the value of the sold production) had the average in 2021 with 57% higher than the average value recorded in 2020.

A significant influence in the evolution of turnover was also had by the increase in the quantities sold on most of the company's products, the emphasis being placed on those more specialized products with a high profitability margin. Chimcomplex maximized polyol production in 2021, reaching 91% of production capacity.

In Conditions in which in Year 2021 Level Income from exploitation is with 90% May sea than in 2020 and operating expenses increased by 67% compared to the previous year, there is an operating profit of 640,376 thousand lei compared to 208,953 thousand lei achieved in 2020, with an increase of 206%.



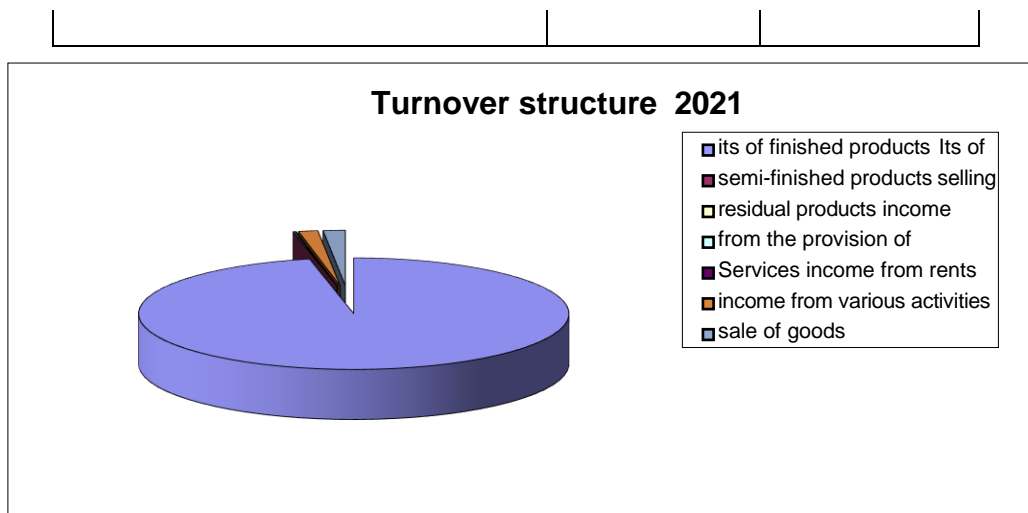
Operating activity

The increase in the operating result during 2021 compared to 2020 was mainly determined by the increase of 1,145 million lei in revenues, following the increase in international polyol quotations.

1. **The operating income** achieved in 2021 was of LEI 2,413,335 thousand, with the following structure:

- 1.1. **Turnover: 2.244.003 thousand lei**

Structure of turnover	2021	weighting in CA
TOTAL TURNOVER, of which:	2,244,002,649	100%
sale of finished products	2,170,212,140	97%
selling residual products	51,638	0.002%
income from the provision of services	2,596,046	0.1%
rental income	1,416,812	0.1%
income from assets.miscellaneous	32,523,447	1%
sale of goods	37,202,566	2%



1.2. Other operating income: LEI 169,332 thousand, of which:

- ✓ 16,833 thousand lei - income from the production of fixed assets,
- ✓ 1,592 thousand lei – income from exhibition subsidies,
- ✓ 2,315 thousand lei – part of the subsidies for investments passed on to income,
- ✓ stock change of 147,534 thousand lei (increase in stocks) and other incomes.

2.The structure of the operating expenses realized in 2021 is as follows:

2.1. Spending on raw materials, materials and energy

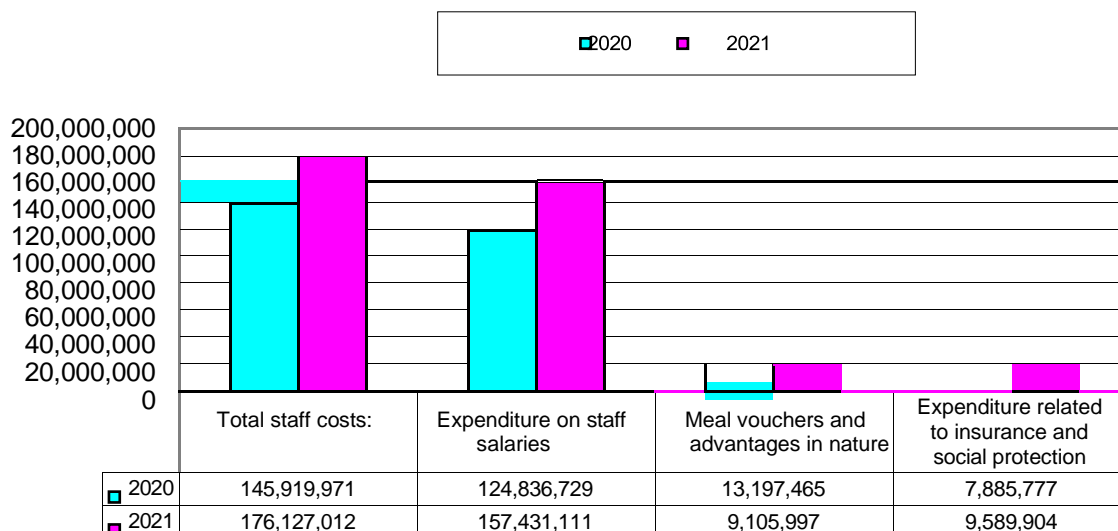
Lei

	2020	2021	2021/2020	% in ch. exploitation
Total of which:	751,908,415	1,369,867,174	182%	77.26%
expenditure on raw materials	397,992,328	843,074,338	212%	47.55%
expenditure on consumables	33,802,065	38,495,344	114%	2.17%
expenditure on other materials	1,084,577	1,405,595	130%	0.08%
expenditure on packaging	5,601,469	7,306,368	130%	0.41%
expenditure on goods	27,772,527	28,142,996	101%	1.59%
energy and water expenses, of which:	285,655,449	451,442,533	158%	25.46%
- electric energy Borzești	52,533,482	110,762,579	211%	6.25%
- electricity Rm.Vâlcea	100,392,168	137,429,546	137%	7.75%
- Borzești natural gas	30,876,115	51,404,805	166%	2.90%
- natural gas Rm.Vâlcea	15,772,730	71,645,723	454%	4.04%
- thermal energy Rm.Vâlcea	71,612,306	63,218,302	88%	3.57%

2.2 STAFF expenses - in 2021 increased by 21% compared to 2021

	2020	2021	2021/2020	% in ch. exploitation
Total staff costs:	145,919,971	176,127,012	121%	9.93%
Expenditure on staff salaries	124,836,729	157,431,111	126%	8.88%
Meal vouchers and advantages in nature	13,197,465	9,105,997	69%	0.51%
Expenditure related to insurance and social protection	7,885,777	9,589,904	122%	0.54%

The Evolution of salary expenses 2021 Vs 2020



2.3. Structure Other expenditure for exploitation is Next:

	2020	2021	2021/2020	% in ch. exploitation
Expenses on depreciation of fixed assets	47,981,885	46,591,424	97%	2.63%
Maintenance and repair costs	16,144,055	29,792,925	185%	1.68%
Rent costs	2,267,602	3,033,767	134%	0.17%
Insurance costs	4,357,255	4,763,729	109%	0.27%
Expenses related to studies and research	0	16,807	100%	0.001%
Personnel training expenses	16,203	83,511	515%	0.00%
Charges related to fees	1,281,881	1,379,555	108%	0.08%
Protocol/advertising expenses	382,521	1,584,379	414%	0.09%
Transport costs	28,875,207	39,413,608	136%	2.22%
Travel expenses	247,382	611,248	247%	0.03%
Postal expenses, telephony, internet	246,490	269,642	109%	0.02%
Expenses related to banking serv.	346,643	353,887	102%	0.02%
Other ch.cu services performed by third parties	25,802,364	36,400,985	141%	2.05%
Expenses with other taxes and fees	5,679,107	5,292,563	93%	0.30%
Losses from various receivables and debtors	(3,870)	18,602	481%	0.001%
Other operating charges	22,802,526	38,196,042	168%	2.15%

b) Financial activity

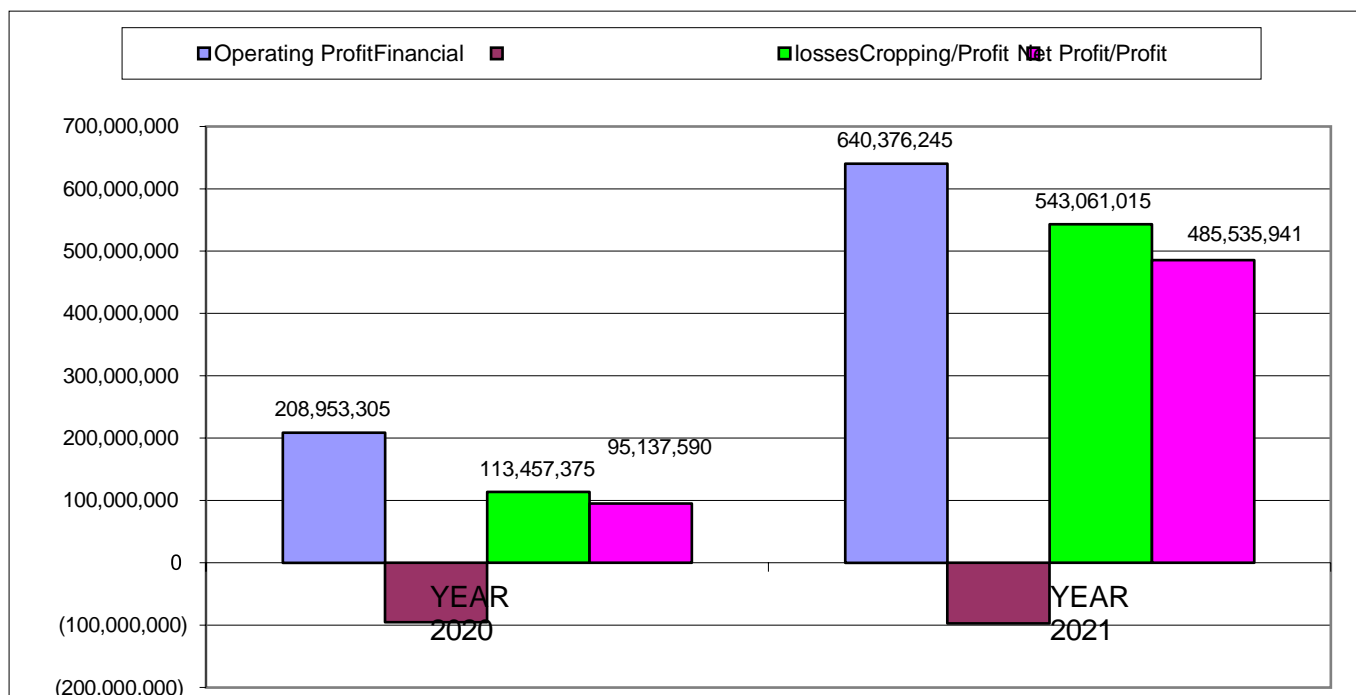
The permanent tracking of the financial result in order to reduce the cost of financing as a level of interest and commissions, the use of financial instruments on the market, is a priority objective for Chimcomplex.

INDICATORS	2020	2021

FINANCIAL INCOME	9,733,791	15,690,059
FINANCIAL EXPENDITURE	105,229,721	113,005,289
FINANCIAL RESULT	(95,495,930)	(97,315,230)

The structure of the result of the financial year 2021 compared to 2020 is as follows:

	Lei	
RESULTS	2020	2021
Operating profit	208,953,305	640,376,245
Financial loss	95,495,930	97,315,230
Gross Profit/Profit	113,457,375	543,061,015
Net Profit/Profit	95,137,590	485,535,941



In 2021, a net profit of 485,536 thousand lei was obtained, compared to 112,390 thousand lei net profit forecasted in the Income and Expenditure Budget of 2021 presented to the shareholders at the Balance Sheet AGA 2020.

d) Cash-flow

			Lei
Item			2021
	+	Net profit (+) or loss (-)	485,535,941
	+	Depreciation and provisions	46,591,424
	-	Change in stocks (+/-)	97,102,994
	-	Variation of receivables (+/-)	71,897,655
	+	Supplier variation (+/-)	69,294,103
	+	Variation of creditor clients (+/-)	-15,599,406
	+	Change in other debts (+/-)	81,957,764
+	=	Cash flow from the operating activity (A)	498,779,178

	+	Amounts from the sale and valorif. assets and Fixed assets	0
	-	Investments in tangible assets, total, of which:	72,044,866
		- Acquisition of fixed assets + other investment expenses	55,212,179
		- Executed in own direction	16,832,687
	-	Financial investments	-146,085
	+	= Cash flow from the Investment activity (B)	-71,898,782
	+	Change in amounts owed to credit institutions	-328,038,472
	+	Contribution to the capital of the company	8,403,790
	+	Equity premiums	3,825,537
	-	Dividend payments	1,065,739
	+	= Cash flow from financial activity (C)	-316,874,884
	-	Variation of other assets	-21,542,490
	+	Variation of other liability items	-24,339,118
	+	= Cash flow from other activities (D)	-2,796,628
	+	Cash availability at the beginning of the period	40,785,955
	+	Net cash flow (A+B+C+D)	107,208,884
	=	Cash availability at the end of the period	147,994,839

**BOARD OF DIRECTORS,
STEFAN VUZA– Chairman**